

MEDIA INFORMATION

Bonn, August 7, 2014

Harvest time for Deutsche Telekom on both sides of the Atlantic

- T-Mobile US exceeds the 50-million customer mark and raises guidance on customer figures for the full year
 - Germany business strong in mobile communications and VDSL roll-out areas
 - Europe increases profitability and efficiency
 - Revenue down 0.3 percent in the quarter to EUR 15.1 billion, adjusted EBITDA up 0.3 percent to EUR 4.4 billion
 - Capital expenditure up again by 6.2 percent in the second quarter
-

For Deutsche Telekom, the second quarter of the current year was dominated by an improved earnings trend. Adjusted EBITDA was up slightly by 0.3 percent to EUR 4.4 billion. At the same time, the Group's total revenue remained more or less on a par with the prior-year level, down 0.3 percent to EUR 15.1 billion, leading to an adjusted EBITDA margin of 29.3 percent compared with 29.1 percent in the prior-year period.

In organic terms, i.e., adjusted for changes in the composition of the Group and currency effects, revenue was up 0.6 percent in the second quarter; adjusted EBITDA was slightly down by 0.3 percent. For comparison, the organic decline in EBITDA stood at 8.3 percent in the first quarter.

"Our strategy so far has been to make bold and prudent investments, focus first on lifting customer numbers, and then on upping revenues and results. And we are now starting to reap the rewards," said Tim Höttges, Chairman of the Board



of Management of Deutsche Telekom. "We are also gaining more customers thanks to our outstanding networks, and this success is being reflected more and more in our financial figures."

Deutsche Telekom invested EUR 2.2 billion in the second quarter, which in terms of cash capex before mobile spectrum was 6.2 percent more than in the prior-year period. Substantially more was invested between April and June in Germany with an increase of 58.1 percent to more than EUR 1 billion. Nevertheless, at Group level, free cash flow was just 5.4 percent below the prior-year level at EUR 1.0 billion, and was therefore in line with the forecast.

Reported net profit increased by 34.2 percent to EUR 711 million, driven by positive effects on earnings from the spectrum swap with Verizon in the United States. By contrast, adjusted net profit declined 21.5 percent to EUR 636 million, primarily due to increased depreciation and amortization as a result of the increased asset base following the MetroPCS takeover and the investment drive in the United States in the prior year.

Deutsche Telekom confirms its guidance for the full year 2014, with adjusted EBITDA expected to amount to around EUR 17.6 billion. Free cash flow is expected to total some EUR 4.2 billion.

Germany – Fiber-optic products still highly sought-after

In Germany, Deutsche Telekom continues to experience strong demand for the fiber-optic products VDSL and FTTH. In the second quarter, the pace accelerated again compared with the first quarter, with 227,000 new customers. Of these customers, 109,000 came from the wholesale sector, mainly due to the success of what is known as the contingent model. Thus, the total number of optical fiber-based lines climbed by 55 percent within one year to almost 2 million.



The development in the broadband market improved slightly compared with previous quarters, with 7,000 net additions for Deutsche Telekom. The Group recorded above-average growth in new broadband customers in the VDSL roll-out areas. Investments made as part of the network upgrade initiative had a direct positive impact. Among the encouraging developments in the quarter was the increase in the number of Entertain customers to more than 2.3 million, with more than half of new branded fiber-optic-product customers booking Entertain as an add-on. The IP transformation is also progressing well. As of the end of the second quarter, 3.2 million retail lines had already been migrated – more than twice as many as a year earlier.

Deutsche Telekom held its lead in mobile communications. Mobile service revenues declined only slightly in the second quarter by 0.3 percent compared with the prior-year period. Deutsche Telekom's market share of service revenues increased by 0.6 percentage points year-on-year to 35.5 percent. The mobile contract customer base grew by 275,000 between April and June, including 198,000 new customers under the Deutsche Telekom and Congstar brands.

In its home market, Deutsche Telekom's financial KPIs remained stable. Revenue in the Germany operating segment fell 1.8 percent against the prior-year period in the second quarter of 2014, to EUR 5.5 billion. Adjusted EBITDA was down slightly by 1.0 percent to EUR 2.3 billion, resulting in an adjusted EBITDA margin of 41.3 percent, a clear improvement of 0.7 percentage points compared with the second quarter of 2013.

United States – Industry leader in terms of growth in service revenues

T-Mobile US continued its rapid growth of the last few quarters, passing the 50-million customer mark for the first time in mid-2014. 1.47 million new customers were recorded in the second quarter of 2014, 908,000 of them branded postpaid customers. The company has once again revised its growth



expectations upwards for the full year. The number of branded postpaid customers is expected to increase by between 3.0 and 3.5 million in 2014. At the start of the year, the forecast stood at 2 to 3 million new customers.

This result was mainly driven by the successful Un-carrier strategy and the roll-out of the 4G LTE network to cover 233 million of the population. Growth in branded mobile postpaid phone adds was the strongest of the four competitors operating in the United States, at 579,000. At the same time, effectively five times as many customers chose a tablet or data contract in the second quarter as in the first three months of 2014, with the number reaching 329,000.

The churn rate remained low, while the trend in service revenues continued to gain momentum. On an organic basis, i.e., including MetroPCS in full for the first two quarters of the year, the company reported the strongest growth in service revenues of the four major mobile providers in the United States.

Total revenue increased by 14.6 percent to USD 7.2 billion for the second quarter. On a euro basis, it climbed 9.2 percent to EUR 5.3 billion. The earnings performance also improved substantially, with adjusted EBITDA increasing by 22.1 percent to USD 1.5 billion. On a euro basis, the increase was 16.5 percent to EUR 1.1 billion.

Europe – Rapid pace of technological change

The European national companies performed much more profitably in the second quarter than in the past. Adjusted EBITDA grew by 1.7 percent in organic terms, i.e., excluding changes in the composition of the Group and currency effects. Reported adjusted EBITDA decreased slightly by 1.7 percent to EUR 1.1 billion.

At the same time, revenue fell by 5.3 percent in organic terms. Almost half of this decline is a result of regulatory decisions relating to mobile

communications. The reported figure decreased by 7.9 percent to EUR 3.2 billion. These figures result in a reported EBITDA margin of 34.7 percent, after 32.5 percent a year earlier. The earnings development improved primarily as a result of systematic cost discipline in the national companies, with indirect costs falling by almost 8 percent year-on-year on an organic basis.

The conversion of networks to IP is progressing apace and right on schedule. At the end of June 2014, 32 percent of all fixed-network lines in the segment were already IP-based. That is 11 percentage points more than in the previous year. In mobile communications, the number of base stations for the state-of-the-art technology standard LTE increased from 1,600 to 10,000 within a year. Positive trends were also recorded in customer figures: Between April and June, the number of broadband lines increased by 48,000; the number of TV customers rose by 61,000.

Systems Solutions – Transformation well underway

The restructuring of T-Systems impacted on the financial KPIs of Systems Solutions again in the second quarter of the current year. Stricter profitability criteria apply as part of the T-Systems 2015+ transformation. As a result, the company concluded substantially fewer contracts than a year earlier. Accordingly, order entry in the Market Unit, which mainly comprises T-Systems' external business, declined by 30.2 percent to EUR 1.3 billion.

The lower level of new business and the non-renewal of contracts are also reflected in revenue, with the Market Unit recording a year-on-year decrease of 6.0 percent to EUR 1.7 billion in the second quarter. Adjusted for the sale of T-Systems Italy and the Systems Integration business unit in France, as well as exchange rate effects, the decline was 4.5 percent. At Telekom IT – which handles the Group's internal IT business in Germany – revenue increased by 31.9 percent. This picture is distorted by a partial payment on a major IT



project. Essentially, Telekom IT's revenues, and hence the Group's IT costs, will continue to fall according to plan.

In addition to the decrease in revenue, start-up costs for the development of new business areas resulted in a negative earnings trend in the Market Unit. Adjusted EBITDA declined by 35.6 percent to EUR 105 million. In the second quarter, the adjusted EBIT margin lay at minus 0.2 percent, compared with plus 2.8 percent the year before.

At the end of July, T-Systems' subsidiary Satellic signed a 12-year deal to set up and operate a toll system in Belgium. This success shows that Systems Solutions is reinforcing its standing in the market thanks to competitive products. Clear progress is being made, especially with innovative digital business models, such as those based on the cloud. For example, revenue from cloud-based solutions increased by more than 40 percent year-on-year in the first half of 2014.



The Deutsche Telekom Group at a glance:

	Q2 2014 millions of €	Q2 2013 millions of €	Change %	H1 2014 millions of €	H1 2013 millions of €	Change %	FY 2013 millions of €
Revenue	15,114	15,157	(0.3)	30,008	28,942	3.7	60,132
Proportion generated internationally %	59.6	58.6	1.0p	59.1	56.6	2.5p	57.8
EBITDA	4,417	4,032	9.5	10,055	8,111	24.0	15,834
Adjusted EBITDA	4,429	4,417	0.3	8,550	8,705	(1.8)	17,424
Net profit	711	530	34.2	2,528	1,094	n.a.	930
Adjusted net profit	636	810	(21.5)	1,223	1,577	(22.4)	2,755
Free cash flow ^a	1,049	1,109	(5.4)	2,032	2,147	(5.4)	4,606
Cash capex ^b (excl. spectrum)	2,197	2,068	6.2	4,262	4,155	2.6	8,861
Cash capex ^b	3,946	2,198	79.5	6,143	5,222	17.6	11,068
Net debt				41,385	41,374	0.0	39,093
Number of employees ^c				229,897	231,195	(0.6)	228,596

Comments on the table:

MetroPCS was included in Deutsche Telekom's consolidated financial statements for the first time as of May 1, 2013.

a Before dividend payments, investments in spectrum, and before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).

c At reporting date.



Operating segments:

	Q2 2014 millions of €	Q2 2013 millions of €	Change %	H1 2014 millions of €	H1 2013 millions of €	Change %	FY 2013 millions of €
Germany							
Total revenue	5,464	5,565	(1.8)	10,947	11,131	(1.7)	22,435
EBITDA	2,217	2,161	2.6	4,422	4,279	3.3	8,401
Adjusted EBITDA	2,256	2,279	(1.0)	4,486	4,534	(1.1)	8,936
Number of employees ^a				67,883	67,936	(0.1)	66,725
United States^b							
Total revenue	5,270	4,825	9.2	10,344	8,366	23.6	18,556
EBITDA	1,411	884	59.6	2,206	1,738	26.9	3,642
Adjusted EBITDA	1,083	930	16.5	1,927	1,818	6.0	3,874
Europe^c							
Total revenue	3,163	3,435	(7.9)	6,288	6,778	(7.2)	13,704
EBITDA	1,074	1,116	(3.8)	2,086	2,255	(7.5)	4,371
Adjusted EBITDA	1,098	1,117	(1.7)	2,125	2,214	(4.0)	4,550
Systems Solutions							
Order entry	1,311	1,878	(30.2)	2,725	3,854	(29.3)	7,792
Total revenue	2,187	2,170	0.8	4,239	4,396	(3.6)	9,038
Of which Market Unit	1,674	1,781	(6.0)	3,353	3,581	(6.4)	7,244
Adjusted EBIT margin (%)	0.4	2.4	(2.0p)	0.1	1.3	(1.2p)	1.5
Adj. EBIT margin, Market Unit (%)	(0.2)	2.8	(3.0p)	(0.3)	1.5	(1.8p)	2.8
EBITDA	155	41	n.a.	236	149	58.4	358
Adjusted EBITDA	288	210	37.1	426	378	12.7	774

Comments on the table:

ICSS/GNF business at the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014, and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

a At reporting date.

b First-time inclusion of MetroPCS as of May 1, 2013.

c First-time inclusion of the GTS Central Europe group since May 30, 2014.



Development of customer numbers

Operating segments: Development of customer numbers in the second quarter of 2014

	June 30, 2014 thousands	Mar. 31, 2014 thousands	Change thousands	Change %
Germany				
Mobile customers	39,337	39,145	192	0.5
Of which contract customers	22,379	22,104	275	1.2
Fixed-network lines	21,034	21,202	(168)	(0.8)
Of which IP-based	3,167	2,640	527	20.0
Broadband lines	12,361	12,354	7	0.1
Of which optical fiber (FTTC/VDSL, vectoring and FTTH)	1,494	1,375	119	8.7
TV (IPTV, satellite)	2,318	2,255	63	2.8
Unbundled local loop lines (ULLs)	9,101	9,207	(106)	(1.2)
United States				
Mobile customers	50,545	49,075	1,470	3.0
Of which branded postpaid customers	24,530	23,622	908	3.8
Of which branded prepay customers	15,639	15,537	102	0.7
Europe^{a, b}				
Mobile customers	56,485	56,615	(130)	(0.2)
Of which contract customers	25,569	25,521	48	0.2
Fixed-network lines	9,141	9,215	(74)	(0.8)
Of which IP-based	2,925	2,680	245	9.1
Retail broadband lines	4,832	4,784	48	1.0
TV (IPTV, satellite, cable)	3,619	3,558	61	1.7

Comments on the table:

a The fixed-network customers of our subsidiary Euronet Communications in the Netherlands have not been included in the Europe operating segment since January 2, 2014, following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

b The lines of the GTS Central Europe group will be reported from the third quarter of 2014.



**Operating segments: Development of customer numbers
in year-on-year comparison**

	June 30, 2014 thousands	June 30, 2013 thousands	Change thousands	Change %
Germany				
Mobile customers	39,337	37,492	1,845	4.9
Of which contract customers	22,379	20,445	1,934	9.5
Fixed-network lines	21,034	21,880	(846)	(3.9)
Of which IP-based	3,167	1,474	1,693	n.a.
Broadband lines	12,361	12,430	(69)	(0.6)
Of which optical fiber (FTTC/VDSL, vectoring and FTTH)	1,494	1,096	398	36.3
TV (IPTV, satellite)	2,318	2,078	240	11.5
Unbundled local loop lines (ULLs)	9,101	9,359	(258)	(2.8)
United States				
Mobile customers	50,545	44,016	6,529	14.8
Of which branded postpaid customers	24,530	20,783	3,747	18.0
Of which branded prepay customers	15,639	14,935	704	4.7
Europe^{a, b}				
Mobile customers	56,485	56,985	(500)	(0.9)
Of which contract customers	25,569	25,221	348	1.4
Fixed-network lines	9,141	9,470	(329)	(3.5)
Of which IP-based	2,925	1,968	957	48.6
Retail broadband lines	4,832	4,616	216	4.7
TV (IPTV, satellite, cable)	3,619	3,045	574	18.9

Comments on the table:

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This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows, and personnel-related measures. They should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor, or business initiatives, including acquisitions, dispositions, business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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Deutsche Telekom AG

Corporate Communications

Tel.: +49 (0) 228 181-49 49

E-mail: media@telekom.de

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DEUTSCHE TELEKOM

Q2/14 RESULTS



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REVIEW Q2/14



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LEADING TELCO: KEY ACHIEVEMENTS IN Q2

KEY ACHIEVEMENTS

- LTE (77% POP coverage) and fiber roll out (39% Household coverage) continuing in Germany. Further progress in Europe: Poland launched LTE in June
- All-IP migration: Germany accelerates to 527k migrations in Q2. Europe achieves IP-Share of 32%
- Germany: Broadband net adds turn positive (+7k), ongoing good momentum in TV (+63k) and Fiber (+227k). Adj. EBITDA margin of 41.3%.
- US: Delivers on EBITDA growth (+22.1% in US\$) and margin improvement (20.5%) as promised. FY branded contract net add forecast increased to 3.0 to 3.5 million
- Europe: Significant cost savings result in organic EBITDA growth (+1.7%)

Q2 FINANCIAL HIGHLIGHTS

- Organic group revenue growth of 0.6%
- Slight adj. EBITDA growth (+0.3%) - on track to deliver on guidance
- FCF of € 1 billion slightly below previous year as expected and in line with guidance
- Financial guidance for FY 2014 confirmed



H1/14: KEY FIGURES

€ mn	Q2			H1		
	2013	2014	Change	2013	2014	Change
Revenue	15,157	15,114	-0.3%	28,942	30,008	3.7%
Adj. EBITDA	4,417	4,429	0.3%	8,705	8,550	-1.8%
Adj. net profit	810	636	-21.5%	1,577	1,223	-22.4%
Net profit	530	711	34.2%	1,094	2,528	131.1%
Adj. EPS (in €)	0.19	0.15	-21.1%	0.37	0.28	-24.3%
EPS (in €)	0.12	0.16	33.3%	0.25	0.57	128.0%
Free cash flow ¹	1,109	1,049	-5.4%	2,147	2,032	-5.4%
Cash capex ²	2,068	2,197	+6.2%	4,155	4,262	+2,6%
Net debt (in € bn)	41.4	41.4	0.0%	41.4	41.4	0.0%

1) Free cash flow before dividend payments and spectrum investment and before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees

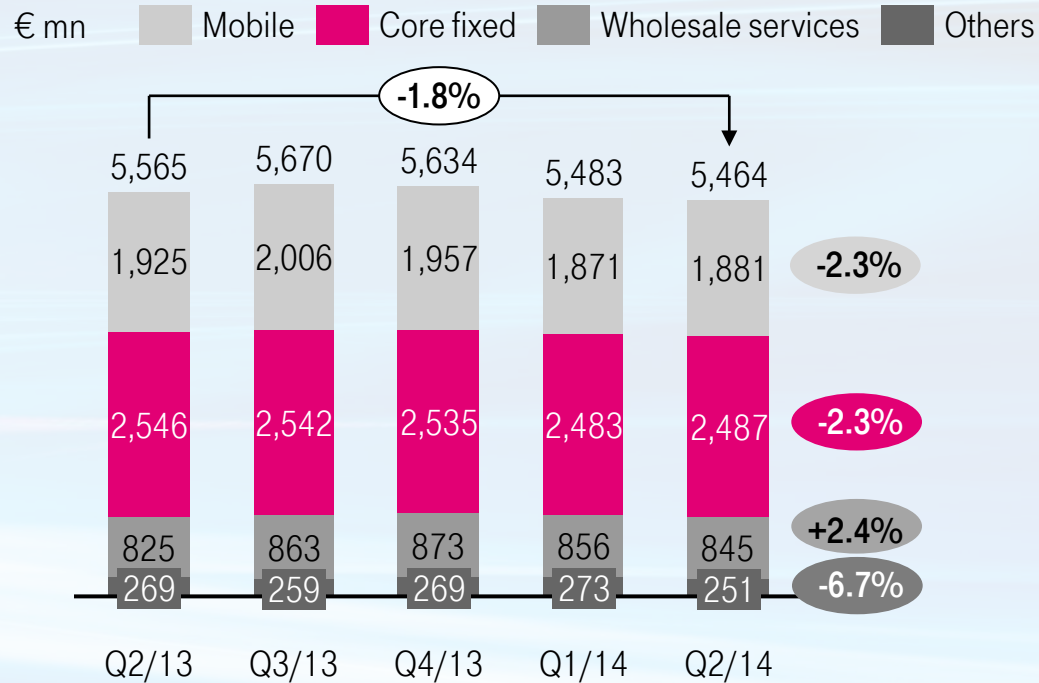
2) Before spectrum payments. Q2/13: 130 million €; Q2/14: 1,749 million €; H1/13: 1,067 million €; H1/14: 1,881 million €



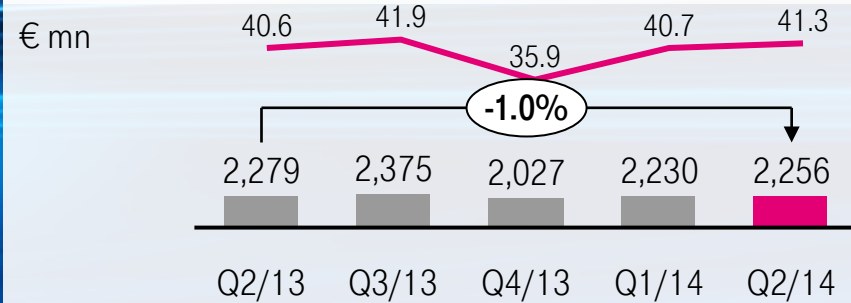
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GERMANY: SOLID REVENUE TREND AND STRONG MARGIN

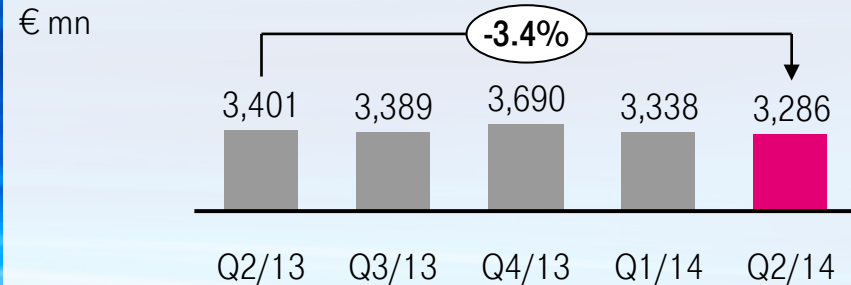
REVENUE



ADJ. EBITDA AND MARGIN (IN %)



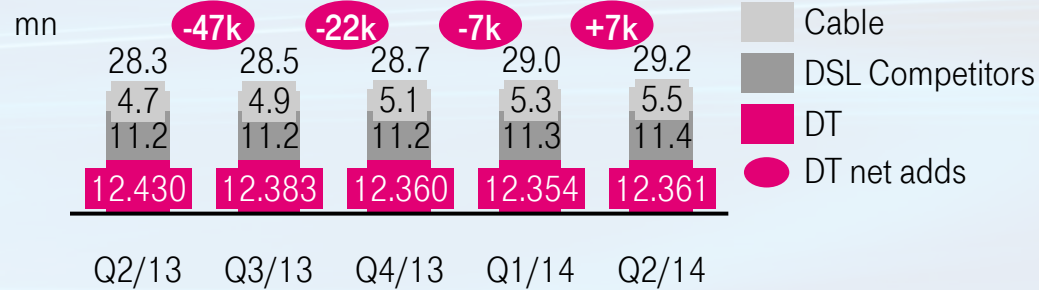
ADJ. OPEX



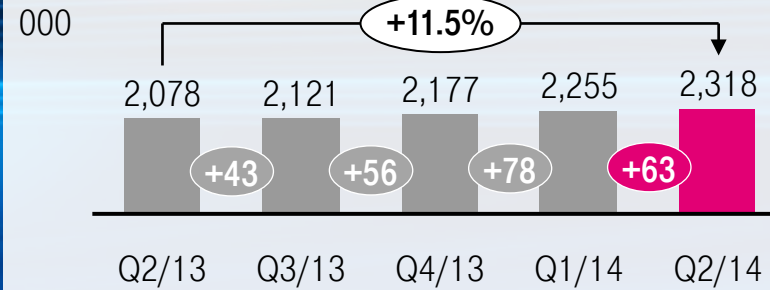
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GERMANY FIXED: SOLID GROWTH IN TV AND FIBER – LINE LOSSES ON TEN YEAR LOW

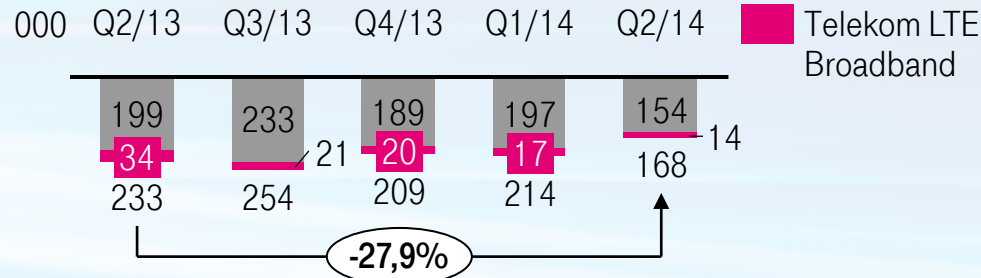
GERMAN BROADBAND MARKET¹



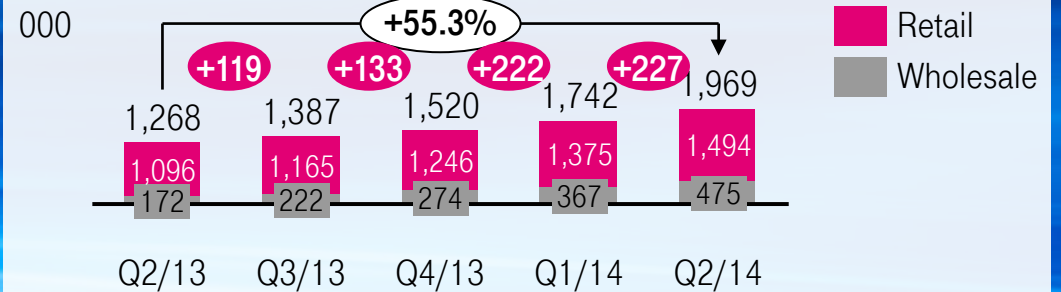
ENTERTAIN CUSTOMERS



LINE LOSSES



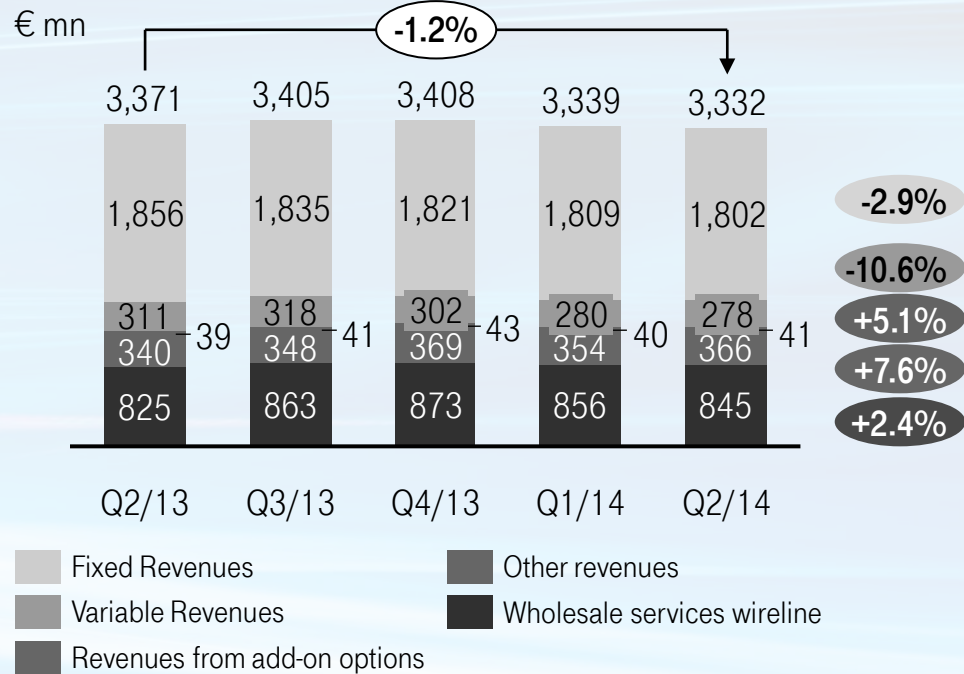
FIBER CUSTOMERS



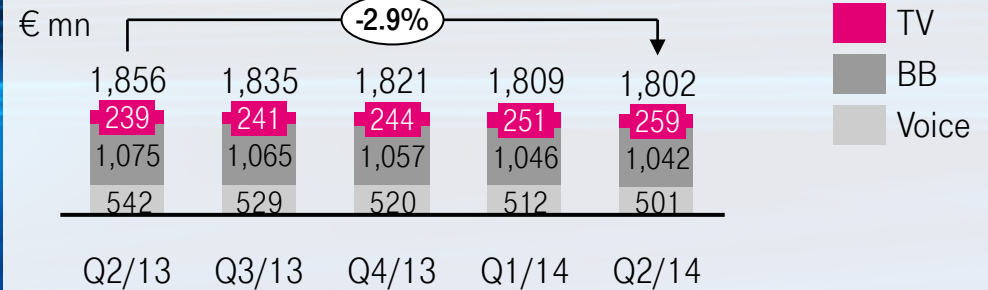
1) Based on management estimates

GERMANY FIXED: SLIGHT IMPROVEMENT IN RETAIL MAINLY DUE TO REDUCED LINE LOSSES

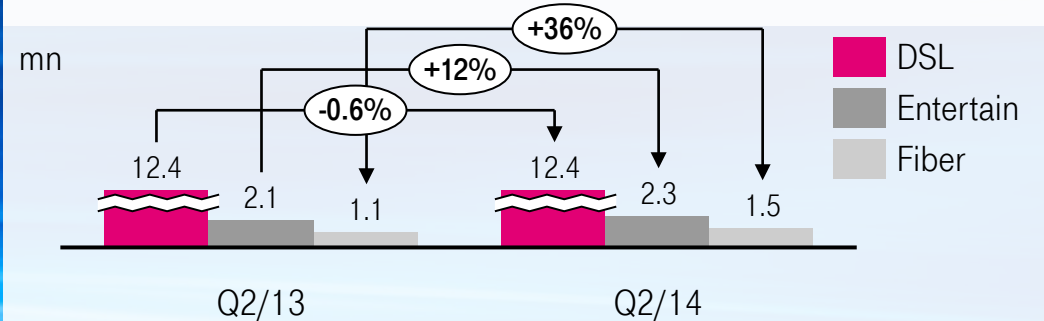
FIXED NETWORK REVENUE (CORE FIXED AND WHOLESALE)



FIXED REVENUES (FIXED LINE)



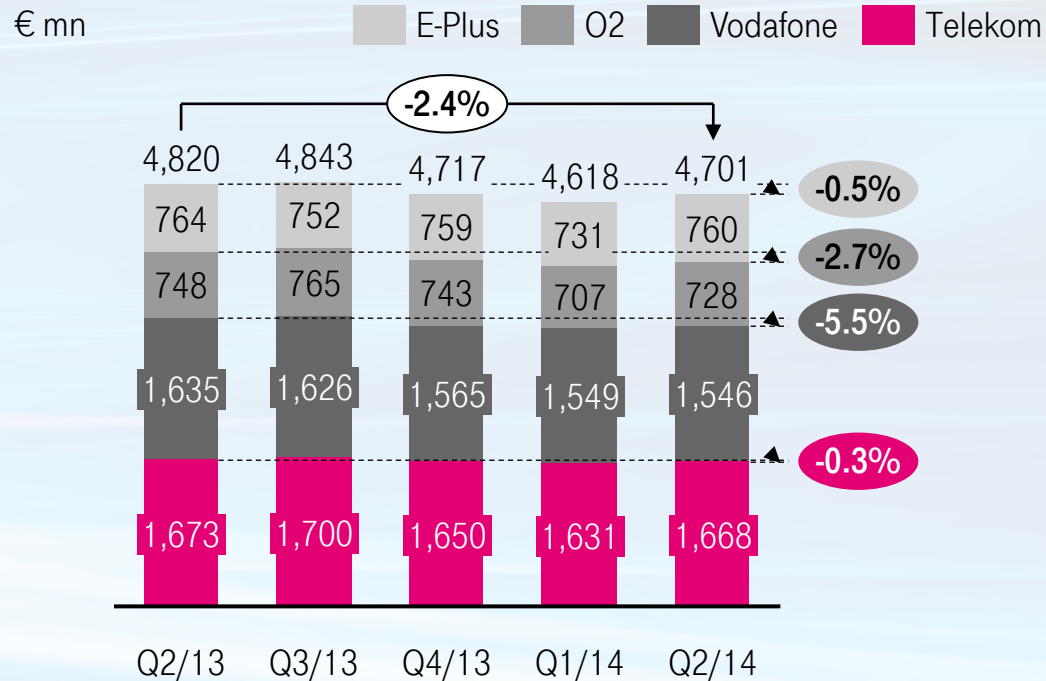
RETAIL UPSELL STRATEGY ACCESS



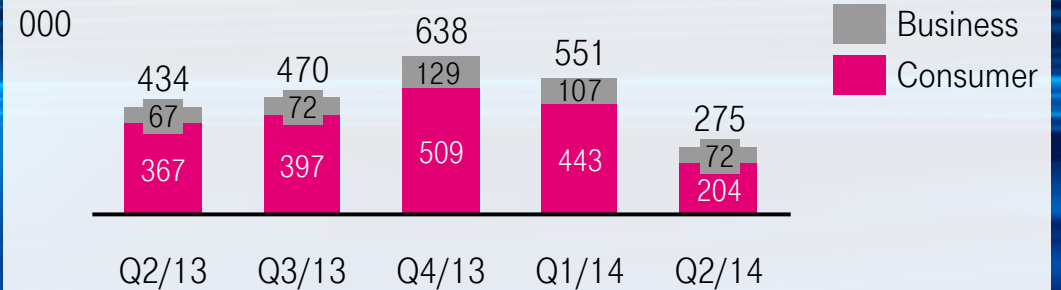
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GERMANY MOBILE: DT CONTINUES TO GROW SERVICE REVENUE MARKET SHARE

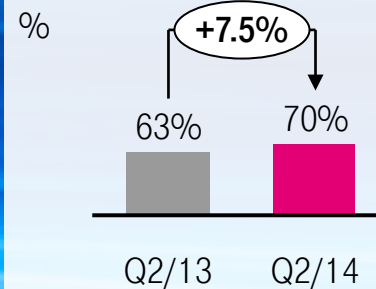
GERMAN MOBILE MARKET SERVICE REVENUE¹



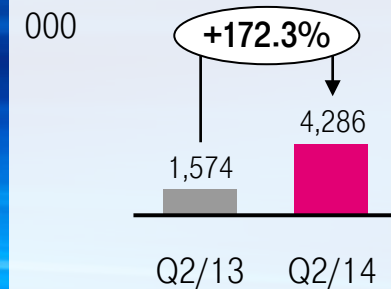
CONTRACT NET ADDS



SMARTPHONE PENETRATION²



LTE CUSTOMERS³



1) Based on management estimates

2) Of own branded retail customers

3) Customers using a LTE-device and tariff plan including LTE

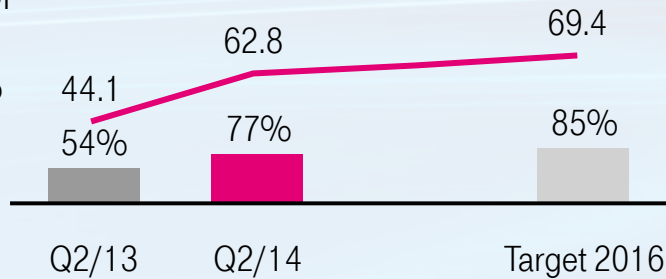


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GERMANY: INTEGRATED NETWORK ROLLOUT AND ALL-IP MIGRATION FULLY ON TRACK

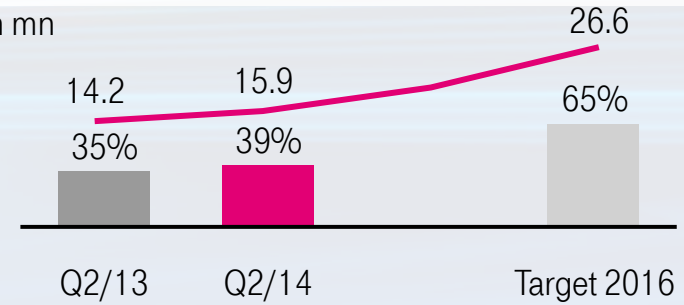
INS- STATUS LTE ROLLOUT

Outdoor¹ POP
Coverage
in mn and %



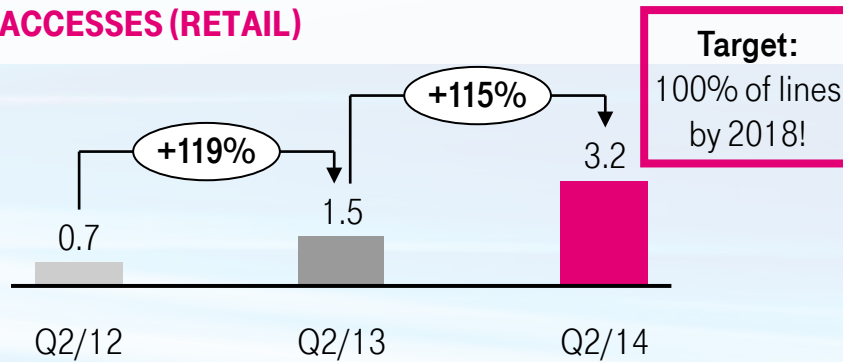
INS- STATUS FIBER ROLLOUT²

Coverage in mn
households
and %

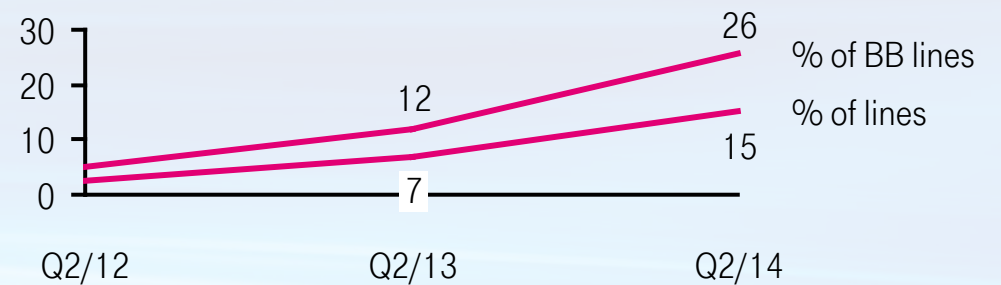


STATUS IP ACCESSES (RETAIL)

mn



STATUS IP ACCESSES (RETAIL)



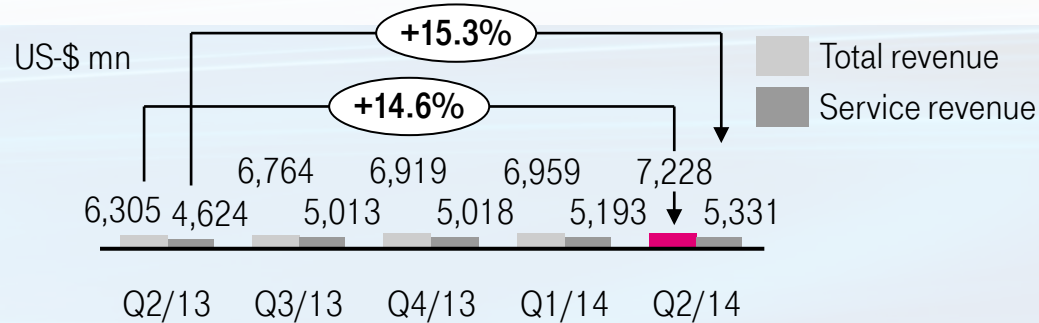
1) near window 2) in % of households within fixed network coverage in Germany



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TMUS: EBITDA AND MARGIN RECOVERY AS PROMISED – ONGOING STRONG CUSTOMER GROWTH

REVENUE AND SERVICE REVENUE

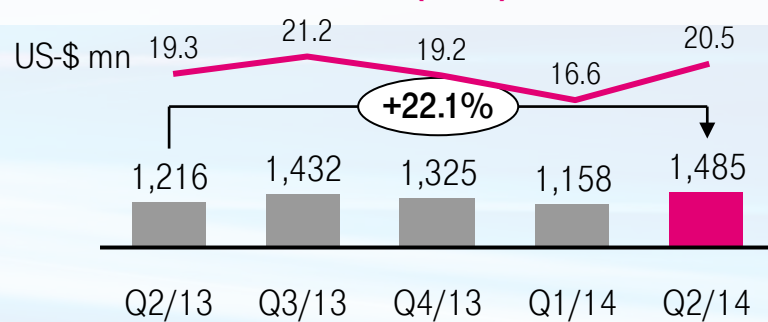


NET ADDITIONS

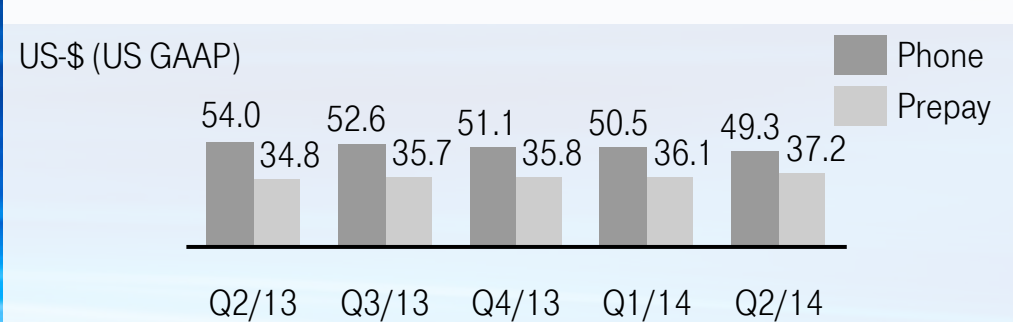
in 000

Total net adds	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
Total net adds	1,130	1,023	1,645	2,391	1,470
Branded:	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14
▪ Postpaid	688	648	869	1,323	908
▪ Prepay	-10	24	112	465	102
Wholesale ¹	452	351	664	603	460

ADJ. EBITDA AND MARGIN (IN %)



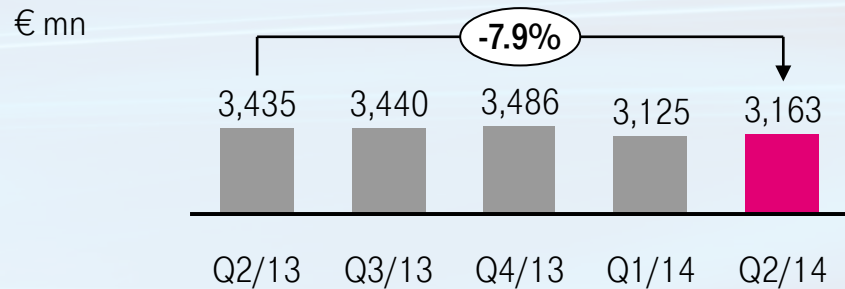
BRANDED CUSTOMERS: POSTPAID PHONE AND PREPAY ARPU



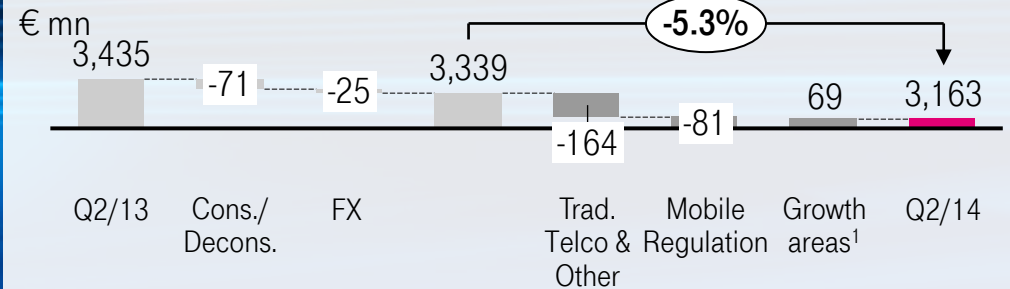
1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

EUROPE: ADJ. EBITDA MARGIN DRIVEN BY COST SAVINGS

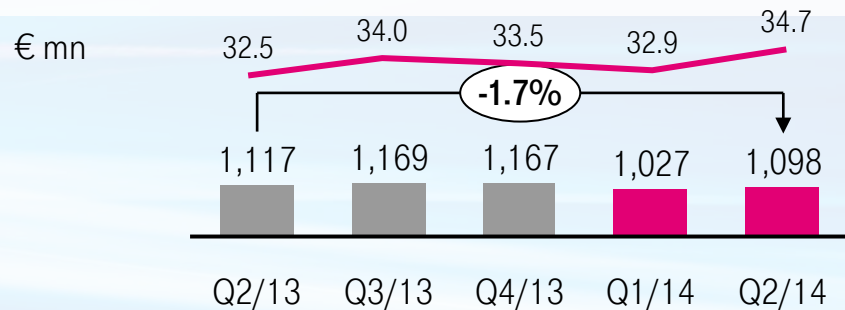
REVENUE AS REPORTED



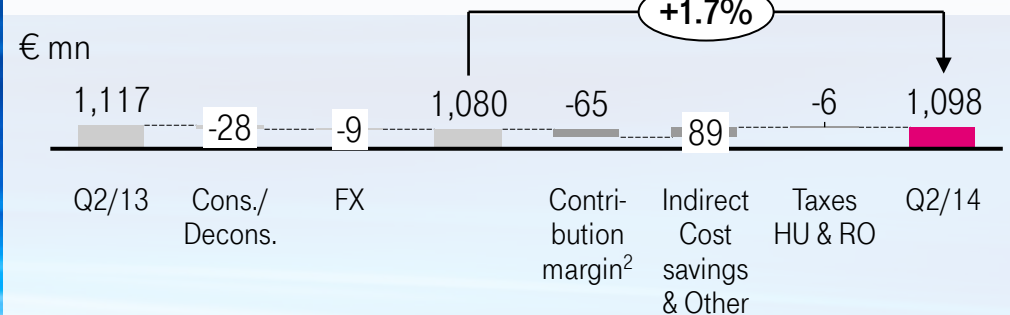
ORGANIC REVENUE DEVELOPMENT



ADJ. EBITDA AND MARGIN (IN %) AS REPORTED



ORGANIC ADJ. EBITDA DEVELOPMENT



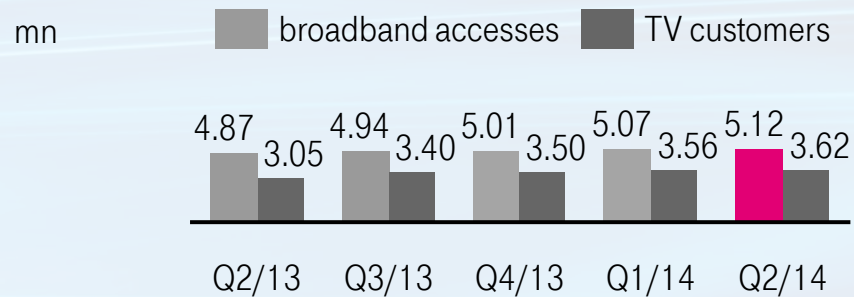
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other) 2) Total Revenues - Direct Cost



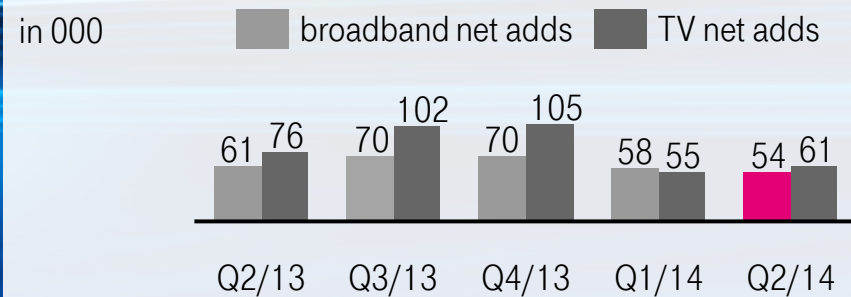
LIFE IS FOR SHARING.

EUROPE: GROWTH IN MOBILE AND FIXED KEY AREAS

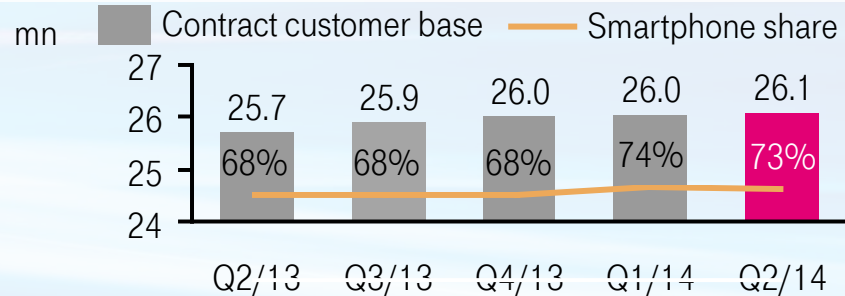
POCKETS OF GROWTH - BROADBAND AND TV¹



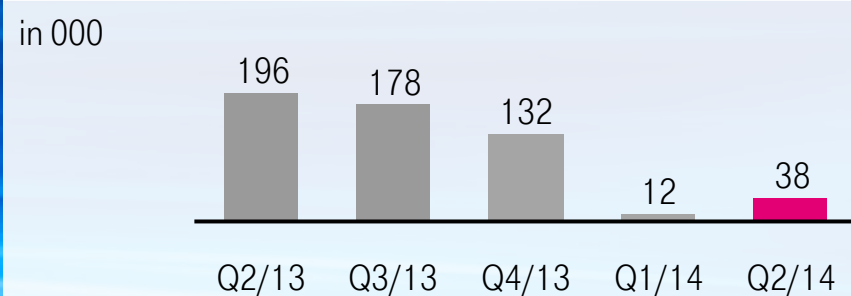
NET ADDS - BROADBAND AND TV¹



POCKETS OF GROWTH - MOB. CONTRACT AND SMARTPHONES¹

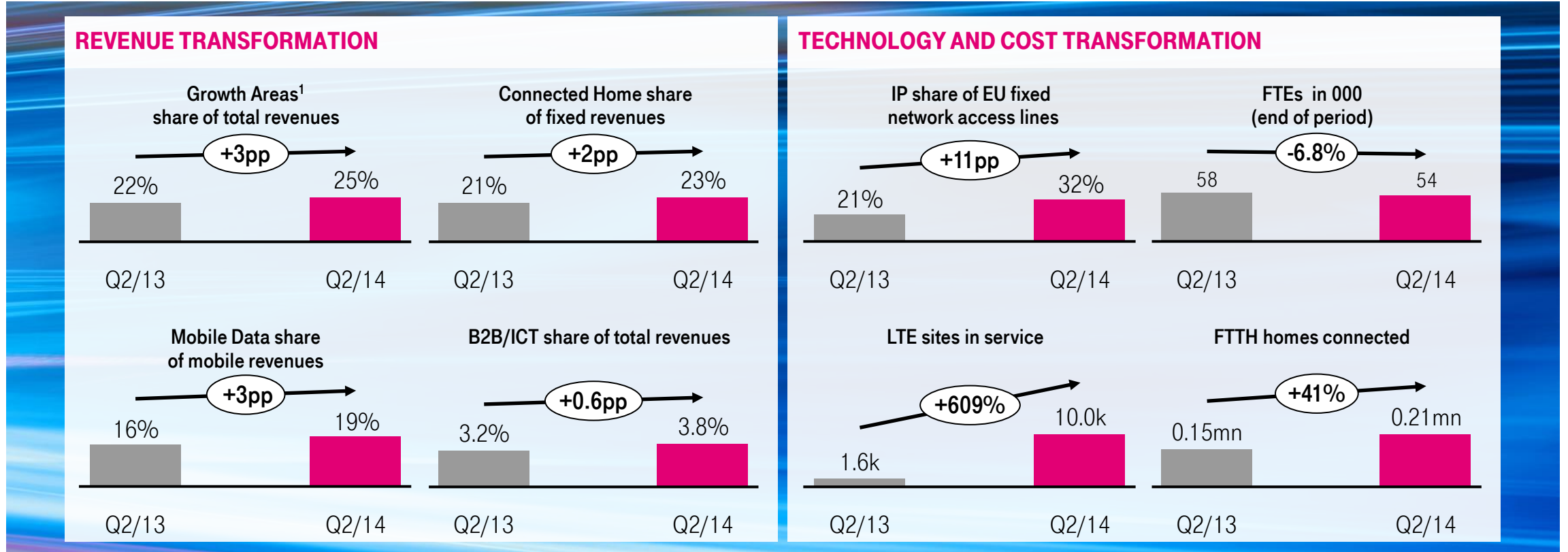


NET ADDS - MOBILE CONTRACT¹



¹) incl. business customers shifted to T-Systems in Hungary as of 1.1.2011. Smartphone share w/o AL and Bulgaria based on purchased devices. TV figures include DiGi Slovakia as of 1. September 2013 (not counted as net adds). The customers of our companies in Bulgaria and Online in the Netherlands are no longer included in the Europe operating segment since August 1, 2013 and January 2, 2014 respectively following the sale of the shares held in the companies. They have been eliminated from the historical customer figures to improve comparability.

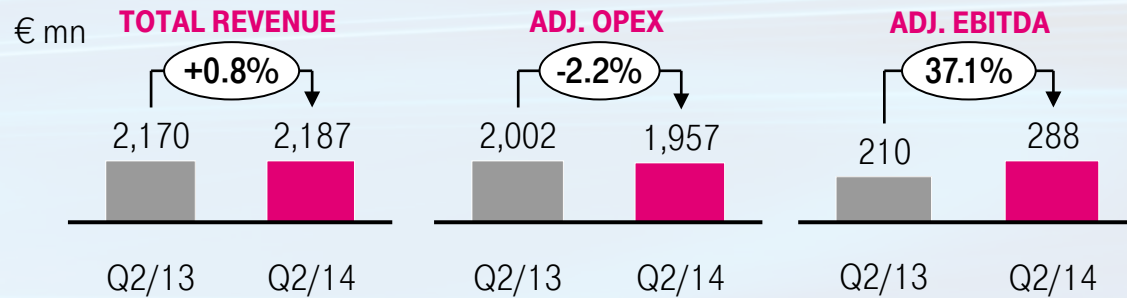
EUROPE: REVENUE AND COST TRANSFORMATION ONGOING



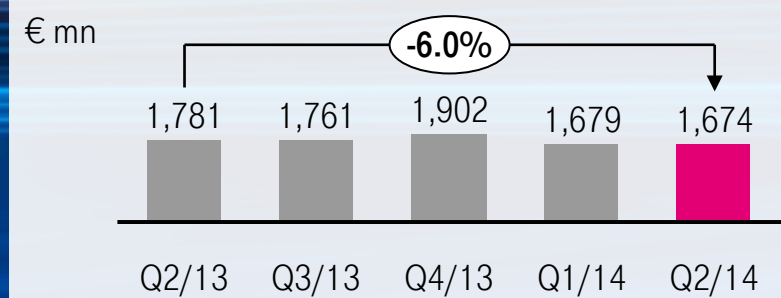
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other)

SYSTEMS SOLUTIONS: REVENUE AND EBITDA IN Q2 DRIVEN BY TEL-IT

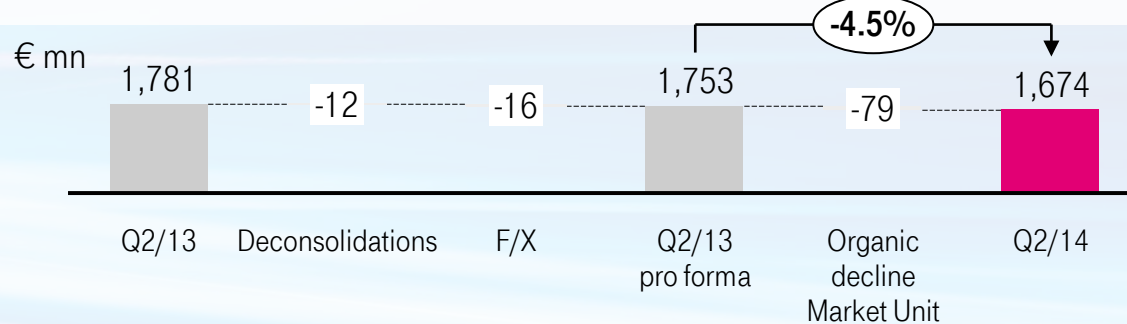
T-SYSTEMS FINANCIALS AS REPORTED



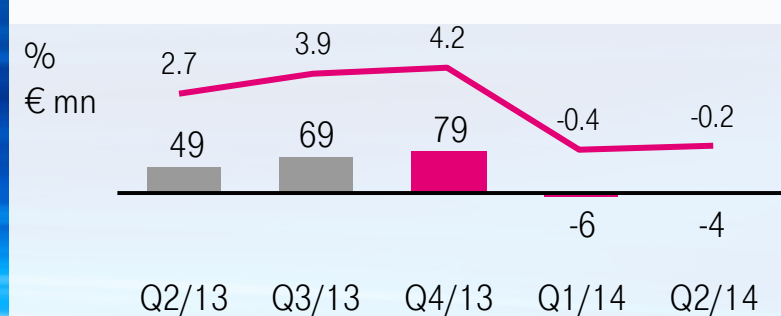
REVENUE MARKET UNIT



ORGANIC REVENUE MARKET UNIT

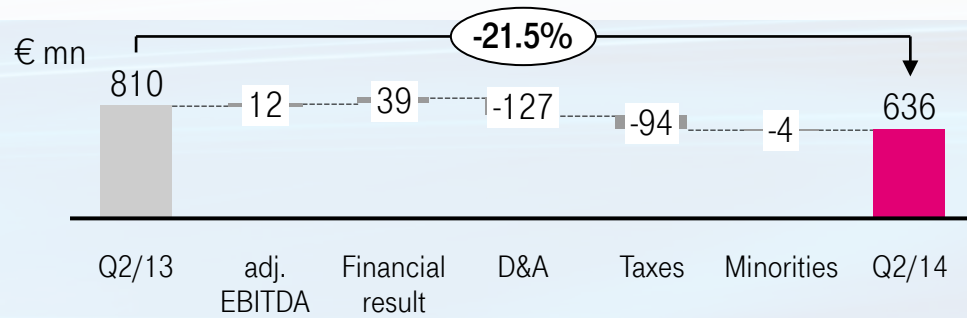


ADJ. EBIT AND MARGIN MARKET UNIT

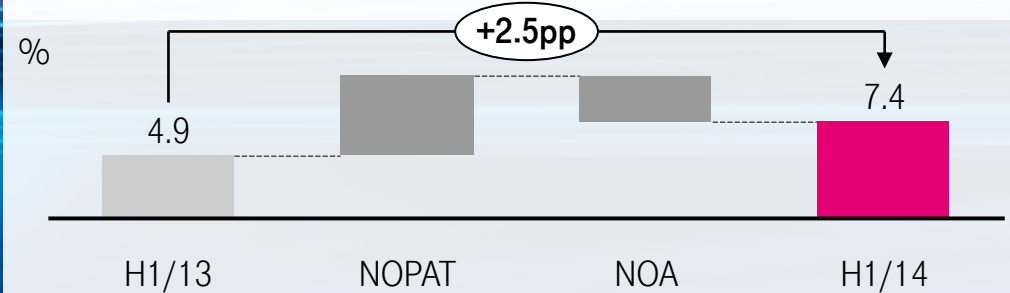


FINANCIALS: FCF ON TRACK FOR GUIDANCE - NET DEBT REACHES PEAK FOR 2014 REDUCTION EXPECTED IN NEXT QUARTERS

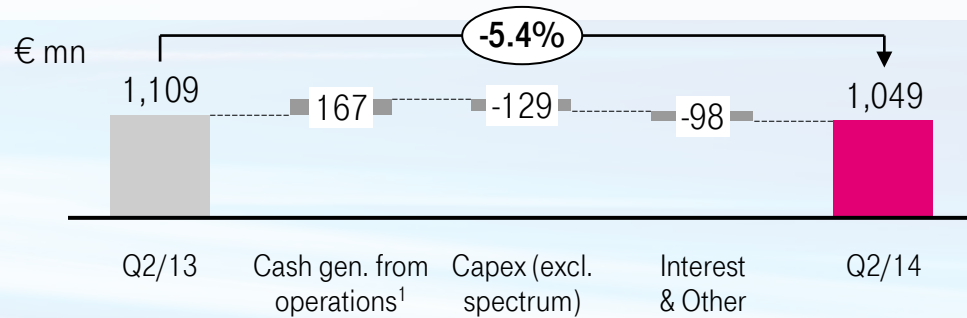
ADJ. NET INCOME



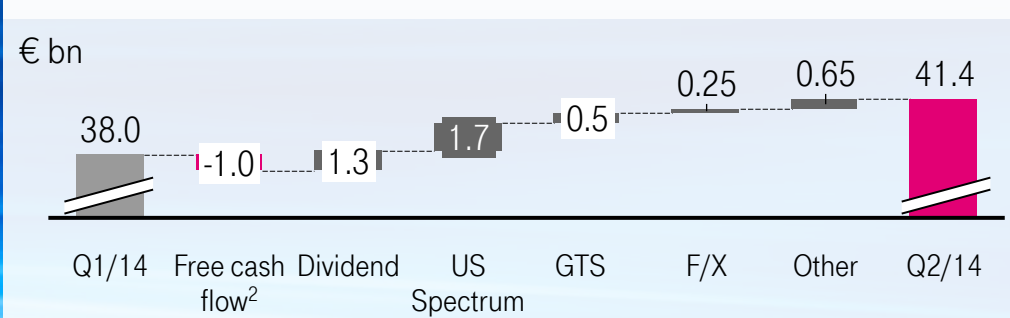
ROCE DEVELOPMENT³



FREE CASH FLOW²



NET DEBT DEVELOPMENT



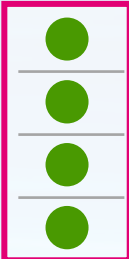
1) adjusted for € 93 million AT&T break-up fee and MetroPCS effects in Q2/13

2) Free cash flow before dividend payments, spectrum investment

3) includes book gain on sale of Scout24



FINANCIALS: BALANCE SHEET RATIOS REMAIN IN GUARDRAILS

€ bn	30/06/2013	30/09/2013	31/12/2013	31/03/2014	30/06/2014						
Balance sheet total	116.2	115.3	118.1	117.3	118.0						
Shareholders' equity	31.3	32.0	32.1	32.8	32.5						
Net debt	41.4	39.7	39.1	38.0	41.4						
Net debt/Adj. EBITDA ¹	2.4	2.3	2.2	2.2	2.4						
Equity ratio	26.9%	27.8%	27.1%	27.9%	27.5%						
Comfort zone ratios											
Rating: A-/BBB											
2 – 2.5x net debt/Adj. EBITDA											
25 – 35% equity ratio											
Liquidity reserve covers redemption of the next 24 months											
Current rating											
Fitch:	<table border="1"> <tr> <td>BBB+</td> <td>stable outlook</td> </tr> <tr> <td>Baa1</td> <td>stable outlook</td> </tr> <tr> <td>BBB+</td> <td>stable outlook</td> </tr> </table>					BBB+	stable outlook	Baa1	stable outlook	BBB+	stable outlook
BBB+	stable outlook										
Baa1	stable outlook										
BBB+	stable outlook										
Moody's:											
S&P:											

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters.

FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

Investor Relations

Phone +49 228 181 - 8 88 80

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BACKUP Q2 2014

DEUTSCHE TELEKOM

 H1 2014

Check out our IR website www.telekom.com/investor-relations for:

- This backup in .pdf and excel-format
- The IR calender
- Detailed information for debt investors
- Shareholder structure
- Corporate governance

For further information on the business units please refer to:

www.telekom.com
www.telekom.de
www.t-mobile.com
www.t-systems.com

Investor Relations, Bonn office

Phone +49 228 181 - 8 88 80
Fax +49 228 181 - 8 88 99
E-Mail investor.relations@telekom.de



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NOTES

GROUP

AT A GLANCE I^{1,2,3}

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
GROUP		15.157	15.525	15.665	60.132	14.894	15.114	(0,3)	28.942	30.008	3,7
Germany		5.565	5.670	5.634	22.435	5.483	5.464	(1,8)	11.131	10.947	(1,7)
United States		4.825	5.108	5.082	18.556	5.074	5.270	9,2	8.366	10.344	23,6
Europe		3.435	3.440	3.486	13.704	3.125	3.163	(7,9)	6.778	6.288	(7,2)
Systems Solutions		2.170	2.174	2.468	9.038	2.052	2.187	0,8	4.396	4.239	(3,6)
Group Headquarters & Group Services		761	635	792	2.879	622	610	(19,8)	1.452	1.232	(15,2)
Reconciliation		(1.599)	(1.502)	(1.797)	(6.480)	(1.462)	(1.580)	1,2	(3.181)	(3.042)	4,4
NET REVENUE											
Germany		5.227	5.331	5.282	21.056	5.146	5.138	(1,7)	10.443	10.284	(1,5)
United States		4.824	5.106	5.082	18.552	5.073	5.269	9,2	8.364	10.342	23,6
Europe		3.295	3.313	3.354	13.174	3.018	3.074	(6,7)	6.507	6.092	(6,4)
Systems Solutions		1.539	1.515	1.623	6.244	1.466	1.459	(5,2)	3.106	2.925	(5,8)
Group Headquarters & Group Services		272	260	324	1.106	191	174	(36,0)	522	365	(30,1)
GROUP		15.157	15.525	15.665	60.132	14.894	15.114	(0,3)	28.942	30.008	3,7
EBITDA (ADJUSTED FOR SPECIAL FACTORS)											
Germany		2.279	2.375	2.027	8.936	2.230	2.256	(1,0)	4.534	4.486	(1,1)
United States		930	1.082	974	3.874	844	1.083	16,5	1.818	1.927	6,0
Europe		1.117	1.169	1.167	4.550	1.027	1.098	(1,7)	2.214	2.125	(4,0)
Systems Solutions		210	197	199	774	138	288	37,1	378	426	12,7
Group Headquarters & Group Services		(111)	(155)	(290)	(655)	(118)	(160)	(44,1)	(210)	(278)	(32,4)
Reconciliation		(8)	(9)	(17)	(55)	0	(136)	n.a.	(29)	(136)	n.a.
GROUP		4.417	4.659	4.060	17.424	4.121	4.429	0,3	8.705	8.550	(1,8)
Proportional EBITDA		3.505	3.920	3.095	14.387	3.494	3.684	5,1	7.372	7.178	(2,6)

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

2 As of May 1, 2013, including MetroPCS.

3 As of May 30, 2014, including GTS Central Europe group.

GROUP

AT A GLANCE II^{1, 2, 3}

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS)											
(EBITDA / TOTAL REVENUE)											
	%										
Germany	%	40,6	41,9	35,9	39,7	40,7	41,3	0,7p	40,6	41,0	0,4p
United States	%	19,3	21,2	19,2	20,9	16,6	20,6	1,3p	21,7	18,6	(3,1p)
Europe	%	32,5	34,0	33,5	33,2	32,9	34,7	2,2p	32,7	33,8	1,1p
Systems Solutions	%	9,7	9,1	8,1	8,6	6,7	13,2	3,5p	8,6	10,0	1,4p
Group Headquarters & Group Services	%	(14,6)	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(11,6p)	(14,5)	(22,6)	(8,1p)
GROUP	%	29,1	30,0	25,9	28,9	27,7	29,3	0,2p	30,0	28,5	(1,5p)
CASH CAPEX											
Germany		644	892	1.281	3.411	705	1.018	58,1	1.238	1.723	39,2
United States		804	767	856	3.279	690	2.397	n.a.	1.656	3.087	86,4
Europe		522	500	1.255	3.661	585	422	(19,2)	1.906	1.007	(47,2)
Systems Solutions		213	270	374	1.066	253	254	19,2	422	507	20,1
Group Headquarters & Group Services		94	97	143	411	65	81	(13,8)	171	146	(14,6)
Reconciliation		(79)	(148)	(441)	(760)	(101)	(226)	n.a.	(171)	(327)	(91,2)
GROUP		2.198	2.378	3.468	11.068	2.197	3.946	79,5	5.222	6.143	17,6
- thereof spectrum investment		130	118	1.022	2.207	132	1.749	n.a.	1.067	1.881	76,3
NET PROFIT (LOSS)											
adjusted for special factors		810	823	355	2.755	587	636	(21,5)	1.577	1.223	(22,4)
as reported		530	588	(752)	930	1.817	711	34,2	1.094	2.528	n.a.
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT, AT&T TRANSACTION AND COMPENSATION PAYMENTS FOR METROPCS EMPLOYEES)											
		1.109	1.427	1.032	4.606	983	1.049	(5,4)	2.147	2.032	(5,4)
Proportional free cash flow		1.007	1.346	781	4.042	1.043	958	(4,9)	1.915	2.001	4,5
NET DEBT		41.374	39.726	39.093	39.093	37.964	41.385	0,0	41.374	41.385	0,0

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

2 As of May 1, 2013, including MetroPCS.

3 As of May 30, 2014, including GTS Central Europe group.

DT GROUP

EXCELLENT MARKET POSITION¹

	Note	Q2	Q3	Q4	Q1	Q2	Change compared to		Change compared to	
		2013	2013	2013	2014	2014	prior quarter		prior year	
		'000	'000	'000	'000	'000	abs.	%	abs.	%
BROADBAND RETAIL LINES (END OF PERIOD)	2,3,4,5	17.061	17.079	17.118	17.151	17.205	54	0,3	144	0,8
Germany		12.430	12.383	12.360	12.354	12.361	7	0,1	(69)	(0,6)
Europa		4.616	4.682	4.744	4.784	4.832	48	1,0	216	4,7
Greece		1.232	1.244	1.260	1.274	1.308	34	2,7	76	6,2
Romania		1.156	1.175	1.193	1.200	1.200	0	0,0	44	3,8
Hungary		812	832	851	867	877	10	1,2	65	8,0
Czech Republic		126	127	129	131	132	1	0,8	6	4,8
Croatia		631	631	628	624	621	(3)	(0,5)	(10)	(1,6)
Slovakia		422	431	434	436	440	4	0,9	18	4,3
other		238	242	249	252	255	3	1,2	17	7,1
FIXED NETWORK LINES (END OF PERIOD)	3,4,5,6	31.415	31.052	30.765	30.485	30.247	(238)	(0,8)	(1.168)	(3,7)
Germany		21.880	21.625	21.417	21.202	21.034	(168)	(0,8)	(846)	(3,9)
Europa		9.470	9.362	9.284	9.215	9.141	(74)	(0,8)	(329)	(3,5)
Greece		2.849	2.794	2.746	2.702	2.675	(27)	(1,0)	(174)	(6,1)
Romania		2.401	2.385	2.369	2.341	2.308	(33)	(1,4)	(93)	(3,9)
Hungary		1.597	1.597	1.596	1.595	1.611	16	1,0	14	0,9
Czech Republic		126	127	129	130	130	0	0,0	4	3,2
Croatia		1.174	1.156	1.133	1.138	1.114	(24)	(2,1)	(60)	(5,1)
Slovakia		932	919	922	914	908	(6)	(0,7)	(24)	(2,6)
other		392	385	390	396	394	(2)	(0,5)	2	0,5
MOBILE SUBSCRIBERS (END OF PERIOD)	3,7,8	138.986	140.307	142.504	145.351	146.873	1.522	1,0	7.887	5,7
Germany		37.492	37.936	38.625	39.145	39.337	192	0,5	1.845	4,9
United States	8	44.016	45.039	46.684	49.075	50.545	1.470	3,0	6.529	14,8
Europa		56.985	56.825	56.679	56.615	56.485	(130)	(0,2)	(500)	(0,9)
Greece		7.602	7.550	7.477	7.416	7.398	(18)	(0,2)	(204)	(2,7)
Romania		6.106	6.125	6.153	6.080	6.046	(34)	(0,6)	(60)	(1,0)
Hungary		4.838	4.853	4.887	4.878	4.898	20	0,4	60	1,2
Poland		15.969	15.667	15.563	15.748	15.675	(73)	(0,5)	(294)	(1,8)
Czech Republic		5.667	5.733	5.831	5.912	5.946	34	0,6	279	4,9
Croatia		2.350	2.392	2.303	2.272	2.308	36	1,6	(42)	(1,8)
Netherlands		4.561	4.534	4.441	4.343	4.277	(66)	(1,5)	(284)	(6,2)
Slovakia		2.273	2.263	2.262	2.257	2.237	(20)	(0,9)	(36)	(1,6)
Austria		4.073	4.044	4.091	4.105	4.118	13	0,3	45	1,1
other		3.548	3.663	3.671	3.604	3.582	(22)	(0,6)	34	1,0

1 Figures rounded to the nearest million. The total is calculated on the basis of precise numbers. Percentages calculated on the basis of figures shown.

2 Broadband lines in operation excluding lines for internal use and public telecommunications; including IP-based access lines and wholesale services. Including BB via cable in Hungary.

3 Incl. business subscribers (0,5mn mobile subscribers) and accesses (0,1mn fixed network lines) from T-Systems Hungary.

4 The customers of Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

5 GTS Central Europe Group Access Lines will be available from Q3/14 onwards.

6 Fixed network lines in operation excluding lines for internal use and public telecommunications.

7 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.

8 On May 1, 2013 prepaid customers increased by 8,918 tsd in connection with the acquisition of MetroPCS.

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DT CONSOLIDATED INCOME STATEMENT

ADJUSTED FOR SPECIAL FACTORS

		Q2	Q3	Q4	FY	Q1	Q2	Change	H1	H1	Change
	Note	2013	2013	2013	2013	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
NET REVENUE		15.204	15.525	15.679	60.193	14.894	15.114	(0,6)	28.989	30.008	3,5
Cost of sales		(8.881)	(9.243)	(9.724)	(35.679)	(9.067)	(8.901)	(0,2)	(16.712)	(17.968)	(7,5)
GROSS PROFIT		6.323	6.282	5.955	24.514	5.827	6.213	(1,7)	12.277	12.040	(1,9)
Selling expenses		(3.410)	(3.403)	(3.663)	(13.554)	(3.260)	(3.279)	3,8	(6.488)	(6.539)	(0,8)
General and administrative expenses		(1.126)	(831)	(785)	(3.844)	(927)	(1.120)	0,5	(2.228)	(2.047)	8,1
Other operating income		232	277	264	1.069	245	255	9,9	528	500	(5,3)
Other operating expenses		(110)	(237)	(432)	(934)	(260)	(275)	n.a.	(265)	(535)	n.a.
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.909	2.088	1.339	7.251	1.625	1.794	(6,0)	3.824	3.419	(10,6)
EBIT margin (EBIT / net revenue)	%	12,6	13,4	8,5	12,0	10,9	11,9	(0,7p)	13,2	11,4	(1,8p)
Profit (loss) from financial activities		(654)	(758)	(683)	(2.772)	(686)	(615)	6,0	(1.331)	(1.301)	2,3
of which: finance costs		(521)	(552)	(567)	(2.162)	(597)	(577)	(10,7)	(1.043)	(1.174)	(12,6)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		1.255	1.330	656	4.479	939	1.179	(6,1)	2.493	2.118	(15,0)
Income taxes		(328)	(351)	(242)	(1.364)	(304)	(422)	(28,7)	(771)	(726)	5,8
PROFIT (LOSS)		927	979	414	3.115	635	757	(18,3)	1.722	1.392	(19,2)
Profit (loss) attributable to non-controlling interests		117	156	59	360	48	121	3,4	145	169	16,6
NET PROFIT (LOSS)		810	823	355	2.755	587	636	(21,5)	1.577	1.223	(22,4)
Depreciation, amortization and impairment losses		(2.508)	(2.571)	(2.721)	(10.173)	(2.496)	(2.635)	(5,1)	(4.881)	(5.131)	(5,1)
EBITDA		4.417	4.659	4.060	17.424	4.121	4.429	0,3	8.705	8.550	(1,8)
EBITDA margin (EBITDA / net revenue)	%	29,1	30,0	25,9	28,9	27,7	29,3	0,2p	30,0	28,5	(1,5p)

DT GROUP

EBITDA RECONCILIATION

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
NET REVENUE		15.157	15.525	15.665	60.132	14.894	15.114	(0,3)	28.942	30.008	3,7
NET PROFIT (LOSS)		530	588	(752)	930	1.817	711	34,2	1.094	2.528	n.a.
+ Profit (loss) attributable to non-controlling interests		114	249	(146)	274	34	182	59,6	171	216	26,3
= Profit (loss)		644	837	(898)	1.204	1.851	893	38,7	1.265	2.744	n.a.
- Income taxes		(220)	(304)	(9)	(924)	(550)	(261)	(18,6)	(611)	(811)	(32,7)
= Profit (loss) before income taxes = EBT		864	1.141	(889)	2.128	2.401	1.154	33,6	1.876	3.555	89,5
- Profit (loss) from financial activities		(661)	(755)	(706)	(2.802)	(741)	(622)	5,9	(1.341)	(1.363)	(1,6)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.525	1.896	(183)	4.930	3.142	1.776	16,5	3.217	4.918	52,9
- Depreciation, amortization and impairment losses		(2.507)	(2.572)	(3.438)	(10.904)	(2.496)	(2.641)	(5,3)	(4.894)	(5.137)	(5,0)
= EBITDA		4.032	4.468	3.255	15.834	5.638	4.417	9,5	8.111	10.055	24,0
EBITDA margin (EBITDA/net revenue)	%	26,6	28,8	20,8	26,3	37,9	29,2	2,6p	28,0	33,5	5,5p
- Special factors affecting EBITDA		(385)	(191)	(805)	(1.590)	1.517	(12)	96,9	(594)	1.505	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS		4.417	4.659	4.060	17.424	4.121	4.429	0,3	8.705	8.550	(1,8)
EBITDA margin (adjusted for special factors) (EBITDA / net revenue)	%	29,1	30,0	25,9	28,9	27,7	29,3	0,2p	30,0	28,5	(1,5p)

DT CONSOLIDATED INCOME STATEMENT

AS REPORTED

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
NET REVENUE		15.157	15.525	15.665	60.132	14.894	15.114	(0,3)	28.942	30.008	3,7
Cost of sales		(8.968)	(9.398)	(9.935)	(36.255)	(9.134)	(9.005)	(0,4)	(16.922)	(18.139)	(7,2)
GROSS PROFIT		6.189	6.127	5.730	23.877	5.760	6.109	(1,3)	12.020	11.869	(1,3)
Selling expenses		(3.466)	(3.456)	(3.730)	(13.797)	(3.301)	(3.317)	4,3	(6.611)	(6.618)	(0,1)
General and administrative expenses		(1.235)	(912)	(1.215)	(4.518)	(970)	(1.324)	(7,2)	(2.391)	(2.294)	4,1
Other operating income		263	410	297	1.326	1.957	653	n.a.	619	2.610	n.a.
Other operating expenses		(226)	(273)	(1.265)	(1.958)	(304)	(345)	(52,7)	(420)	(649)	(54,5)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.525	1.896	(183)	4.930	3.142	1.776	16,5	3.217	4.918	52,9
EBIT margin (EBIT / net revenue)	%	10,1	12,2	(1,2)	8,2	21,1	11,8	1,7p	11,1	16,4	5,3p
Profit (loss) from financial activities		(661)	(755)	(706)	(2.802)	(741)	(622)	5,9	(1.341)	(1.363)	(1,6)
of which: finance costs		(521)	(552)	(567)	(2.162)	(597)	(577)	(10,7)	(1.043)	(1.174)	(12,6)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		864	1.141	(889)	2.128	2.401	1.154	33,6	1.876	3.555	89,5
Income taxes		(220)	(304)	(9)	(924)	(550)	(261)	(18,6)	(611)	(811)	(32,7)
PROFIT (LOSS)		644	837	(898)	1.204	1.851	893	38,7	1.265	2.744	n.a.
Profit (loss) attributable to non-controlling interests		114	249	(146)	274	34	182	59,6	171	216	26,3
NET PROFIT (LOSS)		530	588	(752)	930	1.817	711	34,2	1.094	2.528	n.a.
Depreciation, amortization and impairment losses		(2.507)	(2.572)	(3.438)	(10.904)	(2.496)	(2.641)	(5,3)	(4.894)	(5.137)	(5,0)
EBITDA		4.032	4.468	3.255	15.834	5.638	4.417	9,5	8.111	10.055	24,0
EBITDA margin (EBITDA / net revenue)	%	26,6	28,8	20,8	26,3	37,9	29,2	2,6p	28,0	33,5	5,5p

DT GROUP

SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	H1 2013 millions of €	H1 2014 millions of €
NET REVENUE		(47)	0	(14)	(61)	0	0	(47)	0
Cost of sales		(87)	(155)	(211)	(576)	(67)	(104)	(210)	(171)
GROSS PROFIT		(134)	(155)	(225)	(637)	(67)	(104)	(257)	(171)
Selling expenses		(56)	(53)	(67)	(243)	(41)	(38)	(123)	(79)
General and administrative expenses		(109)	(81)	(430)	(674)	(43)	(204)	(163)	(247)
Other operating income	1	31	133	33	257	1.712	398	91	2.110
Other operating expenses		(116)	(36)	(833)	(1.024)	(44)	(70)	(155)	(114)
PROFIT (LOSS) FROM OPERATIONS (EBIT)	1	(384)	(192)	(1.522)	(2.321)	1.517	(18)	(607)	1.499
Profit (loss) from financial activities		(7)	3	(23)	(30)	(55)	(7)	(10)	(62)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)	1	(391)	(189)	(1.545)	(2.351)	1.462	(25)	(617)	1.437
Income taxes		108	47	233	440	(246)	161	160	(85)
PROFIT (LOSS)		(283)	(142)	(1.312)	(1.911)	1.216	136	(457)	1.352
Profit (loss) attributable to non-controlling interests		(3)	93	(205)	(86)	(14)	61	26	47
NET PROFIT (LOSS)		(280)	(235)	(1.107)	(1.825)	1.230	75	(483)	1.305
Depreciation, amortization and impairment losses		1	(1)	(717)	(731)	0	(6)	(13)	(6)
EBITDA	1	(385)	(191)	(805)	(1.590)	1.517	(12)	(594)	1.505

1 Income from divestitures relating to the deconsolidation of the Scout24 group.

DT GROUP

DETAILS ON SPECIAL FACTORS I

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECT ON OPERATING EXPENSES		(368)	(325)	(1.541)	(2.517)	(195)	(416)	(13,0)	(651)	(611)	6,1
of which: expenses / income for early retirement (civil servants)		(109)	(137)	(204)	(486)	(7)	(50)	54,1	(145)	(57)	60,7
of which: expenses for severance payments		(157)	(65)	(333)	(714)	(48)	(47)	70,1	(316)	(95)	69,9
of which: expenses / income for partial retirement		(15)	(20)	(36)	(85)	(29)	(31)	n.a.	(29)	(60)	n.a.
of which: expenses for other personnel restructuring charges		(29)	(68)	(63)	(166)	(42)	(44)	(51,7)	(35)	(86)	n.a.
of which: restructuring charges		(66)	(6)	(77)	(196)	(30)	(68)	(3,0)	(113)	(98)	13,3
of which: expenses due to de-consolidations and other asset sales		(22)	(83)	(48)	(173)	(8)	(48)	n.a.	(42)	(56)	(33,3)
of which: others		30	54	(780)	(697)	(31)	(128)	n.a.	29	(159)	n.a.
EFFECT ON OTHER OPERATING INCOME		31	133	33	257	1.712	398	n.a.	91	2.110	n.a.
of which: income due to asset sales		31	134	31	256	1.712	386	n.a.	91	2.098	n.a.
of which: others		0	(1)	2	1	0	12	n.a.	0	12	n.a.
EFFECT ON REVENUE	1	(47)	0	(14)	(61)	0	0	n.a.	(47)	0	n.a.
EFFECT ON PROFIT FROM OPERATIONS = EBIT	2	(384)	(192)	(1.522)	(2.321)	1.517	(18)	95,3	(607)	1.499	n.a.
DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES		1	(1)	(717)	(731)	0	(6)	n.a.	(13)	(6)	53,8
of which: restructuring charges		1	12	(1)	(2)	0	(6)	n.a.	(13)	(6)	53,8
of which: expenses due to consolidations and other asset sales		0	(13)	0	(13)	0	0	n.a.	0	0	n.a.
of which: others		0	0	(716)	(716)	0	0	n.a.	0	0	n.a.
EFFECT ON EBITDA	2	(385)	(191)	(805)	(1.590)	1.517	(12)	96,9	(594)	1.505	n.a.

1 Special factors affecting Total revenue: EUR -47 mn in Q2/13 and EUR -14 mn in Q4/13 within Wholesale Services (ULL) in Germany.

2 Income from divestitures relating to the deconsolidation of the Scout24 group.

DT GROUP

DETAILS ON SPECIAL FACTORS II

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES		(7)	3	(23)	(30)	(55)	(7)	n.a.	(10)	(62)	n.a.
EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES		(391)	(189)	(1.545)	(2.351)	1.462	(25)	93,6	(617)	1.437	n.a.
EFFECT ON TAXES		108	47	233	440	(246)	161	49,1	160	(85)	n.a.
Tax effect of special factors within EBIT		92	90	266	518	43	(58)	n.a.	162	(15)	n.a.
Tax effect of special factors on profit (loss) from financial activities		2	4	10	18	1	1	(50,0)	4	2	(50,0)
Other tax effects		14	(47)	(43)	(96)	(290)	218	n.a.	(6)	(72)	n.a.
EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(3)	93	(205)	(86)	(14)	61	n.a.	26	47	80,8
EFFECT ON NET PROFIT (LOSS)	1	(280)	(235)	(1.107)	(1.825)	1.230	75	n.a.	(483)	1.305	n.a.

1 Income from divestitures relating to the deconsolidation of the Scout24 group.

DT GROUP

CHANGE IN THE COMPOSITION OF THE GROUP IN THE SECOND QUARTER

	REPORTED NUMBERS		MINUS ACQUISITION EFFECTS						PLUS DECONSOLIDATION EFFECTS						TOTAL EFFECT	PRO FORMA	
	Q2 2013 millions of €	Q2 2014 millions of €	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	United States	Europe	Systems Solutions	GHS		Q2 2014 millions of €	Change %
NET REVENUE	15.157	15.114	359	0	327	32	0	0	205	0	0	103	12	90	(154)	14.960	(1,3)
PROFIT (LOSS) FROM OPERATIONS = EBIT	1.525	1.776	82	0	79	3	0	0	38	0	0	25	(11)	24	(44)	1.732	13,6
Profit (loss) from financial activities	(661)	(622)	(83)	0	(82)	(1)	0	0	8	0	0	(3)	5	6	91	(531)	19,7
of which finance costs	(521)	(577)	(20)	0	(19)	(1)	0	0	(4)	0	0	(3)	0	(1)	16	(561)	(7,7)
PROFIT (LOSS) BEFORE INCOME TAXES = EBT	864	1.154	(1)	0	(3)	2	0	0	46	0	0	22	(6)	30	47	1.201	39,0
Income taxes	(220)	(261)	(1)	0	0	(1)	0	0	(4)	0	0	(3)	0	(1)	(3)	(264)	(20,0)
PROFIT (LOSS)	644	893	(2)	0	(3)	1	0	0	42	0	0	19	(6)	29	44	937	45,5

DT GROUP

CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR

	REPORTED NUMBERS		MINUS ACQUISITION EFFECTS						PLUS DECONSOLIDATION EFFECTS						TOTAL EFFECT	PRO FORMA	
	H1 2013	H1 2014	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	Europe	United States	Systems Solutions	GHS		H1 2014	Change
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €		millions of €	%
NET REVENUE	28.942	30.008	1.317	0	1.278	39	0	0	401	8	207	0	38	148	(916)	29.092	0,5
PROFIT (LOSS) FROM OPERATIONS = EBIT	3.217	4.918	183	0	179	4	0	0	91	(3)	85	0	(26)	35	(92)	4.826	50,0
Profit (loss) from financial activities	(1.341)	(1.363)	(101)	0	(100)	(1)	0	0	(65)	(25)	(45)	0	5	0	36	(1.327)	1,0
of which finance costs	(1.043)	(1.174)	(78)	0	(77)	(1)	0	0	(8)	0	(7)	0	0	(1)	70	(1.104)	(5,8)
PROFIT (LOSS) BEFORE INCOME TAXES = EBT	1.876	3.555	82	0	79	3	0	0	26	(28)	40	0	(21)	35	(56)	3.499	86,5
Income taxes	(611)	(811)	(1)	0	0	(1)	0	0	(9)	0	(7)	0	0	(2)	(8)	(819)	(34,0)
PROFIT (LOSS)	1.265	2.744	81	0	79	2	0	0	17	(28)	33	0	(21)	33	(64)	2.680	n.a.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

		Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Change compared to prior quarter %	Change compared to prior year %
	Note	millions of €	millions of €	millions of €	millions of €	millions of €		
CURRENT ASSETS		18.212	18.020	21.963	22.270	18.402	(17,4)	1,0
Cash and cash equivalents		5.243	5.675	7.970	7.706	4.383	(43,1)	(16,4)
Trade and other receivables		6.763	7.146	7.712	7.536	8.112	7,6	19,9
Current recoverable income taxes		105	112	98	146	113	(22,6)	7,6
Other financial assets		2.100	2.230	2.745	2.695	2.805	4,1	33,6
Inventories		1.424	1.342	1.062	1.139	1.231	8,1	(13,6)
Current and non-current assets and disposal groups held for sale		744	78	1.033	1.211	86	(92,9)	(88,4)
Other assets		1.833	1.437	1.343	1.837	1.672	(9,0)	(8,8)
NON-CURRENT ASSETS	1	97.992	97.281	96.185	95.073	99.626	4,8	1,7
Intangible assets		47.533	46.972	45.967	45.157	48.566	7,5	2,2
Property, plant and equipment		37.739	37.501	37.427	37.255	37.705	1,2	(0,1)
Investments accounted for using the equity method		6.218	6.247	6.167	6.257	6.467	3,4	4,0
Other financial assets	1	1.436	1.528	1.362	1.265	1.680	32,8	17,0
Deferred tax assets		4.742	4.708	4.960	4.841	4.914	1,5	3,6
Other assets		324	325	302	298	294	(1,3)	(9,3)
TOTAL ASSETS		116.204	115.301	118.148	117.343	118.028	0,6	1,6

1 Adjusted retrospectively as of June 30, 2013 to account for the adjustment of the purchase price allocations for MetroPCS (Interim Group Report for January 1 to September 30, 2013, page 44).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Change compared to prior quarter %	Change compared to prior year %
		millions of €	millions of €	millions of €	millions of €	millions of €		
LIABILITIES		84.954	83.286	86.085	84.577	85.527	1,1	0,7
CURRENT LIABILITIES		25.296	25.188	22.496	23.490	25.691	9,4	1,6
Financial liabilities		10.874	11.169	7.891	8.891	10.767	21,1	(1,0)
Trade and other payables		6.831	6.701	7.259	6.696	7.441	11,1	8,9
Income tax liabilities		346	428	308	295	290	(1,7)	(16,2)
Other provisions		2.575	2.709	3.120	3.315	2.976	(10,2)	15,6
Liabilities directly associated with non-current assets and disposal groups held for sale		235	0	113	0	38	n.a.	(83,8)
Other liabilities		4.435	4.181	3.805	4.293	4.179	(2,7)	(5,8)
NON-CURRENT LIABILITIES	1	59.658	58.098	63.589	61.087	59.836	(2,0)	0,3
Financial liabilities	1	39.563	38.154	43.708	40.737	39.104	(4,0)	(1,2)
Provisions for pensions and other employee benefits		7.131	7.172	7.006	7.285	7.642	4,9	7,2
Other provisions		1.998	1.957	2.071	2.083	2.035	(2,3)	1,9
Deferred tax liabilities		6.934	6.845	6.916	7.103	7.194	1,3	3,7
Other liabilities		4.032	3.970	3.888	3.879	3.861	(0,5)	(4,2)
SHAREHOLDERS' EQUITY		31.250	32.015	32.063	32.766	32.501	(0,8)	4,0
Issued capital		11.395	11.395	11.395	11.395	11.611	1,9	1,9
Capital reserves		51.297	51.346	51.428	50.996	51.746	1,5	0,9
Retained earnings incl. carryforwards		(37.348)	(37.333)	(37.437)	(36.670)	(39.117)	(6,7)	(4,7)
Total other comprehensive income		(2.215)	(2.276)	(2.383)	(2.502)	(2.250)	10,1	(1,6)
Total other comprehensive income directly associated with non-current assets and disposable groups held for sale		0	0	0	0	0	n.a.	n.a.
Net profit (loss)		1.094	1.682	930	1.817	2.528	39,1	n.a.
Treasury shares		(6)	(6)	(54)	(54)	(54)	n.a.	n.a.
Non-controlling interests		7.033	7.207	8.184	7.784	8.037	3,3	14,3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		116.204	115.301	118.148	117.343	118.028	0,6	1,6

1 Adjusted retrospectively as of June 30, 2013 to account for the adjustment of the purchase price allocations for MetroPCS (Interim Group Report for January 1 to September 30, 2013, page 44).

DT GROUP

PROVISIONS FOR PENSIONS

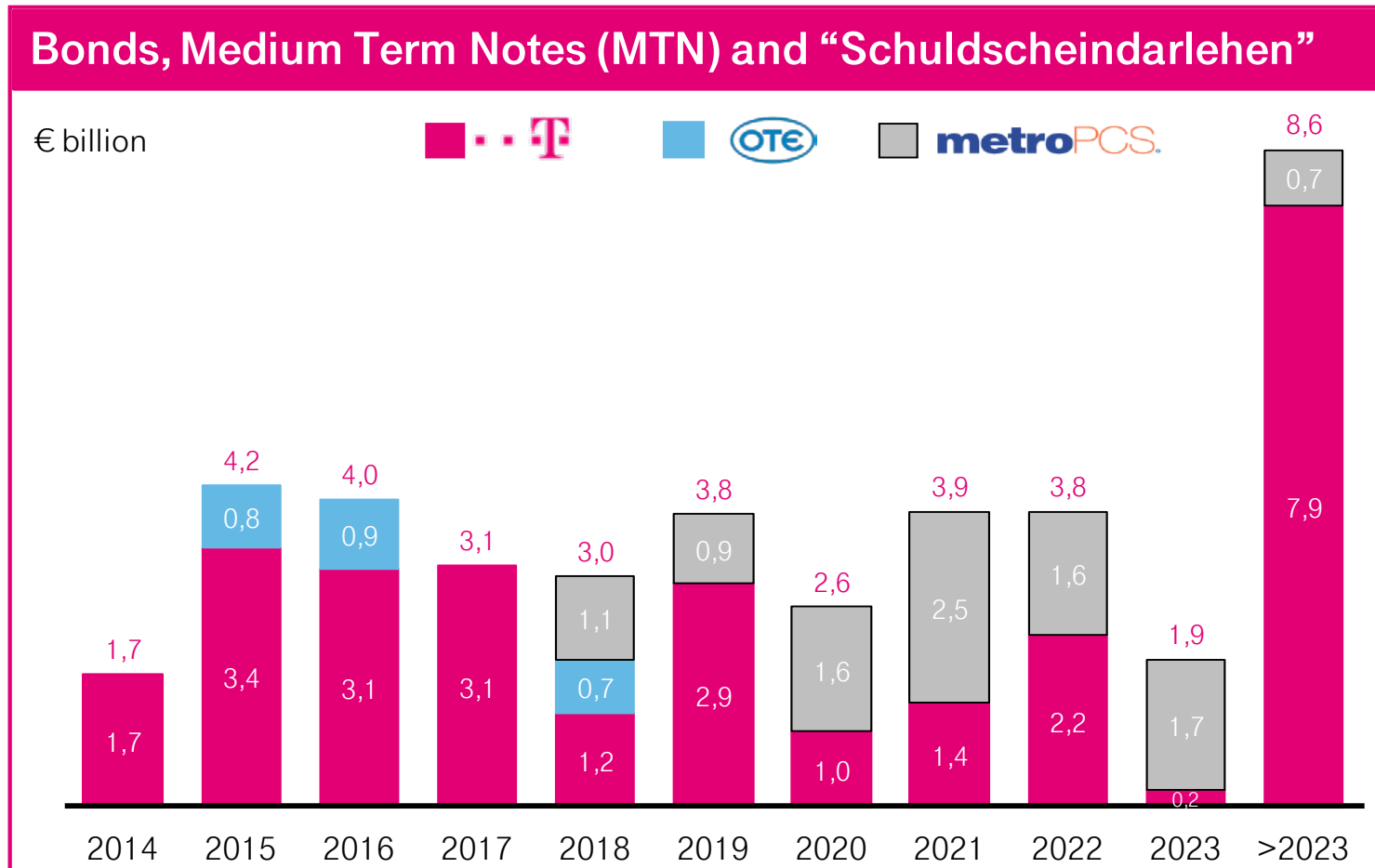
		2013 millions of €	2012 millions of €	2011 millions of €	2010 millions of €	2009 millions of €
FROM DEFINED BENEFIT OBLIGATION TO PROVISION IN BALANCE SHEET						
Present value of obligation (DBO)	1	8.965	8.973	6.966	7.017	6.833
Plan assets		(1.973)	(1.680)	(860)	(629)	(618)
Others		14	19	18	(15)	(36)
Provision in balance sheet		7.006	7.312	6.124	6.373	6.179
PENSION COSTS INCLUDED IN P&L (INCLUDED EXPECTED RETURN ON PLAN ASSETS)						
		388	511	530	514	525
thereof included in EBITDA		160	197	199	197	204
thereof included in financial result		228	313	314	317	321
CASH PAYMENTS FOR PENSIONS						
1) funding of plan assets by DT (investment in financial assets)		269	768	267	2	45
2) benefits paid through plan assets	2	42	45	52	56	61
3) benefits paid through provision (included in cash flow from operations)		366	375	367	345	332
cash payments included in cash flow statement = 1) + 3)		635	1.143	634	347	377
cash payments included in free cash flow = 3)		366	375	367	345	332
CHANGE IN THE PRESENT VALUE OF THE OBLIGATION (EXAMPLE)						
End of 2012		8.973				
pension costs included in P&L		388				
benefits paid		(408)				
actuarial losses/gains	3	(35)				
F/X		(6)				
Others		53				
End of 2013		8.965				

1 Increase in obligation in 2012 mainly due to a change in the discount rate.

2 The sum of payments through plan assets and the benefit paid through provisions equal the "benefits paid" in "Change in the present value of the obligation".

3 Actuarial losses/gains are via other comprehensive income directly billed vs. equity. Cumulative amount recorded in equity 2013: loss of 2.152 million €.

MATURITY PROFILE AS OF JUNE 30, 2014



LIQUIDITY RESERVE AS OF JUNE 30, 2014

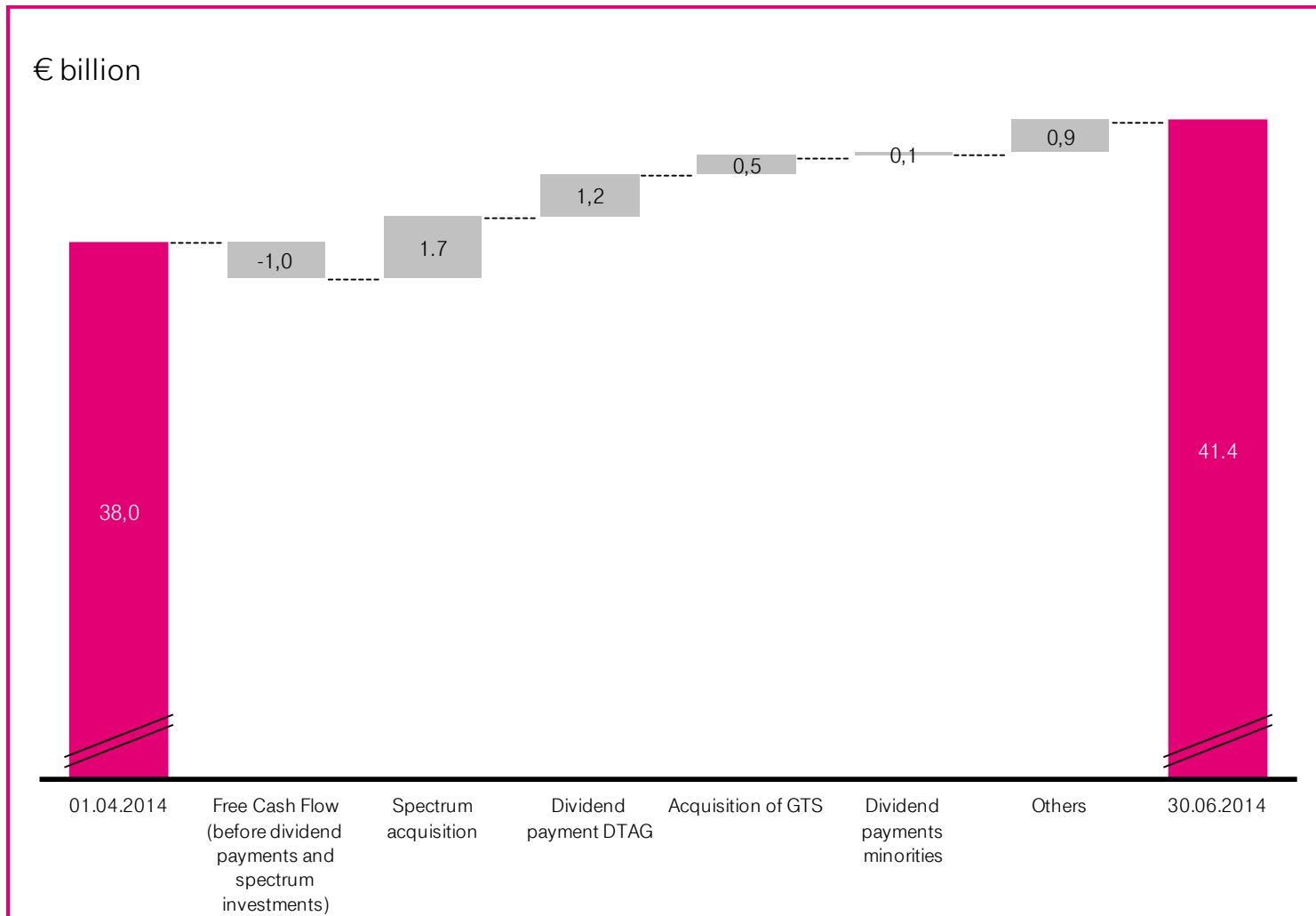
€ billion	60,1	Total line availability
	18,7	Liquidity reserve
		Unused bank lines: € 13,0 bn
		Other liquid assets: € 5,7 bn
	41,4	Net-debt
		Gross debt € 48,0 bn
		Bonds: € 40,1 bn
		Other financial liabilities: € 7,9 bn
		Liquid financial assets € 6,6 bn
		Cash & equivalents: € 4,4 bn
		Available-for-sale/held-for-trading financial assets € 0,3 bn
		Other financial assets: € 1,9 bn
Numbers rounded		

DT GROUP

NET DEBT

		Jun. 30, 2013	Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Change compared to prior quarter %	Change compared to prior year %
	Note	millions of €	millions of €	millions of €	millions of €	millions of €		
Bonds		40.177	39.225	40.535	40.101	40.084	(0,0)	(0,2)
Other financial liabilities		8.466	8.366	9.092	7.717	7.882	2,1	(6,9)
GROSS DEBT		48.643	47.591	49.627	47.818	47.966	0,3	(1,4)
Cash and cash equivalents		5.243	5.675	7.970	7.706	4.383	(43,1)	(16,4)
Available-for-sale/held-for-trading financial assets		269	301	310	299	288	(3,7)	7,1
Other financial assets		1.757	1.889	2.254	1.849	1.910	3,3	8,7
NET DEBT		41.374	39.726	39.093	37.964	41.385	9,0	0,0

NET DEBT DEVELOPMENT Q2 2014



Numbers rounded

DT GROUP

CASH CAPEX

		Q2	Q3	Q4	FY	Q1	Q2	Change	H1	H1	Change
	Note	2013	2013	2013	2013	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
CASH CAPEX											
Germany		644	892	1.281	3.411	705	1.018	58,1	1.238	1.723	39,2
United States		804	767	856	3.279	690	2.397	n.a.	1.656	3.087	86,4
Europe		522	500	1.255	3.661	585	422	(19,2)	1.906	1.007	(47,2)
Systems Solutions		213	270	374	1.066	253	254	19,2	422	507	20,1
Group Headquarters & Group Services		94	97	143	411	65	81	(13,8)	171	146	(14,6)
Reconciliation		(79)	(148)	(441)	(760)	(101)	(226)	n.a.	(171)	(327)	(91,2)
GROUP	1	2.198	2.378	3.468	11.068	2.197	3.946	79,5	5.222	6.143	17,6
- thereof spectrum investment		130	118	1.022	2.207	132	1.749	n.a.	1.067	1.881	76,3

1 Amounts of payouts for property, plant and equipment and intangible assets excluding goodwill.

DT GROUP

FREE CASH FLOW

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
Net profit (loss)		530	588	(752)	930	1.817	711	34,2	1.094	2.528	n.a.
Profit (loss) attributable to non-controlling interests		114	249	(146)	274	34	182	59,6	171	216	26,3
PROFIT (LOSS) AFTER INCOME TAXES		644	837	(898)	1.204	1.851	893	38,7	1.265	2.744	n.a.
Depreciation, amortization and impairment losses		2.507	2.572	3.438	10.904	2.496	2.641	5,3	4.894	5.137	5,0
Income tax expense/(benefit)		220	304	9	924	550	261	18,6	611	811	32,7
Interest (income) and interest expenses		521	552	567	2.162	597	577	10,7	1.043	1.174	12,6
Other financial (income) expense		146	174	171	569	117	51	(65,1)	224	168	(25,0)
Share of (profit) loss of associates and joint ventures accounted for using the equity method		(6)	29	(32)	71	27	(6)	n.a.	74	21	(71,6)
(Profit) loss on the disposal of fully consolidated subsidiaries		47	(122)	(1)	(131)	(1.709)	0	n.a.	(8)	(1.709)	n.a.
Other non-cash transactions		18	28	52	101	53	31	72,2	21	84	n.a.
(Gain) loss from the disposal of intangible assets and property, plant and equipment		24	3	91	138	(26)	(379)	n.a.	44	(405)	n.a.
Change in assets carried as working capital		(508)	(37)	(373)	(1.266)	(496)	(316)	37,8	(856)	(812)	5,1
Change in provisions		(595)	67	441	(195)	153	(476)	20,0	(703)	(323)	54,1
Change in other liabilities carried as working capital		657	(424)	264	696	188	700	6,5	856	888	3,7
Income taxes received (paid)		(173)	(157)	(134)	(648)	(178)	(151)	12,7	(357)	(329)	7,8
Dividends received		2	92	69	273	237	5	n.a.	112	242	n.a.
Net payments from entering into or canceling interest rate swaps		67	133	90	290	0	0	n.a.	67	0	n.a.
Break-up fee T-Mobile USA		0	0	0	0	0	0	n.a.	0	0	n.a.
Tax effect break-up fee T-Mobile USA		42	0	0	137	0	0	n.a.	137	0	n.a.
Retention bonus T-Mobile USA/compensation payments for MetroPCS employees		51	1	8	60	0	0	n.a.	51	0	n.a.
CASH GENERATED FROM OPERATIONS		3.664	4.052	3.762	15.289	3.860	3.831	4,6	7.475	7.691	2,9
Interest received (paid)		(540)	(411)	(360)	(2.075)	(898)	(644)	(19,3)	(1.304)	(1.542)	(18,3)
NET CASH FROM OPERATING ACTIVITIES		3.124	3.641	3.402	13.214	2.962	3.187	2,0	6.171	6.149	(0,4)
Cash outflows for investments in (proceeds from disposal of)		(2.015)	(2.214)	(2.370)	(8.608)	(1.979)	(2.138)	(6,1)	(4.024)	(4.117)	(2,3)
Intangible assets	1	(641)	(696)	(1.718)	(4.490)	(732)	(2.217)	n.a.	(2.076)	(2.949)	(42,1)
Property, plant and equipment	1	(1.504)	(1.636)	(1.674)	(6.325)	(1.379)	(1.670)	(11,0)	(3.015)	(3.049)	(1,1)
Spectrum investment		130	118	1.022	2.207	132	1.749	n.a.	1.067	1.881	76,3
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT, AT&T TRANSACTION AND COMPENSATION PAYMENTS FOR METROPCS EMPLOYEES)		1.109	1.427	1.032	4.606	983	1.049	(5,4)	2.147	2.032	(5,4)

1 Cash outflows for investments in intangible assets and property, plant and equipment were adjusted retrospectively in 2013 and in Q1/2014.

DT GROUP PERSONNEL¹

AT REPORTING DATE	Note	Jun. 30,	Sep. 30,	Dec. 31,	Mar. 31,	Jun. 30,	Change compared to		Change compared to	
		2013	2013	2013	2014	2014	prior quarter		prior year	
							abs.	%	abs.	%
Germany		67.936	67.434	66.725	67.318	67.883	565	0,8	(53)	(0,1)
United States		33.489	34.132	37.071	36.633	38.374	1.741	4,8	4.885	14,6
Europe		57.877	55.744	53.265	52.982	53.933	951	1,8	(3.944)	(6,8)
Systems Solutions		49.563	49.468	49.540	49.436	49.032	(404)	(0,8)	(531)	(1,1)
Group Headquarters & Group Services		22.330	22.316	21.995	20.871	20.675	(196)	(0,9)	(1.655)	(7,4)
of which Telekom Placement Services		8.300	8.100	8.000	8.900	8.700	(200)	(2,2)	400	4,8
GROUP		231.195	229.094	228.596	227.240	229.897	2.657	1,2	(1.298)	(0,6)
of which: Domestic		118.191	117.658	116.643	115.975	116.088	113	0,1	(2.103)	(1,8)
of which: International		113.004	111.436	111.953	111.265	113.809	2.544	2,3	805	0,7
of which: Civil servants (domestic)		21.239	20.988	20.523	20.578	20.414	(164)	(0,8)	(825)	(3,9)

AVERAGE	Note	Q2	Q3	Q4	Q1	Q2	Change compared to	
		2013	2013	2013	2014	2014	prior year	
							abs.	%
Germany		67.880	67.516	66.992	67.396	67.544	(336)	(0,5)
United States		31.971	33.881	35.962	36.400	37.639	5.668	17,7
Europe		57.995	56.329	54.689	52.990	53.268	(4.727)	(8,2)
Systems Solutions		50.091	49.448	49.535	49.476	49.162	(929)	(1,9)
Group Headquarters & Group Services		22.309	22.328	22.143	21.344	20.746	(1.563)	(7,0)
of which Telekom Placement Services		8.300	8.100	8.100	8.400	8.700	400	4,8
GROUP		230.246	229.502	229.321	227.606	228.358	(1.888)	(0,8)
of which: Domestic		118.157	117.739	117.114	116.552	115.917	(2.240)	(1,9)
of which: International		112.089	111.763	112.207	111.054	112.441	352	0,3
of which: Civil servants (domestic)		21.336	21.087	20.732	20.628	20.465	(871)	(4,1)

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

As of May 1, 2013 including MetroPCS.

As of May 30, 2014, including GTS Central Europe group.

EXCHANGE RATES

AVERAGE

	Q2 2013 €	Q3 2013 €	Q4 2013 €	FY 2013 €	Q1 2014 €	Q2 2014 €
1 US Dollar (USD)	0,76530	0,75504	0,73457	0,75289	0,73015	0,72902
1 British pound (GBP)	1,17538	1,17022	1,18926	1,17714	1,20718	1,22685
100 Czech korunas (CZK)	3,87237	3,86870	3,74759	3,85018	3,64337	3,64355
100 Croatian kunas (HRK)	13,23430	13,25530	13,10810	13,19720	13,07380	13,15850
1,000 Hungarian forints (HUF)	3,38131	3,35604	3,36065	3,36771	3,24976	3,26795
100 Macedonian Denar (MKD)	1,61950	1,62362	1,62584	1,61831	1,62249	1,62334
100 Polish Zloty (PLN)	23,81640	23,54300	23,88820	23,82270	23,89150	23,98580
10 Romanian leu (RON)	2,27277	2,25165	2,24648	2,26252	2,22159	2,25860

END OF PERIOD

	Jun. 30 2013 €	Sep. 30 2013 €	Dec. 31 2013 €	Mar. 31 2014 €	Jun. 30 2014 €
1 US Dollar (USD)	0,76482	0,74085	0,72597	0,72458	0,73228
1 British pound (GBP)	1,16541	1,19542	1,20086	1,20644	1,24830
100 Czech korunas (CZK)	3,85410	3,88750	3,64929	3,64469	3,64314
100 Croatian kunas (HRK)	13,42880	13,13020	13,12490	13,07470	13,19980
1,000 Hungarian forints (HUF)	3,38437	3,35295	3,36594	3,25664	3,23275
100 Macedonian Denar (MKD)	1,62286	1,62273	1,62712	1,62102	1,62168
100 Polish Zloty (PLN)	23,06330	23,67970	24,08060	23,96540	24,04580
10 Romanian leu (RON)	2,24026	2,24175	2,23723	2,24189	2,28175

NOTES

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FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE	1	5.612	5.670	5.648	22.496	5.483	5.464	(2,6)	11.178	10.947	(2,1)
NET REVENUE		5.274	5.331	5.296	21.117	5.146	5.138	(2,6)	10.490	10.284	(2,0)
EBITDA		2.279	2.375	2.027	8.936	2.230	2.256	(1,0)	4.534	4.486	(1,1)
EBITDA margin (EBITDA / total revenue)	%	40,6	41,9	35,9	39,7	40,7	41,3	0,7p	40,6	41,0	0,4p
Depreciation, amortization and impairment losses		(978)	(989)	(1.028)	(3.961)	(956)	(978)	n.a.	(1.944)	(1.934)	0,5
Profit (loss) from operations = EBIT		1.301	1.386	999	4.975	1.274	1.278	(1,8)	2.590	2.552	(1,5)
		644	892	1.281	3.411	705	1.018	58,1	1.238	1.723	39,2
CASH CONTRIBUTION		1.635	1.483	746	5.525	1.525	1.238	(24,3)	3.296	2.763	(16,2)

FINANCIALS (AS REPORTED)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		5.565	5.670	5.634	22.435	5.483	5.464	(1,8)	11.131	10.947	(1,7)
NET REVENUE		5.227	5.331	5.282	21.056	5.146	5.138	(1,7)	10.443	10.284	(1,5)
EBITDA		2.161	2.268	1.854	8.401	2.205	2.217	2,6	4.279	4.422	3,3
EBITDA margin (EBITDA / total revenue)	%	38,8	40,0	32,9	37,4	40,2	40,6	1,8p	38,4	40,4	2,0p
Depreciation, amortization and impairment losses		(978)	(989)	(1.033)	(3.966)	(956)	(978)	n.a.	(1.944)	(1.934)	0,5
Profit (loss) from operations = EBIT		1.183	1.279	821	4.435	1.249	1.239	4,7	2.335	2.488	6,6
CASH CAPEX		644	892	1.281	3.411	705	1.018	58,1	1.238	1.723	39,2
CASH CONTRIBUTION		1.517	1.376	573	4.990	1.500	1.199	(21,0)	3.041	2.699	(11,2)

1 Special factors affecting Total revenue: EUR -47 mn in Q2/13 and EUR -14 mn in Q4/13 within Wholesale Services (ULL).

GERMANY

EBITDA RECONCILIATION

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		5.565	5.670	5.634	22.435	5.483	5.464	(1,8)	11.131	10.947	(1,7)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)	1	5.612	5.670	5.648	22.496	5.483	5.464	(2,6)	11.178	10.947	(2,1)
Profit (loss) from operations = EBIT		1.183	1.279	821	4.435	1.249	1.239	4,7	2.335	2.488	6,6
- Depreciation, amortization and impairment losses		(978)	(989)	(1.033)	(3.966)	(956)	(978)	n.a.	(1.944)	(1.934)	0,5
= EBITDA		2.161	2.268	1.854	8.401	2.205	2.217	2,6	4.279	4.422	3,3
EBITDA margin	%	38,8	40,0	32,9	37,4	40,2	40,6	1,8p	38,4	40,4	2,0p
- Special factors affecting EBITDA		(118)	(107)	(173)	(535)	(25)	(39)	66,9	(255)	(64)	74,9
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2.279	2.375	2.027	8.936	2.230	2.256	(1,0)	4.534	4.486	(1,1)
EBITDA margin (adjusted for special factors)	%	40,6	41,9	35,9	39,7	40,7	41,3	0,7p	40,6	41,0	0,4p

SPECIAL FACTORS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECTS ON EBITDA		(118)	(107)	(173)	(535)	(25)	(39)	66,9	(255)	(64)	74,9
- of which personnel		(150)	(103)	(130)	(506)	(23)	(36)	76,0	(273)	(59)	78,4
- of which other		32	(4)	(43)	(29)	(2)	(3)	n.a.	18	(5)	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(118)	(107)	(178)	(540)	(25)	(39)	66,9	(255)	(64)	74,9
- of which personnel		(150)	(103)	(130)	(506)	(23)	(36)	76,0	(273)	(59)	78,4
- of which other		32	(4)	(48)	(34)	(2)	(3)	n.a.	18	(5)	n.a.

1 Special factors affecting Total revenue: EUR -47 mn in Q2/13 and EUR -14 mn in Q4/13 within Wholesale Services (ULL).

GERMANY OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	21.880	21.625	21.417	21.202	21.034	(3,9)
IP	('000)	1	1.474	1.774	2.141	2.640	3.167	n.a.
Broadband	('000)	1	12.430	12.383	12.360	12.354	12.361	(0,6)
Fiber	('000)	1	1.096	1.165	1.246	1.375	1.494	36,3
TV (incl. IPTV, SAT)	('000)	1	2.078	2.121	2.177	2.255	2.318	11,5
ULLs	('000)	1	9.359	9.299	9.257	9.207	9.101	(2,8)
Wholesale bundled	('000)	1	455	419	390	362	341	(25,1)
Wholesale unbundled	('000)	1	1.418	1.495	1.564	1.675	1.812	27,8
Fiber	('000)		172	222	274	367	475	n.a.
MOBILE CUSTOMERS								
Total	('000)		37.492	37.936	38.625	39.145	39.337	4,9
- contract	('000)		20.445	20.915	21.553	22.104	22.379	9,5
- prepaid	('000)		17.047	17.021	17.072	17.040	16.957	(0,5)

CONSUMER OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Change %	
GERMANY - CONSUMER								
ACCESS LINES								
Fixed network	('000)	1	17.331	17.109	16.923	16.698	16.556	(4,5)
IP	('000)	1	1.355	1.629	1.960	2.407	2.882	n.a.
Broadband	('000)	1	10.024	9.983	9.963	9.927	9.934	(0,9)
Fiber	('000)	1	935	994	1.064	1.171	1.275	36,4
TV (incl. IPTV, SAT)	('000)	1	1.906	1.948	2.001	2.071	2.133	11,9
MOBILE CUSTOMERS								
Total	('000)		29.343	29.623	29.943	30.174	30.064	2,5
- contract	('000)		14.762	15.159	15.669	16.112	16.316	10,5
- prepaid	('000)		14.581	14.463	14.275	14.061	13.748	(5,7)

BUSINESS CUSTOMERS OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Change %	
GERMANY - BUSINESS								
ACCESS LINES								
Fixed network	('000)	1	3.490	3.465	3.445	3.460	3.442	(1,4)
IP	('000)	1	103	128	164	216	268	n.a.
Broadband	('000)	1	2.080	2.074	2.072	2.101	2.102	1,1
Fiber	('000)	1	159	169	180	200	215	35,2
TV (incl. IPTV, SAT)	('000)	1	170	172	174	182	184	8,2
MOBILE CUSTOMERS								
Mobile communications	('000)		8.149	8.314	8.682	8.971	9.273	13,8
- contract	('000)		5.683	5.755	5.885	5.992	6.064	6,7
- prepaid (M2M)	('000)		2.467	2.558	2.797	2.979	3.209	30,1

1 Figures do not add up.

2 Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH).

GERMANY

REVENUE SPLIT - PRODUCTS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
GERMANY		5.565	5.670	5.634	22.435	5.483	5.464	(1,8)	11.131	10.947	(1,7)
FIXED NETWORK		2.546	2.542	2.535	10.183	2.483	2.487	(2,3)	5.106	4.970	(2,7)
of which Fixed Revenues (Fixed line)		1.856	1.835	1.821	7.376	1.809	1.802	(2,9)	3.720	3.611	(2,9)
Voice only revenues		542	529	520	2.144	512	501	(7,6)	1.095	1.013	(7,5)
Broadband revenues		1.075	1.065	1.057	4.275	1.046	1.042	(3,1)	2.153	2.088	(3,0)
TV revenues		239	241	244	957	251	259	8,4	472	510	8,1
of which Variable Revenues (Fixed line)		311	318	302	1.246	280	278	(10,6)	626	558	(10,9)
of which Revenues from add-on options (Fixed line)		39	41	43	166	40	41	5,1	82	81	(1,2)
thereof revenues from voice centric options		20	21	21	83	20	20	n.a.	41	40	(2,4)
thereof revenues from broadband centric options		7	7	7	28	7	6	(14,3)	14	13	(7,1)
thereof revenues from TV centric options		12	13	14	54	13	14	16,7	27	27	n.a.
MOBILE COMMUNICATIONS		1.925	2.006	1.957	7.730	1.871	1.881	(2,3)	3.767	3.752	(0,4)
of which Service Revenues		1.673	1.700	1.650	6.651	1.631	1.668	(0,3)	3.301	3.299	(0,1)
thereof Data Revenues		569	651	679	2.440	697	715	25,7	1.110	1.412	27,2
WHOLESALE SERVICES FIXED NETWORK	1	825	863	873	3.426	856	845	2,4	1.690	1.701	0,7
of which access full ULL		273	320	304	1.220	315	312	14,3	596	627	5,2
of which bundled and unbundled access line		104	107	108	422	123	120	15,4	207	243	17,4
ONLINE CONSUMER SERVICES	2	21	20	20	79	20	20	(4,8)	39	40	2,6
VALUE-ADDED SERVICES		74	71	65	293	64	56	(24,3)	157	120	(23,6)
OTHERS		174	169	184	725	189	175	0,6	372	364	(2,2)

REVENUE SPLIT - SEGMENTS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
GERMANY		5.565	5.670	5.634	22.435	5.483	5.464	(1,8)	11.131	10.947	(1,7)
Consumer		3.031	3.086	3.023	12.122	2.928	2.918	(3,7)	6.013	5.846	(2,8)
Business customers		1.414	1.431	1.440	5.676	1.404	1.418	0,3	2.805	2.822	0,6
Wholesale services		922	959	971	3.811	952	942	2,2	1.881	1.894	0,7
Value-added services		73	71	64	288	63	57	(21,9)	153	120	(21,6)
Others		125	123	136	538	136	129	3,2	279	265	(5,0)

1 Special factors affecting Total revenue: EUR -47 mn in Q2/13 and EUR -14 mn in Q4/13 within Wholesale Services (ULL).

2 Contains mainly security packages and hosting storages.

GERMANY

MOBILE COMMUNICATIONS KPIS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %
AVERAGE MONTHLY CHURN	(%)	1,5	1,4	1,5	1,4	1,3	1,7	0,2p
- contract	(%)	1,2	1,1	1,0	1,1	1,1	1,4	0,2p
SAC PER GROSS ADD	(€)	78	81	80	79	67	77	(1,3)
- contract	(€)	123	133	131	131	101	120	(2,4)
- prepaid	(€)	25	20	17	19	15	10	(60,0)
SRC PER RETAINED CUSTOMER	(€)	210	213	207	207	214	224	6,7
ARPU	(€)	15	15	14	15	14	14	(6,7)
- contract	(€)	25	24	23	24	23	23	(8,0)
- prepaid	(€)	3	4	3	3	3	3	0,0
NON-VOICE % OF ARPU	(%)	45	48	51	47	50	50	5p
MOU PER CUSTOMER	(min)	85	84	83	83	80	81	(4,7)
- contract	(min)	138	135	132	134	129	129	(6,5)

CONSUMER - KPIS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %
AVERAGE MONTHLY CHURN	(%)	1,6	1,6	1,6	1,6	1,5	1,8	0,2p
- contract	(%)	1,3	1,2	1,1	1,2	1,2	1,6	0,3p
SAC PER GROSS ADD	(€)	75	80	83	78	67	80	6,7
- contract	(€)	114	124	127	123	92	113	(0,9)
- prepaid	(€)	29	25	23	23	21	15	(48,3)
SRC PER RETAINED CUSTOMER	(€)	229	227	253	236	227	253	10,5
ARPU	(€)	13	13	12	13	12	12	(7,7)
- contract	(€)	22	22	21	22	20	20	(9,1)
- prepaid	(€)	4	4	4	4	3	3	(25,0)
NON-VOICE % OF ARPU	(%)	45	48	51	47	49	52	7p
MOU PER CUSTOMER	(min)	80	80	80	79	74	78	(2,5)
- contract	(min)	125	122	121	122	112	116	(7,2)

BUSINESS CUSTOMERS - KPIS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %
AVERAGE MONTHLY CHURN	(%)	0,8	0,8	1,0	0,9	0,7	1,2	0,4p
- contract	(%)	0,8	0,8	0,8	0,8	0,7	0,7	(0,1p)
SAC PER GROSS ADD	(€)	89	85	70	84	69	69	(22,5)
- contract	(€)	166	175	146	167	141	158	(4,8)
- prepaid	(€)	4	0	2	2	2	2	(50,0)
SRC PER RETAINED CUSTOMER	(€)	175	187	150	162	190	180	2,9
ARPU	(€)	23	22	22	22	21	21	(8,7)
- contract	(€)	32	31	30	31	30	31	(3,1)
- prepaid	(€)	2	2	2	2	2	2	0,0
NON-VOICE % OF ARPU	(%)	44	47	51	47	53	46	2p
MOU PER CUSTOMER	(min)	133	129	126	129	128	119	(10,5)
- contract	(min)	188	185	183	184	189	180	(4,3)

GERMANY

SINGLE PLAY

SINGLE PLAY^{1,2,3} IN €	CALL START⁴	CALL BASIC^{4,5}	CALL COMFORT⁴
	Standard-PSTN, voice usage per minute	Standard-PSTN, voice usage per minute, up to 120 minutes included within Germany	Standard-PSTN, voice flat rate within Germany
	17.95	19.95	29.95
CITY, CDL	CENT/MINUTE		
Off peak	2.9		0
Peak	2.9		0
international		from 2.9	
fixed to mobile		19.0	
CALLING PLANS			
CountryFlat 1	€ 3.94 per month		
CountryFlat 2	€14.95 per month		
fixed to mobile	12.9 cents/minute, minimum charge €4 per month		
fixed to T-Mobile flatrate	€14.95 per month		
Set-up	One off charge PSTN €69.95		

1 For general conditions and further details, please see www.telekom.de.

2 All prices in € including VAT.

3 Usage prices in cents/minute including VAT

4 Standard-PSTN; Universal-PSTN + €8

5 Universal-PSTN up to 240 Min included

GERMANY

DOUBLE PLAY

DOUBLE PLAY ^{1,2,3} IN €	CALL & SURF BASIC ⁴ (4.1)	CALL & SURF COMFORT ⁴	CALL & SURF COMFORT SPEED ⁹	CALL & SURF COMFORT PLUS ⁴
	Bandwidth DSL 2 Mbit/s, flat rate Internet usage. ⁷	Bandwidth DSL 16 Mbit/s, flat rate Internet usage and flat rate voice usage.	Bandwidth VDSL 50 Mbit/s ⁶ , flat rate Internet usage and flat rate voice usage	Bandwidth DSL 16 Mbit/s, flat rate Internet usage and flat rate voice usage, Security pack, Hotspot flat, e-Mail-Paket.
	29.95 ¹⁰	34.95 ^{10,11}	39.95 ^{5,10,11}	44.95 ^{8,10}
CITY, DLD	CENT/MINUTE			
Off peak	2.9		0	
Peak	2.9		0	
international	from 2.9			
fixed to mobile		19.0		12.9
CALLING PLANS				
CountryFlat 1	€3.94 per month			
CountryFlat 2	€14.95 per month			
fixed to mobile	12.9 cents/minute, minimum charge €4 per month			included
fixed to T-Mobile flatrate	€14.95 per month			
Set-up	One off charge PSTN / IP €69.95			
Installation Service Comfort	One off charge €99.95			

1 For general conditions and further details, please see www.telekom.de

2 All prices in € including VAT

3 Usage prices are stated in cents/minute including VAT

4 Standard-PSTN; Universal-PSTN + €4; IP-Access incl. 2 voice channels and 3 telephone no.

5 Promotional price until 31.12.2014. Regular price €44.95

6 Also available as VDSL100: €44.95 (launch 01.08.2014) or as Fiber 100 / 200 (IP-Product only) for €49.95 / €54.95 (promotional price until 30.06.2014)

7 IP-Product "Call & Surf Basic IP" includes 16 Mbit/s bandwidth

8 Promotional Price €39.95 until 31.12.2014 for customer retention (IP-Product only)

9 Available as IP-Product only

10 120€ one-time-bonus for new BB-customers from 03.03.2014 until 04.05.2014 (IP-Products only)

11 Promotional price: €29.95 for the first 6 months for new BB-customers; from 05.05.2014 until 15.10.2014 (IP-Product only)

GERMANY

TRIPLE PLAY

TRIPLE PLAY ^{1,2,3} IN €	ENTERTAIN COMFORT ⁵	ENTERTAIN PREMIUM ⁵	ENTERTAIN SAT ^{5,9}	ENTERTAIN COMFORT SAT ^{5,9}
	Bandwidth DSL 16 Mbit/s plus ^{6,7} flat rate internet usage and flat rate voice usage, video on demand, IPTV basic package.	Bandwidth DSL 16 Mbit/s plus ^{6,7} flat rate Internet usage and flat rate voice usage, video on demand, IPTV premium package.	Bandwidth DSL min. 3 Mbit/s, flat rate Internet usage and flat rate voice usage, video on demand, IPTV basic package. No Pay TV possible.	Bandwidth DSL 16 Mbit/s plus flat rate internet usage and flat rate voice usage, video on demand, IPTV basic package.
	34.95 ^{4,8,10,11}	44.95 ^{4,8,11}	39.95 ^{4,11}	34.95 ^{4,8,10,11}
CITY, DLD	CENT/MINUTE			
Off peak	0			
Peak	0			
international	from 2.9			
fixed to mobile	19.0			
CALLING PLANS				
CountryFlat 1	€3.94 per month			
CountryFlat 2	€14.95 per month			
fixed to mobile	12.9 cents/minute, minimum charge € 4 per month			
fixed to T-Mobile flatrate	€14.95 per month			
Set-up	One off charge PSTN / IP €69.95			
Installation Service Comfort	One off charge €99.95			

1 For general conditions and further details, please see www.telekom.de

2 All prices in € including VAT

3 Usage prices are stated in cents/minute including VAT

4 120€ one-time-bonus for new customers from 03.03.2014 until 04.05.2014

5 Available as IP-Product only

6 Also available as VDSL 50 with a promotional price + €5 until 31.12.2014, Regular Price + €10 or as VDSL 100: €49.95 for first 24 months (launch 01.08.2014)

7 Also available as Fiber 100 / 200 with a promotional price + €15 / + €20 (IP-Product only) until 30.06.2014

8 Promotional price for 24 months for new Entertain customers until 31.12.2014; Regular price €44.95/ €49.95

9 Digital SAT-Environment is necessary

10 -5€ for the first 6 months for new Entertain-customers, until 04.05.2014 (additional promotion)

11 Additional promotional price: €29.95 for the first 6 months for new Entertain-customers; from 05.05.2014 until 15.10.2014

GERMANY

SPECIAL ALLNET

SPECIAL PLANS IN €	Special Allnet
Monthly charge (without handset)	29.95
Monthly charge (with handset)	39.95
includes national voice minutes (on-net, fixed net, other mobile networks)	
- mobile to national fixed net	free
- on-net	free
- other mobile networks	free
- Voicebox	free
SMS (onnet, other networks)	free
Data Network	3G/LTE
Data Speed	8 Mbit/s
Data Volume until speed step down	200 MB
MultiSim	4.95
VoIP	9.95
Tethering	free
Activation fee	29.95
Duration of contract	24 months

GERMANY

COMPLETE COMFORT & COMPLETE PREMIUM

COMPLETE PLANS IN €	XS	S	M	L	XL	XXL	PREMIUM
Monthly charge (without handset)	15.96	27.96	39.96	55.96	63.96	79.96	-
Monthly charge (with handset)	19.95	34.95	49.95	69.95	79.95	99.95	149.95
includes national voice minutes (on-net, fixed net, other mobile networks)	50	100					
- mobile to national fixed net	0.29	0.29	free	free	free	free	free
- on-net	free	free	free	free	free	free	free
- other mobile networks	0.29	0.29	free	free	free	free	free
- Voicebox	free	free	free	free	free	free	free
International Calls (minutes)							1.000
includes SMS per month	50						
SMS (onnet, other networks)	0.19	free	free	free	free	free	free
HotSpot Flatrate	-	-	free	free	free	free	free
Data Network	3G	3G/LTE	3G/LTE	3G/LTE	3G/LTE	3G/LTE	3G/LTE
Data Speed	8 Mbit/s	16 Mbit/s	16 Mbit/s	50 Mbit/s	100 Mbit/s	150 Mbit/s	150 Mbit/s
Data Volume until speed step down	100 MB	500 MB	750 MB	1 GB	2 GB	5 GB	20 GB
MultiSim	4.95	4.95	4.95	4.95	free	free	free
VoIP	9.95	9.95	free	free	free	free	free
Tethering	free	free	free	free	free	free	free
Roaming Voice (Minutes)					50	100	250
Roaming SMS							1.000
Roaming Data ¹				4 x Travel & Surf WeekPass	4 x Travel & Surf WeekPass	8 x Travel & Surf WeekPass	16 x Travel & Surf WeekPass
Activation fee				29.95			
Duration of contract				24 months			

1 Travel & Surf WeekPass 50 MB within Europe (24 Monate)

GERMANY

MOBILE OPTIONS

VOICE OPTIONS IN €	NETWORK FLAT (FixNet, VF, O2 or Eplus)	FIXED NUMBER	FAMILY
Monthly charge	9.95	9.95	4.95
Additional national voice minutes (on-net, fixed net, other mobile networks)	Flat to other network	Flat from home zone	free calls between 4 mobil numbers (onnet)

SMS OPTION IN €	SMS FLAT ALLNET
Monthly charge	9.95
Additional SMS per month (on-net, other networks)	free

DATA OPTIONS IN €	LTE SPEED	MULTISIM
Monthly charge	9.95	4.95
Data Speed	150 Mbit/s	
Additional Data Volume (per month)	250MB/500MB	

GERMANY

CALL

CALL PLANS IN €	50
Monthly charge (without handset)	9.95
Monthly charge (with handset)	-
includes national voice minutes (on-net, fixed net, other mobile networks)	50
- mobile to national fixed net	0.29
- on-net	0.29
- other mobile networks	0.29
- Voicebox	0.29
includes SMS per month	50
SMS (on-net, other networks)	0.19
Activation fee	29.95
Duration of contract	24 months

GERMANY

DOUBLE PLAY VIA WIRELESS (CALL & SURF VIA FUNK)

DOUBLE PLAY VIA WIRELESS^{1,2,3,4} IN €	S	M	L
Monthly Charge ⁵	34.95 ⁶	39.95 ⁷	49.95 ⁸
Data Speed (Mbit/s)	16 Mbit/s	50 Mbit/s	100 Mbit/s
Data Volume until Speed Step Down (SSD)	10 GB	15 GB	30 GB
Voice minutes	Cent/Minute		
fixed net city	0		
fixed net national	0		
international	from 2.9		
fixed to mobile	19.0		
Options			
Speed On	€14.95 für 10 GB		
fixed to mobile	12.9 cents/minute, minimum charge €4 per month		
mobile flat	to Telekom Mobile €14.95 per month		
CountryFlat 1	€3.95 per month		
CountryFlat 2	€14.95 per month		
Mail & Cloud M	€4.95 per month		
Security Package	€3.95 per month		

1 For general conditions and further details, please see www.telekom.de

2 All prices in € including VAT

3 Usage prices are stated in cents/minute including VAT

4 Standard-PSTN; Universal-PSTN + €4

5 without terminal equipment. Monthly rent for Router €4.95

6 Promotional price until 30th September 2014. Regular price €39.95

7 Promotional price until 30th September 2014. Regular price €49.95

DEUTSCHE TELEKOM

OVERVIEW DOM. INTERCONNECTION TARIFFS (EXCL. VAT)

TERMINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW
Local	0.45	0.36 ¹	0.32	0.25 ¹
Single transit	0.89 ^{1a}	0.40 ^{1b}	0.60 ^{1a}	0.28 ^{1b}
Double transit national	1.34 ^{1a}	0.40 ^{1b}	0.89 ^{1a}	0.28 ^{1b}
ORIGINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW ¹	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW ¹
Local	0.45	0.36	0.32	0.25
Single transit	0.69	0.52	0.46	0.36
Double transit national	1.03	0.61	0.68	0.43
FULLY UNBUNDLED ("ULL")	OLD (IN €)		NEW (IN €)	
One time fee	31.01 ²		29.78 ³	
Monthly fee	10.08 ⁴		10.19 ⁵	
PARTIALLY UNBUNDLED ("LINE SHARING")	OLD (IN €)		NEW (IN €)	
One time fee	34.13 ²		34.23 ³	
Monthly fee	1.68 ⁶		1.78 ⁷	
IP-BSA ADSL SHARED (CLASSIC)	OLD (IN €)		NEW (IN €)	
One time fee	--		44.87 ^{8,9}	
Monthly fee	--		8.12 ^{8,9}	
IP-BSA ADSL STAND ALONE (CLASSIC)	OLD (IN €)		NEW (IN €)	
One time fee	--		47.68 ^{8,9}	
Monthly fee	--		18.20 ^{8,9}	
IP-BSA VDSL (until 50 Mbit/s) ¹⁰ STAND ALONE (CLASSIC)	OLD (IN €)		NEW (IN €)	
One time fee	--		46.43 ^{8,9}	
Monthly fee	--		25.32 ^{8,9}	

1 Prices are valid from 01/12/2012 to 30/11/2014.

1a Prices are valid to 31/01/2013.

1b Prices are valid from 01/02/2013 to 30/11/2014.

2 Depending on complexity - valid to 30/06/2014.

3 Depending on complexity - valid to 30/09/2016.

4 Twisted pair copper access line valid to 30/06/2013.

5 Twisted pair copper access line valid to 30/06/2016.

6 valid to 30/06/2014.

7 valid to 30/09/2016.

8 Since 01/12/2010 these prices are ex post.

9 No price changes since 01/07/2011.

10 Monthly fee for VDSL Vectoring (over 50 to 100 Mbit/s) :

29.52 €. Launch 01/08/2014.

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UNITED STATES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		4.825	5.108	5.082	18.556	5.074	5.270	9,2	8.366	10.344	23,6
NET REVENUE		4.824	5.106	5.082	18.552	5.073	5.269	9,2	8.364	10.342	23,6
EBITDA	1	930	1.082	974	3.874	844	1.083	16,5	1.818	1.927	6,0
EBITDA margin (EBITDA / total revenues)	%	19,3	21,2	19,2	20,9	16,6	20,6	1,3p	21,7	18,6	(3,1)p
Depreciation, amortization and impairment losses		(529)	(607)	(609)	(2.141)	(641)	(704)	(33,1)	(925)	(1.345)	(45,4)
Profit (loss) from operations = EBIT		401	475	365	1.733	203	379	(5,5)	893	582	(34,8)
CASH CAPEX	2	804	767	624	3.021	690	686	(14,7)	1.630	1.376	(15,6)
CASH CONTRIBUTION	2	126	315	350	853	154	397	n.a.	188	551	n.a.

FINANCIALS (AS REPORTED)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		4.825	5.108	5.082	18.556	5.074	5.270	9,2	8.366	10.344	23,6
NET REVENUE		4.824	5.106	5.082	18.552	5.073	5.269	9,2	8.364	10.342	23,6
EBITDA		884	1.019	885	3.642	795	1.411	59,6	1.738	2.206	26,9
EBITDA margin (EBITDA / total revenue)	%	18,3	19,9	17,4	19,6	15,7	26,8	8,5p	20,8	21,3	0,5p
Depreciation, amortization and impairment losses		(529)	(607)	(706)	(2.238)	(641)	(704)	(33,1)	(925)	(1.345)	(45,4)
Profit (loss) from operations = EBIT		355	412	179	1.404	154	707	99,2	813	861	5,9
CASH CAPEX		804	767	856	3.279	690	2.397	n.a.	1.656	3.087	86,4
CASH CONTRIBUTION		80	252	29	363	105	(986)	n.a.	82	(881)	n.a.

1 Excluding special factors affecting EBITDA of EUR 46mn in Q2/13, EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, and EUR (328)mn in Q2/14.

2 Adjusted by excluding spectrum purchases of EUR 26mn in Q1/13, EUR 232mn in Q4/13, and EUR 1.711mn in Q2/14.

UNITED STATES

EBITDA RECONCILIATION

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		4.825	5.108	5.082	18.556	5.074	5.270	9,2	8.366	10.344	23,6
Profit (loss) from operations = EBIT		355	412	179	1.404	154	707	99,2	813	861	5,9
- Depreciation, amortization and impairment losses		(529)	(607)	(706)	(2.238)	(641)	(704)	(33,1)	(925)	(1.345)	(45,4)
= EBITDA		884	1.019	885	3.642	795	1.411	59,6	1.738	2.206	26,9
EBITDA margin	%	18,3	19,9	17,4	19,6	15,7	26,8	8,5p	20,8	21,3	0,5p
- Special factors affecting EBITDA		(46)	(63)	(89)	(232)	(49)	328	n.a.	(80)	279	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS	1	930	1.082	974	3.874	844	1.083	16,5	1.818	1.927	6,0
EBITDA margin (adjusted for special factors)	%	19,3	21,2	19,2	20,9	16,6	20,6	1,3p	21,7	18,6	(3,1p)

SPECIAL FACTORS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	H1 2013 millions of €	H1 2014 millions of €
EFFECTS ON EBITDA		(46)	(63)	(89)	(232)	(49)	328	(80)	279
- of which personnel		(39)	(62)	(55)	(179)	(46)	(45)	(62)	(91)
- of which other		(7)	(1)	(34)	(53)	(3)	373	(18)	370
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(46)	(63)	(186)	(329)	(49)	328	(80)	279
- of which personnel		(39)	(62)	(55)	(179)	(46)	(45)	(62)	(91)
- of which other		(7)	(1)	(131)	(150)	(3)	373	(18)	370

1 Excluding special factors affecting EBITDA of EUR 46mn in Q2/13, EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, and EUR (328)mn in Q2/14.

UNITED STATES OPERATIONAL

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %	
CUSTOMERS (END OF PERIOD)	('000)	44.016	45.039	46.684	46.684	49.075	50.545	14,8	44.016	50.545	14,8	
Branded postpaid	('000)	20.783	21.430	22.299	22.299	23.622	24.530	18,0	20.783	24.530	18,0	
Branded prepay	('000)	14.935	14.960	15.072	15.072	15.537	15.639	4,7	14.935	15.639	4,7	
- BRANDED	('000)	35.718	36.390	37.371	37.371	39.159	40.169	12,5	35.718	40.169	12,5	
Machine-to-machine	('000)	3.423	3.430	3.602	3.602	3.822	4.047	18,2	3.423	4.047	18,2	
MVNO	('000)	4.875	5.219	5.711	5.711	6.094	6.329	29,8	4.875	6.329	29,8	
- WHOLESALE	('000)	8.298	8.649	9.313	9.313	9.916	10.376	25,0	8.298	10.376	25,0	
NET ADDS	('000)	1.130	1.023	1.645	4.377	2.391	1.470	30,1	1.709	3.861	n.a.	
Branded postpaid	('000)	688	648	869	2.006	1.323	908	32,0	490	2.231	n.a.	
Branded prepay	('000)	(10)	24	112	328	465	102	n.a.	191	567	n.a.	
- BRANDED	('000)	678	672	981	2.334	1.788	1.010	49,0	681	2.798	n.a.	
Machine-to-machine	('000)	133	7	172	512	220	225	69,2	333	445	33,6	
MVNO	('000)	319	344	492	1.531	383	235	(26,3)	695	618	(11,1)	
- WHOLESALE	('000)	452	351	664	2.043	603	460	1,8	1.028	1.063	3,4	
AVERAGE MONTHLY CHURN	(%)	3,3	3,6	3,4	3,4	3,1	3,2	(0,1p)	3,3	3,1	(0,2p)	
- Branded postpaid	(%)	1,6	1,7	1,7	1,7	1,5	1,5	(0,1p)	1,8	1,5	(0,3p)	
- Branded prepay	(%)	5,4	5,0	5,1	5,4	4,3	4,5	(0,9p)	6,0	4,4	(1,6p)	
TOTAL REVENUES	(€ million)	4.825	5.108	5.082	18.556	5.074	5.270	9,2	8.366	10.344	23,6	
Service revenue	(€ million)	1	3.539	3.785	3.685	13.968	3.785	3.887	9,8	6.497	7.672	18,1
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	2	930	1.082	974	3.874	844	1.083	16,5	1.818	1.927	6,0
EBITDA margin (adjusted for special factors)	(%)	19,3	21,2	19,2	20,9	16,6	20,6	1,3p	21,7	18,6	(3,1p)	
EBITDA margin (adjusted for special factors)	(%)	26,3	28,6	26,4	27,7	22,3	27,9	1,6p	28,0	25,1	(2,9p)	
BLENDED ARPU	(€)	29	28	27	28	26	26	(10,3)	29	26	(10,3)	
- Branded postpaid	(€)	40	38	36	38	35	34	(15,0)	40	35	(12,5)	
- Branded prepay	(€)	26	27	26	26	26	27	3,8	25	26	4,0	
NON-VOICE % OF ARPU	(%)	41	42	46	42	51	52	11,0p	40,0	52	12,0p	
MOU PER BRANDED CUSTOMER	(min)	1.086	1.141	1.112	1.077	1.127	1.131	4,1	1.015	1.129	11,2	
- Branded postpaid	(min)	977	981	981	975	992	997	2,0	968	995	2,8	
CASH CAPEX	(€ million)	804	767	856	3.279	690	2.397	n.a.	1.656	3.087	86,4	
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	804	767	624	3.021	690	686	(14,7)	1.630	1.376	(15,6)
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	126	315	350	853	154	397	n.a.	188	551	n.a.

Note: T-Mobile's historical metrics have changed to conform with the current branded customer presentation. Branded customer metrics revenues exclude machine-to-machine, MVNO, third party roaming and third party one-time fees. Certain historical customer numbers may not tie to historical reports due to rounding.

1 Includes revenues from providing recurring wireless, customer roaming and handset insurance services.

2 Excluding special factors affecting EBITDA of EUR 46mn in Q2/13, EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, and EUR (328)mn in Q2/14.

3 Adjusted by excluding spectrum purchases of EUR 26mn in Q1/13, EUR 232mn in Q4/13, and EUR 1.711mn in Q2/14.

UNITED STATES

OPERATIONAL IN US-\$

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %	
CUSTOMERS (END OF PERIOD)	('000)	44.016	45.039	46.684	46.684	49.075	50.545	14,8	44.016	50.545	14,8	
Branded postpaid	('000)	20.783	21.430	22.299	22.299	23.622	24.530	18,0	20.783	24.530	18,0	
Branded prepay	('000)	14.935	14.960	15.072	15.072	15.537	15.639	4,7	14.935	15.639	4,7	
-BRANDED	('000)	35.718	36.390	37.371	37.371	39.159	40.169	12,5	35.718	40.169	12,5	
Machine-to-machine	('000)	3.423	3.430	3.602	3.602	3.822	4.047	18,2	3.423	4.047	18,2	
MVNO	('000)	4.875	5.219	5.711	5.711	6.094	6.329	29,8	4.875	6.329	29,8	
-WHOLESALE	('000)	8.298	8.649	9.313	9.313	9.916	10.376	25,0	8.298	10.376	25,0	
NET ADDS	('000)	1.130	1.023	1.645	4.377	2.391	1.470	30,1	1.709	3.861	n.a.	
Branded postpaid	('000)	688	648	869	2.006	1.323	908	32,0	490	2.231	n.a.	
Branded prepay	('000)	(10)	24	112	328	465	102	n.a.	191	567	n.a.	
-BRANDED	('000)	678	672	981	2.334	1.788	1.010	49,0	681	2.798	n.a.	
Machine-to-machine	('000)	133	7	172	512	220	225	69,2	333	445	33,6	
MVNO	('000)	319	344	492	1.531	383	235	(26,3)	695	618	(11,1)	
-WHOLESALE	('000)	452	351	664	2.043	603	460	1,8	1.028	1.063	3,4	
AVERAGE MONTHLY CHURN	(%)	3,3	3,6	3,4	3,4	3,1	3,2	(0,1p)	3,3	3,1	(0,2p)	
- Branded postpaid	(%)	1,6	1,7	1,7	1,7	1,5	1,5	(0,1p)	1,8	1,5	(0,3p)	
- Branded prepay	(%)	5,4	5,0	5,1	5,4	4,3	4,5	(0,9p)	6,0	4,4	(1,6p)	
TOTAL REVENUES	(USD million)	6.305	6.764	6.919	24.666	6.959	7.228	14,6	10.983	14.187	29,2	
Service revenue	(USD million)	1	4.624	5.013	5.018	18.563	5.193	5.331	15,3	8.532	10.524	23,3
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	2	1.216	1.432	5.146	1.158	1.485	22,1	2.389	2.643	10,6	
EBITDA margin (adjusted for special factors)	(%)	19,3	21,2	19,2	20,9	16,6	20,5	1,2p	21,7	18,6	(3,1p)	
(EBITDA / total revenue)	(%)	26,3	28,6	26,4	27,7	22,3	27,8	1,5p	28,0	25,1	(2,9p)	
EBITDA margin (adjusted for special factors)	(%)	38	38	37	38	36	36	(5,3)	38	36	(5,3)	
(EBITDA / service revenue)	(%)	52	51	49	51	48	47	(9,6)	52	47	(9,6)	
 - Branded postpaid	(USD)	35	35	36	34	36	37	5,7	32	36	12,5	
 - Branded prepay	(USD)	41	42	46	42	51	52	11,0p	40	52	12,0p	
NON-VOICE % OF ARPU	(%)	1.086	1.141	1.112	1.077	1.127	1.131	4,1	1.015	1.129	11,2	
MOU PER BRANDED CUSTOMER	(min)	977	981	981	975	992	997	2,0	968	995	2,8	
- Branded postpaid	(min)	1.051	1.018	1.164	4.357	947	3.305	n.a.	2.176	4.252	95,4	
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	1.051	1.018	847	4.005	947	940	(10,6)	2.141	1.887	(11,9)
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	164	415	478	1.141	212	544	n.a.	248	756	n.a.

Note: T-Mobile's historical metrics have changed to conform with the current branded customer presentation. Branded customer metrics revenues exclude machine-to-machine, MVNO, third party roaming and third party one-time fees. Certain historical customer numbers may not tie to historical reports due to rounding.

1 Includes revenues from providing recurring wireless, customer roaming and handset insurance services.

2 Excluding special factors affecting EBITDA of USD 60mn in Q2/13, USD 83mn in Q3/13, USD 121mn in Q4/13, USD 67mn in Q1/14, and USD (445)mn in Q2/14.

3 Adjusted by excluding spectrum purchases of USD 35mn in Q1/13, USD 317mn in Q4/13, and USD 2.365mn in Q2/14.

For US-GAAP numbers please visit investor.t-mobile.com to download the corresponding T-Mobile USA earnings release.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN^{1,2,3,5,6,7,8,9}

PRICING⁸

Unlimited Talk, Text and Web with up to 1GB of full speed data ^{4,5}	\$50.00
Unlimited Talk, Text and Web with up to 3GB of full speed data ^{4,5}	\$60.00
Unlimited Talk, Text and Web with up to 5GB of full speed data ^{4,5}	\$70.00
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$80.00

1 Text plans include unlimited nationwide text, picture and video messaging. As of 3/23, international texting from the US to virtually anywhere, at no extra charge

2 Web plans include overage-free data with nationwide Web and e-mail access. Full speeds available up to monthly allotment, then slowed to up to 2G speeds for rest of billing cycle. All unlimited data plans are unlimited while on T-Mobile's network.

3 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB and unlimited 4G LTE full-speed plans, and limited 5 GB through 11 GB Smartphone Mobile HotSpot features, include 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

4 Customers may choose to add more full speed data in increments of 2 GB/each \$10 more per month per line, up to 21 GB of data.

8 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

9 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 120 countries and destinations at no extra charge.

5 Includes up to 1GB of full speed data at no additional charge.

6 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 5 GB of Smartphone Mobile HotSpot data usage that is capped. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 2GB increments for \$10 each up to 11GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

7 No limits or overages while on T-Mobile's network. No annual service contract required.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN^{1,2,3,4,5,6,7,8}

INCLUDED FEATURES PER LINE

Unlimited Talk, Text and Web with up to 1GB of full speed data (first 2 lines)

\$80.00 for first 2 lines

Unlimited Talk, Text and Web with up to 1GB of full speed data (third, fourth, fifth lines)

\$10.00 per line

DATA PLAN ADD-ON TO SIMPLE CHOICE MULTI-LINE^{2,3,5,6,7}

Add more full speed data in increments of 2GB, up to 21 GB of data (each line)

\$10.00 (more per line per 2 GB)

Unlimited Nationwide 4G LTE data (unlimited full speed data)

\$30.00 (more per line)

1 Text plans include unlimited nationwide text, picture and video messaging. As of 3/23, international texting from the US to virtually anywhere, at no extra charge

2 Web plans include overage-free data with nationwide Web and e-mail access. Full speeds available up to monthly allotment, then slowed to up to 2G speeds for rest of billing cycle. All unlimited data plans are unlimited while on T-Mobile's network.

3 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB and unlimited 4G LTE full-speed plans, and limited 5 GB through 11 GB Smartphone Mobile HotSpot features, include 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

4 Includes up to 1GB of full speed data at no additional charge

8 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 120 countries and destinations at no extra charge per line.

PRICING⁷

PRICING⁷

5 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 5 GB of Smartphone Mobile HotSpot data usage that is capped. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 2GB increments for \$10 each up to 11GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

6 No limits or overages while on T-Mobile's network. No annual service contract required.

7 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN (PAY IN ADVANCE)^{1,2,3,4,5,6,7,8,12}

PRICING¹²

Unlimited Talk, Text and Web with up to 1GB of full speed data	\$50.00
Unlimited Talk, Text and Web with up to 3GB of full speed data	\$60.00
Unlimited Talk, Text and Web with up to 5GB of full speed data	\$70.00
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$80.00

1 No annual contract required.

2 Text plans include unlimited nationwide text, picture and video messaging.

3 Web plans include overage-free data with nationwide Web and e-mail access. Full speed, 4G LTE data available up to monthly allotment, then slowed to 2G speeds for balance of service period. All unlimited data plans are unlimited while on T-Mobile's network.

4 Features available for until 30th day.

5 These plan options include Smartphone Mobile HotSpot (tethering) capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 5 GB of Smartphone Mobile HotSpot data usage that is capped. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

6 No limits or overages while on T-Mobile's network.

7 Includes access to BlackBerry email, BlackBerry Messenger, and BlackBerry App World for your BlackBerry device, for \$0 per month. For No Annual contract plans \$50 and up and that include unlimited data. Not available for Pay By The Day or Pay As You Go plans.

8 Roaming and on-network data allotments differ; 1GB full-speed plan includes 10 MB roaming; 3GB and unlimited 4G LTE plans, and limited 5 GB Smartphone Mobile Hotspot feature, include 50MB roaming, 5GB full-speed plan includes 100 MB roaming.

ADDITIONAL ADD-ON PAY IN ADVANCE PLANS \$50/MONTH OR HIGHER

TALK/TEXT¹²

Stateside International Talk & Text with Mobile ⁹	\$15.00
Stateside International Talk & Text ¹⁰	\$10.00
Stateside International Text ¹¹	\$7.00

9 Unlimited calling to mobile numbers in 30+ countries and unlimited calling to landlines in 70+ countries. Plus, get 1000 mobile-to-mobile minutes to Mexico (Overage extra (if available funds for Pay In Advance); \$0.04/minute), unlimited texting to 200+ countries, and discounted calling rates to the rest of the world.

10 Unlimited calls to landlines in 70+ countries and unlimited texting to 200+ countries. Plus, call mobile numbers in 100+ countries for just \$0.20/minute and get discounted calling rates to the rest of the world

11 Unlimited text messages from the US to over 200 countries.

12 All prices reflect monthly charges. \$10 SIM starter kit may be required. Capable device required to achieve 4G LTE speeds.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE VALUE^{1,2,3,4,5,6,7}	PRICING¹	HOTSPOT ACCESS³
MOBILE INTERNET PLANS		
Unlimited, Overage-Free Mobile Internet 1 GB	\$10.00	Included
Unlimited, Overage-Free Mobile Internet 3 GB	\$20.00	Included
Unlimited, Overage-Free Mobile Internet 5 GB	\$30.00	Included
Unlimited, Overage-Free Mobile Internet 7 GB	\$50.00	Included
Unlimited, Overage-Free Mobile Internet 9 GB	\$60.00	Included
Unlimited, Overage-Free Mobile Internet 11 GB	\$70.00	Included
Unlimited, Overage-Free Mobile Internet 13 GB	\$80.00	Included
Unlimited, Overage-Free Mobile Internet 15 GB	\$90.00	Included
Unlimited, Overage-Free Mobile Internet 17 GB	\$100.00	Included
Unlimited, Overage-Free Mobile Internet 19 GB	\$110.00	Included
Unlimited, Overage-Free Mobile Internet 21 GB	\$120.00	Included

1 Prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required.

2 \$10 discount available when added to a postpaid voice line of service with T-Mobile on the same account.

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan. Plan data allotment applies. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

4 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

5 Customers may choose to add more full speed data in increments of 2 GB/each \$10 more per month per line, up to 21 GB of data. Or purchase an On Demand Mobile Internet (full speed data) Pass by day or week increments. (See On Demand Mobile Internet Passes (Postpaid) below)

6 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB full-speed plan includes 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

7 All monthly postpaid Simple Choice plan options include unlimited (2G)

ON DEMAND MOBILE INTERNET PASSES (Postpaid)^{1,2,3}	PRICING¹	HOTSPOT ACCESS³
Unlimited, Overage-Free Mobile Internet 500 MB data (use for 1 days)	\$5.00	Included
Unlimited, Overage-Free Mobile Internet 1 GB data (use for 7 days)	\$10.00	Included

1 Credit approval, \$10 SIM starter kit and deposit may be required.

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan Plan data allotment applies. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

PAY IN ADVANCE - (SINGLE USE) DATA PASSES^{1,2,3}	PRICING¹	HOTSPOT ACCESS
Unlimited, Overage-Free 500 MB data (use for 1 day)	\$5.00	Not Included
Unlimited, Overage-Free 1 GB data (use for 7 days)	\$10.00	Not Included
Unlimited, Overage-Free 3 GB data (use for 30 days)	\$30.00	Not Included

1 \$10 SIM starter kit may be required. Service available for time period and/or usage amount provided by Pass. For time period, a day is 12:00 a.m. to 11:59 p.m., based on time zone associated with account phone number. Usage rounded up to the nearest MB

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 Domestic only. No roaming.

PAY IN ADVANCE - MONTHLY RECURRING (AUTO-RENEW) PASSES^{1,2,3}	PRICING¹	HOTSPOT ACCESS
Unlimited, Overage-Free Mobile Internet 1 GB	\$10.00	Not Included
Unlimited, Overage-Free Mobile Internet 3 GB	\$20.00	Not Included
Unlimited, Overage-Free Mobile Internet 5 GB	\$30.00	Not Included
Unlimited, Overage-Free Mobile Internet 7 GB	\$50.00	Not Included
Unlimited, Overage-Free Mobile Internet 9 GB	\$60.00	Not Included
Unlimited, Overage-Free Mobile Internet 11 GB	\$70.00	Not Included
Unlimited, Overage-Free Mobile Internet 13 GB	\$80.00	Not Included

1 Prices reflect monthly recurring charges. \$10 SIM starter kit and deposit may be required.

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 On-network, Domestic data only. No roaming.

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EUROPE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE	1	3.435	3.440	3.486	13.704	3.125	3.163	(7,9)	6.778	6.288	(7,2)
NET REVENUE		3.295	3.313	3.354	13.174	3.018	3.074	(6,7)	6.507	6.092	(6,4)
EBITDA	2,3	1.117	1.169	1.167	4.550	1.027	1.098	(1,7)	2.214	2.125	(4,0)
EBITDA margin (EBITDA / total revenue)	%	32,5	34,0	33,5	33,2	32,9	34,7	2,2p	32,7	33,8	1,1p
Depreciation, amortization and impairment losses		(686)	(651)	(747)	(2.785)	(611)	(658)	4,1	(1.387)	(1.269)	8,5
Profit (loss) from operations = EBIT	4	431	518	420	1.765	416	440	2,1	827	856	3,5
CASH CAPEX	5	392	382	466	1.713	453	385	(1,8)	865	838	(3,1)
CASH CONTRIBUTION		725	787	701	2.837	574	713	(1,7)	1.349	1.287	(4,6)

FINANCIALS (AS REPORTED)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		3.435	3.440	3.486	13.704	3.125	3.163	(7,9)	6.778	6.288	(7,2)
NET REVENUE		3.295	3.313	3.354	13.174	3.018	3.074	(6,7)	6.507	6.092	(6,4)
EBITDA		1.116	1.271	845	4.371	1.012	1.074	(3,8)	2.255	2.086	(7,5)
EBITDA margin (EBITDA / total revenue)	%	32,5	36,9	24,2	31,9	32,4	34,0	1,5p	33,3	33,2	(0,1p)
Depreciation, amortization and impairment losses		(686)	(651)	(1.361)	(3.399)	(611)	(658)	4,1	(1.387)	(1.269)	8,5
Profit (loss) from operations = EBIT		430	620	(516)	972	401	416	(3,3)	868	817	(5,9)
CASH CAPEX		522	500	1.255	3.661	585	422	(19,2)	1.906	1.007	(47,2)
CASH CONTRIBUTION		594	771	(410)	710	427	652	9,8	349	1.079	n.a.

1 GTS Central Europe Group is part of the European segment since May 30, 2014; impact on consolidated operating segment revenue is EUR 25mn in Q2/14.

2 GTS Central Europe Group is part of the European segment since May 30, 2014; impact on consolidated operating segment EBITDA is EUR 6mn in Q2/14.

3 Special factors affecting EBITDA: EUR 1mn in Q2/13, EUR -102mn in Q3/13, EUR 322mn in Q4/13, EUR 15mn in Q1/14 and EUR 24mn in Q2/14.

4 Special factors affecting EBIT: EUR 1mn in Q2/13 (thereof EUR 1mn resulting from EBITDA), EUR -102mn in Q3/13 (thereof EUR -102mn resulting from EBITDA), EUR 936mn in Q4/13 (thereof EUR 322mn resulting from EBITDA), EUR 15mn in Q1/14 (thereof EUR 15mn resulting from EBITDA) and EUR 24mn in Q2/14 (thereof EUR 24mn resulting from EBITDA).

5 Excluding payments for spectrum licences: EUR 130mn in Q2/13 in Romania, EUR 107mn in Q3/13 in Poland, EUR 10mn in Q3/13 in Macedonia, EUR 1mn in Q3/13 in Hungary, EUR 656mn in Q4/13 in Austria, EUR 114mn in Q4/13 in Hungary, EUR 15mn in Q4/13 in Croatia, EUR 3mn in Q4/13 in Romania, EUR 1mn in Q4/13 in Slovakia, EUR 95mn in Q1/14 in the Czech Republic, EUR 32mn in Q1/14 in Slovakia, EUR 3mn in Q1/14 in Greece, EUR 2mn in Q1/14 in Austria, EUR 31mn in Q2/14 in Slovakia, EUR 4mn in Q2/14 in Romania, EUR 1mn in Q2/14 in Poland and EUR 1mn in Q2/14 in Austria.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

EUROPE

EBITDA RECONCILIATION

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		3.435	3.440	3.486	13.704	3.125	3.163	(7,9)	6.778	6.288	(7,2)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		3.435	3.440	3.486	13.704	3.125	3.163	(7,9)	6.778	6.288	(7,2)
Profit (loss) from operations = EBIT		430	620	(516)	972	401	416	(3,3)	868	817	(5,9)
- Depreciation, amortization and impairment losses		(686)	(651)	(1.361)	(3.399)	(611)	(658)	4,1	(1.387)	(1.269)	8,5
= EBITDA		1.116	1.271	845	4.371	1.012	1.074	(3,8)	2.255	2.086	(7,5)
EBITDA margin	%	32,5	36,9	24,2	31,9	32,4	34,0	1,5p	33,3	33,2	(0,1p)
- Special factors affecting EBITDA		(1)	102	(322)	(179)	(15)	(24)	n.a.	41	(39)	n.a.
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		1.117	1.169	1.167	4.550	1.027	1.098	(1,7)	2.214	2.125	(4,0)
EBITDA margin (adjusted for special factors)	%	32,5	34,0	33,5	33,2	32,9	34,7	2,2p	32,7	33,8	1,1p

SPECIAL FACTORS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECTS ON EBITDA		(1)	102	(322)	(179)	(15)	(24)	n.a.	41	(39)	n.a.
- of which personnel		(11)	(24)	(275)	(327)	(15)	(14)	(27,3)	(28)	(29)	(3,6)
- of which other		10	126	(47)	148	0	(10)	n.a.	69	(10)	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(1)	102	(936)	(793)	(15)	(24)	n.a.	41	(39)	n.a.
- of which personnel		(11)	(24)	(275)	(327)	(15)	(14)	(27,3)	(28)	(29)	(3,6)
- of which other	1	10	126	(661)	(466)	0	(10)	n.a.	69	(10)	n.a.

1 Impairment: Austria EUR 541 mn in Q4/13 and Netherlands EUR 14mn in Q4/13.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

EUROPE

CUSTOMER SUMMARY

	Note	Q2 2013 '000	Q3 2013 '000	Q4 2013 '000	Q1 2014 '000	Q2 2014 '000	Change %
GREECE							
- Fixed network Access Lines		2.849	2.794	2.746	2.702	2.675	(6,1)
- Broadband Access Lines		1.257	1.270	1.286	1.299	1.333	6,0
- Mobile Customers		7.602	7.550	7.477	7.416	7.398	(2,7)
ROMANIA							
- Fixed network Access Lines		2.401	2.385	2.369	2.341	2.308	(3,9)
- Broadband Access Lines		1.156	1.175	1.193	1.200	1.200	3,8
- Mobile Customers		6.106	6.125	6.153	6.080	6.046	(1,0)
HUNGARY							
- Fixed network Access Lines		1.597	1.597	1.596	1.595	1.611	0,9
- Broadband Access Lines		891	906	922	936	944	5,9
- Mobile Customers		4.838	4.853	4.887	4.878	4.898	1,2
POLAND							
- Mobile Customers		15.969	15.667	15.563	15.748	15.675	(1,8)
CZECH REPUBLIC							
- Fixed network Access Lines		126	127	129	130	130	3,2
- Broadband Access Lines		126	127	129	131	132	4,8
- Mobile Customers		5.667	5.733	5.831	5.912	5.946	4,9
CROATIA							
- Fixed network Access Lines		1.174	1.156	1.133	1.138	1.114	(5,1)
- Broadband Access Lines		665	667	670	678	680	2,3
- Mobile Customers		2.350	2.392	2.303	2.272	2.308	(1,8)
NETHERLANDS							
- Mobile Customers		4.561	4.534	4.441	4.343	4.277	(6,2)
SLOVAKIA							
- Fixed network Access Lines		932	919	922	914	908	(2,6)
- Broadband Access Lines		496	511	521	532	540	8,9
- Mobile Customers		2.273	2.263	2.262	2.257	2.237	(1,6)
AUSTRIA							
- Mobile Customers		4.073	4.044	4.091	4.105	4.118	1,1
OTHER							
- Fixed network Access Lines	1	392	385	390	396	394	0,5
- Broadband Access Lines	1	265	269	274	278	281	6,0
- Mobile Customers		3.548	3.663	3.671	3.604	3.582	1,0
TOTAL							
- Fixed network Access Lines	2	9.470	9.362	9.284	9.215	9.141	(3,5)
- IP	2	1.968	2.258	2.472	2.680	2.925	48,6
- Broadband Access Lines Retail	2	4.616	4.682	4.744	4.784	4.832	4,7
- Wholesale Bundled Access Lines		153	152	150	158	156	2,0
- Wholesale Unbundled Access Lines		86	91	101	113	122	41,9
- TV (IPTV, Sat, cable)	2,3	3.045	3.398	3.503	3.558	3.619	18,9
- Mobile Customers	4	56.985	56.825	56.679	56.615	56.485	(0,9)

1 GTS Central Europe Group Access Lines will be available from Q3/14 onwards.

2 The customers of Euronet Communications have no longer been included in the Europe operating segment since January 2, 2014. Historical customer figures have been adjusted accordingly to improve comparability.

3 Incl. DIGI Slovakia since September 1, 2013.

4 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. Historical customer figures have been adjusted accordingly to improve comparability.

GREECE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		744	771	760	2.988	691	697	(6,3)	1.457	1.388	(4,7)
- of which Fixed network		442	456	469	1.801	428	418	(5,4)	876	846	(3,4)
- of which Mobile communications		338	355	331	1.337	295	313	(7,4)	651	608	(6,6)
EBITDA	1	282	301	300	1.165	260	282	0,0	564	542	(3,9)
- of which Fixed network		140	144	166	602	149	154	10,0	292	303	3,8
- of which Mobile communications		133	142	115	512	106	116	(12,8)	255	222	(12,9)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	37,9	39,0	39,5	39,0	37,6	40,5	2,6p	38,7	39,0	0,3p
- of which Fixed network	%	31,7	31,6	35,4	33,4	34,8	36,8	5,1p	33,3	35,8	2,5p
- of which Mobile communications	%	39,3	40,0	34,7	38,3	35,9	37,1	(2,2p)	39,2	36,5	(2,7p)
CASH CAPEX (AS REPORTED)		85	88	107	332	71	86	1,2	137	157	14,6
- of which Fixed network		32	45	83	183	33	36	12,5	55	69	25,5
- of which Mobile communications		51	43	16	139	37	50	(2,0)	80	87	8,8
CASH CONTRIBUTION		197	213	193	833	189	196	(0,5)	427	385	(9,8)
- of which Fixed network		108	99	83	419	116	118	9,3	237	234	(1,3)
- of which Mobile communications		82	99	99	373	69	66	(19,5)	175	135	(22,9)

1 Special factors affecting EBITDA: EUR 4mn in Q2/13, EUR 5mn in Q3/13, EUR 267mn in Q4/13, EUR 1mn in Q1/14 and EUR 15mn in Q2/14.

GREECE

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	2.849	2.794	2.746	2.746	2.702	2.675	(6,1)	2.849	2.675	(6,1)
- IP	('000)	5	7	9	9	10	12	n.a.	5	12	n.a.
Broadband Access Lines Retail	('000)	1.232	1.244	1.260	1.260	1.274	1.308	6,2	1.232	1.308	6,2
TV (IPTV, SAT, Cable)	('000)	175	218	256	256	278	296	69,1	175	296	69,1
Wholesale Bundled Access Lines	('000)	25	26	26	26	26	25	0,0	25	25	0,0
ULLs/Wholesale PSTN	('000)	1.892	1.902	1.944	1.944	1.979	2.002	5,8	1.892	2.002	5,8
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	273	285	253	1.072	241	256	(6,2)	534	497	(6,9)
CUSTOMERS	('000)	7.602	7.550	7.477	7.477	7.416	7.398	(2,7)	7.602	7.398	(2,7)
- contract	('000)	2.284	2.262	2.249	2.249	2.224	2.224	(2,6)	2.284	2.224	(2,6)
- prepaid	('000)	5.318	5.288	5.228	5.228	5.192	5.174	(2,7)	5.318	5.174	(2,7)
NET ADDS	('000)	(30)	(52)	(73)	(220)	(61)	(18)	40,0	(96)	(79)	17,7
- contract	('000)	(3)	(21)	(13)	(53)	(25)	0	(100,0)	(19)	(25)	(31,6)
- prepaid	('000)	(27)	(30)	(60)	(167)	(36)	(18)	33,3	(77)	(54)	29,9
AVERAGE MONTHLY CHURN	(%)	1,6	2,0	1,7	1,7	1,4	1,6	0,0p	1,6	1,5	(0,1p)
- contract	(%)	1,5	1,6	1,3	1,5	1,2	1,3	(0,2p)	1,5	1,2	(0,3p)
SAC PER GROSS ADD	(€)	19	16	17	17	15	19	0,0	18	17	(5,6)
- contract	(€)	72	69	66	67	62	77	6,9	68	70	2,9
- prepaid	(€)	1	1	1	1	1	1	0,0	2	1	(50,0)
SRC PER RETAINED CUSTOMER	(€)	51	50	45	48	46	45	(11,8)	50	46	(8,0)
ARPU	(€)	12	12	11	12	11	12	0,0	12	11	(8,3)
- contract	(€)	28	29	26	27	25	27	(3,6)	27	26	(3,7)
- prepaid	(€)	5	6	5	5	5	5	0,0	5	5	0,0
NON-VOICE % OF ARPU	(%)	23	25	27	24	25	24	1p	22	24	2p
MOU PER CUSTOMER	(min)	292	297	296	291	281	302	3,4	285	292	2,5
- contract	(min)	427	438	433	422	421	457	7,0	408	439	7,6

ROMANIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		248	254	272	1.017	261	242	(2,4)	491	503	2,4
- of which Fixed network		149	152	162	608	157	149	0,0	294	306	4,1
- of which Mobile communications		111	116	123	458	118	102	(8,1)	219	220	0,5
EBITDA	1	65	69	86	283	66	70	7,7	128	136	6,3
- of which Fixed network		36	35	52	162	39	44	22,2	75	83	10,7
- of which Mobile communications		30	32	35	121	26	26	(13,3)	54	52	(3,7)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	26,2	27,2	31,6	27,8	25,3	28,9	2,7p	26,1	27,0	0,9p
- of which Fixed network	%	24,2	23,0	32,1	26,6	24,8	29,5	5,3p	25,5	27,1	1,6p
- of which Mobile communications	%	27,0	27,6	28,5	26,4	22,0	25,5	(1,5p)	24,7	23,6	(1,1p)
CASH CAPEX (AS REPORTED)		163	23	41	264	40	44	(73,0)	200	84	(58,0)
- of which Fixed network		18	13	31	75	24	25	38,9	31	49	58,1
- of which Mobile communications		145	10	10	189	16	19	(86,9)	169	35	(79,3)
CASH CONTRIBUTION		(98)	46	45	19	26	26	n.a.	(72)	52	n.a.
- of which Fixed network		18	22	21	87	15	19	5,6	44	34	(22,7)
- of which Mobile communications		(115)	22	25	(68)	10	7	n.a.	(115)	17	n.a.

1 Special factors affecting EBITDA: EUR 2mn in Q2/13, EUR 8mn in Q3/13, EUR 10mn in Q4/13, EUR 1mn in Q1/14 and EUR 2mn in Q2/14.

ROMANIA

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	2.401	2.385	2.369	2.369	2.341	2.308	(3,9)	2.401	2.308	(3,9)
- IP	('000)	231	248	250	250	262	271	17,3	231	271	17,3
Broadband Access Lines Retail	('000)	1.156	1.175	1.193	1.193	1.200	1.200	3,8	1.156	1.200	3,8
TV (IPTV, SAT, Cable)	('000)	1.296	1.320	1.353	1.353	1.370	1.384	6,8	1.296	1.384	6,8
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	94	98	97	378	95	79	(16,0)	183	174	(4,9)
CUSTOMERS	('000)	6.106	6.125	6.153	6.153	6.080	6.046	(1,0)	6.106	6.046	(1,0)
- contract	('000)	1.600	1.606	1.639	1.639	1.611	1.622	1,4	1.600	1.622	1,4
- prepaid	('000)	4.506	4.519	4.515	4.515	4.469	4.424	(1,8)	4.506	4.424	(1,8)
NET ADDS	('000)	(49)	19	28	(215)	(73)	(35)	28,6	(262)	(108)	58,8
- contract	('000)	9	6	33	0	(27)	11	22,2	(38)	(17)	55,3
- prepaid	('000)	(58)	14	(5)	(215)	(46)	(45)	22,4	(224)	(91)	59,4
AVERAGE MONTHLY CHURN	(%)	3,0	3,3	2,7	3,2	2,8	2,7	(0,3p)	3,4	2,8	(0,6p)
- contract	(%)	1,1	1,1	1,2	1,4	1,1	1,3	0,2p	1,7	1,2	(0,5p)
SAC PER GROSS ADD	(€)	12	7	9	10	10	10	(16,7)	12	10	(16,7)
- contract	(€)	82	59	57	66	60	68	(17,1)	75	64	(14,7)
- prepaid	(€)	1	1	1	1	1	1	0,0	1	1	0,0
SRC PER RETAINED CUSTOMER	(€)	24	22	15	21	8	11	(54,2)	25	9	(64,0)
ARPU	(€)	5	5	5	5	5	4	(20,0)	5	5	0,0
- contract	(€)	11	11	11	11	11	9	(18,2)	11	10	(9,1)
- prepaid	(€)	3	3	3	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	(%)	14	16	18	16	19	24	10p	14	21	7p
MOU PER CUSTOMER	(min)	280	278	287	279	294	301	7,5	276	298	8,0
- contract	(min)	407	396	408	402	427	465	14,3	401	446	11,2

HUNGARY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		386	377	407	1.563	366	362	(6,2)	779	728	(6,5)
PRODUCT VIEW		386	377	407	1.563	366	362	(6,2)	779	728	(6,5)
- of which Fixed network	1	177	172	198	749	180	163	(7,9)	379	343	(9,5)
- of which Mobile communications		208	206	208	813	186	199	(4,3)	399	385	(3,5)
SEGMENT VIEW		386	377	407	1.563	366	362	(6,2)	779	728	(6,5)
- of which Consumer		233	234	239	930	215	226	(3,0)	457	441	(3,5)
- of which Business		69	67	69	273	64	66	(4,3)	137	130	(5,1)
EBITDA	2	119	124	102	438	94	123	3,4	212	217	2,4
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	30,8	32,9	25,1	28,0	25,7	34,0	3,2p	27,2	29,8	2,6p
CASH CAPEX (AS REPORTED)		46	72	170	342	64	43	(6,5)	100	107	7,0
CASH CONTRIBUTION		73	52	(68)	96	30	80	9,6	112	110	(1,8)

1 Fixed Network include Total revenue of HU GHS.

2 Special factors affecting EBITDA: EUR -4mn in Q2/13, EUR 6mn in Q4/13 and EUR 1mn in Q2/14.

HUNGARY

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	1.597	1.597	1.596	1.596	1.595	1.611	0,9	1.597	1.611	0,9
- IP	('000)	621	636	665	665	683	745	20,0	621	745	20,0
Broadband Access Lines Retail	('000)	812	832	851	851	867	877	8,0	812	877	8,0
TV (IPTV, SAT, Cable)	('000)	852	871	885	885	896	905	6,2	852	905	6,2
Wholesale Bundled Access Lines	('000)	54	49	46	46	43	41	(24,1)	54	41	(24,1)
ULLs/Wholesale PSTN	('000)	17	17	16	16	15	14	(17,6)	17	14	(17,6)
Wholesale Unbundled Access Lines	('000)	25	25	25	25	26	26	4,0	25	26	4,0
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	166	170	168	663	157	167	0,6	325	324	(0,3)
CUSTOMERS	('000)	4.838	4.853	4.887	4.887	4.878	4.898	1,2	4.838	4.898	1,2
- contract	('000)	2.321	2.342	2.370	2.370	2.375	2.413	4,0	2.321	2.413	4,0
- prepaid	('000)	2.518	2.511	2.517	2.517	2.503	2.485	(1,3)	2.518	2.485	(1,3)
NET ADDS	('000)	(7)	14	34	50	(9)	20	n.a.	1	11	n.a.
- contract	('000)	17	21	28	83	5	38	n.a.	33	43	30,3
- prepaid	('000)	(24)	(7)	6	(33)	(14)	(18)	25,0	(32)	(32)	0,0
AVERAGE MONTHLY CHURN	(%)	1,5	1,5	1,6	1,5	1,5	1,4	(0,1p)	1,5	1,5	0,0p
- contract	(%)	1,1	1,1	0,9	1,1	1,1	0,9	(0,2p)	1,2	1,0	(0,2p)
SAC PER GROSS ADD	(€)	18	22	26	22	18	16	(11,1)	19	17	(10,5)
- contract	(€)	38	51	62	48	41	34	(10,5)	40	37	(7,5)
- prepaid	(€)	5	6	10	6	6	6	20,0	5	6	20,0
SRC PER RETAINED CUSTOMER	(€)	41	45	65	50	45	42	2,4	44	43	(2,3)
ARPU	(€)	11	12	12	11	11	11	0,0	11	11	0,0
- contract	(€)	19	19	19	19	18	19	0,0	19	18	(5,3)
- prepaid	(€)	5	5	5	5	4	4	(20,0)	4	4	0,0
NON-VOICE % OF ARPU	(%)	24	25	26	25	26	26	2p	25	26	1p
MOU PER CUSTOMER	(min)	157	156	157	155	155	167	6,4	153	161	5,2
- contract	(min)	264	260	262	259	263	283	7,2	258	273	5,8

POLAND

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		407	392	400	1.584	350	365	(10,3)	792	715	(9,7)
- of which Consumer		257	242	235	968	215	220	(14,4)	491	435	(11,4)
- of which Business		140	130	136	543	122	123	(12,1)	277	245	(11,6)
EBITDA	1	147	145	167	599	134	141	(4,1)	287	275	(4,2)
EBITDA margin (EBITDA / total revenue)	%	36,1	37,0	41,8	37,8	38,3	38,6	2,5p	36,2	38,5	2,3p
CASH CAPEX (AS REPORTED)		57	142	55	339	68	52	(8,8)	142	120	(15,5)
CASH CONTRIBUTION		90	3	112	260	66	89	(1,1)	145	155	6,9

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	314	292	299	1.220	272	277	(11,8)	629	549	(12,7)
CUSTOMERS	('000)	15.969	15.667	15.563	15.563	15.748	15.675	(1,8)	15.969	15.675	(1,8)
- contract	('000)	7.038	7.062	7.049	7.049	6.989	6.930	(1,5)	7.038	6.930	(1,5)
- prepaid	('000)	8.931	8.605	8.514	8.514	8.759	8.745	(2,1)	8.931	8.745	(2,1)
NET ADDS	('000)	50	(302)	(104)	(477)	185	(73)	n.a.	(71)	112	n.a.
- contract	('000)	23	24	(13)	53	(60)	(60)	n.a.	41	(120)	n.a.
- prepaid	('000)	27	(326)	(91)	(530)	245	(13)	n.a.	(112)	231	n.a.
AVERAGE MONTHLY CHURN	(%)	2,1	2,6	2,3	2,4	1,2	2,1	0,0p	2,3	1,7	(0,6p)
- contract	(%)	1,1	1,1	1,1	1,1	1,1	1,0	(0,1p)	1,1	1,0	(0,1p)
SAC PER GROSS ADD	(€)	19	20	12	18	18	7	(63,2)	19	12	(36,8)
- contract	(€)	68	67	49	67	72	33	(51,5)	75	54	(28,0)
- prepaid	(€)	2	2	1	2	3	2	0,0	2	2	0,0
SRC PER RETAINED CUSTOMER	(€)	34	21	11	24	18	26	(23,5)	33	22	(33,3)
ARPU	(€)	7	6	6	6	6	6	(14,3)	7	6	(14,3)
- contract	(€)	12	11	13	12	11	11	(8,3)	13	11	(15,4)
- prepaid	(€)	2	2	1	2	2	2	0,0	2	2	0,0
NON-VOICE % OF ARPU	(%)	33	35	38	35	37	36	3p	33	36	3p
MOU PER CUSTOMER	(min)	126	128	131	127	131	138	9,5	124	134	8,1
- contract	(min)	240	239	245	239	249	264	10,0	237	257	8,4

1 Special factors affecting EBITDA: EUR -6 in Q2/13, EUR -7mn in Q3/13, EUR -3mn in Q4/13, EUR -1mn in Q1/14 and EUR -3mn in Q2/14.

CZECH REPUBLIC

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		249	242	244	973	214	217	(12,9)	487	431	(11,5)
- of which Consumer		144	141	137	560	125	125	(13,2)	282	250	(11,3)
- of which Business		90	85	91	352	78	78	(13,3)	176	156	(11,4)
EBITDA	1	111	102	103	425	92	91	(18,0)	220	183	(16,8)
EBITDA margin (EBITDA / total revenue)	%	44,6	42,1	42,2	43,7	43,0	41,9	(2,7p)	45,2	42,5	(2,7p)
CASH CAPEX (AS REPORTED)		20	23	31	120	133	14	(30,0)	66	147	n.a.
CASH CONTRIBUTION		91	79	72	305	(41)	77	(15,4)	154	36	(76,6)

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	126	127	129	129	130	130	3,2	126	130	3,2
- IP	('000)	122	124	126	126	126	127	4,1	122	127	4,1
Broadband Access Lines Retail	('000)	126	127	129	129	131	132	4,8	126	132	4,8
TV (IPTV, SAT, Cable)	('000)	26	28	31	31	27	28	7,7	26	28	7,7
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	197	188	178	760	172	172	(12,7)	394	344	(12,7)
CUSTOMERS	('000)	5.667	5.733	5.831	5.831	5.912	5.946	4,9	5.667	5.946	4,9
- contract	('000)	3.210	3.248	3.289	3.289	3.393	3.437	7,1	3.210	3.437	7,1
- prepaid	('000)	2.456	2.474	2.502	2.502	2.520	2.509	2,2	2.456	2.509	2,2
NET ADDS	('000)	97	66	98	333	81	34	(64,9)	169	115	(32,0)
- contract	('000)	73	38	41	217	104	44	(39,7)	138	148	7,2
- prepaid	('000)	22	18	28	76	18	(10)	n.a.	30	7	(76,7)
AVERAGE MONTHLY CHURN	(%)	1,1	1,2	1,3	1,1	1,3	1,3	0,2p	1,1	1,3	0,2p
- contract	(%)	0,3	0,4	0,5	0,4	0,5	0,4	0,1p	0,3	0,4	0,1p
SAC PER GROSS ADD	(€)	27	24	20	25	19	20	(25,9)	29	20	(31,0)
- contract	(€)	57	59	52	57	43	46	(19,3)	58	44	(24,1)
- prepaid	(€)	2	3	3	2	2	2	0,0	2	2	0,0
SRC PER RETAINED CUSTOMER	(€)	8	9	10	13	11	9	12,5	17	10	(41,2)
ARPU	(€)	12	11	10	11	10	10	(16,7)	12	10	(16,7)
- contract	(€)	17	16	15	16	14	14	(17,6)	17	14	(17,6)
- prepaid	(€)	5	5	4	5	4	4	(20,0)	5	4	(20,0)
NON-VOICE % OF ARPU	(%)	32	36	37	34	37	37	5p	31	37	20,0p
MOU PER CUSTOMER	(min)	146	147	152	145	147	153	4,8	140	150	7,1
- contract	(min)	223	224	233	221	226	233	4,5	214	230	7,5

1 Special factors affecting EBITDA: EUR 1 mn in Q3/13.

2 Q4/13: due to technical reasons one of our service providers is currently only available on total customer level.

As of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment.

Comparative figures have been adjusted retrospectively.

NETHERLANDS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		406	412	455	1.666	393	379	(6,7)	799	772	(3,4)
- of which Consumer		313	317	348	1.277	302	288	(8,0)	612	590	(3,6)
- of which Business		74	71	84	300	72	67	(9,5)	145	139	(4,1)
EBITDA	1	108	116	157	495	148	150	38,9	222	298	34,2
EBITDA margin (EBITDA / total revenue)	%	26,6	28,2	34,5	29,7	37,7	39,6	13,0p	27,8	38,6	10,8p
CASH CAPEX (AS REPORTED)		53	37	53	1.106	54	46	(13,2)	1.016	100	(90,2)
CASH CONTRIBUTION		55	79	104	(611)	94	104	89,1	(794)	198	n.a.

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	272	270	264	264	0	0	(100,0)	272	0	(100,0)
- IP	('000)	264	261	256	256	0	0	(100,0)	264	0	(100,0)
Broadband Access Lines Retail	('000)	264	261	256	256	0	0	(100,0)	264	0	(100,0)
TV (IPTV, SAT, Cable)	('000)	49	55	59	59	0	0	(100,0)	49	0	(100,0)
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	321	324	315	1.271	303	301	(6,2)	632	604	(4,4)
CUSTOMERS	('000)	4.561	4.534	4.441	4.441	4.343	4.277	(6,2)	4.561	4.277	(6,2)
- contract	('000)	3.085	3.142	3.129	3.129	3.105	3.102	0,6	3.085	3.102	0,6
- prepaid	('000)	1.476	1.392	1.312	1.312	1.237	1.176	(20,3)	1.476	1.176	(20,3)
NET ADDS	('000)	(62)	(27)	(92)	(279)	(98)	(65)	(4,8)	(160)	(164)	(2,5)
- contract	('000)	40	57	(13)	77	(24)	(4)	n.a.	33	(27)	n.a.
- prepaid	('000)	(102)	(84)	(79)	(356)	(75)	(62)	39,2	(192)	(137)	28,6
AVERAGE MONTHLY CHURN	(%)	2,7	2,6	2,5	2,7	2,4	2,0	(0,7p)	2,8	2,2	(0,6p)
- contract	(%)	1,3	1,2	1,3	1,4	1,4	1,2	(0,1p)	1,5	1,3	(0,2p)
SAC PER GROSS ADD	(€)	137	126	109	122	125	148	8,0	126	136	7,9
- contract	(€)	241	216	198	221	210	231	(4,1)	233	220	(5,6)
- prepaid	(€)	18	21	23	22	23	19	5,6	21	22	4,8
SRC PER RETAINED CUSTOMER	(€)	213	209	87	171	100	95	(55,4)	195	97	(50,3)
ARPU	(€)	23	24	23	23	23	23	0,0	23	23	0,0
- contract	(€)	33	33	32	32	31	31	(6,1)	32	31	(3,1)
- prepaid	(€)	4	4	4	4	4	4	0,0	4	4	0,0
NON-VOICE % OF ARPU	(%)	41	43	44	42	46	48	7p	41	47	6p
MOU PER CUSTOMER	(min)	133	129	135	132	134	140	5,3	131	137	4,6
- contract	(min)	187	177	182	183	179	184	(1,6)	186	181	(2,7)

1 Special factors affecting EBITDA: EUR 4mn in Q2/13, EUR 4mn in Q4/13, EUR 3mn in Q1/14 and EUR 1mn in Q2/14.

2 DVB-T only.

Euronet Communications has no longer been included in the Europe operating segment since January 2, 2014 due to the sale of the shares.

CROATIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		234	237	234	929	210	221	(5,6)	458	431	(5,9)
PRODUCT VIEW		234	237	234	929	210	221	(5,6)	458	431	(5,9)
- of which Fixed network		138	137	145	555	127	130	(5,8)	273	257	(5,9)
- of which Mobile communications		96	100	90	375	83	91	(5,2)	185	174	(5,9)
SEGMENT VIEW		234	237	234	929	210	221	(5,6)	458	431	(5,9)
- of which Consumer		134	135	130	527	124	129	(3,7)	262	253	(3,4)
- of which Business		74	69	80	294	67	70	(5,4)	145	137	(5,5)
EBITDA	1	99	105	112	404	82	86	(13,1)	187	168	(10,2)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	42,3	44,3	47,9	43,5	39,0	38,9	(3,4p)	40,8	39,0	(1,8p)
CASH CAPEX (AS REPORTED)		33	44	43	160	29	40	21,2	73	69	(5,5)
CASH CONTRIBUTION		66	61	69	244	53	46	(30,3)	114	99	(13,2)

1 Special factors affecting EBITDA: EUR 1 mn in Q3/13, EUR 7mn in Q1/14 and EUR 5mn in Q2/14.

CROATIA

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	1.174	1.156	1.133	1.133	1.138	1.114	(5,1)	1.174	1.114	(5,1)
- IP	('000)	337	460	492	492	595	700	n.a.	337	700	n.a.
Broadband Access Lines Retail	('000)	631	631	628	628	624	621	(1,6)	631	621	(1,6)
TV (IPTV, SAT, Cable)	('000)	374	383	391	391	392	394	5,3	374	394	5,3
Wholesale Bundled Access Lines	('000)	30	32	36	36	44	45	50,0	30	45	50,0
ULLs/Wholesale PSTN	('000)	277	282	262	262	260	244	(11,9)	277	244	(11,9)
Wholesale Unbundled Access Lines	('000)	3	4	6	6	10	14	n.a.	3	14	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	86	88	76	327	70	76	(11,6)	163	146	(10,4)
CUSTOMERS	('000)	2.350	2.392	2.303	2.303	2.272	2.308	(1,8)	2.350	2.308	(1,8)
- contract	('000)	1.023	1.048	1.070	1.070	1.090	1.090	6,5	1.023	1.090	6,5
- prepaid	('000)	1.326	1.344	1.232	1.232	1.182	1.218	(8,1)	1.326	1.218	(8,1)
NET ADDS	('000)	41	43	(90)	(23)	(31)	36	(12,2)	24	5	(79,2)
- contract	('000)	17	25	22	59	20	0	(100,0)	12	19	58,3
- prepaid	('000)	24	18	(112)	(82)	(50)	36	50,0	12	(14)	n.a.
AVERAGE MONTHLY CHURN	(%)	2,6	2,9	3,9	3,1	2,9	2,3	(0,3p)	2,8	2,6	(0,2p)
- contract	(%)	0,9	1,0	1,0	1,1	1,1	1,1	0,2p	1,1	1,1	0,0p
SAC PER GROSS ADD	(€)	15	12	15	14	18	19	26,7	14	19	35,7
- contract	(€)	66	57	51	60	56	62	(6,1)	69	59	(14,5)
- prepaid	(€)	2	1	3	2	2	2	0,0	2	2	0,0
SRC PER RETAINED CUSTOMER	(€)	64	59	49	63	66	47	(26,6)	71	55	(22,5)
ARPU	(€)	12	12	11	12	10	11	(8,3)	12	11	(8,3)
- contract	(€)	19	19	16	18	15	16	(15,8)	18	16	(11,1)
- prepaid	(€)	7	7	6	7	6	6	(14,3)	7	6	(14,3)
NON-VOICE % OF ARPU	(%)	36	40	40	38	43	41	5p	36	42	6p
MOU PER CUSTOMER	(min)	179	178	175	174	179	193	7,8	171	186	8,8
- contract	(min)	257	253	247	247	242	261	1,6	244	251	2,9

SLOVAKIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		200	200	236	828	197	192	(4,0)	392	389	(0,8)
PRODUCT VIEW		200	200	236	828	197	192	(4,0)	392	389	(0,8)
- of which Fixed network		95	98	129	413	103	100	5,3	186	203	9,1
- of which Mobile communications		106	101	107	414	94	92	(13,2)	206	186	(9,7)
SEGMENT VIEW		200	200	236	828	197	192	(4,0)	392	389	(0,8)
- of which Consumer		116	115	128	476	117	118	1,7	233	235	0,9
- of which Business		60	58	85	258	56	52	(13,3)	115	108	(6,1)
EBITDA	1	78	87	88	337	78	76	(2,6)	162	154	(4,9)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	39,0	43,5	37,3	40,7	39,6	39,6	0,6p	41,3	39,6	(1,7p)
CASH CAPEX (AS REPORTED)		22	21	36	115	74	55	n.a.	58	129	n.a.
CASH CONTRIBUTION		56	66	52	222	4	21	(62,5)	104	25	(76,0)

1 Special factors affecting EBITDA: EUR 1mn in Q3/13 and EUR 29mn in Q4/13.

SLOVAKIA

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	932	919	922	922	914	908	(2,6)	932	908	(2,6)
- IP	('000)	433	541	647	647	707	769	77,6	433	769	77,6
Broadband Access Lines Retail	('000)	422	431	434	434	436	440	4,3	422	440	4,3
TV (IPTV, SAT, Cable)	('000) 1	184	438	440	440	444	455	n.a.	184	455	n.a.
Wholesale Bundled Access Lines	('000)	17	17	18	18	18	18	5,9	17	18	5,9
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	57	62	70	70	78	82	43,9	57	82	43,9
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	90	88	84	352	82	83	(7,8)	180	165	(8,3)
CUSTOMERS	('000)	2.273	2.263	2.262	2.262	2.257	2.237	(1,6)	2.273	2.237	(1,6)
- contract	('000)	1.455	1.454	1.455	1.455	1.450	1.436	(1,3)	1.455	1.436	(1,3)
- prepaid	('000)	817	809	808	808	808	801	(2,0)	817	801	(2,0)
NET ADDS	('000)	(16)	(9)	(1)	(48)	(5)	(20)	(25,0)	(38)	(25)	34,2
- contract	('000)	0	(2)	1	(8)	(5)	(14)	n.a.	(7)	(18)	n.a.
- prepaid	('000)	(16)	(8)	(2)	(40)	0	(6)	62,5	(31)	(6)	80,6
AVERAGE MONTHLY CHURN	(%)	1,3	1,2	1,3	1,3	1,3	1,3	0,0p	1,4	1,3	(0,1p)
- contract	(%)	1,0	0,9	1,1	1,0	1,1	1,2	0,2p	1,1	1,1	0,0p
SAC PER GROSS ADD	(€)	84	66	52	69	56	58	(31,0)	81	57	(29,6)
- contract	(€)	141	120	92	122	93	98	(30,5)	139	95	(31,7)
- prepaid	(€)	4	5	5	4	5	5	25,0	4	5	25,0
SRC PER RETAINED CUSTOMER	(€)	115	107	43	89	87	95	(17,4)	108	91	(15,7)
ARPU	(€)	13	13	12	13	12	12	(7,7)	13	12	(7,7)
- contract	(€)	19	18	17	18	17	17	(10,5)	18	17	(5,6)
- prepaid	(€)	4	4	3	4	3	3	(25,0)	4	3	(25,0)
NON-VOICE % OF ARPU	(%)	29	32	34	31	36	35	6p	30	35	5p
MOU PER CUSTOMER	(min)	144	140	147	141	148	156	8,3	139	152	9,4
- contract	(min)	203	197	206	199	208	219	7,9	197	213	8,1

1 Incl. DIGI Slovakia since September 1, 2013.

AUSTRIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		197	225	203	828	192	201	2,0	400	393	(1,8)
- of which Consumer		147	172	157	618	146	155	5,4	289	301	4,2
- of which Business		36	41	36	149	36	37	2,8	72	73	1,4
EBITDA	1	40	62	35	192	44	60	50,0	95	104	9,5
EBITDA margin (EBITDA / total revenue)	%	20,3	27,6	17,2	23,2	22,9	29,9	9,6p	23,8	26,5	2,7p
CASH CAPEX (AS REPORTED)		19	13	668	737	26	18	(5,3)	56	44	(21,4)
CASH CONTRIBUTION		21	49	(633)	(545)	18	42	100,0	39	60	53,8

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	175	204	173	726	168	172	(1,7)	349	340	(2,6)
CUSTOMERS	('000)	4.073	4.044	4.091	4.091	4.105	4.118	1,1	4.073	4.118	1,1
- contract	('000)	2.588	2.605	2.630	2.630	2.636	2.659	2,7	2.588	2.659	2,7
- prepaid	('000)	1.485	1.439	1.461	1.461	1.469	1.459	(1,8)	1.485	1.459	(1,8)
NET ADDS	('000)	(17)	(28)	47	(14)	14	13	n.a.	(32)	27	n.a.
- contract	('000)	12	18	24	59	6	23	91,7	16	29	81,3
- prepaid	('000)	(30)	(46)	22	(72)	8	(9)	70,0	(48)	(2)	95,8
AVERAGE MONTHLY CHURN	(%)	1,9	2,2	1,9	1,9	1,9	1,7	(0,2p)	1,8	1,8	0,0p
- contract	(%)	0,9	0,7	0,7	0,8	0,8	0,6	(0,3p)	0,9	0,7	(0,2p)
SAC PER GROSS ADD	(€)	84	69	65	69	54	51	(39,3)	72	53	(26,4)
- contract	(€)	189	188	186	175	161	133	(29,6)	163	147	(9,8)
- prepaid	(€)	7	5	5	6	4	4	(42,9)	6	4	(33,3)
SRC PER RETAINED CUSTOMER	(€)	138	116	99	115	85	84	(39,1)	123	85	(30,9)
ARPU	(€)	14	17	14	15	14	14	0,0	14	14	0,0
- contract	(€)	21	24	20	21	19	20	(4,8)	21	20	(4,8)
- prepaid	(€)	4	4	4	4	3	4	0,0	4	3	(25,0)
NON-VOICE % OF ARPU	(%)	45	40	45	44	42	42	(3p)	46	42	(4p)
MOU PER CUSTOMER	(min)	209	200	209	206	201	201	(3,8)	208	201	(3,4)
- contract	(min)	291	272	285	285	275	276	(5,2)	291	276	(5,2)

1 Special factors affecting EBITDA: EUR 1 mn in Q1/14 and EUR 1 mn in Q2/14.

BULGARIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		87	30	0	200	0	0	(100,0)	170	0	(100,0)
- of which Consumer		67	24	0	154	0	0	(100,0)	130	0	(100,0)
- of which Business		16	6	0	38	0	0	(100,0)	32	0	(100,0)
EBITDA		34	13	0	73	0	0	(100,0)	60	0	(100,0)
EBITDA margin (EBITDA / total revenue)	%	39,1	43,3	n.a.	36,5	n.a.	n.a.	n.a.	35,3	n.a.	n.a.
CASH CAPEX (AS REPORTED)		14	5	0	31	0	0	(100,0)	26	0	(100,0)
CASH CONTRIBUTION		20	8	0	42	0	0	(100,0)	34	0	(100,0)

OPERATIONALS

	Note	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Change %	H1 2013	H1 2014	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	73	25	0	166	0	0	(100,0)	141	0	(100,0)
CUSTOMERS	('000)	4.635	0	0	0	0	0	(100,0)	4.635	0	(100,0)
- contract	('000)	2.684	0	0	0	0	0	(100,0)	2.684	0	(100,0)
- prepaid	('000)	1.951	0	0	0	0	0	(100,0)	1.951	0	(100,0)
NET ADDS	('000)	80	27	0	143	0	0	(100,0)	116	0	(100,0)
- contract	('000)	62	20	0	126	0	0	(100,0)	106	0	(100,0)
- prepaid	('000)	18	7	0	17	0	0	(100,0)	10	0	(100,0)
AVERAGE MONTHLY CHURN	(%)	1,8	2,2	0,0	2,0	0,0	0,0	(1,8p)	2,0	0,0	(2,0p)
- contract	(%)	1,2	1,2	0,0	1,3	0,0	0,0	(1,2p)	1,3	0,0	(1,3p)
SAC PER GROSS ADD	(€)	2	3	0	5	0	0	(100,0)	5	0	(100,0)
- contract	(€)	4	8	0	12	0	0	(100,0)	12	0	(100,0)
- prepaid	(€)	0	1	0	0	0	0	n.a.	0	0	n.a.
SRC PER RETAINED CUSTOMER	(€)	4	2	0	6	0	0	(100,0)	7	0	(100,0)
ARPU	(€)	5	5	0	5	0	0	(100,0)	5	0	(100,0)
- contract	(€)	8	8	0	8	0	0	(100,0)	8	0	(100,0)
- prepaid	(€)	2	2	0	1	0	0	(100,0)	1	0	(100,0)
NON-VOICE % OF ARPU	(%)	14	16	0	15	0	0	(14p)	14	0	(14p)
MOU PER CUSTOMER	(min)	150	152	0	149	0	0	(100,0)	149	0	(100,0)
- contract	(min)	216	217	0	216	0	0	(100,0)	215	0	(100,0)

The national companies of 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.

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SYSTEMS SOLUTIONS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

		Q2	Q3	Q4	FY	Q1	Q2	Change	H1	H1	Change
	Note	2013	2013	2013	2013	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
TOTAL REVENUE		2.170	2.174	2.468	9.038	2.052	2.187	0,8	4.396	4.239	(3,6)
Market Unit		1.781	1.761	1.902	7.244	1.679	1.674	(6,0)	3.581	3.353	(6,4)
Telekom IT		389	413	566	1.794	373	513	31,9	815	886	8,7
International revenue		641	619	664	2.582	587	578	(9,8)	1.299	1.165	(10,3)
NET REVENUE		1.539	1.515	1.623	6.244	1.466	1.459	(5,2)	3.106	2.925	(5,8)
EBITDA		210	197	199	774	138	288	37,1	378	426	12,7
Market Unit		163	173	188	648	100	105	(35,6)	287	205	(28,6)
Telekom IT		47	24	11	126	38	183	n.a.	91	221	n.a.
EBITDA margin (EBITDA / total revenue)	%	9,7	9,1	8,1	8,6	6,7	13,2	3,5p	8,6	10,0	1,4p
Depreciation, amortization and impairment losses		(158)	(147)	(169)	(637)	(140)	(280)	(77,2)	(321)	(420)	(30,8)
Profit (loss) from operations = EBIT		52	50	30	137	(2)	8	(84,6)	57	6	(89,5)
EBIT MARGIN	%	2,4	2,3	1,2	1,5	(0,1)	0,4	(2,0p)	1,3	0,1	(1,2p)
CASH CAPEX (AS REPORTED)		213	270	374	1.066	253	254	19,2	422	507	20,1
CASH CONTRIBUTION		(3)	(73)	(175)	(292)	(115)	34	n.a.	(44)	(81)	(84,1)
ORDER ENTRY		1.878	1.708	2.230	7.792	1.414	1.311	(30,2)	3.854	2.725	(29,3)

FINANCIALS (AS REPORTED)¹

		Q2	Q3	Q4	FY	Q1	Q2	Change	H1	H1	Change
	Note	2013	2013	2013	2013	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
TOTAL REVENUE		2.170	2.174	2.468	9.038	2.052	2.187	0,8	4.396	4.239	(3,6)
NET REVENUE		1.539	1.515	1.623	6.244	1.466	1.459	(5,2)	3.106	2.925	(5,8)
EBITDA		41	128	81	358	81	155	n.a.	149	236	58,4
EBITDA margin (EBITDA / total revenue)	%	1,9	5,9	3,3	4,0	3,9	7,1	5,2p	3,4	5,6	2,2p
Depreciation, amortization and impairment losses		(157)	(148)	(170)	(652)	(140)	(286)	(82,2)	(334)	(426)	(27,5)
Profit (loss) from operations = EBIT		(116)	(20)	(89)	(294)	(59)	(131)	(12,9)	(185)	(190)	(2,7)
CASH CAPEX		213	270	374	1.066	253	254	19,2	422	507	20,1
CASH CONTRIBUTION		(172)	(142)	(293)	(708)	(172)	(99)	42,4	(273)	(271)	0,7

¹ Deconsolidation of T-Systems Italia S.p.A. as of May 1, 2013 and part of the French business as of June 1, 2013.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

SYSTEMS SOLUTIONS

EBITDA RECONCILIATION¹

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		2.170	2.174	2.468	9.038	2.052	2.187	0,8	4.396	4.239	(3,6)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		2.170	2.174	2.468	9.038	2.052	2.187	0,8	4.396	4.239	(3,6)
Profit (loss) from operations = EBIT		(116)	(20)	(89)	(294)	(59)	(131)	(12,9)	(185)	(190)	(2,7)
- Depreciation, amortization and impairment losses		(157)	(148)	(170)	(652)	(140)	(286)	(82,2)	(334)	(426)	(27,5)
= EBITDA		41	128	81	358	81	155	n.a.	149	236	58,4
EBITDA margin	%	1,9	5,9	3,3	4,0	3,9	7,1	5,2p	3,4	5,6	2,2p
- Special factors affecting EBITDA		(169)	(69)	(118)	(416)	(57)	(133)	21,3	(229)	(190)	17,0
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		210	197	199	774	138	288	37,1	378	426	12,7
EBITDA margin (adjusted for special factors)	%	9,7	9,1	8,1	8,6	6,7	13,2	3,5p	8,6	10,0	1,4p

SPECIAL FACTORS

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECTS ON EBITDA		(169)	(69)	(118)	(416)	(57)	(133)	21,3	(229)	(190)	17,0
- of which personnel		(57)	(49)	(76)	(212)	(28)	(44)	22,8	(87)	(72)	17,2
- of which other		(112)	(20)	(42)	(204)	(29)	(89)	20,5	(142)	(118)	16,9
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(168)	(70)	(119)	(431)	(57)	(139)	17,3	(242)	(196)	19,0
- of which personnel		(57)	(49)	(76)	(212)	(28)	(44)	22,8	(87)	(72)	17,2
- of which other		(111)	(21)	(43)	(219)	(29)	(95)	14,4	(155)	(124)	20,0

¹ Deconsolidation of T-Systems Italia S.p.A. as of May 1, 2013 and part of the French business as of June 1, 2013.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. In addition, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

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GROUP HEADQUARTERS & GROUP SERVICES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		761	635	792	2.879	622	610	(19,8)	1.452	1.232	(15,2)
of which: Digital Business Units		234	224	299	970	156	137	(41,5)	447	293	(34,5)
NET REVENUE		272	260	324	1.106	191	174	(36,0)	522	365	(30,1)
EBITDA		(111)	(155)	(290)	(655)	(118)	(160)	(44,1)	(210)	(278)	(32,4)
of which: Digital Business Units		25	44	22	121	1	(12)	n.a.	55	(11)	n.a.
EBITDA margin (EBITDA / total revenue)	%	(14,6)	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(11,6p)	(14,5)	(22,6)	(8,1p)
Depreciation, amortization and impairment losses		(166)	(183)	(186)	(699)	(149)	(152)	8,4	(330)	(301)	8,8
Profit (loss) from operations = EBIT		(277)	(338)	(476)	(1.354)	(267)	(312)	(12,6)	(540)	(579)	(7,2)
CASH CAPEX		94	97	143	411	65	81	(13,8)	171	146	(14,6)
CASH CONTRIBUTION		(205)	(252)	(433)	(1.066)	(183)	(241)	(17,6)	(381)	(424)	(11,3)

FINANCIALS (AS REPORTED)¹

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		761	635	792	2.879	622	610	(19,8)	1.452	1.232	(15,2)
of which: Digital Business Units		234	224	299	970	156	137	(41,5)	447	293	(34,5)
NET REVENUE		272	260	324	1.106	191	174	(36,0)	522	365	(30,1)
EBITDA		(161)	(210)	(392)	(883)	1.544	(304)	(88,8)	(281)	1.240	n.a.
of which: Digital Business Units		19	41	15	94	1.709	(42)	n.a.	38	1.667	n.a.
EBITDA margin (EBITDA / total revenue)	%	(21,2)	(33,1)	(49,5)	(30,7)	n.a.	(49,8)	(28,6p)	(19,4)	n.a.	n.a.
Depreciation, amortization and impairment losses		(166)	(183)	(186)	(699)	(149)	(152)	8,4	(330)	(301)	8,8
Profit (loss) from operations = EBIT		(327)	(393)	(578)	(1.582)	1.395	(456)	(39,4)	(611)	939	n.a.
CASH CAPEX		94	97	143	411	65	81	(13,8)	171	146	(14,6)
CASH CONTRIBUTION		(255)	(307)	(535)	(1.294)	1.479	(385)	(51,0)	(452)	1.094	n.a.

¹ The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of January 1, 2014. The prior-year figures (Cashflow, Financial assets, Financial result) have been adjusted for better comparability.

Results impacted by deconsolidation of Scout24 as of February 1st 2014. Please see tables of "Special Factors" and "Change in the composition of the group" for further details.

GROUP HEADQUARTERS & GROUP SERVICES

EBITDA RECONCILIATION¹

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
TOTAL REVENUE		761	635	792	2.879	622	610	(19,8)	1.452	1.232	(15,2)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		761	635	792	2.879	622	610	(19,8)	1.452	1.232	(15,2)
Profit (loss) from operations = EBIT		(327)	(393)	(578)	(1.582)	1.395	(456)	(39,4)	(611)	939	n.a.
- Depreciation, amortization and impairment losses		(166)	(183)	(186)	(699)	(149)	(152)	8,4	(330)	(301)	8,8
= EBITDA		(161)	(210)	(392)	(883)	1.544	(304)	(88,8)	(281)	1.240	n.a.
EBITDA margin	%	(21,2)	(33,1)	(49,5)	(30,7)	n.a.	(49,8)	(28,6p)	(19,4)	n.a.	n.a.
- Special factors affecting EBITDA		(50)	(55)	(102)	(228)	1.662	(144)	n.a.	(71)	1.518	n.a.
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		(111)	(155)	(290)	(655)	(118)	(160)	(44,1)	(210)	(278)	(32,4)
EBITDA margin (adjusted for special factors)	%	(14,6)	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(11,6p)	(14,5)	(22,6)	(8,1p)

SPECIAL FACTORS¹

	Note	Q2 2013 millions of €	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Change %	H1 2013 millions of €	H1 2014 millions of €	Change %
EFFECTS ON EBITDA		(50)	(55)	(102)	(228)	1.662	(144)	n.a.	(71)	1.518	n.a.
- of which personnel		(53)	(53)	(98)	(226)	(14)	(33)	37,7	(75)	(47)	37,3
- of which other		3	(2)	(4)	(2)	1.676	(111)	n.a.	4	1.565	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(50)	(55)	(102)	(228)	1.662	(144)	n.a.	(71)	1.518	n.a.
- of which personnel		(53)	(53)	(98)	(226)	(14)	(33)	37,7	(75)	(47)	37,3
- of which other		3	(2)	(4)	(2)	1.676	(111)	n.a.	4	1.565	n.a.

¹ Results impacted by deconsolidation of Scout24 as of February 1st 2014. Please see tables of "Special Factors" and "Change in the composition of the group" for further details.

EE LIMITED (JOINT VENTURE DEUTSCHE TELEKOM - FRANCE TELECOM)

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)^{1,2}

	Note	Q2 2013 millions of GBP	Q3 2013 millions of GBP	Q4 2013 millions of GBP	H2 2013 millions of GBP	FY 2013 millions of GBP	Q1 2014 millions of GBP	Q2 2014 millions of GBP	Change % (YoY)	H1 2013 millions of GBP	H1 2014 millions of GBP	Change % (YoY)
TOTAL REVENUE		1.606	1.631	1.639	3.270	6.482	1.548	1.566	(2,5)	3.211	3.114	(3,0)
EBITDA (AS REPORTED)		--	--	--	706	1.313	--	--	--	607	657	8,2
EBITDA margin (EBITDA (as reported) / total revenue)	%	--	--	--	21,6	20,3	--	--	--	18,9	21,1	2,2p
RESTRUCTURING COST INCLUDED IN EBITDA		--	--	--	33	79	--	--	--	46	26	(43,5)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		--	--	--	828	1.574	--	--	--	746	760	1,9
EBITDA margin (EBITDA / total revenue)	%	--	--	--	25,3	24,3	--	--	--	23,2	24,4	1,2p
CAPEX		--	--	--	266	583	--	--	--	317	268	(15,5)

OPERATIONAL¹

	Note	Q2 2013	Q3 2013	Q4 2013	H2 2013	FY 2013	Q1 2014	Q2 2014	Change % (YoY)	H1 2013	H1 2014	Change % (YoY)
SERVICE REVENUE	(GBP million)	1.421	1.446	1.445	2.891	5.734	1.387	1.406	(1,1)	2.843	2.793	(1,8)
CUSTOMERS	('000)	25.996	25.842	25.503	25.503	25.503	25.325	25.317	(2,6)	25.996	25.317	(2,6)
- contract	('000)	13.976	14.156	14.350	14.350	14.350	14.473	14.638	4,7	13.976	14.638	4,7
- prepaid	('000)	11.312	10.967	10.424	10.424	10.424	10.103	9.901	(12,5)	11.312	9.901	(12,5)
- home	('000)	709	718	730	730	730	749	778	9,7	709	778	9,7
NET ADDS	('000)	(445)	(155)	(338)	(493)	(1.342)	(179)	(8)	98,2	(849)	(187)	78,0
- contract	('000)	216	181	194	375	757	123	165	(23,6)	382	288	(24,6)
- prepaid	('000)	(671)	(345)	(543)	(888)	(2.130)	(321)	(202)	69,9	(1.242)	(523)	57,9
- home	('000)	10	9	11	20	31	19	29	--	11	48	--
AVERAGE MONTHLY CHURN	(%)	2,6	2,2	2,5	--	--	2,0	1,9	(0,7p)	--	--	--
- contract	(%)	1,1	1,1	1,2	--	--	1,2	1,1	(0,0p)	--	--	--
SAC PER GROSS ADD	(GBP)	56	59	61	--	--	60	68	21,4	--	--	--
- contract	(GBP)	147	154	142	--	--	137	155	5,4	--	--	--
- prepaid	(GBP)	5	6	7	--	--	5	6	20,0	--	--	--
SRC PER RETAINED CUSTOMER	(GBP)	168	190	155	--	--	184	193	14,9	--	--	--
ARPU	(GBP)	18	19	19	--	--	19	19	2,6	--	--	--
- contract	(GBP)	30	30	30	--	--	29	29	(2,7)	--	--	--
- prepaid	(GBP)	5	5	5	--	--	4	4	(12,0)	--	--	--
VOICE ARPU	(GBP)	8	9	8	--	--	8	8	(7,1)	--	--	--
non-voice % of ARPU	(%)	54,6	55,5	56,1	--	--	58,4	58,9	4,3p	--	--	--
MOU PER CUSTOMER	(min)	201	201	208	--	--	206	200	(0,5)	--	--	--
- contract	(min)	335	325	332	--	--	325	311	(7,2)	--	--	--

1 Definitions of KPIs partially differ from those of the other European Entities.

2 Adjusted EBITDA excluding restructuring costs, brand and management fees.

3 ARPU % changes based on exact numbers.

NOTES

GLOSSARY AND DISCLAIMER

In addition to financial information presented in accordance with IFRS, this presentation contains non-GAAP financial measures,	
such as ...	which is defined as ...
EBIT	Abbreviation for EARNINGS BEFORE INTEREST AND TAXES. EBIT is equivalent to the P&L-line "Profit from operations".
Adj. EBIT	EBIT adjusted for special factors.
EBT	Abbreviation for EARNINGS BEFORE TAXES. EBT is equivalent to the P&L-line "Profit before income taxes".
Adj. EBT	EBT adjusted for special factors.
EBITDA	Abbreviation for EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION. EBITDA is equivalent to EBIT before Depreciation and Amortization. Depreciation and Amortization is not a line in the P&L but provided in the notes as "Other disclosures".
Adj. EBITDA	EBITDA adjusted for special factors.
Adj. Net profit/loss	Net profit/loss adjusted for special factors.
Special factors	Special factors impair the comparability of the results with previous periods. Details on the special factors are given for the group and each operating segment.
Cash capex	Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment.
Cash contribution	EBITDA minus capex.
Free cash flow	Net cash from operating activities minus net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment.
Gross debt	Gross debt includes not only bonds and liabilities to banks, but also liabilities to non-banks from promissory notes, lease liabilities, liabilities arising from ABS transactions (capital market liabilities), liabilities from derivatives and cash collateral.
Net debt	Net debt is calculated by deducting cash and cash equivalents as well as financial assets classified as held for trading and available for sale (due ≤ 1 year). In addition, receivables from derivatives and other financial assets are deducted from gross debt.
n.a.	not applicable
n.m.	not meaningful
ARPU	Abbreviation for AVERAGE REVENUE PER USER. Calculation: Service fee, as well as voice, non voice, roaming and visitor revenues, divided by the average number of customers in the period. Visitor revenues are allocated exclusively to contract customers.
SAC	Abbreviation for SUBSCRIBER ACQUISITION COSTS. Calculation: Customer acquisition costs divided by the number of gross customers added during the respective period.

The figures in this presentation are unaudited. These and the other non-GAAP financial measures used by Deutsche Telekom are derived from our IFRS financial information but do not comply with IFRS and should not be viewed as a substitute for our IFRS figures.

INTERIM GROUP REPORT

JANUARY 1 TO JUNE 30, 2014



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP.

millions of €

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
REVENUE AND EARNINGS							
Net revenue	15,114	15,157	(0.3)%	30,008	28,942	3.7%	60,132
Of which: domestic %				40.9	43.4		42.2
Of which: international %				59.1	56.6		57.8
Profit from operations (EBIT)	1,776	1,525	16.5%	4,918	3,217	52.9%	4,930
Net profit (loss)	711	530	34.2%	2,528	1,094	n.a.	930
Net profit (loss) (adjusted for special factors)	636	810	(21.5)%	1,223	1,577	(22.4)%	2,755
EBITDA	4,417	4,032	9.5%	10,055	8,111	24.0%	15,834
EBITDA (adjusted for special factors)	4,429	4,417	0.3%	8,550	8,705	(1.8)%	17,424
EBITDA margin (adjusted for special factors) %	29.3	29.1		28.5	30.0		28.9
Earnings per share basic/diluted €	0.16	0.12	33.3%	0.57	0.25	n.a.	0.21
STATEMENT OF FINANCIAL POSITION							
Total assets				118,028	116,204	1.6%	118,148
Shareholders' equity				32,501	31,250	4.0%	32,063
Equity ratio %				27.5	26.9		27.1
Net debt				41,385	41,374	0.0%	39,093
CASH FLOWS							
Net cash from operating activities	3,187	3,031	5.1%	6,149	5,983	2.8%	13,017
Cash capex	(3,946)	(2,198)	(79.5)%	(6,143)	(5,222)	(17.6)%	(11,068)
Free cash flow (before dividend payments, spectrum investment) ^a	1,049	1,109	(5.4)%	2,032	2,147	(5.4)%	4,606
Net cash used in investing activities	(4,688)	(723)	n.a.	(5,036)	(3,552)	(41.8)%	(9,896)
Net cash (used in) from financing activities	(1,844)	(1,601)	(15.2)%	(4,750)	(1,120)	n.a.	1,022

^a And before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS.

millions

	June 30, 2014	Dec. 31, 2013	Change June 30, 2014/ Dec. 31, 2013 %	June 30, 2013	Change June 30, 2014/ June 30, 2013 %
Mobile customers	146.9	142.5	3.1%	139.0	5.7%
Fixed-network lines ^a	30.2	30.8	(1.9)%	31.4	(3.8)%
Broadband lines ^{a,b}	17.2	17.1	0.6%	17.1	0.6%

^a The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

^b Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the glossary of the 2013 Annual Report (page 257 et seq.).

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TO OUR SHAREHOLDERS.

DEVELOPMENTS IN THE GROUP.

NET REVENUE.

- Net revenue increased substantially by 3.7 percent. The United States operating segment in particular contributed to this revenue trend as a result of the inclusion of MetroPCS since May of last year and continued strong customer additions.
- In our Europe operating segment, the substantial price changes, in some cases imposed by regulatory authorities back in 2013, and intense competition had a negative effect on our revenue.
- The contribution to revenue made by our Systems Solutions segment decreased as a result of the realignment of the business model to generate sustainable growth.
- Adjusted for effects of changes in the composition of the Group totaling EUR 0.9 billion as well as negative exchange rate effects totaling EUR 0.5 billion, net revenue increased by EUR 0.7 billion.

PROPORTION OF NET REVENUE GENERATED INTERNATIONALLY.

- The proportion of net revenue generated internationally increased to 59.1 percent, compared with 56.6 percent in the first half of 2013.
- The proportion of net revenue generated by our United States operating segment increased substantially by 5.6 percentage points, such that it made the largest contribution to net revenue for the first time.
- By contrast, the proportions contributed by our Germany, Europe, and Systems Solutions operating segments as well as the Group Headquarters & Group Services segment shrank.

ADJUSTED EBITDA.

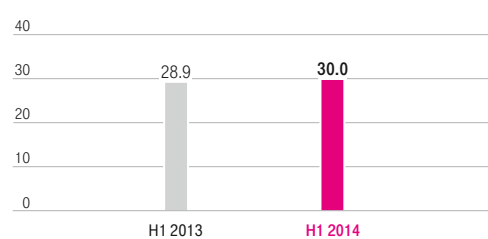
- Adjusted EBITDA decreased by 1.8 percent.
- The inclusion of MetroPCS' operations since May 2013 in particular had a positive effect on adjusted EBITDA.
- Adjusted EBITDA was reduced by higher costs incurred for the IP migration and the integrated network build-out in Germany, higher market investments in the United States, and operational EBITDA decreases in some European countries. The negative effects were partially offset by our comprehensive cost management.
- The adjusted EBITDA margin decreased from 30.0 percent to 28.5 percent in the reporting period. The operating segments with the strongest margins are still Germany with 41.0 percent and Europe with 33.8 percent.

NET PROFIT.

- Net profit increased substantially to EUR 2.5 billion.
- The increase was in particular due to income from divestitures in connection with the disposal of the Scout24 group totaling EUR 1.7 billion. Income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications for the acquisition and exchange of A-Block spectrum also had a positive effect.
- This effect was offset by a EUR 0.2 billion increase in depreciation, amortization and impairment losses compared with the prior-year period, attributable to the inclusion of MetroPCS since May of last year and the roll-out of the LTE network as part of T-Mobile US' network modernization program, and a EUR 0.2 billion higher tax expense.

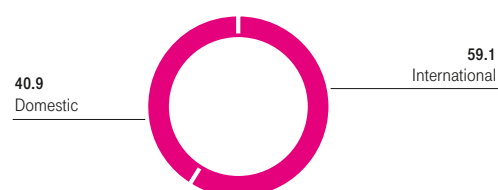
Net revenue.

billions of €



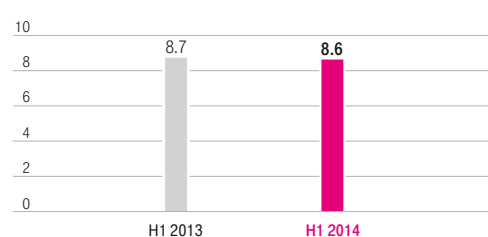
Proportion of net revenue generated internationally.

%



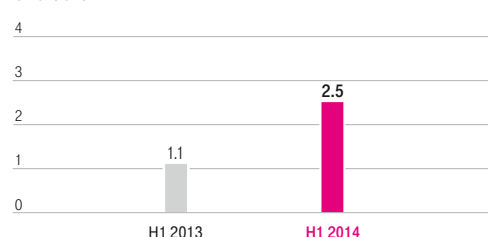
Adjusted EBITDA.

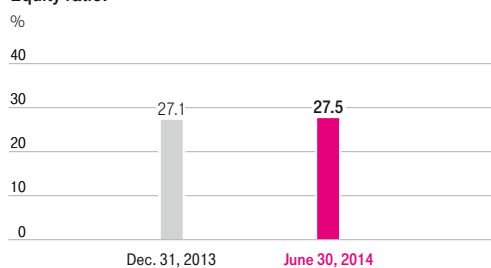
billions of €



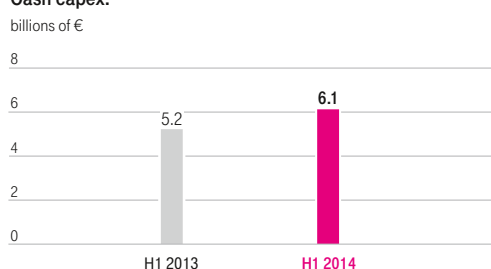
Net profit.

billions of €

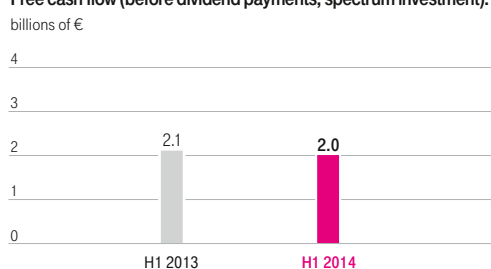


Equity ratio.**EQUITY RATIO.**

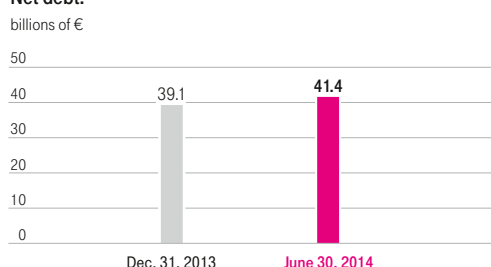
- Total assets remained almost stable compared with the end of 2013 at EUR 118.0 billion. Shareholders' equity increased by EUR 0.4 billion compared with December 31, 2013 to EUR 32.5 billion.
- The increase was attributable to a profit (EUR 2.7 billion) and to currency translation effects, which were recognized directly in equity (EUR 0.3 billion).
- Dividend payments to Deutsche Telekom AG shareholders for the 2013 financial year (EUR 2.2 billion), had a decreasing effect. The capital increase carried out to grant our shareholders the option of converting their dividend entitlements into shares, increased shareholders' equity by EUR 1.0 billion. The cash dividend paid out to our shareholders amounted to EUR 1.2 billion.
- The acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion) and the dividend payments to non-controlling interests (EUR 0.1 billion) also reduced shareholders' equity.

Cash capex.**CASH CAPEX.**

- Cash capex (including spectrum investments) increased to EUR 6.1 billion.
- The year-on-year increase was mainly due to the acquisition of spectrum totaling EUR 1.9 billion in the first half of 2014, primarily in the United States, the Czech Republic, and Slovakia.
- Adjusted for the effects of spectrum acquisition, cash capex was slightly up on the prior-year level by EUR 0.1 billion.

Free cash flow (before dividend payments, spectrum investment).^a**FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT).^a**

- At EUR 2.0 billion, free cash flow was slightly below the prior-year level.
- This was due to the stable year-on-year trend in net cash from operating activities. Cash capex (before spectrum investments) increased slightly.
- A EUR 0.1 billion year-on-year increase in dividend payments received from the EE joint venture and a positive effect from factoring agreements concluded in the reporting period amounting to EUR 0.4 billion increased net cash from operating activities. Net cash from operating activities was reduced by a EUR 0.2 billion increase in net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.1 billion.

Net debt.**NET DEBT.**

- Net debt increased by EUR 2.3 billion compared with the end of 2013.
- The acquisition of mobile spectrum (EUR 1.9 billion), dividend payments – including to non-controlling interests – (EUR 1.3 billion), the acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion), and the acquisition of the GTS Central Europe group (EUR 0.5 billion) increased net debt.
- Free cash flow (EUR 2.0 billion) as well as the sale of 70 percent of the shares in the Scout24 group (EUR 1.6 billion) reduced net debt.

^a And before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 11 et seq.

DEUTSCHE TELEKOM AT A GLANCE.

The 2014 financial year got off to a successful start in the first half of the year. Net revenue increased substantially by 3.7 percent to EUR 30.0 billion. This growth was once again driven by the U.S. business, with its continued strong customer additions. Revenue in our Germany operating segment decreased slightly. In our Europe operating segment, the substantial price changes, in some cases imposed by regulatory authorities back in 2013, and intense competition had a negative effect on the development of our revenue.

Adjusted EBITDA was slightly down compared with the first half of 2013 and was thus in line with our expectations. Whereas our U.S. business increased its earnings and Germany saw only a slight decrease in EBITDA while maintaining a high margin, our Europe business only partially offset the decline in revenue by cost savings.

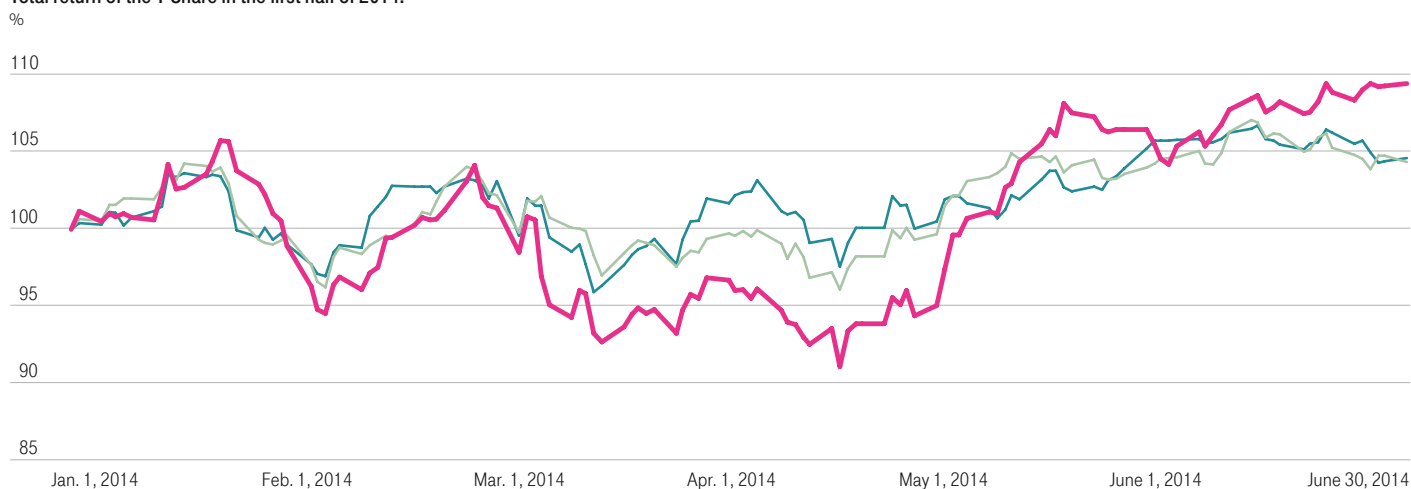
Cash capex was much higher than in the prior-year period. However, the first half of 2014 included considerably higher cash outflows for the acquisition of mobile spectrum. Excluding these spectrum investments, cash capex was slightly up on the prior-year level at EUR 4.3 billion. At EUR 2.0 billion, free cash flow was down slightly, as expected.

Net profit more than doubled year-on-year from EUR 1.1 billion to EUR 2.5 billion. The increase was in particular due to income from divestitures in connection with the disposal of the Scout24 group.

In view of the business development in the first half of 2014, Deutsche Telekom confirms its guidance for the full year.

THE T-SHARE.

Total return of the T-Share in the first half of 2014.



■ Total return of the T-Share (dividend reinvested) ■ DAX 30 ■ Dow Jones Europe STOXX 600 Telecommunications®

T-Share performance.

		H1 2014	H1 2013	FY 2013
XETRA CLOSING PRICES				
Share price on the last trading day	€	12.80	8.96	12.43
Year high	€	13.12	10.04	12.60
Year low	€	11.05	8.01	8.01
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	4.9	4.1	4.6
Dow Jones Euro STOXX 50®	%	1.9	1.7	1.2
Dow Jones Europe STOXX 600 Telecommunications®	%	12.7	10.3	11.7
Market capitalization	billions of €	58.1	39.9	55.3
Number of shares issued	millions	4,536	4,451	4,451

Historical performance of the T-Share as of June 30, 2014.

	Since the beginning of the year	1 year	3 years	5 years
Total return of the T-Share (dividend reinvested)	9.4	48.5	43.8	114.8
DAX 30	4.6	23.5	33.3	104.5
Dow Jones Europe STOXX 600 Telecommunications®	4.4	32.5	33.7	77.0

The international stock markets performed positively overall in the second quarter of 2014, after a merely lateral trend in the first quarter of the year. Basically strong business figures in the first quarter of 2014, still stable to slightly positive economic data, and efforts to de-escalate the crisis in Ukraine, among other factors, contributed to the positive trend on the stock markets in the second quarter. The DAX 30, for example, recorded further growth in the second quarter, increasing by 4.6 percent since the start of the year. The Dow Jones Euro STOXX 50® showed improvement, rising 7.7 percent; the Nikkei in Japan was almost unchanged against the first quarter, whereas the Dow Jones followed the positive general trend and closed the first half of the year with an overall increase of 2.3 percent.

The European telecommunications sector performed in line with this general market trend. As of June 30, 2014, the Dow Jones Europe STOXX 600 Telecommunications® index was around 4.4 percent higher than at the start of the year. Momentum came in particular from the consolidations in France, Germany and Ireland as well as from potential intra-market consolidations in the European telecommunications market.

In this environment, the T-Share performed significantly better. It ended the first half of the year up 9.4 percent. While the publication of the full-year figures on March 6, 2014 and, in particular, the outlook for the current financial year and for 2015 had a slightly positive effect on the share price, it improved further after the publication of the quarterly figures on May 8, 2014. The main positive drivers of this improvement included in particular the sound development in Germany as well as strong U.S. figures in the first quarter. The T-Share also profited from the consolidation in the German mobile market as well as the return of speculation about takeovers in the United States.

Following its successful premiere in the prior year, we again offered our shareholders the option of converting the dividend for financial year 2013 into shares instead of receiving it as a cash payment. The acceptance rate of some 45 percent of dividend-bearing shares exceeded expectations. The exercising of the option results in an increase in the number of shares issued by 84.4 million to currently just under 4,536 million. This corresponds to a capital increase of almost 2 percent. The cash dividend paid out to our shareholders who did not choose this option totaled EUR 1.2 billion.

HIGHLIGHTS IN THE SECOND QUARTER OF 2014.**EMPLOYEES.****Collective agreements for Group Headquarters and Telekom Deutschland.**

On April 9, 2014, Deutsche Telekom and the ver.di union agreed the terms for a collective agreement for Group Headquarters and Telekom Deutschland. The new collective agreement provides for the salaries of the some 55,000 employees covered by the agreement to increase in two steps – by at least 2.5 percent as of April 1, 2014 and by a further 2.1 percent as of February 1, 2015. The new agreement takes effect on February 1, 2014 and has a term of 24 months.

Collective agreement for T-Systems in Germany. On April 30, 2014, T-Systems and the ver.di union agreed the terms for a collective agreement for the some 20,000 T-Systems employees in Germany covered by the agreement. Among other provisions, the new collective agreement provides for the salaries of the employees to increase in two steps – by 1.5 percent as of June 1, 2014 and by a further 2.0 percent as of April 1, 2015. The agreement takes effect retrospectively from April 2014 and has a term of two years.

CORPORATE TRANSACTIONS.

Takeover of the GTS Central Europe group. The agreement concluded in early November 2013 with a consortium of international private equity investors on the takeover of the GTS Central Europe group (GTS) for an enterprise value of EUR 0.5 billion was consummated on May 30, 2014. The responsible authorities had already approved the acquisition without conditions by April 15, 2014. GTS, which has been consolidated in our Europe operating segment since May 30, 2014, is a leading infrastructure-based provider of telecommunications services in Central and Eastern Europe and owns an extensive fiber-optic network as well as several data centers. On this basis, GTS' offering includes voice and data services, virtual private networks, and cloud services. With this acquisition, we intend to strengthen and further develop the local and pan-European B2B business, including international wholesale customers.

PARTNERSHIPS.

In partnership with Allianz, we bring to market digital services for consumers and business customers in the areas of connected home (Smart Home) and cyber security. Together with Europe's largest insurer, we will combine the latest information, communication, and sensor technologies with insurance and service offerings for consumers – initially only in Germany, later also in other European countries. For business customers, we are now offering integrated cyber security solutions with combined insurance cover.

With the energy group Vattenfall and the provider of cleaning technology Kärcher, we won new partners for our smart home platform QIVICON. This brings the total number of partner companies on the platform to 32. Many of them already offer products that allow people to organize their homes intelligently.

Under the “More broadband for Germany” initiative, we have concluded the 5,000th partnership agreement with a municipality. Thanks to this initiative, we have now provided fast Internet to almost two million households in rural areas – that’s on top of our standard roll-out.

Participants in the “E-Mail made in Germany” industry initiative completed the encryption of all e-mail traffic as of April 29, 2014. Around 50 million German consumers, customers of Deutsche Telekom, freenet, GMX, and WEB.DE, thus automatically enjoy encrypted e-mail communication on all channels, regardless of the e-mail program they use. All data is processed and saved entirely in Germany.

INVESTMENTS IN NETWORKS AND SPECTRUM.

The fiber-optic roll-out in Germany is in full swing. We already laid more than 2,500 kilometers of new fiber-optic cable in the first half of 2014. As part of our integrated network strategy, a total of 6,250 kilometers of fiber-optic cable is to be laid across Germany by the end of 2014.

At the end of April 2014, T-Mobile US acquired A-Block spectrum in the 0.7 GHz range from Verizon Communications. Also at the end of April, certain AWS and PCS spectrum was exchanged on the basis of an agreement from November 2013.

In Poland, we have been offering LTE mobile technology since the start of June 2014. This means we are represented with LTE in all our European mobile markets, except Albania.

Around 600 of our technical sites in Germany are to be equipped with solar energy before the end of this year. Photovoltaic systems installed on the roofs provide the exchanges with electricity. This reduces our CO₂ emissions as well as our energy consumption. Providing the technical sites with solar power therefore also contributes towards our adopted climate protection target of reducing Group-wide CO₂ emissions (excluding T-Mobile US) by 20 percent by 2020.

NEW PRODUCTS.

Our MyWallet product, which had successfully been introduced in Poland in 2012, was launched in Germany and Slovakia in May 2014. MyWallet turns smartphones into digital wallets, which in the future will also be able to hold travel and admission tickets as well as access and customer cards. In Germany, in addition to being able to pay, it has also been possible since June 2014 to collect and redeem coupons at HIT and Edeka Südwest.

In June 2014, we extended our portfolio of security solutions for companies to include the new mobile protection concept “Corporate Security Hub.” The new service protects employees’ mobile terminal equipment against attacks and malicious codes. Additional protection is provided by encrypting communications through a secure connection.

AWARDS.

In May 2014, readers of the trade journal “connect” awarded us first place in seven categories at once, including the most important categories “best mobile network operator” and “best fixed-network operator of 2014.” On top of this, our second brand “congstar” was named best mobile communications provider, and T-Mobile Austria was named best mobile network operator in Austria. In June 2014, our free mobile hotline also did well in the “connect” service test, taking first place over all other mobile communications providers in Germany. In particular, the availability, friendliness, and e-mail service of our hotline came in for praise from the testers.

Cosmote, a subsidiary of OTE, offers the fastest network for mobile Internet in Greece. This was confirmed by the independent speed test conducted by Ookla in April 2014. In fact, Cosmote’s network was found to be 27 percent faster than the network in second place. The OTE subsidiary’s excellent mobile data service also received two accolades from P3 Communications in June 2014.

We were named in partnership with CLAAS among the prize winners of the Germany-wide competition “Landmarks in the Land of Ideas” 2014/15 for the development of communicating harvesters. In keeping with the slogan for this year’s competition “Innovative Country – Rethinking Rural Spaces,” this particular idea is located right in the middle of the field: When the combine harvester’s grain tank is full, this is automatically reported. The machines are fitted with sensors that send second-by-second data via mobile communications and provide the drivers with real-time information about the status of the harvest. Apart from optimizing workflows, networking vehicles also saves fuel, for example, and therefore cuts CO₂ emissions.

In addition, we won the German Investor Relations Award 2014 for the best investor relations work within the DAX 30 and, on top of that, we came first in the Thomson Reuters Extel Survey of 16,000 investors from all over the world for the best investor relations in Europe across all sectors. The Mergers & Acquisitions unit won the Corporate Finance Award for the successful business combination of T-Mobile USA and MetroPCS.

INTERIM GROUP MANAGEMENT REPORT.

GROUP STRUCTURE, STRATEGY, AND MANAGEMENT.

With regard to our **Group structure, strategy, and management**, please refer to the notes in the 2013 combined management report (2013 Annual Report, page 62 et seq.). No significant changes were recorded in this area from the Group's point of view.

The ICSS/GNF business of the local business units (LBUs), which had been organizationally assigned to the Systems Solutions operating segment until December 31, 2013, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. These are units in and outside of Europe (excluding Germany) that predominantly perform wholesale telecommunications services for ICSS (International Carrier Sales & Solutions) as part of the Europe operating segment and for third parties. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic. In addition to mobile and fixed-network business activities, the company will now also offer ICT solutions for business customers and public administrations. The activities will be disclosed under the Europe operating segment. Reporting was changed to improve the way in which these units can be managed. Comparative figures have been adjusted retrospectively.

The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of January 1, 2014. Since then, it has been reported under the Finance board department due to the new definition of the management model of our EE joint venture.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

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 2013 financial year, focusing on global economic developments in the first half of 2014, the outlook, the currently prevailing economic risks, the telecommunications market, and the regulatory environment. 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 developed positively in the first half of the year. While it was somewhat dampened in the first quarter of 2014, primarily due to the very hard winter in the United States, it picked up in the second quarter, supported by the still expansive monetary policy and declining fiscal policy restrictions.

In our core markets, the majority of economies recorded positive trends again in the first six months of 2014, in terms of overall economic production. However, due to the slow rate of economic recovery in most countries of our Europe operating segment, the situation on the labor market has not yet improved significantly.

In Germany, the economy grew in the first six months of 2014 compared with the prior-year period. This trend was supported, among other factors, by the relatively warm winter as well as the recovery of the majority of European economies. The Germany labor market once again proved robust, with the unemployment rate currently standing at 6.5 percent.

The U.S. economy, which had recorded a decline in investments and exports in the first quarter of 2014 due to the tough winter, gained further momentum thanks to the continued recovery on the labor market and the ongoing positive underlying trend in private consumption.

Economic development in our Europe operating segment was positive on the whole, with only Greece and Croatia recording a decline in GDP in the first half of 2014. There was only a marginal improvement in unemployment rates, which were very high in some countries.

GDP growth rates in our core countries.

%	Q1 2014	Q2 2014
	compared with Q1 2013	compared with Q2 2013
Germany	2.3	1.2
United States	1.5	1.9
Greece	(0.9)	(0.8)
Romania	4.0	3.7
Poland	3.5	3.2
Hungary	3.2	3.3
Czech Republic	2.9	3.0
Croatia	(0.6)	(0.4)
Netherlands	0.0	0.8
Slovakia	2.0	2.3
Austria	0.9	1.5
United Kingdom	3.0	3.3

Source: Oxford Economics, July 2014.

OUTLOOK.

We still expect the expansion of the global economy to accelerate in the course of 2014 and 2015, supported primarily by increased growth in the industrialized countries.

OVERALL ECONOMIC RISKS.

The current uncertainty on the capital markets due to the looming banking crisis in Portugal has shown that the European sovereign debt and banking crisis has not yet been overcome and there is a potential risk of renewed escalation.

A drastic heightening of geopolitical tensions in the Middle East or between Russia and Ukraine could have a huge negative impact on global economic development and financial stability.

If the recovery of the global economy and the associated trust in industrial nations is to be consolidated, the emerging economies will have to make an adjustment, which could increase existing tensions on the capital markets.

TELECOMMUNICATIONS MARKET.

The European mobile market continues to come under pressure in terms of consolidation. In early July 2014, for example, Tele2 announced its intention to sell its Norwegian mobile division to TeliaSonera. In 2014, the EU Commission had already approved two mobile mergers on the European mobile communications market, subject to conditions: first, the business combination of Hutchison 3G UK and Telefónica Ireland on the Irish mobile market; second, at the start of July, the merger of Telefónica Deutschland and E-Plus on the German mobile market.

These decisions are a positive signal for the necessary consolidations in Europe. However, the de facto subsidization of new market entries and the intentional strengthening of resellers (service providers) and MVNOs, who do not make any contributions to network investments in broadband coverage, are counterproductive, all the more so since the resellers and MVNOs are already active on the market with considerable success and have sizable market shares.

REGULATION.

Pricing measures for bitstream products can be implemented. Rate measures by Telekom Deutschland GmbH for bitstream products 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 partnerships for broadband roll-out. The Federal Network Agency reviewed the pricing measures and found no evidence of anti-competitive behavior in connection with these measures. Following an international consolidation and comments by the European Commission on March 14, 2014, the Federal Network Agency has now also formally concluded its review, paving the way for the pricing measure to take effect as of April 1, 2014.

Final rulings by the Federal Network Agency on vectoring are expected in the third quarter of 2014. The Federal Network Agency had essentially already given the green light to the use of vectoring transmission technology in August 2013, although some regulations were subject to the provision of a certain wholesale offer (bitstream access). This offer, as well as other contractual regulations, must be defined by the Federal Network Agency in a further administrative procedure. We were informed of an interim decision in early June 2014 that now allows us to implement vectoring in Germany from July 30, 2014. We then expect the Federal Network Agency's final decision in the third quarter of 2014 following European notification.

One-time charges for unbundled local loop lines in Germany remain stable.

The Federal Network Agency set the charges for provision and termination of unbundled local loop lines (ULLs) on June 30, 2014. The charge for the most frequently requested ULL option only decreased slightly. For certain options, charges increased. The charges will apply until September 30, 2016.

Federal Network Agency plans to cut fixed-network interconnection rates in Germany.

On April 28 and May 2, 2014, Telekom Deutschland GmbH submitted rate applications to the Federal Network Agency for mobile and fixed termination rates. On July 11, 2014, the Federal Network Agency published a draft ruling reducing fixed-network termination rates by 20 percent to 0.24 eurocents/minute. The draft ruling for mobile termination rates is expected to be issued at the end of August/beginning of September. Both drafts will first be put out for consultation at national and then at EU level. New rates will not take effect until December 1, 2014.

Increase in spectrum fees in Croatia. In addition to the already known special taxes, e.g., in Greece and Hungary, the Croatian government recently decided to triple the frequency charges with effect from May 23, 2014. We have interceded with the European Commission and requested support. At present it is not yet clear and is being examined whether the Commission will take action or whether we will take legal steps ourselves against the fee increase.

ASSIGNMENT OF FREQUENCIES.

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

- Following approval by the European Commission and the Federal Network Agency of the business combination of the companies Telefónica Deutschland and E-Plus in **Germany** and the issuing of corresponding frequency conditions, the Federal Network Agency is planning to open the process for reassigning the 0.9 and 1.8 GHz frequency rights from the German network operators' GSM licenses in fall 2014. In addition, the authority plans to assign frequencies from the 0.7 GHz (digital dividend II) and 1.5 GHz ranges. The actual award process is scheduled for spring 2015.
- In **Greece**, the regulatory authority EETT launched a consultation process with draft rules and frequency usage conditions for the assignment of frequencies in the 0.8 GHz (digital dividend) and 2.6 GHz ranges. A simultaneous multi-round auction is expected to be carried out in fall 2014. The OTE subsidiary Cosmote is preparing to take part to acquire LTE spectrum.
- In **Hungary**, the first stage of a three-stage process to assign frequencies in the 0.8, 0.9, 1.8, and 2.6 GHz ranges has started. Magyar Telekom is taking part in the award process, which is expected to be completed in the third quarter of 2014.
- The **Czech** regulatory authority CTU launched a consultation on the auction of the remaining spectrum in the 1.8 and 2.6 GHz ranges that was not sold in the 2013 auction. T-Mobile Czech Republic is analyzing the terms and conditions and preparing to take part in the process. The auction is expected to be completed in early 2015.

- In **Albania**, AMC is applying to extend its GSM license with frequencies in the 0.9 and 1.8 GHz ranges, which is expiring in August 2014. The application is likely to be approved since all the requirements have been met. Further mobile frequencies in the 0.9, 1.8, and 2.1 GHz ranges are then expected to be assigned in the fall.
- In the meantime, there have been further delays in preparations for the frequency auctions in **Montenegro**, where the publication of the final rules of award and the start of the bidding phase were expected in the first half of 2014. The assignment procedure is expected to be delayed until 2015 and beyond.

DEVELOPMENT OF BUSINESS IN THE GROUP.

RESULTS OF OPERATIONS OF THE GROUP.

NET REVENUE.

In the first six months of the 2014 financial year, we generated net revenue of EUR 30.0 billion, up by a substantial EUR 1.1 billion or 3.7 percent compared with the same period in the prior year. Our United States operating segment in particular contributed to this trend thanks to the revenue generated by MetroPCS, which was only taken into account from the second quarter of the prior year due to its first-time inclusion as of May 1, 2013, and continued strong customer growth. In our Europe operating segment, the substantial price changes, in some cases imposed by regulatory authorities back in 2013, and intense competition 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. This was primarily due to the line losses in fixed-network business. The initiated realignment of T-Systems' business model had a negative impact on revenue in our Systems Solutions operating segment, as did the general downward trend in prices for IT and communications services.

Adjusted for the effects of changes in the composition of the Group of EUR 0.9 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, revenue was up EUR 0.7 billion or 2.3 percent against 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 17 et seq.

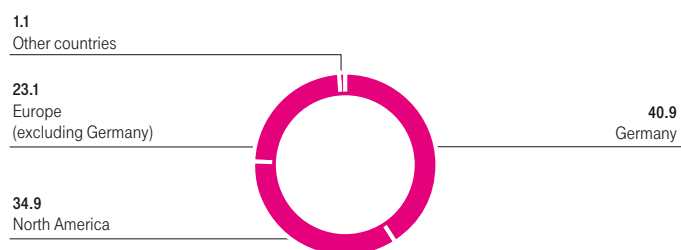
Contribution of the segments to net revenue.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
NET REVENUE	14,894	15,114	15,157	(0.3)%	30,008	28,942	3.7%	60,132
Germany	5,483	5,464	5,565	(1.8)%	10,947	11,131	(1.7)%	22,435
United States	5,074	5,270	4,825	9.2%	10,344	8,366	23.6%	18,556
Europe	3,125	3,163	3,435	(7.9)%	6,288	6,778	(7.2)%	13,704
Systems Solutions	2,052	2,187	2,170	0.8%	4,239	4,396	(3.6)%	9,038
Group Headquarters & Group Services	622	610	761	(19.8)%	1,232	1,452	(15.2)%	2,879
Intersegment revenue	(1,462)	(1,580)	(1,599)	1.2%	(3,042)	(3,181)	4.4%	(6,480)

Breakdown of revenue by region.

%



Our United States operating segment made the largest contribution to net revenue for the first time, contributing 34.5 percent. This was a substantial increase compared with the prior-year period of 5.6 percentage points, due in part to the inclusion of MetroPCS and ongoing strong new customer growth. By contrast, the proportions contributed by our Germany, Europe, and Systems Solutions operating segments as well as the Group Headquarters & Group Services segment shrank. The proportion of net revenue generated internationally continued to increase, rising from 56.6 percent in the prior-year period to 59.1 percent.

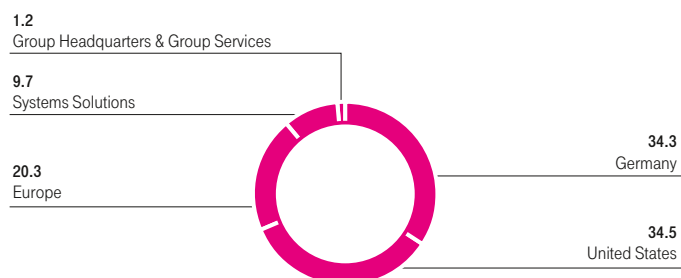
EBITDA, ADJUSTED EBITDA.

Our EBITDA increased year-on-year by EUR 1.9 billion to EUR 10.1 billion. Positive special factors amounting to EUR 1.5 billion were included in EBITDA in the first half of 2014. They were mainly attributable to income from the divestiture of the Scout24 group of EUR 1.7 billion. Income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications for the acquisition and exchange of A-Block spectrum also had a positive effect. Expenses incurred in connection with staff-related measures and non-staff related restructuring expenses decreased by EUR 0.2 billion compared with the prior-year level.

Excluding special factors, **adjusted EBITDA** decreased slightly year-on-year by EUR 0.2 billion to EUR 8.6 billion in the first half of 2014. Exchange rate effects of EUR 0.1 billion, especially from the translation of U.S. dollars into euros, had a negative effect on the development of adjusted EBITDA. 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 17 et seq.

Contribution of the segments to net revenue.^a

%



^a For more information on net revenue, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

Contribution of the segments to adjusted Group EBITDA.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	4,121	4,429	4,417	0.3%	8,550	8,705	(1.8)%	17,424
Germany	2,230	2,256	2,279	(1.0)%	4,486	4,534	(1.1)%	8,936
United States	844	1,083	930	16.5%	1,927	1,818	6.0%	3,874
Europe	1,027	1,098	1,117	(1.7)%	2,125	2,214	(4.0)%	4,550
Systems Solutions	138	288	210	37.1%	426	378	12.7%	774
Group Headquarters & Group Services	(118)	(160)	(111)	(44.1)%	(278)	(210)	(32.4)%	(655)
Reconciliation	0	(136)	(8)	n.a.	(136)	(29)	n.a.	(55)

EBIT.

Group EBIT increased substantially by EUR 1.7 billion to EUR 4.9 billion compared with the first half of 2013, due in particular to the effects described under EBITDA. A EUR 0.2 billion increase in depreciation, amortization and impairment losses compared with the prior-year period, attributable to the inclusion of MetroPCS since May of last year as well as the roll-out of the LTE network as part of T-Mobile US' network modernization program, had a negative impact on the development of EBIT.

PROFIT BEFORE INCOME TAXES.

Profit before income taxes increased significantly by EUR 1.7 billion to EUR 3.6 billion year-on-year in the first half of 2014 as a result of the aforementioned effects. Loss from financial activities increased slightly year-on-year. This development was attributable to the inclusion of MetroPCS and local financing conditions for T-Mobile US.

NET PROFIT.

Net profit increased by EUR 1.4 billion to EUR 2.5 billion. The tax expense for the current financial year amounted to EUR 0.8 billion, up EUR 0.2 billion compared with the same period in the prior year. For further information, please refer to the interim consolidated financial statements, page 44.

Profit attributable to non-controlling interests increased slightly year-on-year, due in part to the increase in non-controlling interests in T-Mobile US. The acquisition of the remaining shares in T-Mobile Czech Republic, which we did not yet own, had an offsetting effect.

Number of employees (at the reporting date).

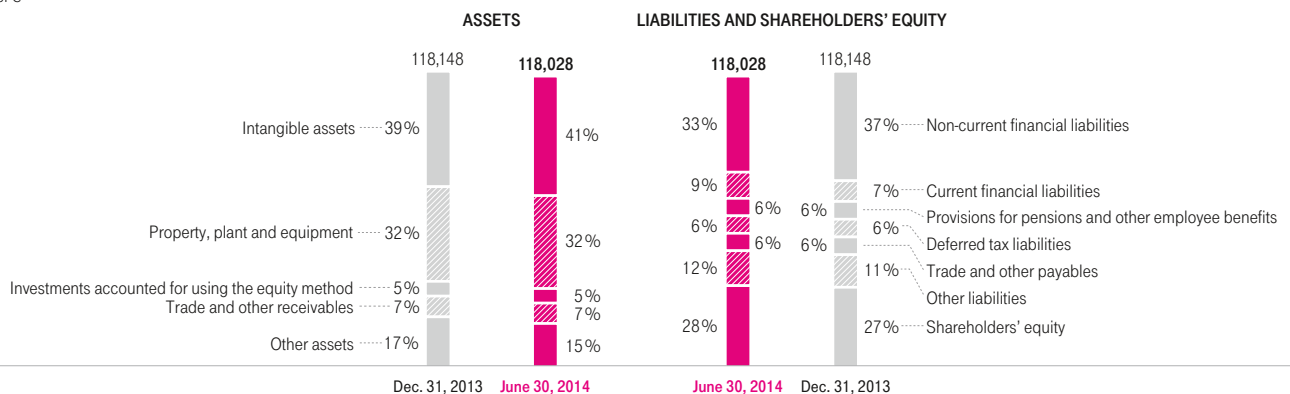
	June 30, 2014	Dec. 31, 2013
Germany	67,883	66,725
United States	38,374	37,071
Europe ^a	53,933	53,265
Systems Solutions ^a	49,032	49,540
Group Headquarters & Group Services	20,675	21,995
NUMBER OF EMPLOYEES IN THE GROUP	229,897	228,596
Of which: civil servants (in Germany, with an active service relationship)	20,414	20,523

^a The prior-year comparatives were adjusted retrospectively due to changes in the structure of the Group implemented as of January 1, 2014. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

The Group's headcount increased by 0.6 percent compared with the end of 2013. Our segments showed countervailing trends to some extent. In the Germany operating segment, the headcount increased by 1.7 percent as staff were taken on primarily for the build-out and upgrade of our "networks of the future." In our United States operating segment, the total number of employees increased by 3.5 percent in the first half of 2014. The total number of employees increased from December 31, 2013 due to an increase in retail and customer support employees. In our Europe operating segment, staff levels increased by 1.3 percent compared with December 31, 2013. This development is the result of various positive and negative effects: The headcount increase was attributable on the one hand to the inclusion of the GTS Central Europe group and growth following staff restructuring in Greece. This effect was partially offset by lower staff levels as a result of the disposal of the shares in Euronet Communications in the Netherlands. Efficiency enhancement measures in a number of countries in our operating segment also had a decreasing effect. In our Systems Solutions operating segment, the headcount decreased slightly by just 1.0 percent, primarily as a result of the staff restructuring measures implemented in Germany. The number of employees in the Group Headquarters & Group Services segment was down 6.0 percent compared with the end of 2013, due in particular to the deconsolidation of the Scout24 group. The personnel increase in the innovation areas of the DBU slightly counteracted this effect.

FINANCIAL POSITION OF THE GROUP.**Structure of the statement of financial position.**

millions of €



The level of **total assets** remained almost stable compared with December 31, 2013 at EUR 118.0 billion. Our consolidated statement of financial position was mainly influenced by the following factors:

Intangible assets increased by EUR 2.6 billion, mainly due to capital expenditure totaling EUR 4.7 billion. This figure includes EUR 3.3 billion for the acquisition of mobile licenses by T-Mobile US, in particular in connection with the two transactions consummated in April 2014 for the acquisition and the exchange of mobile licenses with Verizon Communications. Effects of changes in the composition of the Group totaling EUR 0.2 billion resulting from the first-time inclusion of the GTS Central Europe group and preliminary goodwill of EUR 0.2 billion recognized in this connection also contributed to this increase. Amortization of EUR 1.8 billion and disposals of EUR 0.6 billion in connection with the exchange of mobile spectrum with Verizon Communications had an offsetting effect.

Property, plant and equipment increased by EUR 0.3 billion compared to December 31, 2013 to EUR 37.7 billion. The increase was attributable to capital expenditure of EUR 3.3 billion and effects of changes in the composition of the Group of EUR 0.4 billion, mainly from the first-time inclusion of the GTS Central Europe group (EUR 0.2 billion) and the first-time consolidation of four structured leasing special purpose entities (SPEs) (EUR 0.2 billion). However, this was reduced by depreciation of EUR 3.3 billion and disposals of EUR 0.2 billion.

The carrying amount for **investments accounted for using the equity method** increased by EUR 0.3 billion to EUR 6.5 billion in the first half of 2014. On the one hand, the carrying amount for the investments decreased by EUR 0.2 billion as a result of a dividend payment received from the EE joint venture; on the other, the recognition of the remaining stake in the Scout24 group as an investment accounted for using the equity method had an increasing effect of EUR 0.3 billion, as did exchange rate effects – mainly resulting from the translation of pounds sterling into euros – in the amount of EUR 0.2 billion.

Trade and other receivables increased by EUR 0.4 billion to EUR 8.1 billion, due in particular to customer growth and an increased percentage of terminal equipment sold under installment plans in our United States operating segment. This results from T-Mobile US' 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. By contrast, factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables decreased our trade receivables by EUR 0.4 billion.

As of June 30, 2014, **other assets** include the following significant effects: **Non-current assets and disposal groups held for sale** decreased by EUR 0.9 billion, due to the consummation of the following two transactions: In the United States operating segment, the exchange of mobile licenses with Verizon Communications was concluded for EUR 0.6 billion. In the Group Headquarters & Group Services segment, the sale of the shares in the Scout24 group totaling EUR 0.3 billion was consummated. **Inventories** increased by EUR 0.2 billion due to increased stock levels of terminal equipment (in particular smartphones) at T-Mobile US.

Current and non-current **financial liabilities** decreased by EUR 1.7 billion compared with the end of 2013 to EUR 49.9 billion in total. For the main effects on financial liabilities, please refer to net cash used in financing activities, page 45, in the interim consolidated financial statements.

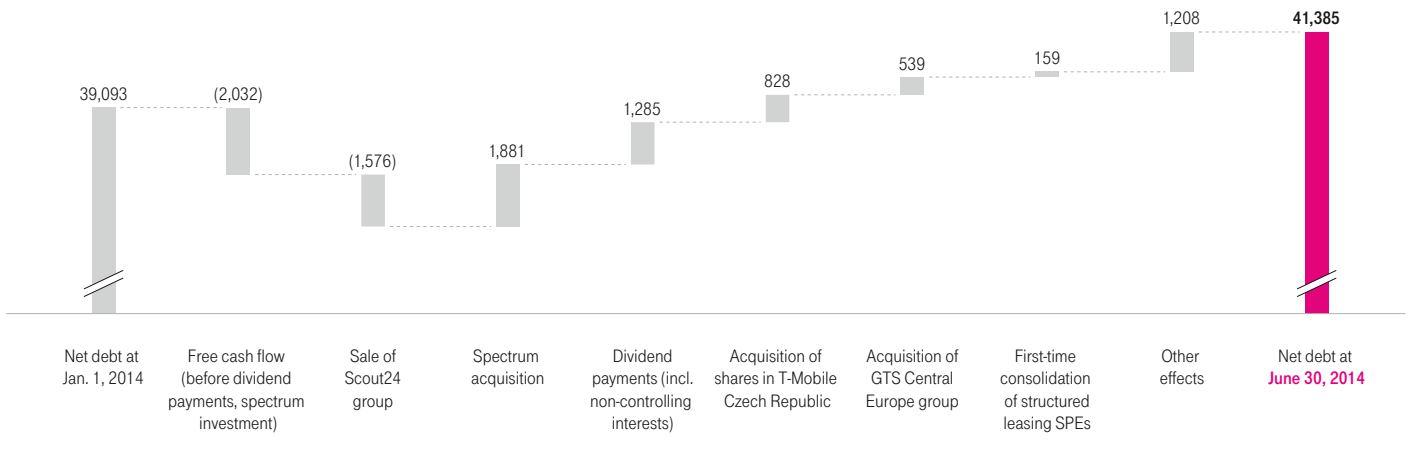
The EUR 0.6 billion increase in **provisions for pensions and other employee benefits** to EUR 7.6 billion was primarily attributable to actuarial losses recognized directly in equity as a result of the sustained decline in interest levels.

Trade and other payables increased by EUR 0.2 billion compared with the end of 2013, due in part to the stockpiling of terminal equipment (in particular smartphones) in the United States operating segment.

Shareholders' equity increased by EUR 0.4 billion compared with December 31, 2013 to EUR 32.5 billion, due to a profit of EUR 2.7 billion and currency translation effects recognized directly in equity of EUR 0.3 billion. In addition, in connection with the option granted to our shareholders to have their dividend entitlements converted into shares, a capital increase of EUR 1.0 billion was carried out involving the contribution of the dividend entitlements. Dividend payments for the 2013 financial year to Deutsche Telekom AG shareholders of EUR 2.2 billion and to non-controlling interests of EUR 0.1 billion had an offsetting effect. Furthermore, shareholders' equity was also reduced by the acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion), the recognition of actuarial losses (after taxes) (EUR 0.4 billion), and the recognition of hedging instruments directly in equity (EUR 0.2 billion).

Changes in net debt.

millions of €



Other effects of EUR 1.2 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. Other effects also include a payment as part of a wholesale transaction and exchange rate effects. 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 54 et seq.

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

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
CASH GENERATED FROM OPERATIONS^a	3,860	3,831	3,664	4.6%	7,691	7,475	2.9%	15,289
Interest received (paid)	(898)	(644)	(540)	(19.3)%	(1,542)	(1,304)	(18.3)%	(2,075)
NET CASH FROM OPERATING ACTIVITIES^a	2,962	3,187	3,124	2.0%	6,149	6,171	(0.4)%	13,214
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(2,065)	(2,197)	(2,068)	(6.2)%	(4,262)	(4,155)	(2.6)%	(8,861)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	86	59	53	11.3%	145	131	10.7%	253
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)^a	983	1,049	1,109	(5.4)%	2,032	2,147	(5.4)%	4,606

^a Before effects in connection with the 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 slightly by EUR 0.1 billion year-on-year. This was due to the increase of EUR 0.1 billion in cash outflows for investments in intangible assets (excluding goodwill and before spectrum investments) and property, plant and equipment. Net cash from operating activities remained at the prior-year level.

Net cash from operating activities included the following effects: a dividend payment received from the EE joint venture that was EUR 0.1 billion higher than in the prior year, and factoring agreements concluded in the reporting

period concerning monthly revolving sales of current trade receivables. This gave rise to a positive effect of EUR 0.4 billion compared with the prior-year period. Net cash from operating activities was reduced by a EUR 0.2 billion increase in net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.1 billion.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements, page 45.

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 2013, as results were negatively impacted by special factors.

millions of €	July 1, 2013 through June 30, 2014	FY 2013
REVENUE AND EARNINGS		
Net revenue	61,198	60,132
Profit from operations (EBIT)	6,631	4,930
Depreciation, amortization and impairment losses	(11,147)	(10,904)
EBITDA	17,778	15,834
EBITDA (adjusted for special factors)	17,269	17,424
Net profit (loss)	2,364	930
Net profit (loss) (adjusted for special factors)	2,401	2,755
Earnings per share basic/diluted €	0.53	0.21
CASH FLOWS		
Net cash from operating activities ^a	13,192	13,214
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (cash capex)	(8,968)	(8,861)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	267	253
Free cash flow (before dividend payments and spectrum investment) ^a	4,491	4,606

^a Before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

Net revenue increased by EUR 1.1 billion. This was in particular attributable to the first-time inclusion of MetroPCS as of May 1, 2013 and the ongoing substantial revenue increase in the United States operating segment due to continued strong customer growth.

The increase of around EUR 1.7 billion in profit from operations (EBIT) mainly resulted from income from divestitures in connection with the disposal of the shares in the Scout24 group in February 2014 totaling EUR 1.7 billion as well as from income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications concerning the acquisition and exchange of A-Block spectrum. These special factors were offset by an increase of around EUR 0.2 billion in depreciation, amortization and impairment losses, attributable to the inclusion of MetroPCS since May of last year as well as the roll-out of the LTE network as part of T-Mobile US' network modernization program.

The aforementioned effects are also decisive for the changes in our other unadjusted financial figures.

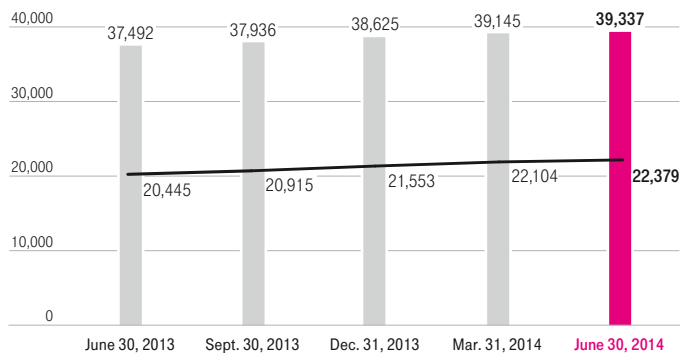
DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS.

GERMANY.

CUSTOMER DEVELOPMENT.

Mobile customers.

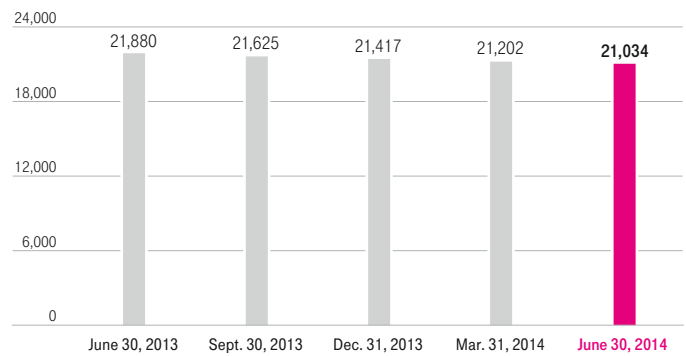
thousands



— Contract customers

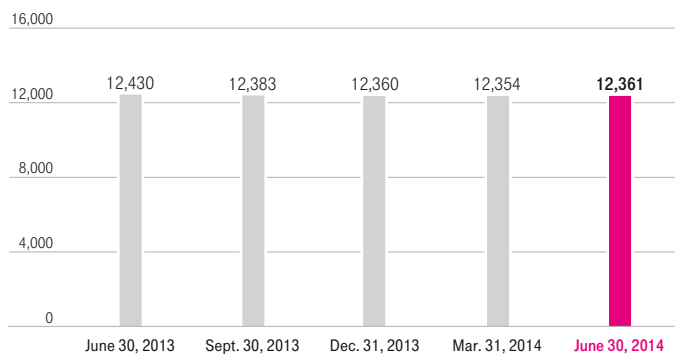
Fixed-network lines.

thousands



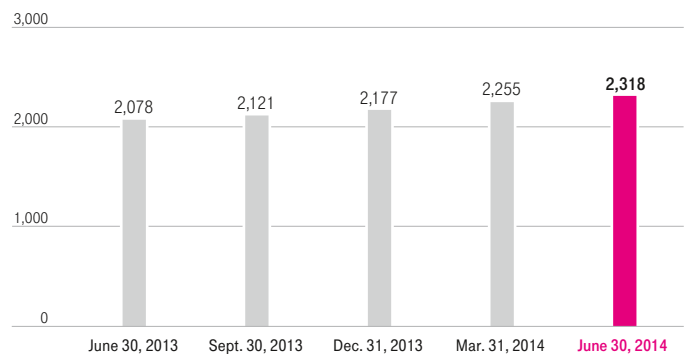
Broadband lines.

thousands



Television (IPTV, satellite).^a

thousands



^a Customers connected.

thousands

	June 30, 2014	Mar. 31, 2014	Change June 30, 2014/ Mar. 31, 2014 %	Dec. 31, 2013	Change June 30, 2014/ Dec. 31, 2013 %	June 30, 2013	Change June 30, 2014/ June 30, 2013 %
TOTAL							
Mobile customers	39,337	39,145	0.5%	38,625	1.8%	37,492	4.9%
Contract customers	22,379	22,104	1.2%	21,553	3.8%	20,445	9.5%
Prepay customers	16,957	17,040	(0.5)%	17,072	(0.7)%	17,047	(0.5)%
Fixed-network lines	21,034	21,202	(0.8)%	21,417	(1.8)%	21,880	(3.9)%
Of which: IP-based	3,167	2,640	20.0%	2,141	47.9%	1,474	n.a.
Broadband lines	12,361	12,354	0.1%	12,360	0.0%	12,430	(0.6)%
Of which: optical fiber	1,494	1,375	8.7%	1,246	19.9%	1,096	36.3%
Television (IPTV, satellite)	2,318	2,255	2.8%	2,177	6.5%	2,078	11.5%
Unbundled local loop lines (ULLs)	9,101	9,207	(1.2)%	9,257	(1.7)%	9,359	(2.8)%
Wholesale bundled lines	341	362	(5.8)%	390	(12.6)%	455	(25.1)%
Wholesale unbundled lines	1,812	1,675	8.2%	1,564	15.9%	1,418	27.8%
Of which: optical fiber	475	367	29.4%	274	73.4%	172	n.a.
OF WHICH: CONSUMERS							
Mobile customers	30,064	30,174	(0.4)%	29,943	0.4%	29,343	2.5%
Contract customers	16,316	16,112	1.3%	15,669	4.1%	14,762	10.5%
Prepay customers	13,748	14,061	(2.2)%	14,275	(3.7)%	14,581	(5.7)%
Fixed-network lines	16,556	16,698	(0.9)%	16,923	(2.2)%	17,331	(4.5)%
Of which: IP-based	2,882	2,407	19.7%	1,960	47.0%	1,355	n.a.
Broadband lines	9,934	9,927	0.1%	9,963	(0.3)%	10,024	(0.9)%
Of which: optical fiber	1,275	1,171	8.9%	1,064	19.8%	935	36.4%
Television (IPTV, satellite)	2,133	2,071	3.0%	2,001	6.6%	1,906	11.9%
OF WHICH: BUSINESS CUSTOMERS							
Mobile customers	9,273	8,971	3.4%	8,682	6.8%	8,149	13.8%
Contract customers	6,064	5,992	1.2%	5,885	3.0%	5,683	6.7%
Prepay customers (M2M)	3,209	2,979	7.7%	2,797	14.7%	2,467	30.1%
Fixed-network lines	3,442	3,460	(0.5)%	3,445	(0.1)%	3,490	(1.4)%
Of which: IP-based	268	216	24.1%	164	63.4%	103	n.a.
Broadband lines	2,102	2,101	0.0%	2,072	1.4%	2,080	1.1%
Of which: optical fiber	215	200	7.5%	180	19.4%	159	35.2%
Television (IPTV, satellite)	184	182	1.1%	174	5.7%	170	8.2%

Total.

We have maintained our lead in the fixed network and aim to be the number one provider in terms of mobile service revenues. Our goal is to be the leading telecommunications provider with integrated IP networks in Germany. The IP transformation has already got off to a successful start. In the first half of 2014 alone, we migrated 1,026 thousand customers to IP-based lines, bringing the total number of retail customers migrated up to 3.2 million.

In the highly competitive mobile market, we won 826 thousand contract customers in the first half of 2014, thus maintaining our lead. 402 thousand of these were attributable to Deutsche Telekom's branded business under the Telekom and "congstar" brands. The prepay customer base decreased by 115 thousand, mainly due to the reseller customer segment (service providers).

We continued to record strong demand for our fiber-optic products VDSL and FTTH. The number of these lines rose by 449 thousand in the first half of the year to a total of 2.0 million. With the progress in fiber-optic roll-out and our innovative vectoring technology, we will drive forward the marketing of substantially higher bandwidths. We are rolling out vectoring-enabled VDSL lines to more and more cities as part of our network upgrade initiative, and, from the second half of 2014, we will double the maximum download speed from 50 Mbit/s to up to 100 Mbit/s. In the vectoring regions, customers can

already reserve vectoring-enabled lines which will then be upgraded to the faster speed in the second half of the year.

With our "contingent model" and its future refinement, we are creating incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines – to higher-quality VDSL wholesale lines.

Our partnerships in the housing sector also proved successful: To date, we have connected 84 thousand apartments to our network.

Mobile communications.

Mobile telephony and data services. Thanks to our outstanding network quality, our attractive rate plans, and our customers' growing satisfaction, we added a total of 712 thousand new mobile customers, 261 thousand of which use a mobile broadband connection. The Business Customers area and our second brand "congstar" developed particularly positive.

The proportion of smartphones, especially Android and iOS handsets (iPhones), totaled 67.9 percent. Accordingly, the trend towards flat rates with data components continued.

Fixed network.

Telephony, Internet, and television. The development of the fixed-network market remains challenging, mainly due to aggressively priced competitor offers. For this reason, our marketing activities are now focused on regional offers, in particular for TV and VDSL lines. The number of broadband lines thus remained stable in the first half of 2014 at 12.4 million. In total, 18.8 percent of our broadband customers are TV customers, up 1.2 percentage points against the end of the prior year. In the traditional fixed network, the number of lines decreased by 383 thousand compared with the end of 2013. In the second quarter of 2014, line losses per quarter fell below the 200 thousand mark for the first time in ten years, to 168 thousand.

Consumers.

Connected life across all screens. The number of mobile customers increased by 0.4 percent in the first half of 2014 compared with the end of 2013. We won another 647 thousand contract customers, mainly from the reseller customer segment and under our second brand "congstar." In particular, rate plans with integrated data flat rates for mobile Internet as well as pure data rate plans developed positively. The number of prepaid customers decreased by 527 thousand in the reporting period, in particular as a result of their switching to our attractive contract rate plans or to competitors. In the fixed network, we migrated 922 thousand customers to IP-based retail lines and won another 132 thousand TV customers in the first half of 2014. Of the 9.9 million broadband lines, around 1.3 million customers use a fiber-optic line – 211 thousand of which were added in the first half of 2014. The line losses in the fixed network totaled 367 thousand, i.e., significantly less than the 458 thousand recorded in the first half of 2013. Customers switched primarily to cable operators and regional providers.

Business Customers.

Connected work with innovative solutions. We were particularly successful in mobile communications in the first half of 2014 – with 179 thousand new contract customers – as well as in the machine-to-machine segment – with an increase of 412 thousand cards. In mobile Internet, customers are increasingly opting for plans with higher bandwidths, in conjunction with high-quality terminal equipment. The number of fixed-network lines remained stable compared with the end of 2013 at 3.4 million. In broadband lines, we recorded slight growth of 1.4 percent in the first half of 2014 compared with the end of 2013.

Products in the area of connected work developed positively. As a consequence, we recorded further growth in our rate plans "DeutschlandLAN – Complete Solution for your Office." 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 accelerated growth in our unbundled wholesale lines of 248 thousand or 15.9 percent in the first half of 2014 was driven mainly by the high demand in connection with the "contingent model." However, the number of bundled wholesale lines declined by 49 thousand. We expect this trend to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth or to their own infrastructure. The number of unbundled local loop lines (ULLs) decreased by 156 thousand or 1.7 percent compared with year-end 2013. This is attributable both to the trend towards higher-quality VDSL wholesale lines and to market influences, since competitors are migrating their customers to mobile lines and customers are switching to cable companies.

DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
TOTAL REVENUE	5,483	5,464	5,565	(1.8)%	10,947	11,131	(1.7)%	22,435
Consumers	2,928	2,918	3,031	(3.7)%	5,846	6,013	(2.8)%	12,122
Business Customers	1,404	1,418	1,414	0.3%	2,822	2,805	0.6%	5,676
Wholesale	952	942	922	2.2%	1,894	1,881	0.7%	3,811
Value-Added Services	63	57	73	(21.9)%	120	153	(21.6)%	288
Other	136	129	125	3.2%	265	279	(5.0)%	538
Profit from operations (EBIT)	1,249	1,239	1,183	4.7%	2,488	2,335	6.6%	4,435
EBIT margin	%	22.8	21.3		22.7	21.0		19.8
Depreciation, amortization and impairment losses	(956)	(978)	(978)	-	(1,934)	(1,944)	0.5%	(3,966)
EBITDA	2,205	2,217	2,161	2.6%	4,422	4,279	3.3%	8,401
Special factors affecting EBITDA	(25)	(39)	(118)	66.9%	(64)	(255)	74.9%	(535)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,230	2,256	2,279	(1.0)%	4,486	4,534	(1.1)%	8,936
EBITDA margin (adjusted for special factors)	%	40.7	40.6		41.0	40.6		39.7
CASH CAPEX	(705)	(1,018)	(644)	(58.1)%	(1,723)	(1,238)	(39.2)%	(3,411)

Total revenue.

Revenue decreased by 1.7 percent year-on-year in the first half of 2014. This was precipitated by the 2.7-percent decline in revenue in the traditional fixed-network business. The marketing of our TV lines and higher revenue from sales of media receivers and routers had a positive effect on fixed-network business, but were unable to compensate for the decline in revenue from broadband business and traditional fixed-network telephony. Despite high competitive pressure, mobile revenue remained stable. The encouraging development in the business customer segment and our second brand “congstar” almost offset the decline in revenue from our first brand and from resellers.

Revenue from **Consumers** decreased by 2.8 percent, mainly due to a volume- and price-related downturn in the fixed network. Mobile revenues declined by 2.1 percent. While mobile service revenues decreased by 1.9 percent owing to a decline in voice telephony and lower revenues from text messages, especially in the prepay segment, we recorded a substantial 33.3-percent increase in data revenues. Revenue from mobile terminal equipment declined by 2.8 percent, mainly due to lower volumes and a shift in the mix of terminal devices.

Revenue from **Business Customers** rose by 0.6 percent. This positive trend primarily resulted from growth in mobile service revenues, especially in data revenue. The decline in revenue from traditional voice telephony had an offsetting effect.

The growth in **Wholesale** revenue of 0.7 percent is attributable to an extraordinary effect in the first half of the prior year, which was due to retroactive price reductions for unbundled local loop lines. Excluding this effect, Wholesale revenue declined slightly by 1.8 percent as a result of volume- and price-related effects, mainly in relation to interconnection calls and lines. This was partly compensated by the positive trend in unbundled lines.

The decrease in revenue from **Value-Added Services** of 21.6 percent mainly resulted from weaker use of premium rate call numbers and the decline in revenue attributable to the exit from the digital out-of-home advertising business in the fourth quarter of 2013.

EBITDA, adjusted EBITDA.

EBITDA adjusted for special factors decreased slightly by 1.1 percent year-on-year to EUR 4.5 billion, primarily as a result of higher costs for staff due to collectively agreed pay increases, for the IP transformation, and for the integrated network build-out. With an adjusted EBITDA margin of 41.0 percent, we are above our target level of 40 percent. EBITDA in the first half of 2014 amounted to EUR 4.4 billion, an increase of 3.3 percent on the prior-year period, due in particular to higher special factors for expenses in connection with our staff restructuring in the previous year.

EBIT.

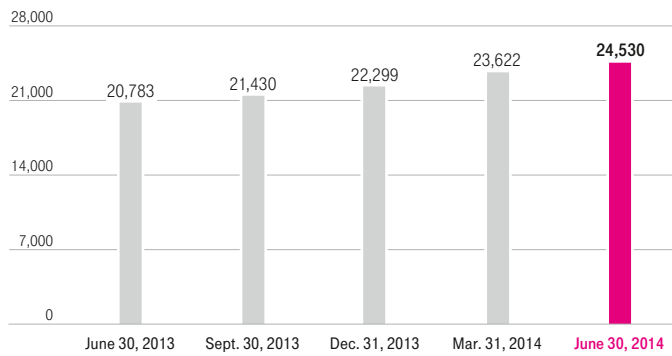
Profit from operations in our Germany operating segment increased by 6.6 percent year-on-year to EUR 2.5 billion. This was primarily attributable to lower special factors in the first half of 2014 compared with the prior-year period.

Cash capex.

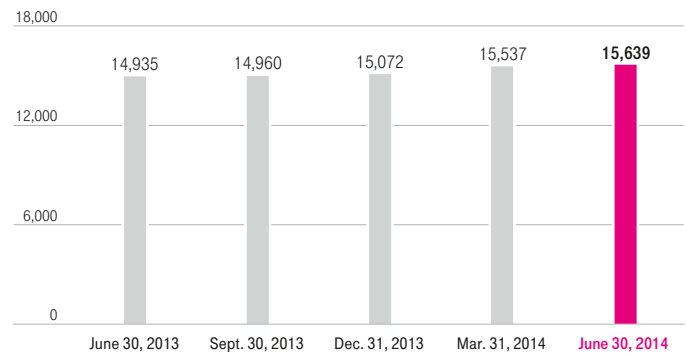
Cash capex increased by EUR 485 million in the first half of 2014 compared with the prior-year period. During the first half of 2014, we increased our investments in the fiber-optic cable roll-out, our IP transformation, and our LTE infrastructure as part of our integrated network strategy.

UNITED STATES.**CUSTOMER DEVELOPMENT.****Branded postpaid customers.**

thousands

**Branded prepay customers.**

thousands



thousands

	June 30, 2014	Mar. 31, 2014	Change June 30, 2014/ Mar. 31, 2014 %	Dec. 31, 2013	Change June 30, 2014/ Dec. 31, 2013 %	June 30, 2013	Change June 30, 2014/ June 30, 2013 %
UNITED STATES							
Mobile customers	50,545	49,075	3.0%	46,684	8.3%	44,016	14.8%
Branded customers	40,169	39,159	2.6%	37,371	7.5%	35,718	12.5%
Branded postpaid	24,530	23,622	3.8%	22,299	10.0%	20,783	18.0%
Branded prepay	15,639	15,537	0.7%	15,072	3.8%	14,935	4.7%
Wholesale customers	10,376	9,916	4.6%	9,313	11.4%	8,298	25.0%
M2M	4,047	3,822	5.9%	3,602	12.4%	3,423	18.2%
MVNOs	6,329	6,094	3.9%	5,711	10.8%	4,875	29.8%

At June 30, 2014, the United States operating segment (T-Mobile US) had 50.5 million customers compared to 46.7 million customers at December 31, 2013. This increase in net customers of 3.9 million in the first half of 2014 was an improvement compared to a net increase of 1.7 million in the first half of 2013. In the first half of 2014, the increase in net customers was the result of growth in all customer categories, as described below.

Branded customers. Branded postpaid net customer additions improved to 2,231 thousand for the six months ended June 30, 2014, compared to 490 thousand for the six months ended June 30, 2013. The significant improvement in customer development was attributable to increased new customer activations and improved branded postpaid churn. Growth in branded postpaid gross customer additions resulted primarily from strong response to the company's Un-carrier value proposition and the sales of popular handsets. Additionally, positive customer response to mobile broadband offers contributed to the increase in branded postpaid net customer additions.

Branded prepay net customer additions were 567 thousand for the six months ended June 30, 2014, compared to 191 thousand for the six months ended June 30, 2013. The improvement was primarily attributable to higher branded prepaid gross customer additions primarily due to the acquisition and subsequent expansion of the MetroPCS brand, including the launch in 30 additional markets during 2013.

Wholesale customers. Wholesale net customer additions were 1,063 thousand for the six months ended June 30, 2014, compared to wholesale net customer additions of 1,028 thousand for the six months ended June 30, 2013. The increase in wholesale net customer additions was primarily the result of MVNO growth in government subsidized Lifeline programs and monthly plans offered by the company's MVNO partners. Both MVNO and M2M customers continued to grow in the six months ended June 30, 2014.

DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
TOTAL REVENUE	5,074	5,270	4,825	9.2 %	10,344	8,366	23.6 %	18,556
Profit from operations (EBIT)	154	707	355	99.2 %	861	813	5.9 %	1,404
EBIT margin %	3.0	13.4	7.4		8.3	9.7		7.6
Depreciation, amortization and impairment losses	(641)	(704)	(529)	(33.1) %	(1,345)	(925)	(45.4) %	(2,238)
EBITDA	795	1,411	884	59.6 %	2,206	1,738	26.9 %	3,642
Special factors affecting EBITDA	(49)	328	(46)	n.a.	279	(80)	n.a.	(232)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	844	1,083	930	16.5 %	1,927	1,818	6.0 %	3,874
EBITDA margin (adjusted for special factors) %	16.6	20.6	19.3		18.6	21.7		20.9
CASH CAPEX	(690)	(2,397)	(804)	n.a.	(3,087)	(1,656)	(86.4) %	(3,279)

Total revenue.

Total revenue for our United States operating segment of EUR 10.3 billion in the first half of 2014 increased by 23.6 percent compared to EUR 8.4 billion in the first half of 2013. T-Mobile US total revenues increased by 29.2 percent year-on-year due primarily to the inclusion of MetroPCS results since May 2013. Excluding MetroPCS operating results, service revenues increased due primarily to an increase in the average number of branded postpaid customers driven by the continued success of the company's Un-carrier value proposition. This was partially offset by decreased average revenue per branded postpaid customer as a result of growth in Simple Choice plans, which have lower priced rate plans than other branded postpaid rate plans. In addition, equipment sales increased, including those sold on installment plans, driven by significant growth in the number of handsets sold due to higher customer additions and higher handset upgrade volumes.

EBITDA, adjusted EBITDA, adjusted EBITDA margin.

Adjusted EBITDA increased in the first half of 2014 by 6.0 percent to EUR 1.9 billion compared to EUR 1.8 billion in the first half of 2013. Adjusted EBITDA in the first half of 2014 excludes EUR 0.3 billion primarily associated with a EUR 0.4 billion in gains on spectrum license transactions with Verizon Communications partially offset by stock-based compensation and integration-related costs associated with the business combination with MetroPCS. In U.S. dollars, adjusted EBITDA increased by 10.6 percent, including the positive

impact from inclusion of MetroPCS activity since May 2013. Adjusted EBITDA was also impacted by increased branded postpaid revenues resulting from growth in the branded postpaid customer base due to the positive response to the company's Un-carrier value proposition. These increases were partially offset by higher promotional costs, increased commission expense on higher gross customer additions, and an increase in loss on equipment sales due to higher volumes of smartphone sales. The adjusted EBITDA margin decreased year-on-year due to the factors described above, as increases in service revenues outpaced adjusted EBITDA growth for the first half of 2014.

EBIT.

EBIT increased by 5.9 percent to EUR 861 million in the first half of 2014 from EUR 813 million in the first half of 2013 driven by higher adjusted EBITDA and the recognition of gains on spectrum license transactions, offset by higher depreciation expense due to the inclusion of MetroPCS operating results since May 2013 and the deployment of LTE network assets related to the network modernization program.

Cash capex.

Cash capex increased by EUR 1.4 billion in the first half of 2014 due to the purchase of 0.7 GHz A-Block spectrum licenses totaling EUR 1.7 billion partially offset by the timing of network spend in connection with the T-Mobile US LTE network modernization program.

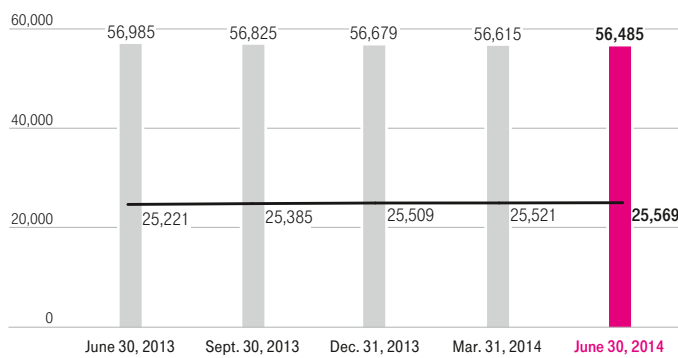
EUROPE.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had

previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

CUSTOMER DEVELOPMENT.**Mobile customers.**

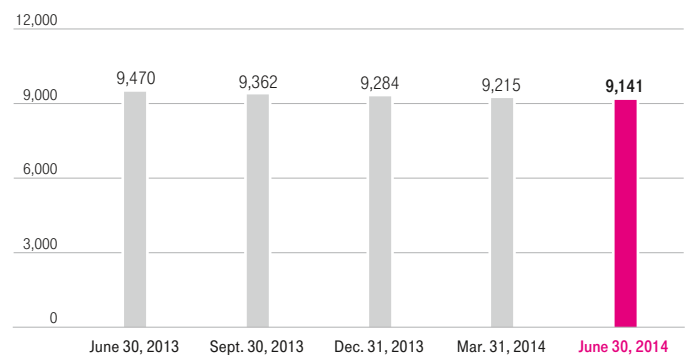
thousands



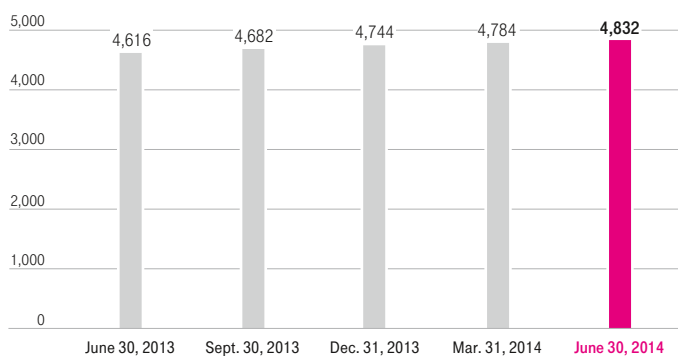
— Contract customers

Fixed-network lines.^a

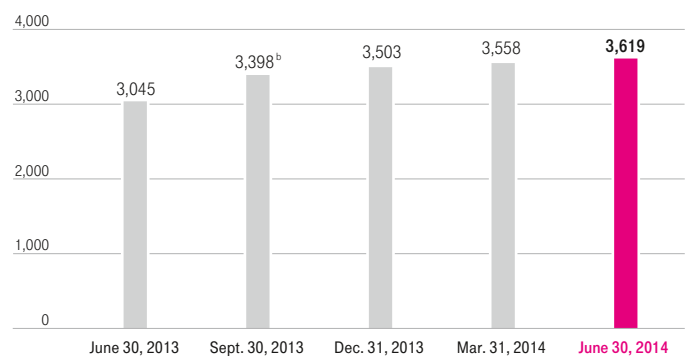
thousands

**Retail broadband lines.^a**

thousands

**Television (IPTV, satellite, cable).^a**

thousands



^a The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. 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.

thousands

	June 30, 2014	Mar. 31, 2014	Change June 30, 2014/ Mar. 31, 2014 %	Dec. 31, 2013	Change June 30, 2014/ Dec. 31, 2013 %	June 30, 2013	Change June 30, 2014/ June 30, 2013 %
EUROPE, TOTAL^a							
Mobile customers	56,485	56,615	(0.2)%	56,679	(0.3)%	56,985	(0.9)%
Fixed-network lines	9,141	9,215	(0.8)%	9,284	(1.5)%	9,470	(3.5)%
Of which: IP-based	2,925	2,680	9.1%	2,472	18.3%	1,968	48.6%
Retail broadband lines	4,832	4,784	1.0%	4,744	1.9%	4,616	4.7%
Television (IPTV, satellite, cable)	3,619	3,558	1.7%	3,503	3.3%	3,045	18.9%
Unbundled local loop lines (ULLs)/wholesale PSTN	2,268	2,261	0.3%	2,230	1.7%	2,210	2.6%
Wholesale bundled lines	156	158	(1.3)%	150	4.0%	153	2.0%
Wholesale unbundled lines	122	113	8.0%	101	20.8%	86	41.9%
GREECE							
Mobile customers	7,398	7,416	(0.2)%	7,477	(1.1)%	7,602	(2.7)%
Fixed-network lines	2,675	2,702	(1.0)%	2,746	(2.6)%	2,849	(6.1)%
Broadband lines	1,333	1,299	2.6%	1,286	3.7%	1,257	6.0%
ROMANIA							
Mobile customers	6,046	6,080	(0.6)%	6,153	(1.7)%	6,106	(1.0)%
Fixed-network lines	2,308	2,341	(1.4)%	2,369	(2.6)%	2,401	(3.9)%
Broadband lines	1,200	1,200	-	1,193	0.6%	1,156	3.8%
HUNGARY							
Mobile customers	4,898	4,878	0.4%	4,887	0.2%	4,838	1.2%
Fixed-network lines	1,611	1,595	1.0%	1,596	0.9%	1,597	0.9%
Broadband lines	944	936	0.9%	922	2.4%	891	5.9%
POLAND							
Mobile customers	15,675	15,748	(0.5)%	15,563	0.7%	15,969	(1.8)%
CZECH REPUBLIC							
Mobile customers	5,946	5,912	0.6%	5,831	2.0%	5,667	4.9%
Fixed-network lines	130	130	-	129	0.8%	126	3.2%
Broadband lines	132	131	0.8%	129	2.3%	126	4.8%
CROATIA							
Mobile customers	2,308	2,272	1.6%	2,303	0.2%	2,350	(1.8)%
Fixed-network lines	1,114	1,138	(2.1)%	1,133	(1.7)%	1,174	(5.1)%
Broadband lines	680	678	0.3%	670	1.5%	665	2.3%
NETHERLANDS							
Mobile customers	4,277	4,343	(1.5)%	4,441	(3.7)%	4,561	(6.2)%
SLOVAKIA							
Mobile customers	2,237	2,257	(0.9)%	2,262	(1.1)%	2,273	(1.6)%
Fixed-network lines	908	914	(0.7)%	922	(1.5)%	932	(2.6)%
Broadband lines	540	532	1.5%	521	3.6%	496	8.9%
AUSTRIA							
Mobile customers	4,118	4,105	0.3%	4,091	0.7%	4,073	1.1%
OTHER^b							
Mobile customers	3,582	3,604	(0.6)%	3,671	(2.4)%	3,548	1.0%
Fixed-network lines	394	396	(0.5)%	390	1.0%	392	0.5%
Broadband lines	281	278	1.1%	274	2.6%	265	6.0%

^a The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. 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. The lines of the GTS Central Europe group will be reported from the third quarter of 2014.

Total.

As of June 30, 2014, there was a varied but overall optimistic picture in development in customer numbers in the markets of our Europe operating segment compared with the end of the prior year. Despite ongoing intense competition, slight improvements in the economic situation in some countries of our operating segment gave rise to initial slightly positive effects on customer numbers. The mobile contract customer base in particular reflected this trend. The number of mobile customers stabilized at almost the same level as at the end of 2013, although there was a slight decline in the number of prepay customers. In broadband business, the positive trends of the previous quarters continued, in particular as a result of our strategy of continuously driving forward the roll-out of broadband technology. The number of broadband lines increased by 1.9 percent compared with the end of 2013. Products based on fiber-optic technology in particular are becoming increasingly popular with our customers. TV business also profited from this trend, growing 3.3 percent compared with December 31, 2013. The number of IP lines grew substantially by 18.3 percent compared with the end of 2013, also due to the successful migration of traditional PSTN lines to IP technology in many countries of our Europe operating segment.

Mobile communications.

Mobile telephony and data services. As of the end of the first half of 2014, we had around 56.5 million mobile customers in total, more or less unchanged against the end of the prior year. Although the number of competitors we face on the European markets is constantly growing, we can set ourselves apart from the competition as a quality provider and, in many countries, also as the provider with the best mobile network. As part of our network strategy, we promise our customers an even faster broadband connection via mobile communications and systematically upgrade our networks with the 4G/LTE technology. And we are succeeding. Our LTE footprint now includes every mobile market in the countries of our operating segment except for Albania. The speed of our networks combined with the innovative bundled product offerings increased sales of mobile terminal equipment, especially smartphones and tablets. In view of the Business Customer area, our mobile networks constitute an identifiable competitive advantage. This is particularly clear in contract customer business: With some 25.6 million customers in total as of June 30, 2014, contract customers as a proportion of the total number of customers remained stable at 31 percent. Compared with the end of the prior year, the number of business customers increased slightly, thereby more than

offsetting the small decline in consumers. Most countries of our operating segment made a positive contribution to this growth, especially the Czech Republic.

As of the end of the first half of 2014, the number of prepaid customers decreased compared with the end of 2013. This was due in part to intense competition, but also to the implementation of our long-term strategy of focusing on high-value contract customers.

Fixed network.

Telephony, Internet, and television. Our TV business has established itself over the last few quarters as a consistent growth driver in our Europe operating segment. As of June 30, 2014, the total TV customer base grew by 3.3 percent to around 3.6 million. The majority of the 116 thousand net additions were satellite TV customers, especially in Greece, and IPTV customers, especially in Hungary.

There was also an encouraging trend in the number of IP-based lines, which grew significantly by 18.3 percent compared with the end of the prior year to around 2.9 million. Compared with the six months of the prior year, the growth

was almost as much as 50 percent. This growth was largely attributable to the successful migration to IP technology in our integrated countries, i.e., those countries where we offer both mobile and fixed-network services. Following the F.Y.R.O. Macedonia, Slovakia will now be the second country in the Group to complete the migration by the end of 2014. But we are also well on course in Croatia and Hungary. As of June 30, 2014, IP-based lines accounted for 32.0 percent of all lines overall. Around 9.1 million customers in our Europe operating segment used a fixed-network line as of June 30, 2014. The slight decline of 1.5 percent against the end of 2013 was primarily attributable to line losses in traditional telephony (PSTN).

The number of retail broadband lines increased by 1.9 percent compared with December 31, 2013 to more than 4.8 million and by as much as 4.7 percent compared with the end of the prior-year period. This growth was primarily driven by innovative rate plans that bundle television with Internet services. The increase compared with the end of the prior-year is mainly attributable to DSL business, in particular in Greece. The forward-looking VDSL technology enjoyed particularly dynamic growth here. Other access technologies, such as broadband cable lines in Hungary or FTTH lines, for example in Romania, also recorded encouraging growth rates.

DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
TOTAL REVENUE	3,125	3,163	3,435	(7.9)%	6,288	6,778	(7.2)%	13,704
Greece	691	697	744	(6.3)%	1,388	1,457	(4.7)%	2,988
Romania	261	242	248	(2.4)%	503	491	2.4%	1,017
Hungary	366	362	386	(6.2)%	728	779	(6.5)%	1,563
Poland	350	365	407	(10.3)%	715	792	(9.7)%	1,584
Czech Republic	214	217	249	(12.9)%	431	487	(11.5)%	973
Croatia	210	221	234	(5.6)%	431	458	(5.9)%	929
Netherlands	393	379	406	(6.7)%	772	799	(3.4)%	1,666
Slovakia	197	192	200	(4.0)%	389	392	(0.8)%	828
Austria	192	201	197	2.0%	393	400	(1.8)%	828
Other ^a	301	336	426	(21.1)%	637	834	(23.6)%	1,548
Profit from operations (EBIT)	401	416	430	(3.3)%	817	868	(5.9)%	972
EBIT margin %	12.8	13.2	12.5		13.0	12.8		7.1
Depreciation, amortization and impairment losses	(611)	(658)	(686)	4.1%	(1,269)	(1,387)	8.5%	(3,399)
EBITDA	1,012	1,074	1,116	(3.8)%	2,086	2,255	(7.5)%	4,371
Special factors affecting EBITDA	(15)	(24)	(1)	n.a.	(39)	41	n.a.	(179)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	1,027	1,098	1,117	(1.7)%	2,125	2,214	(4.0)%	4,550
Greece	260	282	282	-	542	564	(3.9)%	1,165
Romania	66	70	65	7.7%	136	128	6.3%	283
Hungary	94	123	119	3.4%	217	212	2.4%	438
Poland	134	141	147	(4.1)%	275	287	(4.2)%	599
Czech Republic	92	91	111	(18.0)%	183	220	(16.8)%	425
Croatia	82	86	99	(13.1)%	168	187	(10.2)%	404
Netherlands	148	150	108	38.9%	298	222	34.2%	495
Slovakia	78	76	78	(2.6)%	154	162	(4.9)%	337
Austria	44	60	40	50.0%	104	95	9.5%	192
Other ^a	32	16	71	(77.5)%	48	140	(65.7)%	216
EBITDA margin (adjusted for special factors) %	32.9	34.7	32.5		33.8	32.7		33.2
CASH CAPEX	(585)	(422)	(522)	19.2%	(1,007)	(1,906)	47.2%	(3,661)

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), the ICSS/GNF business of the LBUs, GNF (Global Network Factory), GTS Central Europe group (since May 30, 2014), Europe Headquarters, and Group Technology.

Total revenue.

In the first half of 2014, our Europe operating segment generated total revenue of EUR 6.3 billion, down 7.2 percent compared with the prior-year period. At an operational level excluding consolidation and exchange rate effects, segment revenue decreased by 4.0 percent. In addition to disposals in the previous year, for example, of Hellas Sat or our subsidiaries in Bulgaria, and the resulting lost contributions to revenue, we sold our shares in Euronet Communications in the Netherlands on January 2, 2014. Furthermore, revenue was impacted by negative exchange rate effects compared with the euro, especially the Hungarian forint and the Czech koruna. The inclusion of DIGI Slovakia from September 1, 2013 and the GTS Central Europe group from May 30, 2014 had a positive effect on revenue development.

In operational terms, decisions by regulatory authorities had a substantial negative impact on our segment revenue: Reduced mobile termination rates and roaming regulations in almost all countries of our Europe operating segment were responsible for half of the decline in our revenue from operations. In addition, competition-induced price reductions had a negative effect on our mobile and fixed-network revenue.

Considering segment revenue by country, mobile business in Poland was hit hardest by revenue declines in absolute terms in the first half of 2014, on the one hand as a result of the reduction in mobile termination rates in 2013, and on the other due to the development of the market. Other countries of our operating segment, including the Czech Republic and Croatia, also sustained regulation- and market-induced revenue losses. Mobile business in Greece was also strongly affected, mainly due to the declining market. At segment level, revenue from consumer business declined slightly more than that from business customers. Wholesale business overall was likewise on a downturn. Slight offsetting effects at segment level were attributable to the revenue trend in Romania and the Netherlands. In Romania, we generated higher revenues in B2B/ICT and wholesale business, thus more than offsetting declines in voice telephony. In the Netherlands, higher revenues mainly related to the mobile data business and increased sales of terminal equipment.

Due to the consistent focus on the growth areas in the countries of our Europe operating segment, we partially compensated the negative revenue effects from voice telephony at segment level. Revenue from mobile data business grew by around 15 percent overall or EUR 100 million (excluding consolidation and exchange rate effects) compared with the first half of the prior year, increasing in all countries of our operating segment, especially in the Netherlands, the Czech Republic, Austria, and Hungary. The majority of this revenue was attributable to consumer business. Thanks to attractive rate plans combined with our broad portfolio of terminal equipment, such as smartphones and tablets, we gained more contract customers, as is also reflected in the increased use of data services. In TV business, the positive trend of the past few quarters continued: TV revenue increased year-on-year by 32 percent, excluding the acquisition of DIGI Slovakia by 26 percent. As a result of our broadband roll-out in the fixed network and in mobile communications, we won significantly more customers with our TV offering – around 19 percent compared with the same period in the prior year – especially in Slovakia, Greece, Romania, and Hungary. Thanks to the expansion of our product and service portfolio, our revenue from B2B/ICT business customers also increased compared to the prior-year period, with Slovakia, Romania, and Greece making the largest contribution. In addition to the growth areas, there was also a positive trend in revenue from terminal equipment sales

compared with the prior-year period. This revenue increase is due in part to the fact that some countries of our Europe operating segment have introduced an alternative model to the conventional bundled rate plans. In contrast to these bundled rate plans, which include a discounted terminal device but higher service charges, the alternative model is distinctive in that the customer concludes separate contracts for the service and the device. The customer pays a regular monthly service charge and in addition, a monthly charge for the chosen device. This makes the device affordable for the customer even without subsidies.

EBITDA, adjusted EBITDA.

Our Europe operating segment generated adjusted EBITDA of EUR 2.1 billion in the first half of 2014, a year-on-year decrease of 4.0 percent. Excluding consolidation effects and the negative exchange rate effects against the euro, adjusted EBITDA stabilized at the prior-year level. Increased adjusted EBITDA contributions in countries such as the Netherlands and Hungary as well as in the fixed-network business in Greece and Romania had a substantial positive effect on the adjusted EBITDA trend. These positive effects were offset by decreases, primarily in the mobile business in Greece, the Czech Republic, Croatia, Slovakia, and Poland.

The overall decrease in revenue from operations at segment level had a negative impact on the development of adjusted EBITDA compared with the prior-year period. Changes in legislation, taxes and duties, and national austerity programs put additional pressure on the development of earnings. By systematically reducing indirect costs through our efficiency enhancement measures, we offset the negative effect from the decline in revenue. Lower personnel costs in the Greek fixed-network business in particular made a positive contribution. Earnings also benefited from the revenue contribution from the alternative model for terminal equipment. In addition, our direct costs decreased overall thanks to targeted measures for customer retention and acquisition on the one hand, and as a result of a regulation-induced reduction in interconnection costs on the other. In addition to the aforementioned reasons, the decline in EBITDA is mainly attributable to the deconsolidation gain from the sale of Hellas Sat as of March 31, 2013, included as a special factor in the prior year.

Development of operations in selected countries.

The Europe operating segment pursues the vision of developing our entities into integrated, pan-European all-IP players. As part of this strategic focus, our entities have been assigned to four clusters according to their respective market position (for further information, please refer to the 2013 Annual Report, page 102). Below, we present one national company for each of the four clusters by way of example.

Greece (senior leader). Revenue in Greece totaled EUR 1.4 billion in the first half of 2014, a year-on-year decline of 4.7 percent. Adjusted for the revenue lost since April 1, 2013 in connection with the sale of Hellas Sat, revenue decreased by 4.3 percent. The remaining operational decline was largely attributable to the mobile business. Mobile voice revenues came under pressure due in part to the increasing attractiveness of flat rates and the associated lower pricing, despite a slight increase in net customer additions. This effect was partially offset by slightly higher revenues from mobile data services compared with the prior-year period, due in part to higher Internet usage. Slight increases in terminal equipment sales made a positive contribution to revenue development.

The fixed-network area was also affected by revenue reductions, mainly driven by decreases in voice services, which were adversely affected by line losses in traditional telephony of around 6 percent. Broadband business was unable to offset this trend in the year-on-year comparison, since the positive effect from the encouraging growth in DSL lines was nullified by a lower price level. TV business continued its encouraging growth trend in the first half of 2014, even more than doubling its revenue year-on-year. We won many new customers with our expanded TV offering, which now also includes exclusive soccer content, for example.

In Greece, adjusted EBITDA decreased to EUR 542 million in the first half of 2014, a year-on-year decline of 3.9 percent. Excluding the effects from the deconsolidation of Hellas Sat, adjusted EBITDA decreased by 3.0 percent, mainly due to the negative revenue effects, especially in mobile business. We partially compensated these negative effects with our programs to enhance efficiency in fixed-network and mobile business. The success of these programs can be seen in particular in the fixed network with lower personnel costs due to lower staff levels. The development in direct costs also made a slightly positive contribution to EBITDA.

Slovakia (junior leader). Our Slovakian subsidiary generated revenue of EUR 389 million in the first half of 2014, which is almost stable against the prior-year period. Excluding the effects from the inclusion of DIGI Slovakia as of September 1, 2013, revenue decreased by 4.3 percent. This decline relates entirely to mobile business. Regulation-induced reductions in termination rates and the lower price level in mobile voice revenues continued to place significant pressure on our revenues. This was only partially offset by increased use of voice services. Mobile data services remained a constant driver of growth again in the first half of 2014, increasing 13 percent thanks in part to the intensified usage of data services. Fixed-network revenue increased year-on-year in the first half of 2014, despite the losses in voice telephony attributable to line losses in traditional telephony and lower prices. TV business likewise performed well in Slovakia, also as a result of the acquisition of DIGI Slovakia last year. In addition, the B2B/ICT business with business customers increased significantly against the prior-year period. Our Slovakian subsidiary again made substantial progress in the migration of PSTN lines to the forward-looking IP technology: As of June 30, 2014, we recorded a migration rate of around 80 percent.

Adjusted EBITDA amounted to EUR 154 million in the first half of 2014, down 4.9 percent year-on-year. Excluding the effects from the acquisition of DIGI Slovakia, adjusted EBITDA decreased by 7.4 percent, largely due to revenue losses. In addition, direct costs increased slightly, for example in B2B/ICT business. The decline was largely offset by a regulation-induced reduction in interconnection costs and optimized spending for customer retention and acquisition. Savings in indirect costs, including personnel costs, made a positive contribution.

Poland (mobile runner-up). In the first half of 2014, our revenue in Poland totaled EUR 715 million, down 9.7 percent year-on-year. This decline was mainly driven by regulation-induced reductions in termination charges in 2013. The lower price level in the Polish mobile market also had a negative effect on our revenue. Revenue from text messaging also declined compared

with the first half of 2013 as a result of a lower average price, coupled with reduced usage of the text messaging service. The sale of terminal equipment decreased slightly year-on-year in the first half of 2014, due to the fact that terminal equipment sales had been particularly high in the first half of 2013. The decline was only partially offset by higher revenue in mobile data business.

Adjusted EBITDA amounted to EUR 275 million in the first half of 2014, down 4.2 percent year-on-year. The revenue decline was partially offset by the regulation-induced reduction in interconnection costs and a more personalized dialog with customers for the purpose of customer retention and acquisition. Strict cost management in terms of indirect costs also had a positive effect on adjusted EBITDA.

Netherlands (smart attacker). In the first half of 2014, we generated revenue of EUR 772 million in the Netherlands, a decline of 3.4 percent. Excluding the effects arising from the disposal of Euronet Communications as of January 2, 2014, revenue increased by 1.6 percent year-on-year. On the one hand, this operational increase was driven substantially by the development of mobile data business, which grew by 25 percent compared with the first half of 2013. The new rate plans introduced in September last year and the ongoing high demand for smartphones resulted in substantially higher usage of data services. On the other hand, revenue from terminal equipment sales to branded and wholesale customers increased, offsetting the partly regulation-induced and partly price-related decreases in voice revenues.

Adjusted EBITDA rose by 34.2 percent year-on-year in the first half of 2014 to EUR 298 million. This was attributable to expenses no longer incurred as a result of the sale of shares in Euronet Communications, reduced direct costs, primarily due to more targeted measures for customer retention and acquisition as well as regulation-induced lower interconnection costs. In addition, savings in indirect costs, for example, in costs for goods and services purchased, made a positive contribution to EBITDA.

EBIT.

EBIT in our Europe operating segment totaled EUR 817 million in the first half of 2014, down 5.9 percent, mainly as a result of the decline in EBITDA. Lower depreciation and amortization, among other factors, attributable to the sale of our subsidiaries in Bulgaria as well as targeted capital expenditure initiatives in most countries of our operating segment, counteracted the negative effects from the decline in EBITDA. Depreciation was reduced in particular in Poland, Greece, and Hungary.

Cash capex.

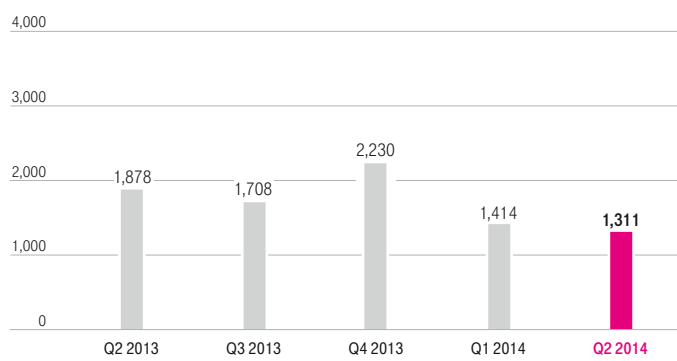
In the first half of 2014, our Europe operating segment reported cash capex of EUR 1.0 billion, i.e., down by 47.2 percent, primarily due to the acquisition of mobile licenses in the Netherlands and Romania in the first half of 2013. Excluding the effects from the acquisition of spectrum and the sale of the national companies in Bulgaria, cash capex at segment level remained stable overall at the prior-year level, since our national companies continued to act very prudently in their capital spending. The reasons for this included the difficult market situation, decisions by regulatory authorities, and additional financial burdens, such as taxes.

SYSTEMS SOLUTIONS.

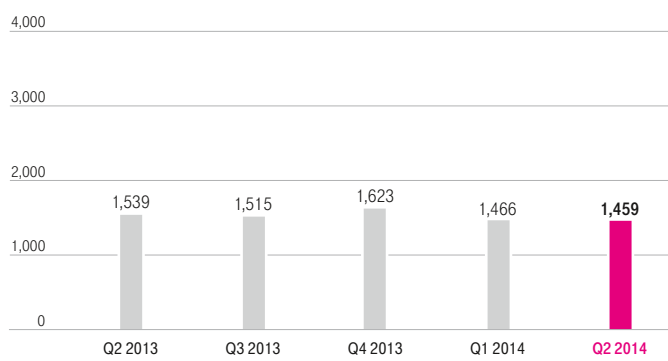
The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

SELECTED KPIs.**Order entry.**

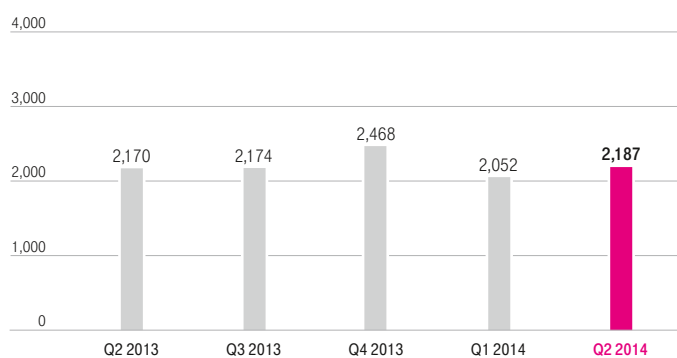
millions of €

**External revenue.**

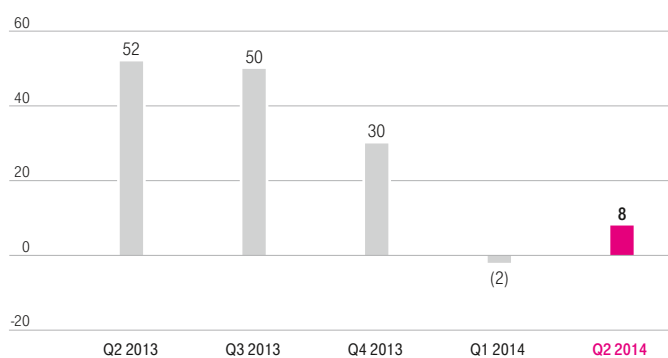
millions of €

**Revenue.**

millions of €

**Adjusted EBIT.**

millions of €



		June 30, 2014	Mar. 31, 2014	Change June 30, 2014/ Mar. 31, 2014 %	Dec. 31, 2013	Change June 30, 2014/ Dec. 31, 2013 %	June 30, 2013	Change June 30, 2014/ June 30, 2013 %
ORDER ENTRY	millions of €	2,725	1,414	n.a.	7,792	n.a.	3,854	(29.3)%
COMPUTING & DESKTOP SERVICES								
Number of servers managed and serviced	units	61,546	61,887	(0.6)%	62,308	(1.2)%	58,520	5.2%
Number of workstations managed and serviced	millions	1.49	1.34	11.2%	1.31	13.7%	1.21	23.1%
SYSTEMS INTEGRATION								
Hours billed	millions	3.2	1.7	n.a.	6.6	n.a.	3.4	(5.9)%
Utilization rate	%	82.3	82.8	(0.5)%p	82.5	(0.2)%p	82.0	0.3%p

Development of business.

In the first six months of 2014, we concluded new contracts in Germany and abroad. In the automotive sector, for example, Daimler AG awarded T-Systems one of the largest systems integration contracts in the history of the company. Nevertheless, order entry in the reporting period was down 29.3 percent year-on-year. This development is attributable to the start of the realignment of the business model, aimed at ensuring sustained profitable growth in the future. In this context, we tightened up the profitability criteria for the acceptance of new orders. The services that continue to yield low profits will in future be offered via specialist partners or even be discontinued completely if demand is not lucrative enough. Strengthened by the realignment, our standard solutions from our growth area of cloud computing in particular won out over strong competition. 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. The roll-out of the new version of the "Dynamic Services for Collaboration" (DSC) product will extend the successful cloud offering, which is now also available for smaller companies with upwards of 1,000 workstations – compared with 5,000 in the past. Several international companies are already using this offering, which means that the DSC platform from our secure private cloud now supplies around 1.5 million workstations.

To meet the requirements from the new deals, we are continuously modernizing and consolidating our ICT resources. The number of servers managed and serviced increased by 5.2 percent compared with the first half of 2013. We partially compensated for the greater demand for resources with higher-performance servers and improved utilization management. A similar trend was seen in data centers, where consolidation, e.g., in Magdeburg, is creating larger, higher-performance units. The number of workstations managed and serviced increased by 23.1 percent to 1.49 million compared with the first half of 2013.

DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
TOTAL REVENUE	2,052	2,187	2,170	0.8%	4,239	4,396	(3.6)%	9,038
Loss from operations (EBIT)	(59)	(131)	(116)	(12.9)%	(190)	(185)	(2.7)%	(294)
Special factors affecting EBIT	(57)	(139)	(168)	17.3%	(196)	(242)	19.0%	(431)
EBIT (adjusted for special factors)	(2)	8	52	(84.6)%	6	57	(89.5)%	137
EBIT margin (adjusted for special factors)	%	(0.1)	0.4		0.1	1.3		1.5
Depreciation, amortization and impairment losses	(140)	(286)	(157)	(82.2)%	(426)	(334)	(27.5)%	(652)
EBITDA	81	155	41	n.a.	236	149	58.4%	358
Special factors affecting EBITDA	(57)	(133)	(169)	21.3%	(190)	(229)	17.0%	(416)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	138	288	210	37.1%	426	378	12.7%	774
EBITDA margin (adjusted for special factors)	%	6.7	13.2		10.0	8.6		8.6
CASH CAPEX	(253)	(254)	(213)	(19.2)%	(507)	(422)	(20.1)%	(1,066)

Total revenue.

Total revenue in our Systems Solutions operating segment in the reporting period amounted to EUR 4.2 billion, a year-on-year decrease of 3.6 percent. This is largely due to the anticipated decline in revenue in connection with the realignment commenced.

At EUR 3.4 billion, revenue generated by the Market Unit, i.e., mainly from the business with external customers, was 6.7 percent below the prior-year level. Both national and international revenue decreased compared with the prior-year period. The sale of T-Systems Italia and 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. The anticipated decline in revenue resulting from the realignment was exacerbated by the general downward trend in prices in the IT and communications business.

In the Telekom IT business unit, which essentially pools the Group's domestic internal IT projects, revenue totaled EUR 0.9 billion, up 8.7 percent compared with the prior-year level. The year-on-year increase in revenue is attributable to a partial settlement of the advanced implementation of the Group-wide ERP system in the second quarter of 2014.

EBITDA, adjusted EBITDA.

Adjusted EBITDA in our Systems Solutions operating segment increased by EUR 48 million or 12.7 percent in the reporting period due to a substantially higher contribution from Telekom IT. Adjusted EBITDA from the Market Unit decreased significantly, due among other factors to necessary expenses for realigning the business model with the goal of ensuring sustained profitable growth in the future. The adjusted EBITDA margin increased from 8.6 percent in the prior-year period to 10.0 percent in the first half of 2014. EBITDA increased by EUR 87 million compared with the prior-year period to EUR 236 million. Special factors were below the prior-year level, largely due to the expense incurred in connection with the sale of T-Systems Italia in the first half of 2013.

EBIT, adjusted EBIT.

Adjusted EBIT for the first half of 2014 was EUR 51 million lower than in the prior-year period. Depreciation, amortization and impairment losses were higher than in the prior year, in particular as result of the advanced implementation of the Group-wide ERP system. The adjusted EBIT margin decreased from 1.3 to 0.1 percent in the reporting period.

Cash capex.

Cash capex was up by EUR 85 million year-on-year to EUR 507 million in the reporting period. This increase is related to the realignment of the business model, which we are developing further in line with the increasing digitization of enterprises. For this reason, we are investing in intelligent network solutions such as the connected car, healthcare or energy, as well as cutting-edge digital innovation areas like cloud computing and cyber security. Enhanced efficiency, for example as a result of the standardization of the ICT platforms, also had an offsetting effect.

GROUP HEADQUARTERS & GROUP SERVICES.

Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments. For more information, please refer to the section "Group structure" in the 2013 Annual Report, page 62 et seq.

Vivento, our personnel service provider, acted once again in the first half of 2014 as the central contact supporting the operating segments in their staff restructuring measures. Vivento secures external employment opportunities for civil servants and employees, predominantly in the public sector. For this, the service provider has additionally taken on a new central role since the beginning of the year with the aim of retaining professional expertise within the Group, so as to reduce the use of external staff.

DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
TOTAL REVENUE	622	610	761	(19.8)%	1,232	1,452	(15.2)%	2,879
Of which: Digital Business Unit	156	137	234	(41.5)%	293	447	(34.5)%	970
Profit (loss) from operations (EBIT)	1,395	(456)	(327)	(39.4)%	939	(611)	n.a.	(1,582)
Depreciation, amortization and impairment losses	(149)	(152)	(166)	8.4%	(301)	(330)	8.8%	(699)
EBITDA	1,544	(304)	(161)	(88.8)%	1,240	(281)	n.a.	(883)
Special factors affecting EBITDA	1,662	(144)	(50)	n.a.	1,518	(71)	n.a.	(228)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(118)	(160)	(111)	(44.1)%	(278)	(210)	(32.4)%	(655)
Of which: Digital Business Unit	1	(12)	25	n.a.	(11)	55	n.a.	121
CASH CAPEX	(65)	(81)	(94)	13.8%	(146)	(171)	14.6%	(411)

Total revenue.

Total revenue in the Group Headquarters & Group Services segment in the first six months of 2014 decreased by 15.2 percent year-on-year, mainly due to the revenue lost in connection with the sale of 70 percent of the shares in the Scout24 group which was consummated in early February 2014. Both the intragroup revenue at Group Services and the external revenue from the vehicle business declined.

EBITDA, adjusted EBITDA.

Adjusted EBITDA at Group Headquarters & Group Services declined by EUR 68 million year-on-year in the first half of 2014, mainly due to the loss of the operating results of the Scout24 group. Since the closing of the transaction, the earnings from the remaining 30 percent stake are reported under profit/loss from financial activities as share of profit/loss of associates and joint ventures accounted for using the equity method. The DBU's intragroup earnings also declined due to efficiency enhancement measures. Lower consulting and IT expenses partially compensated for the decline in revenue at Group Services, the decrease in income from trademark licenses, and the positive one-time effects recorded in the prior year.

Overall, EBITDA was impacted by positive special factors of around EUR 1.5 billion in the reporting period, which mainly resulted from the income generated in connection with the deconsolidation of the Scout24 group. Expenses – primarily for staff-related measures as well as for the recognition of other provisions – had an offsetting effect in the reporting period.

EBIT.

The year-on-year increase in profit from operations by around EUR 1.6 billion is mainly due to the income from the deconsolidation of the Scout24 group.

Cash capex.

Cash capex decreased year-on-year by EUR 25 million, largely due to the purchase of fewer licenses.

EVENTS AFTER THE REPORTING PERIOD (JUNE 30, 2014).

Issue of OTE bonds. In early July 2014, OTE has successfully concluded the bookbuilding process for the issue of a EUR 0.7 billion six-year fixed-rate bond. The coupon was set at a rate of 3.5 percent p.a. Out of the total bond volume of EUR 0.7 billion, an amount of approximately EUR 0.5 billion was raised by bondholders who expressed intention to tender bonds maturing in February 2015 and May 2016 in order to subscribe to the new bond. The issue thus had a net volume of EUR 0.2 billion.

Magyar Telekom reaches agreement with the trade unions. At the end of July 2014, Magyar Telekom reached an agreement with the trade unions on a headcount reduction and wage increase measures for 2015-2016. According to the terms of the agreement, the company plans to make a maximum 1,700 employees redundant. 40 percent are expected to leave the company between October 1, 2014 and March 1, 2015 while the remaining 60 percent are expected to leave as of January 1, 2016. Total severance expenses related to the 2-year headcount reduction program will be approximately EUR 39 million.

T-Systems subsidiary awarded contract to set up toll collection system in Belgium. Satellic N.V., a subsidiary of T-Systems International GmbH established on July 22, 2014, in which STRABAG AG holds a minority stake of 24 percent, has won the contract to set up and operate a satellite-based toll collection system for trucks in Belgium. A contractual agreement between Satellic and Viapass, the relevant authority in Belgium, was signed on July 25, 2014 with a term of at least 12 years, initially envisaging that Satellic will establish the new toll collection system in the next 18 months. Deutsche Telekom AG gave a financing commitment of up to EUR 0.4 billion for the project during the bidding phase.

T-Mobile US network decommissioning. Prior to the closing of the business combination with MetroPCS, T-Mobile US developed integration plans which included the decommissioning of the MetroPCS Code Division Multiple Access (CDMA) network and certain other redundant network cell sites. In July 2014, T-Mobile US began decommissioning the MetroPCS CDMA network and redundant network cell sites.

For information on the Federal Network Agency's draft ruling published on July 11, 2014 on the cut in **fixed-network interconnection charges** in Germany, please refer to the section "The economic environment," page 10.

For information on changes in the claims by partnering publishers of telephone directories, claims for damages concerning the provision of subscriber data, and billing for premium SMS content, all of which occurred in July 2014, please refer to the section "Risk situation," page 32.

FORECAST.

The statements in this section reflect the current views of our management. The following section explains the current main findings on changes to the development of forecasts published in the 2013 combined management report (2013 Annual Report, page 127 et seq.). Accordingly, 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 2013 ANNUAL REPORT.

In the 2013 Annual Report, Deutsche Telekom presented the expectations of the Group and the Europe operating segment for 2014, excluding the GTS Central Europe group. The acquisition was consummated as of May 30, 2014, such that GTS has been fully consolidated in the Europe operating segment since that date. Our previous expectations for 2014 remain unchanged for both the Europe operating segment and the Group – on a like-for-like basis – and we confirm the forecasts made for 2014 in the 2013 Annual Report.

RISK SITUATION.

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2013 financial year (2013 Annual Report, page 137 et seq.). Readers are also referred to the Disclaimer at the end of this report.

LITIGATION.

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings another hearing took place in May 2014. The two parties will submit further written statements on the outcome of the hearing in August and September 2014. Another hearing is scheduled for the end of September/beginning of October 2014. In light of the review of the proceedings performed in this connection and the share of the risk carried by Deutsche Telekom, appropriate provisions for risk were recognized in the statement of financial position.

Claims by partnering publishers of telephone directories. Several publishers that had set up joint ventures with DeTeMedien GmbH, a wholly-owned subsidiary of Deutsche Telekom AG, to edit and publish subscriber directories, filed claims against DeTeMedien GmbH and/or Deutsche Telekom AG at the end of 2013. The complainants are claiming damages or refund from DeTeMedien GmbH and to a certain extent from Deutsche Telekom AG as joint and several debtor next to DeTeMedien GmbH. The complainants base their claims on allegedly excessive charges for the provision of subscriber data in the joint ventures. In 2014, further partnering publishers made claims for compensation or refund against DeTeMedien GmbH, currently totaling around EUR 364 million plus interest. In two proceedings against DeTeMedien GmbH, hearings were held at Frankfurt/Main Regional Court on July 16, 2014. The court has scheduled the publication of its ruling for October 1, 2014.

Claims for damages due to price squeeze. In the proceedings brought by EWE Tel GmbH against Telekom Deutschland GmbH, the Düsseldorf Higher Regional Court, in its ruling dated January 29, 2014, overturned the first-instance ruling of the Cologne Regional Court dated January 17, 2013, particularly with regard to the scale of the claims barred under the statute of limitations, and referred the case back to the Cologne Regional Court without leave to appeal due to the amount of the damages. Both EWE Tel GmbH and Telekom Deutschland GmbH filed complaints against the non-allowance of appeal with the Federal Court of Justice.

Claims relating to charges for shared use of cable ducts. In the appeal proceedings brought by Kabel Deutschland Vertrieb und Service GmbH (KDG) against the first-instance ruling of the Frankfurt/Main Regional Court, KDG quantified its claims also for 2013 and is now demanding a total of approximately EUR 407 million plus interest.

Claims for damages concerning the provision of subscriber data. In its ruling on July 2, 2014, the Düsseldorf Higher Regional Court dismissed the appeal filed by the founder of telegate, Dr. Harisch. Dr. Harisch filed a complaint against the non-allowance of appeal with the Federal Court of Justice on July 8, 2014.

Billing for premium SMS content. In July 2014, a lawsuit was filed by the FTC against T-Mobile US that alleged unauthorized billing for premium SMS content provided by third parties. In addition to this lawsuit, the FCC and other government agencies have begun investigations and inquiries against T-Mobile US regarding billing for premium SMS content.

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 2014.

MetroPCS. The action filed in the U.S. state of Texas against the business combination of MetroPCS and T-Mobile USA was also withdrawn after a settlement was reached with the plaintiffs on April 16, 2014 on the reimbursement of litigation costs. This means that all legal action against the business combination of MetroPCS and T-Mobile USA is concluded.

REGULATION.

The draft regulation by the European Commission on the telecommunications single market (2013 Annual Report, page 74) provides for more extensive regulation of **international roaming**, including the abolition of charges to be paid by end-customers 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 on July 1, 2012. The discussion of the Commission's proposal in the legislative process could furthermore lead to an abolition of roaming premiums compared with national prices from 2016. The EU Parliament adopted a corresponding text in its first reading in April 2014. The proposals are currently being deliberated by the European Council.

The draft regulation also provides for rules to **secure net neutrality**. Depending on what form they take, such regulations could substantially limit our leeway for product design. The rules currently allow special services as well as data traffic management to be offered in certain, defined cases, but prohibit optional rates in mobile communications that restrict access to certain Internet services and applications. In the first reading, the EU Parliament significantly tightened up the proposals of the Commission in this area and also wants to impose extensive restrictions on special services. In mobile communications in particular, there is a risk that, as a result of this, business models that differentiate between services and applications can no longer be legally offered.

ASSESSMENT OF THE AGGREGATE RISK POSITION.

At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

millions of €

	June 30, 2014	Dec. 31, 2013	Change	Change %	June 30, 2013
ASSETS					
CURRENT ASSETS	18,402	21,963	(3,561)	(16.2)%	18,212
Cash and cash equivalents	4,383	7,970	(3,587)	(45.0)%	5,243
Trade and other receivables	8,112	7,712	400	5.2%	6,763
Current recoverable income taxes	113	98	15	15.3%	105
Other financial assets	2,805	2,745	60	2.2%	2,100
Inventories	1,231	1,062	169	15.9%	1,424
Other assets	1,672	1,343	329	24.5%	1,833
Non-current assets and disposal groups held for sale	86	1,033	(947)	(91.7)%	744
NON-CURRENT ASSETS	99,626	96,185	3,441	3.6%	97,992
Intangible assets ^a	48,566	45,967	2,599	5.7%	47,533
Property, plant and equipment ^a	37,705	37,427	278	0.7%	37,739
Investments accounted for using the equity method	6,467	6,167	300	4.9%	6,218
Other financial assets ^b	1,680	1,362	318	23.3%	1,436
Deferred tax assets	4,914	4,960	(46)	(0.9)%	4,742
Other assets	294	302	(8)	(2.6)%	324
TOTAL ASSETS	118,028	118,148	(120)	(0.1)%	116,204
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	25,691	22,496	3,195	14.2%	25,296
Financial liabilities	10,767	7,891	2,876	36.4%	10,874
Trade and other payables	7,441	7,259	182	2.5%	6,831
Income tax liabilities	290	308	(18)	(5.8)%	346
Other provisions	2,976	3,120	(144)	(4.6)%	2,575
Other liabilities	4,179	3,805	374	9.8%	4,435
Liabilities directly associated with non-current assets and disposal groups held for sale	38	113	(75)	(66.4)%	235
NON-CURRENT LIABILITIES	59,836	63,589	(3,753)	(5.9)%	59,658
Financial liabilities ^b	39,104	43,708	(4,604)	(10.5)%	39,563
Provisions for pensions and other employee benefits	7,642	7,006	636	9.1%	7,131
Other provisions	2,035	2,071	(36)	(1.7)%	1,998
Deferred tax liabilities	7,194	6,916	278	4.0%	6,934
Other liabilities	3,861	3,888	(27)	(0.7)%	4,032
LIABILITIES	85,527	86,085	(558)	(0.6)%	84,954
SHAREHOLDERS' EQUITY	32,501	32,063	438	1.4%	31,250
Issued capital	11,611	11,395	216	1.9%	11,395
Treasury shares	(54)	(54)	0	0.0%	(6)
Capital reserves	11,557	11,341	216	1.9%	11,389
Retained earnings including carryforwards	51,746	51,428	318	0.6%	51,297
Retained earnings including carryforwards	(39,117)	(37,437)	(1,680)	(4.5)%	(37,348)
Total other comprehensive income	(2,250)	(2,383)	133	5.6%	(2,215)
Net profit (loss)	2,528	930	1,598	n.a.	1,094
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	24,464	23,879	585	2.4%	24,217
Non-controlling interests	8,037	8,184	(147)	(1.8)%	7,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	118,028	118,148	(120)	(0.1)%	116,204

^a Intangible assets and property, plant and equipment as of June 30, 2013 at T-Mobile US were adjusted retrospectively (2013 Annual Report, page 195).

^b Non-current financial assets and non-current financial liabilities at T-Mobile US were adjusted retrospectively as of June 30, 2013 to account for the adjustment of the purchase price allocation for MetroPCS (Interim Group Report for January 1 to September 31, 2013, page 44).

CONSOLIDATED INCOME STATEMENT.

millions of €

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
NET REVENUE	15,114	15,157	(0.3)%	30,008	28,942	3.7%	60,132
Cost of sales	(9,005)	(8,968)	(0.4)%	(18,139)	(16,922)	(7.2)%	(36,255)
GROSS PROFIT	6,109	6,189	(1.3)%	11,869	12,020	(1.3)%	23,877
Selling expenses	(3,317)	(3,466)	4.3%	(6,618)	(6,611)	(0.1)%	(13,797)
General and administrative expenses	(1,324)	(1,235)	(7.2)%	(2,294)	(2,391)	4.1%	(4,518)
Other operating income	653	263	n.a.	2,610	619	n.a.	1,326
Other operating expenses	(345)	(226)	(52.7)%	(649)	(420)	(54.5)%	(1,958)
PROFIT FROM OPERATIONS	1,776	1,525	16.5%	4,918	3,217	52.9%	4,930
Finance costs	(577)	(521)	(10.7)%	(1,174)	(1,043)	(12.6)%	(2,162)
Interest income	76	74	2.7%	151	139	8.6%	228
Interest expense	(653)	(595)	(9.7)%	(1,325)	(1,182)	(12.1)%	(2,390)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6	6	0.0%	(21)	(74)	71.6%	(71)
Other financial income (expense)	(51)	(146)	65.1%	(168)	(224)	25.0%	(569)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(622)	(661)	5.9%	(1,363)	(1,341)	(1.6)%	(2,802)
PROFIT BEFORE INCOME TAXES	1,154	864	33.6%	3,555	1,876	89.5%	2,128
Income taxes	(261)	(220)	(18.6)%	(811)	(611)	(32.7)%	(924)
PROFIT (LOSS)	893	644	38.7%	2,744	1,265	n.a.	1,204
PROFIT (LOSS) ATTRIBUTABLE TO							
Owners of the parent (net profit (loss))	711	530	34.2%	2,528	1,094	n.a.	930
Non-controlling interests	182	114	59.6%	216	171	26.3%	274
INCLUDED IN CONSOLIDATED INCOME STATEMENT							
Personnel costs	(3,616)	(3,767)	4.0%	(7,243)	(7,419)	2.4%	(15,144)
Depreciation, amortization and impairment losses	(2,641)	(2,507)	(5.3)%	(5,137)	(4,894)	(5.0)%	(10,904)
Of which: amortization and impairment of intangible assets	(950)	(844)	(12.6)%	(1,843)	(1,601)	(15.1)%	(4,176)
Of which: depreciation and impairment of property, plant and equipment	(1,691)	(1,663)	(1.7)%	(3,294)	(3,293)	0.0%	(6,728)

EARNINGS PER SHARE.

	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %	FY 2013
Profit (loss) attributable to the owners of the parent (net profit (loss))	711	530	34.2%	2,528	1,094	n.a.	930
Weighted average number of ordinary shares (basic/diluted)	4,442	4,319	2.8%	4,442	4,319	2.8%	4,370
EARNINGS PER SHARE BASIC/DILUTED	€ 0.16	€ 0.12	33.3%	€ 0.57	€ 0.25	n.a.	€ 0.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

millions of €

	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change	FY 2013
PROFIT (LOSS)	893	644	249	2,744	1,265	1,479	1,204
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	(340)	30	(370)	(614)	177	(791)	48
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	(17)	17	(17)
Income taxes relating to components of other comprehensive income	104	(6)	110	186	(52)	238	(16)
	(236)	24	(260)	(428)	108	(536)	15
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	(3)	0	(3)	0
Change in other comprehensive income (not recognized in income statement)	353	(266)	619	292	(452)	744	(901)
Available-for-sale financial assets							
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)	6	(11)	17	3	(2)	5	(4)
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	(63)	54	(117)	(54)	145	(199)	178
Change in other comprehensive income (not recognized in income statement)	(30)	(65)	35	(119)	(135)	16	(162)
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)	3	5	(2)	4	3	1	(37)
Income taxes relating to components of other comprehensive income	28	5	23	55	(3)	58	(5)
	297	(278)	575	178	(444)	622	(931)
OTHER COMPREHENSIVE INCOME	61	(254)	315	(250)	(336)	86	(916)
TOTAL COMPREHENSIVE INCOME	954	390	564	2,494	929	1,565	288
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent	722	270	452	2,246	764	1,482	197
Non-controlling interests	232	120	112	248	165	83	91

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

millions of €

	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	Net profit (loss)
BALANCE AT JANUARY 1, 2013	11,063	(6)	51,506	(29,106)	(5,353)
Changes in the composition of the Group					
Transactions with owners			(1,032)		
Unappropriated profit (loss) carried forward				(5,353)	5,353
Dividends				(3,010)	
Capital increase	332		811		
Capital increase from share-based payment			12		
Share buy-back				(2)	
Profit (loss)					1,094
Other comprehensive income				122	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				1	
BALANCE AT JUNE 30, 2013	11,395	(6)	51,297	(37,348)	1,094
BALANCE AT JANUARY 1, 2014	11,395	(54)	51,428	(37,437)	930
Changes in the composition of the Group					
Transactions with owners			(525)		
Unappropriated profit (loss) carried forward				930	(930)
Dividends				(2,215)	
Capital increase	216		805		
Capital increase from share-based payment			38		
Share buy-back					
Profit (loss)					2,528
Other comprehensive income				(420)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				25	
BALANCE AT JUNE 30, 2014	11,611	(54)	51,746	(39,117)	2,528

Issued capital and reserves attributable to owners of the parent						Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income								
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments	Investments accounted for using the equity method	Taxes			
(2,448)	(36)	43	327	42	(104)	25,928	4,603	30,531
						0	304	304
414		(1)			1	(618)	2,314	1,696
						0		0
						(3,010)	(358)	(3,368)
						1,143		1,143
						12	5	17
						(2)		(2)
						1,094	171	1,265
(441)		(2)	10	(14)	(5)	(330)	(6)	(336)
						764	165	929
						0		0
(2,475)	(37)	40	337	28	(108)	24,217	7,033	31,250
(2,603)	(39)	38	343	(12)	(110)	23,879	8,184	32,063
						0	1	1
20						(505)	(333)	(838)
						0		0
						(2,215)	(82)	(2,297)
						1,021		1,021
						38	19	57
						0		0
						2,528	216	2,744
248		4	(173)	4	55	(282)	32	(250)
						2,246	248	2,494
						0		0
(2,335)	(64)	42	170	(8)	(55)	24,464	8,037	32,501

CONSOLIDATED STATEMENT OF CASH FLOWS.

millions of €

	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
PROFIT (LOSS)	893	644	2,744	1,265	1,204
Depreciation, amortization and impairment losses	2,641	2,507	5,137	4,894	10,904
Income tax expense (benefit)	261	220	811	611	924
Interest income and interest expense	577	521	1,174	1,043	2,162
Other financial (income) expense	51	146	168	224	569
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(6)	(6)	21	74	71
(Profit) loss on the disposal of fully consolidated subsidiaries	0	47	(1,709)	(8)	(131)
Other non-cash transactions	31	18	84	21	101
(Gain) loss from the disposal of intangible assets and property, plant and equipment	(379)	24	(405)	44	138
Change in assets carried as working capital	(316)	(508)	(812)	(856)	(1,266)
Change in provisions	(476)	(595)	(323)	(703)	(195)
Change in other liabilities carried as working capital	700	657	888	856	696
Income taxes received (paid)	(151)	(173)	(329)	(357)	(648)
Dividends received	5	2	242	112	273
Net payments from entering into or canceling interest rate derivatives	0	67	0	67	290
CASH GENERATED FROM OPERATIONS	3,831	3,571	7,691	7,287	15,092
Interest paid	(884)	(820)	(2,018)	(1,738)	(2,961)
Interest received	240	280	476	434	886
NET CASH FROM OPERATING ACTIVITIES	3,187	3,031	6,149	5,983	13,017
Cash outflows for investments in					
Intangible assets ^a	(2,220)	(641)	(2,954)	(2,081)	(4,498)
Property, plant and equipment ^a	(1,726)	(1,557)	(3,189)	(3,141)	(6,570)
Non-current financial assets	(397)	(32)	(448)	(202)	(667)
Payments to acquire control of subsidiaries and associates	(541)	(1)	(601)	(2)	(48)
Proceeds from disposal of					
Intangible assets	3	0	5	5	8
Property, plant and equipment	56	53	140	126	245
Non-current financial assets	25	25	29	27	54
Proceeds from the loss of control of subsidiaries and associates	(1)	61	1,589	92	650
Net change in cash and cash equivalents due to the first-time full consolidation of MetroPCS	0	1,641	0	1,641	1,641
Net change in short-term investments and marketable securities and receivables	112	(322)	389	(21)	(701)
Other	1	50	4	4	(10)
NET CASH USED IN INVESTING ACTIVITIES	(4,688)	(723)	(5,036)	(3,552)	(9,896)
Proceeds from issue of current financial liabilities	2,752	2,678	4,256	5,905	10,874
Repayment of current financial liabilities	(3,237)	(2,392)	(6,787)	(7,917)	(18,033)
Proceeds from issue of non-current financial liabilities	1	108	59	3,077	9,334
Repayment of non-current financial liabilities	(11)	0	(13)	(127)	(129)
Dividends	(1,285)	(2,015)	(1,285)	(2,032)	(2,243)
Deutsche Telekom AG share buy-back	0	-	-	(2)	(2)
Repayment of lease liabilities	(38)	(39)	(78)	(82)	(172)
Stock options of other T-Mobile US shareholders (previous MetroPCS programs)	5	58	15	58	102
T-Mobile US capital increase	-	-	-	-	1,313
Acquisition of the remaining shares in T-Mobile Czech Republic	-	-	(828)	-	-
OTE share buy-back	-	-	(59)	-	-
Cash inflows from the assignment of OTE stock options	26	-	26	-	-
Other	(57)	1	(56)	0	(22)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,844)	(1,601)	(4,750)	(1,120)	1,022
Effect of exchange rate changes on cash and cash equivalents	22	(16)	18	(9)	(167)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	-	12	32	(85)	(32)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,323)	703	(3,587)	1,217	3,944
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	7,706	4,540	7,970	4,026	4,026
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	4,383	5,243	4,383	5,243	7,970

^a Cash outflows for investments in intangible assets and property, plant and equipment at T-Mobile US as of June 30, 2013 were adjusted retrospectively (2013 Annual Report, page 195).

SIGNIFICANT EVENTS AND TRANSACTIONS.

ACCOUNTING POLICIES.

In accordance with § 37y of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) in conjunction with § 37w (2) WpHG, Deutsche Telekom AG's half-year financial report comprises interim consolidated financial statements and an interim management report for the Group as well as a responsibility statement pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 6 of the German Commercial Code (Handelsgesetzbuch – HGB). 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 June 30, 2014 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, 2013. 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 half-year 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, 2013 for the accounting policies applied for the Group's financial reporting (2013 Annual Report, page 168 et seq.).

INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2014 FINANCIAL YEAR.

In May 2011, the IASB published three new IFRSs (IFRS 10, IFRS 11, IFRS 12) and one revised standard (IAS 28) that govern the accounting for investments in subsidiaries, joint arrangements, and associates. The European Union endorsed the provisions in December 2012. The provisions are effective for the first time within the European Union for financial years beginning on or after January 1, 2014. The IASB issued further amendments to the consolidation standards IFRS 10, IFRS 12, and IAS 27 in November 2012. The amendments relate to the consolidation of investment companies. The provisions were endorsed by the European Union in November 2013 and are effective for the first time for financial years beginning on or after January 1, 2014. The adoption of the new and amended IFRSs does not have a material impact on Deutsche Telekom's results of operations, financial position, cash flows, or the composition of the Group. The introduction of IFRS 12 results in additional disclosures in Deutsche Telekom's financial statements. The revised IAS 27 does not have an impact on Deutsche Telekom, because this standard now exclusively relates to separate financial statements under IFRS, which in application of § 325 (2a) HGB Deutsche Telekom does not prepare.

- The IASB is introducing a harmonized consolidation model by issuing IFRS 10 "Consolidated Financial Statements." This new standard no longer distinguishes between traditional subsidiaries (IAS 27) and special-purpose entities (SIC-12). Control only exists if an investor has the power over the investee, is exposed to variable returns, and is able to use power to affect its amount of variable returns. IFRS 10 replaces SIC-12 "Consolidation – Special Purpose Entities" as well as the requirements relevant to consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements."
- IFRS 11 "Joint Arrangements" replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers." It governs the accounting for joint ventures and joint operations. Proportionate consolidation for joint ventures will no longer be permissible as a result of the discontinuation of IAS 31. The amended IAS 28 "Interests in Associates and Joint Ventures" governs the application of the equity method when accounting for investments in both associates and joint ventures. In case of a joint operation, the share of assets, liabilities, expenses, and income is directly recognized in the consolidated financial statements and annual financial statements of the joint operator.
- IFRS 12 "Disclosure of Interests in Other Entities" combines all disclosures to be made in the consolidated financial statements regarding subsidiaries, joint arrangements, and associates, as well as unconsolidated structured entities.
- The revised IAS 27 "Separate Financial Statements" exclusively governs the accounting for subsidiaries, joint ventures, and associates in the annual financial statements and the corresponding notes (separate financial statements according to § 325 (2a) HGB).
- The revised IAS 28 "Investments in Associates and Joint Ventures" governs the accounting of investments in associates and joint ventures using the equity method.

In December 2011, the IASB published amendments to IAS 32 "Financial Instruments: Presentation" specifying the requirements for offsetting financial instruments. To meet the new offsetting requirements in IAS 32, an entity's right to set off must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default or insolvency of the entity and all counterparties. It is further specified that a gross settlement mechanism also complies with the offsetting requirements according to IAS 32, provided no major credit liquidity risks remain, and receivables and payables are processed in a single settlement step, making it equivalent to a net settlement. The new requirements were endorsed by the European Union in December 2012 and are effective for the first time retrospectively for financial years beginning on or after January 1, 2014. The amendments do not have a material impact on the presentation of Deutsche Telekom's results of operations, financial position, or cash flows.

In June 2013, the IASB published narrow-scope amendments to IAS 39 “Financial Instruments: Recognition and Measurement.” Entitled “Novation of Derivatives and Continuation of Hedge Accounting,” the amendments set out that a derivative continues to be designated as a hedging instrument in an existing hedging relationship even if the derivative is novated. The term “novation” indicates that the parties to a derivative agree that a central counterparty (CCP) replace their original counterparty to become the new counterparty to each of the parties. A fundamental requirement for this is that a central counterparty be engaged as a result of new laws or regulations. The IASB noted that the urgent changes were prompted by the G20 commitment to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives at international level. As a consequence, all standardized OTC derivatives must now be concluded with a central counterparty. The amendments were endorsed by the European Union in December 2013 and are effective for the first time retrospectively for financial years beginning on or after January 1, 2014. The amendments do not have a material impact on Deutsche Telekom’s results of operations, financial position, or cash flows.

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 (2013 Annual Report, page 168 et seq.).

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

ACQUISITION OF THE GTS CENTRAL EUROPE GROUP.

The agreement concluded in early November 2013 with a consortium of international private equity investors for the takeover of 100 percent of the shares in Consortium 1 S.à.r.l (Luxembourg) and, as a result, in the GTS Central Europe group (GTS) was consummated on May 30, 2014. The responsible authorities had already approved the acquisition by April 15, 2014. GTS is a leading infrastructure-based provider of telecommunications services in Central and Eastern Europe and owns an extensive fiber-optic network as well as several data centers. On this basis, GTS’ offering includes voice and data services, virtual private networks, and cloud services. With this acquisition, Deutsche Telekom intends to strengthen and further develop the local and pan-European B2B business, including international wholesale customers, within the Europe operating segment.

As the transaction was concluded so close to June 30, 2014, all information provided here relating to the transaction is provisional. The final purchase price has not yet been determined because the fair values as of the reporting date have not yet been finalized. The purchase price allocation and the measurement of GTS’ assets and liabilities had not yet been concluded as of June 30, 2014. This concerns the valuation of the customer bases and the expected synergies from property, plant and equipment in particular. The net carrying amount of the goodwill may therefore change in future.

The cash consideration for the acquisition of GTS transferred at the acquisition date amounts to EUR 303 million. Payments for the acquisition were made in the amount of EUR 539 million (see the “Net cash used in investing activities” table in the notes to the consolidated statement of cash flows). The difference mainly resulted from the repayment of loans by GTS to third parties that were not to be added to the consideration transferred.

The preliminary fair values of GTS’ acquired assets and liabilities recognized at the acquisition date are presented in the following table.

millions of €	
	Fair value at the acquisition date
ASSETS	
CURRENT ASSETS	138
Cash and cash equivalents	24
Trade and other receivables	41
Other current assets	9
Non-current assets and disposal groups held for sale	64
NON-CURRENT ASSETS	586
Intangible assets	353
Of which: goodwill	153
Of which: customer base	186
Of which: other	14
Property, plant and equipment	213
Other non-current assets	20
ASSETS	724
LIABILITIES AND SHAREHOLDERS’ EQUITY	
CURRENT LIABILITIES	375
Financial liabilities	221
Trade and other payables	27
Other liabilities	54
Other current liabilities	9
Liabilities directly associated with non-current assets and disposal groups held for sale	64
NON-CURRENT LIABILITIES	46
Deferred tax liabilities	42
Other non-current liabilities	4
LIABILITIES	421

The figures included in the two items “non-current assets and disposal groups held for sale” and “liabilities directly associated with non-current assets and disposal groups held for sale” relate to the Slovakian part of the GTS group. The gain from the disposal and income from divestitures were not material. The transaction was completed on June 2, 2014.

The preliminary acquired goodwill of EUR 0.2 billion to be recognized in Deutsche Telekom's consolidated statement of financial position is calculated as follows:

millions of €	Fair value at the acquisition date
Consideration transferred	303
Assets acquired for 100% of the shares	(571)
Liabilities acquired for 100% of the shares	421
GOODWILL	153

Goodwill is influenced by synergy effects in connection with the acquisition arising from future business potential on account of GTS' position as an integrated provider of telecommunications services in Central and Eastern Europe. As of June 30, 2014 there were no fluctuations attributable to exchange rate movements which impacted goodwill because it had not yet been allocated to the cash-generating units.

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

Deutsche Telekom's net revenue in the reporting period increased by EUR 25 million on account of the acquisition of GTS. Had the business combination already occurred on January 1, 2014, revenue of the Group would have been a further EUR 133 million higher. Deutsche Telekom's profit/loss for the current reporting period includes profit from GTS of EUR 0 million. Had the business combination already occurred on January 1, 2014, the profit of the Deutsche Telekom Group would have been a further EUR 31 million lower.

No material transaction-based costs were incurred by June 30, 2014.

SALE OF SCOUT24 HOLDING GMBH AND SCOUT24 INTERNATIONAL MANAGEMENT AG.

On February 12, 2014, Deutsche Telekom consummated the sale of 70 percent of the shares in Scout24 Holding GmbH to Hellman & Friedman LLC (H&F). As a result, the shares in the Scout24 group were deconsolidated and the remaining approximately 30 percent of the shares retained directly and indirectly by Deutsche Telekom were recognized in the consolidated statement of financial position as of the date of first-time inclusion under investments accounted for using the equity method at a fair value of EUR 0.3 billion. In addition, by acquiring 100 percent of the shares in Scout24 International Management AG (now operating under the name Classifieds Business Beteiligungs- und Verwaltungs AG), effective January 24, 2014, Ringier Digital AG took over the 57.6 percent stake in Scout24 Schweiz AG that had been held indirectly by Scout24 Holding GmbH. The two transactions, taking into account the inclusion of the approximately 30 percent of shares in the Scout24 group accounted for using the equity method, gave rise to income from divestitures of EUR 1.7 billion, which was recognized under other operating income. The cash flows from both transactions amounted to EUR 1.6 billion in total. Both entities were part of the Group Headquarters & Group Services segment. The remaining investment in the Scout24 group accounted for using the equity method continues to be part of this segment.

PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP IN THE FIRST HALF OF 2014.

Deutsche Telekom acquired and disposed of entities in the current and prior financial years. This imposes certain limits on the comparability of the interim consolidated financial statements and the disclosures under segment reporting.

In the prior year, this primarily included MetroPCS Communications, Inc., Dallas/United States, acquired as of May 1, 2013 in the United States operating segment. Furthermore, in the Europe operating segment, the entities Cosmo Bulgaria Mobile EAD (Globul) and Germanos Telecom Bulgaria AD (Germanos) were sold in the prior year as of July 31, 2013 and the shares in Hellas Sat S.A. as of March 31, 2013.

Effective January 2, 2014, Deutsche Telekom sold Euronet Communications B.V., The Hague/Netherlands, which up to that date had been part of the Europe operating segment. The gain from the disposal and income from divestitures were not material.

The presented effects in the Group Headquarters & Group Services segment result from the sale of the shares in the Scout24 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 half of 2014.

millions of €

	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconciliation	Total
Net revenue	(8)	1,278	(168)	(38)	(149)	1	916
Cost of sales	5	(809)	77	55	25	(1)	(648)
GROSS PROFIT (LOSS)	(3)	469	(91)	17	(124)	0	268
Selling expenses	0	(265)	70	2	69	0	(124)
General and administrative expenses	1	(27)	4	7	21	0	6
Other operating income	0	2	(60)	0	0	0	(58)
Other operating expenses	5	0	(4)	0	(1)	0	0
PROFIT (LOSS) FROM OPERATIONS	3	179	(81)	26	(35)	0	92
Finance costs	0	(77)	6	0	1	0	(70)
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)	25	(23)	38	(5)	(1)	0	34
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	25	(100)	44	(5)	0	0	(36)
PROFIT (LOSS) BEFORE INCOME TAXES	28	79	(37)	21	(35)	0	56
Income taxes	0	0	6	0	2	0	8
PROFIT (LOSS)	28	79	(31)	21	(33)	0	64

FIRST-TIME CONSOLIDATION OF FOUR STRUCTURED LEASING SPECIAL-PURPOSE ENTITIES (SPEs).

As of March 25, 2014, Deutsche Telekom consolidated for the first time four leasing SPEs for real estate as well as operating and office equipment at two sites for the operation of data centers in Germany. The two data centers were built under the management of an external leasing company and are operated by T-Systems International GmbH. Assets totaling EUR 0.2 billion (real estate of EUR 0.1 billion and other equipment, operating and office equipment of EUR 0.1 billion) and liabilities to banks totaling EUR 0.2 billion were recognized in Deutsche Telekom's consolidated statement of financial position in this context. Apart from the contractual obligations to make lease payments to the leasing SPEs, Deutsche Telekom has no obligation to give them further financial support.

ACQUISITION OF THE REMAINING SHARES IN T-MOBILE CZECH REPUBLIC.

On February 25, 2014, Deutsche Telekom acquired the 39.23-percent stake in T-Mobile Czech Republic that it did not previously hold for a purchase price of EUR 0.8 billion. The acquisition of these remaining shares make it possible to simplify the financial and governance structure at T-Mobile Czech Republic. In addition, the transaction results in reduced dividend payments to non-controlling interests. For the effects on shareholders' equity, please refer to the section "Shareholders' equity," page 43.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE.

The decrease in non-current assets and disposal groups held for sale of EUR 0.9 billion compared with December 31, 2013 is primarily attributable to two effects. Firstly, the exchange of mobile spectrum licenses in the amount of EUR 0.6 billion with Verizon Communications to improve mobile network coverage was completed in the United States in April 2014. Secondly, the sale of the Scout24 group was consummated in February 2014, resulting in a decrease of EUR 0.3 billion.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT.

Intangible assets increased by EUR 2.6 billion, mainly due to capital expenditure in the amount of EUR 4.7 billion. This figure includes EUR 3.3 billion for the acquisition of mobile licenses by T-Mobile US, in particular in connection with the two transactions consummated in April 2014 for the acquisition and the exchange of mobile licenses with Verizon Communications. Effects of changes in the composition of the Group totaling EUR 0.2 billion resulting from the first-time inclusion of the GTS Central Europe group and preliminary goodwill of EUR 0.2 billion recognized in this connection also contributed to this increase. The recognition of amortization of EUR 1.8 billion and disposals of EUR 0.6 billion in connection with the exchange of mobile spectrum with Verizon Communications had an offsetting effect on the carrying amount of intangible assets.

Property, plant and equipment increased by EUR 0.3 billion compared to December 31, 2013 to EUR 37.7 billion. The increase was attributable to capital expenditure of EUR 3.3 billion and effects of changes in the composition of the Group of EUR 0.4 billion, mainly from the first-time inclusion of the GTS Central Europe group (EUR 0.2 billion) and the first-time consolidation of four structured leasing SPEs (EUR 0.2 billion). However, this was reduced by depreciation of EUR 3.3 billion and disposals of EUR 0.2 billion.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD.

The carrying amount of investments accounted for using the equity method increased by EUR 0.3 billion to EUR 6.5 billion in the first half of 2014. On the one hand, the carrying amount for the investments decreased by EUR 0.2 billion as a result of a dividend payment received from the EE joint venture; on the other, the recognition of the remaining stake in the Scout24 group as an investment accounted for using the equity method had an increasing effect of EUR 0.3 billion, as did exchange rate effects – mainly resulting from the translation of pounds sterling into euros – in the amount of EUR 0.2 billion.

FINANCIAL LIABILITIES.

Financial liabilities decreased by EUR 1.7 billion to a total of EUR 49.9 billion compared with the end of 2013.

The following table shows the composition and maturity structure of financial liabilities as of June 30, 2014:

millions of €	June 30, 2014	Due within 1 year	Due > 1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	40,084	6,617	10,473	22,994
Liabilities to banks	3,321	1,429	1,559	333
Finance lease liabilities	1,432	166	559	707
Liabilities to non-banks from promissory notes	1,044	129	645	270
Other interest-bearing liabilities	845	557	187	101
Other non-interest-bearing liabilities	1,843	1,754	87	2
Derivative financial liabilities	1,302	115	472	715
FINANCIAL LIABILITIES	49,871	10,767	13,982	25,122

SHAREHOLDERS' EQUITY.

The resolution on the dividend payout of EUR 0.50 per share for the 2013 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom AG shares. In June 2014, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.0 billion were contributed in the form of shares from authorized capital and thus did not have an impact on cash flows. Deutsche Telekom AG carried out an increase in issued capital of EUR 0.2 billion against contribution of dividend entitlements for this purpose in June 2014. This increased capital reserves by EUR 0.8 billion, the number of shares by 84.4 million.

The amounts shown under transactions with owners primarily result from the acquisition of the remaining shares in T-Mobile Czech Republic.

millions of €	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Transactions with owners	(505)	(333)	(838)
Acquisition of the remaining shares in T-Mobile Czech Republic	(455)	(373)	(828)
Other effects	(50)	40	(10)

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT.**OTHER OPERATING INCOME.**

millions of €	H1 2014	H1 2013
Income from divestitures	1,709	60
Income from the disposal of non-current assets	463	49
Income from reimbursements	195	180
Income from insurance compensation	36	44
Income from the reversal of impairment losses on non-current financial assets in accordance with IFRS 5	13	1
Miscellaneous other operating income	194	285
	2,610	619

Income from divestitures increased year-on-year by EUR 1.6 billion, due to the sale of the Scout24 group totaling EUR 1.7 billion. The portion of income attributable to the recognition of the shares remaining at Deutsche Telekom at their fair value at the date when control is lost, amounts to EUR 0.5 billion. In the prior-year period, other operating income had included gains of EUR 0.1 billion from the sale of Hellas Sat. The EUR 0.4 billion increase in income from the disposal of non-current assets mainly results from a transaction between T-Mobile US and Verizon Communications consummated in April 2014 concerning the acquisition and exchange of A-Block spectrum for around EUR 0.4 billion. Miscellaneous other operating income includes a large number of smaller individual items.

OTHER OPERATING EXPENSES.

millions of €	H1 2014	H1 2013
Losses on the disposal of non-current assets	(59)	(93)
Impairment losses	(17)	(38)
Losses from divestitures	-	(52)
Miscellaneous other operating expenses	(573)	(237)
	(649)	(420)

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.

INCOME TAXES.

A tax expense of EUR 0.8 billion was recorded in the first half of 2014. The comparatively low tax rate is a consequence of the low tax burden with regard to the income from the sale of the shares in the Scout24 group.

OTHER DISCLOSURES.**DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES.**

Depreciation, amortization and impairment losses increased by EUR 0.2 billion to EUR 5.1 billion compared with the prior-year period. This increase was due to depreciation and amortization attributable by the inclusion of MetroPCS since May last year and the roll-out of the LTE network as part of T-Mobile US' network modernization program. The reduction in useful lives with regard to the decommissioning of the CDMA mobile network of MetroPCS (EUR 0.1 billion), which had been taken over in the previous year, also increased depreciation and amortization.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS.**Net cash from operating activities.**

A dividend payment received from the EE joint venture, which was EUR 0.1 billion higher than in the prior year, had a positive effect on net cash from operating activities. During the reporting period, factoring agreements were concluded concerning monthly revolving sales of current trade receivables. This results in a positive effect on net cash from operating activities of EUR 0.4 billion compared with the prior-year period. Net cash from operating activities was reduced by a EUR 0.2 billion increase in net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.1 billion.

Net cash used in investing activities.

millions of €	H1 2014	H1 2013
Cash capex		
Germany operating segment	(1,723)	(1,238)
United States operating segment	(3,087)	(1,656)
Europe operating segment	(1,007)	(1,906)
Systems Solutions operating segment	(507)	(422)
Group Headquarters & Group Services	(146)	(171)
Reconciliation	327	171
Proceeds from the loss of control of subsidiaries and associates ^a	1,589	92
Net cash flows for collateral deposited for hedging transactions	205	(204)
Proceeds from the disposal of property, plant and equipment	140	126
Government bonds (net)	18	(127)
Net change in cash and cash equivalents due to the first-time inclusion of MetroPCS	-	1,641
Acquisition of the GTS Central Europe group	(539)	-
Other	(306)	142
	(5,036)	(3,552)

^a Includes cash inflows of EUR 1.6 billion from the sale of 70 percent of the shares in the Scout24 group in the 2014 financial year.

Cash capex increased by EUR 0.9 billion to EUR 6.1 billion. In the Germany operating segment, the increase was mainly attributable to the investments as part of the integrated network strategy in the fiber-optic cable roll-out as well as in the IP transformation and the LTE infrastructure. In the first half of 2014, mobile licenses were acquired for a total of EUR 1.9 billion, primarily in the United States operating segment, the Czech Republic, and Slovakia. In the previous year, cash capex in the Europe operating segment had included EUR 1.0 billion for mobile licenses acquired, in particular in the Netherlands.

Net cash used in financing activities.

millions of €	H1 2014	H1 2013
Commercial paper (net)	822	604
Net cash flows for collateral deposited for hedging transactions	125	(430)
Cash inflows from the assignment of OTE stock options	26	-
T-Mobile US stock options	15	58
Issuance of bonds	-	2,998
Repayment of bonds	(1,684)	(842)
Dividends (including to non-controlling interests)	(1,285)	(2,032)
Promissory notes (net)	(1,093)	(99)
Acquisition of the remaining shares in T-Mobile Czech Republic	(828)	-
Repayment of financial liabilities from financed capex and opex	(239)	-
Net repayment of cash deposits from the EE joint venture	(173)	(271)
Repayment of lease liabilities	(78)	(82)
OTE share buy-back	(59)	-
OTE loans (net)	(34)	(600)
Repayment of financial liabilities to Sireo	-	(534)
Repayment of EIB loans	-	(32)
Other	(265)	142
	(4,750)	(1,120)

Non-cash transactions in the consolidated statement of cash flows.

In June 2014, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.0 billion did not have an effect on net cash used in financing activities when fulfilled; rather, they were substituted by shares from authorized capital (please refer to the disclosures on "Shareholders' equity," page 43). The dividend entitlements of Deutsche Telekom AG shareholders having an effect on cash flows totaled EUR 1.2 billion.

In the first half of 2014, Deutsche Telekom chose financing options totaling EUR 0.3 billion under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash used in financing activities.

SEGMENT REPORTING.

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first six months of 2014 and as of December 31, 2013.

The segments structure was changed as follows in the current financial year:

The ICSS/GNF business of the local business units (LBUs), which had been organizationally assigned to the Systems Solutions operating segment until December 31, 2013, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. These are units in and outside of Europe (excluding Germany) that predominantly perform wholesale telecommunications services for ICSS (International Carrier Sales & Solutions) as part of the Europe operating segment and for third parties. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic. In addition to mobile and fixed-network business activities, the company will now also offer ICT solutions for business customers and public administrations. The activities will be disclosed under the Europe operating segment. Reporting was changed to improve the way in which these units can be managed.

The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of January 1, 2014. Since then, it has been reported under the Finance board department due to the new definition of the management model of our EE joint venture.

Comparative figures have been adjusted retrospectively.

A reconciliation for the changes in the disclosure of key figures can be found in the section "Additional information," page 54 et seq., of this Interim Group Report.

For details on the development of operations in the operating segments and the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" in the interim Group management report, page 17 et seq.

Half-year segment information.

millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a	Investments accounted for using the equity method ^a
Germany	H1 2014	10,284	663	10,947	2,488	(1,931)	(3)	29,436	22,074	17
	H1 2013	10,443	688	11,131	2,335	(1,944)	0	30,738	23,200	17
United States	H1 2014	10,342	2	10,344	861	(1,345)	0	40,879	28,461	200
	H1 2013	8,364	2	8,366	813	(926)	1	38,830	26,888	198
Europe	H1 2014	6,092	196	6,288	817	(1,268)	(1)	29,525	11,777	53
	H1 2013	6,507	271	6,778	868	(1,385)	(2)	29,976	12,695	59
Systems Solutions	H1 2014	2,925	1,314	4,239	(190)	(423)	(3)	8,397	5,477	10
	H1 2013	3,106	1,290	4,396	(185)	(321)	(13)	8,428	5,279	24
Group Headquarters & Group Services	H1 2014	365	867	1,232	939	(291)	(10)	79,480	46,002	6,192
	H1 2013	522	930	1,452	(611)	(308)	(22)	83,596	51,219	5,869
TOTAL	H1 2014	30,008	3,042	33,050	4,915	(5,258)	(17)	187,717	113,791	6,472
	H1 2013	28,942	3,181	32,123	3,220	(4,884)	(36)	191,568	119,281	6,167
Reconciliation	H1 2014	-	(3,042)	(3,042)	3	138	0	(69,689)	(28,264)	(5)
	H1 2013	-	(3,181)	(3,181)	(3)	27	(1)	(73,420)	(33,196)	-
GROUP	H1 2014	30,008	-	30,008	4,918	(5,120)	(17)	118,028	85,527	6,467
	H1 2013	28,942	-	28,942	3,217	(4,857)	(37)	118,148	86,085	6,167

^a Figures relate to the reporting dates of June 30, 2014 and December 31, 2013, respectively.

CONTINGENT LIABILITIES.

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2013 financial year.

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings another hearing took place in May 2014. The two parties will submit further written statements on the outcome of the hearing in August and September 2014. Another hearing is scheduled for the end of September/beginning of October 2014. In light of the review of the proceedings performed in this connection and the share of the risk carried by Deutsche Telekom, appropriate provisions for risk were recognized in the statement of financial position. We believe that a claim arising from the joint and several liability is unlikely to be made in excess of Deutsche Telekom's share of the risk.

Claims by partnering publishers of telephone directories. Several publishers that had set up joint ventures with DeTeMedien GmbH, a wholly-owned subsidiary of Deutsche Telekom AG, to edit and publish subscriber directories, filed claims against DeTeMedien GmbH and/or Deutsche Telekom AG at the end of 2013. The complainants are claiming damages or refund from DeTeMedien GmbH and to a certain extent from Deutsche Telekom AG as joint and several debtor next to DeTeMedien GmbH. The complainants base their claims on allegedly excessive charges for the provision of subscriber data in the joint ventures. In 2014, further partnering publishers made claims for compensation or refund against DeTeMedien GmbH, currently totaling around EUR 364 million plus interest. Hearings on two of the claims against DeTeMedien GmbH were held at Frankfurt/Main Regional Court on July 16, 2014. The court has scheduled the publication of its ruling for October 1, 2014. As a result of a reexamination of the case, Deutsche Telekom no longer discloses the contingent liabilities reported in the 2013 Annual Report.

Claims relating to charges for shared use of cable ducts. In the appeal proceedings brought by Kabel Deutschland Vertrieb und Service GmbH (KDG) against the first-instance ruling of the Frankfurt/Main Regional Court, KDG quantified its claims also for 2013 and is now demanding a total of approximately EUR 407 million plus interest. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

Billing for premium SMS content. In July 2014, a lawsuit was filed by the FTC against T-Mobile US that alleged unauthorized billing for premium SMS content provided by third parties. In addition to this lawsuit, the FCC and other government agencies have begun investigations and inquiries against T-Mobile US regarding billing for premium SMS content. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

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 June 30, 2014:

millions of €	
	June 30, 2014
Future obligations from operating leases	16,814
Purchase commitments regarding property, plant and equipment	2,027
Purchase commitments regarding intangible assets	647
Firm purchase commitments for inventories	5,298
Other purchase commitments and similar obligations	7,930
Payment obligations to the civil service pension fund	4,618
Purchase commitments for interests in other companies	37
Miscellaneous other obligations	1,300
	38,671

DISCLOSURES ON FINANCIAL INSTRUMENTS.

Carrying amounts, amounts recognized, and fair values by class and measurement category.

millions of €

	Category in accordance with IAS 39	Carrying amounts June 30, 2014	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
ASSETS						
Cash and cash equivalents	LaR	4,383	4,383			
Trade receivables	LaR	7,921	7,921			
Originated loans and receivables	LaR/n.a.	3,011	2,774			
Of which: collateral paid	LaR	800	800			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	11	11			
Financial assets available for sale	AFS	716		361	355	
Derivative financial assets						
Derivatives without a hedging relationship	FAHFT	515				515
Of which: termination rights embedded in bonds issued	FAHFT	198				198
Derivatives with a hedging relationship	n.a.	232			129	103
LIABILITIES AND SHAREHOLDERS' EQUITY						
Trade payables	FLAC	7,416	7,416			
Bonds and other securitized liabilities	FLAC	40,084	40,084			
Liabilities to banks	FLAC	3,321	3,321			
Liabilities to non-banks from promissory notes	FLAC	1,044	1,044			
Other interest-bearing liabilities	FLAC	845	845			
Of which: collateral received	FLAC	77	77			
Other non-interest-bearing liabilities	FLAC	1,843	1,843			
Finance lease liabilities	n.a.	1,432				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHFT	511				511
Derivatives with a hedging relationship	n.a.	791			673	118
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	15,078	15,078			
Held-to-maturity investments	HtM	11	11			
Available-for-sale financial assets	AFS	716		361	355	
Financial assets held for trading	FAHFT	515				515
Financial liabilities measured at amortized cost	FLAC	54,553	54,553			
Financial liabilities held for trading	FLHFT	511				511

^a The exemption provisions under IFRS 7.29a were applied for information on specific fair values.

Trade receivables include non-current receivables amounting to EUR 1.2 billion (December 31, 2013: EUR 1.0 billion) due in more than one year. The fair value generally equates to the carrying amount.

The available-for-sale financial assets include, among other assets, unquoted equity instruments whose fair values could not be reliably measured, and which were therefore recognized at cost in the amount of EUR 361 million as of June 30, 2014 (December 31, 2013: EUR 280 million). No plans existed as of the reporting date to sell these instruments.

Amounts recognized in the statement of financial position according to IAS 17	Fair value June 30, 2014 ^a	Amounts recognized in the statement of financial position according to IAS 39						Amounts recognized in the statement of financial position according to IAS 17	Fair value Dec. 31, 2013 ^a
		Category in accordance with IAS 39	Carrying amounts Dec. 31, 2013	Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss		
	-	LaR	7,970	7,970				-	
	-	LaR	7,580	7,580				-	
237	-	LaR/n.a.	2,672	2,469			203	-	
	-	LaR	941	941				-	
	-	HIM	12	12				-	
	355	AfS	652		280	372		372	
	515	FAHfT	596				596	596	
	198	FAHfT	158				158	158	
	232	n.a.	175			113	62	175	
	-	FLAC	7,231	7,231				-	
	45,196	FLAC	40,535	40,535				44,631	
	3,431	FLAC	4,105	4,105				4,219	
	1,210	FLAC	1,072	1,072				1,230	
	881	FLAC	891	891				881	
	-	FLAC	40	40				-	
	-	FLAC	1,967	1,967				-	
1,432	1,787	n.a.	1,446				1,446	1,768	
	511	FLHfT	581				581	581	
	791	n.a.	1,002			726	276	1,002	
	-	LaR	18,019	18,019				-	
	-	HIM	12	12				-	
	355	AfS	652		280	372		372	
	515	FAHfT	596				596	596	
	50,718	FLAC	55,801	55,801				50,961	
	511	FLHfT	581				581	581	

Financial instruments measured at fair value.

millions of €

	June 30, 2014				Dec. 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Available-for-sale financial assets (AFS)	349	6		355	365	7		372
Financial assets held for trading (FAHFT)		515		515		596		596
Derivative financial assets with a hedging relationship		232		232		175		175
LIABILITIES AND SHAREHOLDERS' EQUITY								
Financial liabilities held for trading (FLHFT)		511		511		581		581
Derivative financial liabilities with a hedging relationship		791		791		1,002		1,002

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. In Level 1, EUR 349 million (December 31, 2013: EUR 365 million) is recognized, the majority of which relates to listed government bonds, the fair values of which are the price quotations at the reporting date.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 on the basis of the amount of the trading volume for the relevant instrument. Issues denominated in EUR or USD with relatively large nominal amounts are routinely to be classified as Level 1, the rest routinely as Level 2. The fair values of the instruments assigned to Level 1 equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of the instruments assigned to Level 2 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 values of liabilities to banks, liabilities to non-banks from promissory notes, other interest-bearing liabilities, and finance lease 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.

Since there are no market prices available for the derivative financial instruments held in the portfolio due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Deutsche Telekom would receive or have to pay if the financial instrument were transferred at the reporting date. Interest rates of contractual partners relevant as of the reporting date are used in this respect. The middle rates applicable as of the reporting date are used as exchange rates. Current market volatilities are used in option pricing models. 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 77 million (December 31, 2013: EUR 40 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 747 million as of the reporting date (December 31, 2013: EUR 771 million) had a maximum credit risk of EUR 1 million (December 31, 2013: EUR 3 million) as of June 30, 2014. 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 800 million (December 31, 2013: EUR 941 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 June 30, 2014 to the related party disclosures reported in the consolidated financial statements as of December 31, 2013, with the exception of the matters described in the following.

Net funds of EUR 0.2 billion that had been invested by the EE joint venture were repaid to the company by Deutsche Telekom by June 30, 2014.

KfW Bankengruppe requested its dividend entitlement for the 2013 financial year relating to shares held in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. As a result, it received 32,559 thousand shares in June 2014. The stake of KfW Bankengruppe in Deutsche Telekom AG as of June 30, 2014 totaled 17.4 percent.

EXECUTIVE BODIES.

Changes in the composition of the Board of Management.

On May 15, 2013, the Supervisory Board appointed Timotheus Höttges as René Obermann's successor as Chairman of Board of Management effective January 1, 2014. In addition, Thomas Dannenfeldt was appointed as successor to Timotheus Höttges in the role of Chief Financial Officer effective January 1, 2014.

Prof. Marion Schick, Chief Human Resources Officer and Labor Director of Deutsche Telekom AG, left the Company effective midnight April 30, 2014 for health reasons. In addition to his own duties, Dr. Thomas Kremer covered Prof. Marion Schick's portfolio on an interim basis from January 2014, and has been officially responsible for the Human Resources board department on an acting basis since her departure.

Changes in the composition of the Supervisory Board.

Dr. Hans Bernhard Beus, State Secretary in the Federal Ministry of Finance (retired), resigned his position as member of the Deutsche Telekom AG Supervisory Board effective midnight February 5, 2014. At the shareholders' meeting on May 15, 2014, Johannes Geismann, State Secretary in the Federal Ministry of Finance, who had previously been court-appointed as a member of the Supervisory Board, was elected to the Supervisory Board.

EVENTS AFTER THE REPORTING PERIOD (JUNE 30, 2014).

Issue of OTE bonds. In early July 2014, OTE has successfully concluded the bookbuilding process for the issue of a EUR 0.7 billion six-year fixed-rate bond. The coupon was set at a rate of 3.5 percent p.a. Out of the total bond volume of EUR 0.7 billion, an amount of approximately EUR 0.5 billion was raised by bondholders who expressed intention to tender bonds maturing in February 2015 and May 2016 in order to subscribe to the new bond. The issue thus had a net volume of EUR 0.2 billion.

Magyar Telekom reaches agreement with the trade unions. At the end of July 2014, Magyar Telekom reached an agreement with the trade unions on a headcount reduction and wage increase measures for 2015-2016. According to the terms of the agreement, the company plans to make a maximum 1,700 employees redundant. 40 percent are expected to leave the company between October 1, 2014 and March 1, 2015 while the remaining 60 percent are expected to leave as of January 1, 2016. Total severance expenses related to the 2-year headcount reduction program will be approximately EUR 39 million.

T-Systems subsidiary awarded contract to set up toll collection system in Belgium. Satellic N.V., a subsidiary of T-Systems International GmbH established on July 22, 2014, in which STRABAG AG holds a minority stake of 24 percent, has won the contract to set up and operate a satellite-based toll collection system for trucks in Belgium. A contractual agreement between Satellic and Viapass, the relevant authority in Belgium, was signed on July 25, 2014 with a term of at least 12 years, initially envisaging that Satellic will establish the new toll collection system in the next 18 months. Deutsche Telekom AG gave a financing commitment of up to EUR 0.4 billion for the project during the bidding phase.

T-Mobile US network decommissioning. Prior to the closing of the business combination with MetroPCS, T-Mobile US developed integration plans which included the decommissioning of the MetroPCS Code Division Multiple Access (CDMA) network and certain other redundant network cell sites. In July 2014, T-Mobile US began decommissioning the MetroPCS CDMA network and redundant network cell site.

For information on changes in the claims by partnering publishers of telephone directories, and billing for premium SMS content, all of which occurred in July 2014, please refer to the section "Contingent liabilities," page 47.

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 assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim management report of the Group includes a fair

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

Bonn, August 7, 2014

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Dr. Thomas Kremer

Claudia Nemat

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 June 30, 2014, which are part of the half-year financial report pursuant to § 37w 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, August 7, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

Verena Heineke
Wirtschaftsprüferin

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 2013 financial year:

	EBITDA H1 2014	EBIT H1 2014	EBITDA H1 2013	EBIT H1 2013	EBITDA FY 2013	EBIT FY 2013
millions of €						
EBITDA/EBIT	10,055	4,918	8,111	3,217	15,834	4,930
GERMANY	(64)	(64)	(255)	(255)	(535)	(540)
Staff-related measures	(59)	(59)	(273)	(273)	(506)	(506)
Non-staff-related restructuring	(2)	(2)	(10)	(10)	(16)	(16)
Effects of deconsolidations, disposals and acquisitions	0	0	(10)	(10)	(23)	(23)
Other	(3)	(3)	38	38	10	5
UNITED STATES	279	279	(80)	(80)	(232)	(329)
Staff-related measures	(91)	(91)	(62)	(62)	(179)	(179)
Non-staff-related restructuring	0	0	(1)	(1)	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	358	358	(17)	(17)	(52)	(52)
Impairment losses	-	0	-	0	-	(97)
Other	12	12	0	0	0	0
EUROPE	(39)	(39)	41	41	(179)	(793)
Staff-related measures	(29)	(29)	(28)	(28)	(327)	(327)
Non-staff-related restructuring	2	2	6	6	3	3
Effects of deconsolidations, disposals and acquisitions	0	0	59	59	183	183
Impairment losses	-	0	-	0	-	(614)
Other	(12)	(12)	4	4	(38)	(38)
SYSTEMS SOLUTIONS	(190)	(196)	(229)	(242)	(416)	(431)
Staff-related measures	(72)	(72)	(87)	(87)	(212)	(212)
Non-staff-related restructuring	(78)	(84)	(85)	(98)	(128)	(130)
Effects of deconsolidations, disposals and acquisitions	(23)	(23)	0	0	(71)	(84)
Other	(17)	(17)	(57)	(57)	(5)	(5)
GROUP HEADQUARTERS & GROUP SERVICES	1,518	1,518	(71)	(71)	(228)	(228)
Staff-related measures	(47)	(47)	(75)	(75)	(226)	(226)
Non-staff-related restructuring	(5)	(5)	(3)	(3)	(34)	(34)
Effects of deconsolidations, disposals and acquisitions	1,698	1,698	9	9	40	40
Other	(128)	(128)	(2)	(2)	(8)	(8)
GROUP RECONCILIATION	1	1	0	0	0	0
Staff-related measures	0	0	0	0	(1)	(1)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	0	0	1	1	1	1
Other	1	1	(1)	(1)	0	0
TOTAL SPECIAL FACTORS	1,505	1,499	(594)	(607)	(1,590)	(2,321)
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	8,550	3,419	8,705	3,824	17,424	7,251
Profit (loss) from financial activities (adjusted for special factors)		(1,301)		(1,331)		(2,772)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		2,118		2,493		4,479
Income taxes (adjusted for special factors)		(726)		(771)		(1,364)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		1,392		1,722		3,115
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		1,223		1,577		2,755
Non-controlling interests (adjusted for special factors)		169		145		360

GROSS AND NET DEBT.

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

millions of €

	June 30, 2014	Dec. 31, 2013	Change	Change %	June 30, 2013
Financial liabilities (current)	10,767	7,891	2,876	36.4%	10,874
Financial liabilities (non-current)	39,104	43,708	(4,604)	(10.5)%	39,563
FINANCIAL LIABILITIES	49,871	51,599	(1,728)	(3.3)%	50,437
Accrued interest	(853)	(1,091)	238	21.8%	(814)
Other	(1,052)	(881)	(171)	(19.4)%	(980)
GROSS DEBT	47,966	49,627	(1,661)	(3.3)%	48,643
Cash and cash equivalents	4,383	7,970	(3,587)	(45.0)%	5,243
Available-for-sale/held-for-trading financial assets	287	310	(23)	(7.4)%	269
Derivative financial assets	747	771	(24)	(3.1)%	972
Other financial assets	1,164	1,483	(319)	(21.5)%	785
NET DEBT	41,385	39,093	2,292	5.9%	41,374

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST HALF OF 2014.

millions of €

	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a
H1 2013/JUNE 30, 2013								
PRESENTATION AS OF JUNE 30, 2013 - AS REPORTED								
Germany	11,131	2,335	4,279	4,534	(1,944)	-	30,738	23,200
United States	8,366	813	1,738	1,818	(926)	1	38,830	26,888
Europe	6,747	859	2,237	2,196	(1,376)	(2)	35,552	12,601
Systems Solutions	4,592	(176)	167	396	(329)	(14)	8,705	5,381
Group Headquarters & Group Services	1,452	(611)	(281)	(210)	(308)	(22)	91,594	51,218
TOTAL	32,288	3,220	8,140	8,734	(4,883)	(37)	205,419	119,288
Reconciliation	(3,346)	(3)	(29)	(29)	26	-	(87,271)	(33,203)
GROUP	28,942	3,217	8,111	8,705	(4,857)	(37)	118,148	86,085
H1 2013/JUNE 30, 2013								
+/- CHANGE IN DISCLOSURE OF LOCAL BUSINESS UNITS								
AS OF JANUARY 1, 2014								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	31	9	18	18	(9)	-	268	94
Systems Solutions	(196)	(9)	(18)	(18)	8	1	(277)	(102)
Group Headquarters & Group Services	-	-	-	-	-	-	-	-
TOTAL	(165)	-	-	-	(1)	1	(9)	(8)
Reconciliation	165	-	-	-	1	(1)	9	8
GROUP	-	-	-	-	-	-	-	-
H1 2013/JUNE 30, 2013								
+/- CHANGE IN DISCLOSURE OF EE JOINT VENTURE								
AS OF JANUARY 1, 2014								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	(5,844)	-
Systems Solutions	-	-	-	-	-	-	-	-
Group Headquarters & Group Services	-	-	-	-	-	-	(7,998)	1
TOTAL	-	-	-	-	-	-	(13,842)	1
Reconciliation	-	-	-	-	-	-	13,842	(1)
GROUP	-	-	-	-	-	-	-	-
H1 2013/JUNE 30, 2013								
= PRESENTATION AS OF JUNE 30, 2014								
Germany	11,131	2,335	4,279	4,534	(1,944)	-	30,738	23,200
United States	8,366	813	1,738	1,818	(926)	1	38,830	26,888
Europe	6,778	868	2,255	2,214	(1,385)	(2)	29,976	12,695
Systems Solutions	4,396	(185)	149	378	(321)	(13)	8,428	5,279
Group Headquarters & Group Services	1,452	(611)	(281)	(210)	(308)	(22)	83,596	51,219
TOTAL	32,123	3,220	8,140	8,734	(4,884)	(36)	191,568	119,281
Reconciliation	(3,181)	(3)	(29)	(29)	27	(1)	(73,420)	(33,196)
GROUP	28,942	3,217	8,111	8,705	(4,857)	(37)	118,148	86,085

^a Figures relate to the reporting date December 31, 2013.

GLOSSARY.

For further definitions, please refer to the 2013 Annual Report and the glossary therein (page 257 et seq.).

Fiber-optic lines. Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).

FTTx. This includes the three options for fiber-optic roll-out: FTTB – fiber to the building, FTTC – fiber to the curb, and FTTH – fiber to the home.

DISCLAIMER.

This Report (particularly the section "Forecast") 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 costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom's actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom 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

August 7, 2014	November 6, 2014	December 9–10, 2014	February 26, 2015
Publication of the Interim Group Report as of June 30, 2014	Publication of the Interim Group Report as of September 30, 2014	2014 Capital Markets Day	Publication of the 2014 Annual Report
May 13, 2015	May 21, 2015	August 6, 2015	
Publication of the Interim Group Report as of March 31, 2015	2015 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2015	

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

CONTACTS.

Deutsche Telekom AG
Corporate Communications
53262 Bonn, Germany

Phone +49 (0) 228 181 4949
Fax +49 (0) 228 181 94004
E-mail media@telekom.de
www.telekom.com

Please refer all questions relating to the T-Share to:

Phone +49 (0) 228 181 88880
Fax +49 (0) 228 181 88899
E-mail investor.relations@telekom.de

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 June 30, 2014 is a translation of the German version of the Interim Group Report. The German version is legally binding.

This Interim Group Report is a publication of Deutsche Telekom AG.

KNr. 642 100 156 (German)
KNr. 642 100 157 (English)

Printed on chlorine-free bleached paper using mineral oil-free inks.

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