INTERIM GROUP REPORT

JANUARY 1 TO MARCH 31, 2013

Q1 2013

LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP.

		Q1 2013 millions of €	Q1 2012[a] millions of €	Change %	FY 2012[a] millions of €
REVENUE AND EARNINGS					
Net revenue		13,785	14,432	(4.5)	58,169
Of which: domestic	%	45.7	44.4		44.3
Of which: international	%	54.3	55.6		55.7
Profit (loss) from operations (EBIT)		1,692	1,663	1.7	(3,962)
Net profit (loss)		564	545	3.5	(5,353)
Net profit (loss) (adjusted for special factors)		767	586	30.9	2,537
EBITDA		4,079	4,397	(7.2)	17,995
EBITDA (adjusted for special factors)		4,288	4,482	(4.3)	17,973
EBITDA margin (adjusted for special factors)	%	31.1	31.1		30.9
Earnings per share basic/diluted	€	0.13	0.13	0.0	(1.24)
STATEMENT OF FINANCIAL POSITION					
Total assets		108,837	120,302	(9.5)	107,942
Shareholders' equity		31,013	40,218	(22.9)	30,531
Equity ratio	%	28.5	33.4		28.3
Net debt		37,119	38,627	(3.9)	36,860
Cash capex		(3,024)	(2,169)	(39.4)	(8,432)
CASH FLOWS					
Net cash from operating activities		2,952	2,973	(0.7)	13,577
Free cash flow (before dividend payments, spectrum investment)[b]		1,038	1,122	(7.5)	6,239
Net cash used in investing activities		(2,829)	(2,101)	(34.7)	(6,671)
Net cash from (used in) financing activities		481	(1,342)	n.a.	(6,601)

[a] The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.
[b] And before AT&T transaction.

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS.

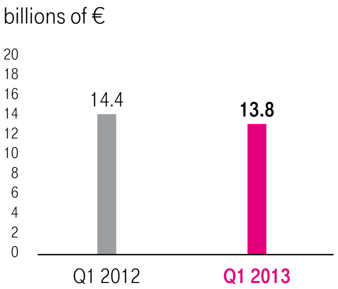
	Mar. 31, 2013 millions	Dec. 31, 2012 millions	Change Mar. 31, 2013/ Dec. 31, 2012 %	Mar. 31, 2012 millions	Change Mar. 31, 2013/ Mar. 31, 2012 %
Fixed-network lines	32.0	32.4	(1.2)	33.6	(4.8)
Broadband lines[a]	17.3	17.2	0.6	17.0	1.8
Mobile customers	133.0	132.3	0.5	129.1	3.0

[a] Excluding wholesale.

CONTENTS.

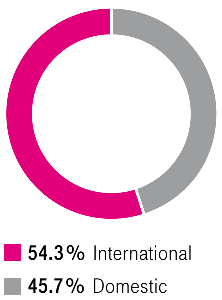
TO OUR SHAREHOLDERS.

DEVELOPMENTS IN THE GROUP.



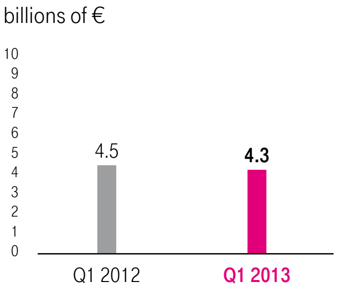
Net revenue.

- Net revenue decreased by 4.5 percent. Exchange rate effects only had a minor impact.
- Operations were positively impacted by growing demand for complete packages with mobile data and/or TV rate plans and attractive handsets, in particular smartphones.
- Negative impacts on operations included declining revenues from voice telephony, in some cases substantial price changes imposed by regulatory authorities, and intense competitive pressure.



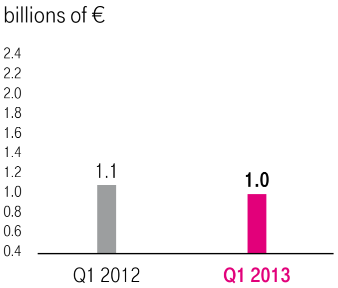
Proportion of net revenue generated internationally.

- The proportion of net revenue generated internationally decreased to 54.3 percent, compared with 55.6 percent in the first quarter of 2012.
- Domestic net revenue amounted to EUR 6.3 billion, slightly lower than in the prior-year period. International revenue decreased by EUR 0.5 billion to EUR 7.5 billion.



Adjusted EBITDA.

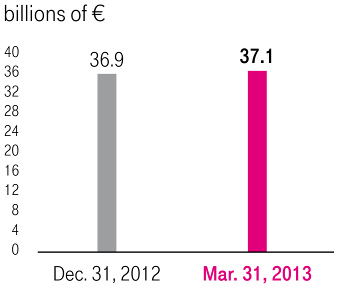
- Adjusted EBITDA decreased by 4.3 percent. As with revenue, exchange rate effects only had a minor impact.
- Positive impact: the focus on high-value revenue in connection with TV services and mobile data revenues (see Net revenue).
- Negative effects included fixed-network lines lost to competitors, price changes imposed by regulatory authorities, special levies, and national austerity programs. The negative effects were partially offset by our comprehensive cost management.



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

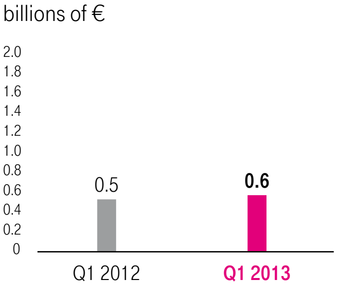
- Free cash flow decreased by 7.5 percent to EUR 1.0 billion.
- Whereas net cash from operating activities decreased by EUR 0.2 billion, cash capex remained stable at EUR 2.1 billion.

[a] And before AT&T transaction.



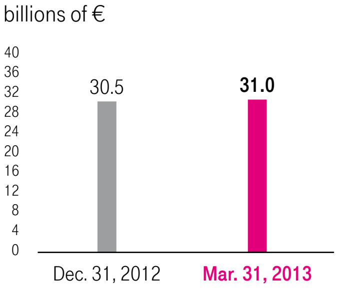
Net debt.

- Net debt increased by 0.7 percent compared with the end of 2012 to EUR 37.1 billion.
- This increase is primarily attributable to the acquisition of spectrum in the Netherlands (EUR 0.9 billion) and effects in connection with the AT&T transaction (EUR 0.1 billion).
- Free cash flow (EUR 1.0 billion) in particular had an offsetting effect.



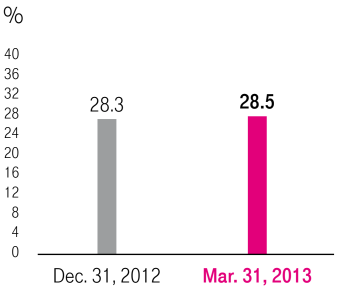
Net profit.

- Net profit increased by 3.5 percent to EUR 0.6 billion.
- EUR 0.3 billion lower depreciation, amortization and impairment losses had a positive impact. The carrying amounts of property, plant and equipment, and intangible assets in the United States operating segment were reduced as a result of an impairment loss recognized in the prior year.



Shareholders' equity.

- Shareholders' equity increased by EUR 0.5 billion compared with the end of 2012.
- Positive effects were attributable to net profit (EUR 0.6 billion) and actuarial gains recognized in equity (EUR 0.1 billion after taxes).
- Currency translations (EUR 0.2 billion) and dividend payments to non-controlling interests (EUR 0.1 billion) had a negative effect.



Equity ratio.

- The equity ratio increased to 28.5 percent, thus remaining within our target range of 25 to 35 percent.

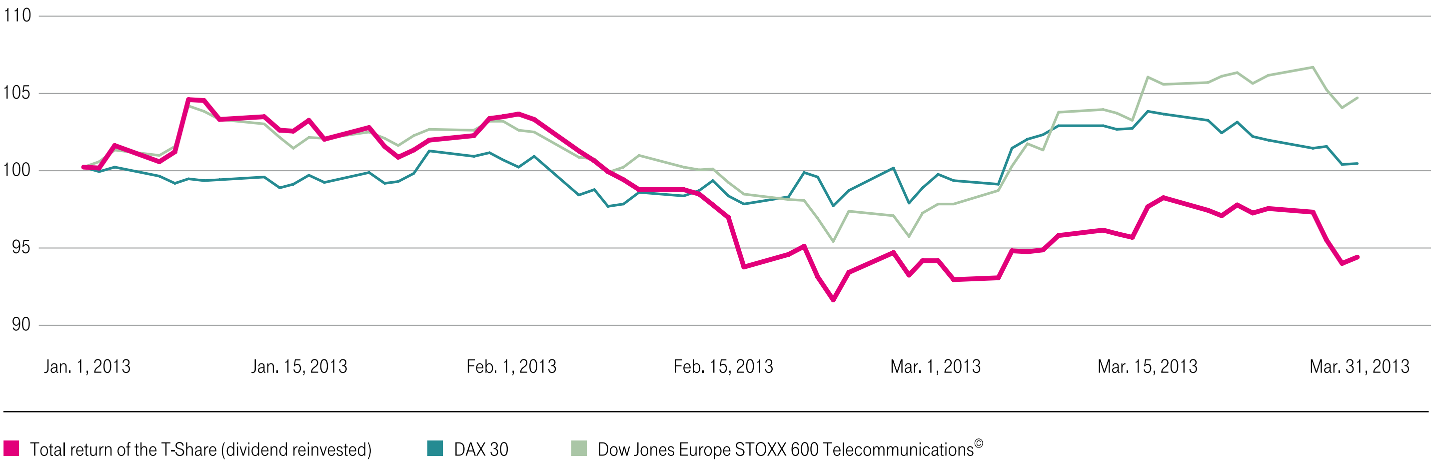
For a more detailed explanation, please refer to the section "Development of business in the Group" on page 9 et seq.

DEUTSCHE TELEKOM AT A GLANCE.

Revenue trends showed a mixed picture in the first quarter of 2013. In Germany, revenue remained almost stable, whereas in the United States and Europe, it was weaker than in the prior-year quarter. In Europe in particular, business was afflicted by regulatory measures, ongoing tough competition, and the economic crisis. As expected, adjusted EBITDA decreased year-on-year, as more funds were spent on attracting customers in both Germany and the United States. Based on the development of profits in the first quarter, we confirm our forecast for the 2013 full year.

THE T-SHARE.

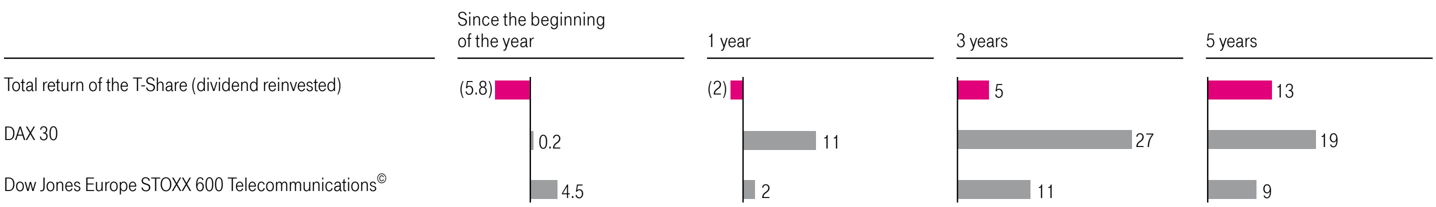
Total return of the T-Share in the first quarter of 2013. (%)



T-Share performance.

		Q1 2013	Q1 2012	FY 2012
XETRA CLOSING PRICES				
Share price on the last trading day	€	8.25	9.02	8.60
Year high	€	9.14	9.24	10.04
Year low	€	8.01	8.48	7.71
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	3.6	4.4	3.8
Dow Jones Euro STOXX 50©	%	1.6	1.9	1.6
Dow Jones Europe STOXX 600 Telecommunications©	%	9.7	10.5	10.5
Market capitalization	billions of €	35.6	39.0	37.2
Number of shares issued	millions	4,321	4,321	4,321

Historical performance of the T-Share as of March 31, 2013. (%)



The international stock markets in most cases recorded an upward trend in the first quarter of 2013. In Europe, by contrast, the sovereign debt crisis and macroeconomic development continued to impact the performance of share prices. Positive and negative signs for the development of the economy more or less balanced out without a clear trend emerging. The elections in Italy and the banking crisis in Cyprus in particular dominated the headlines.

While the economic indicators for Germany showed a slightly positive trend, the signs for other countries in the eurozone pointed more towards recession. Against this background, the DAX 30 moved sideways, increasing by 0.2 percent. The Dow Jones Euro STOXX 50© which covers leading European companies decreased slightly by 2.9 percent.

By contrast, the European telecommunications sector recorded growth. After a good start to 2013 driven by speculation about further consolidation in the industry and a rather weak reporting season in February 2013, the sector grew again in March 2013. Overall, the Dow Jones Europe STOXX 600 Telecommunications© Index advanced by 4.5 percent.

Deutsche Telekom was not able to match the positive sector trend. In particular opposition to the merger with MetroPCS and calls for an improved offer by several MetroPCS shareholders, as well as fears of capital market participants about the growing intensity of competition within the German market put pressure on the share price. On a total return basis (share price performance plus reinvested dividend), the T-Share lost 5.8 percent in value in the first quarter.

HIGHLIGHTS IN THE FIRST QUARTER OF 2013.

U.S. authorities give green light to merger of T-Mobile USA and MetroPCS. On March 21, 2013, we received the final approval required from the U.S. authorities for the planned merger of our subsidiary T-Mobile USA with the U.S. mobile provider MetroPCS Communications, Inc., Dallas/United States (MetroPCS). Following approval by the U.S. Federal Communications Commission (FCC) and the U.S. Department of Justice (DOJ), the Committee on Foreign Investment in the United States (CFIUS) as the responsible security authority also gave the green light for the merger of the two companies on March 21, 2013. For further explanations of the merger between T-Mobile USA and MetroPCS, please refer to the section "Events after the reporting period," page 28 in this Interim Group Report.

Employees. The Board of Management of Deutsche Telekom resolved in January 2013 to extend the **early retirement scheme for civil servants** to 2013. This will incur expenses of EUR 0.6 billion in 2013. The management of Telekom Deutschland GmbH decided in January 2013 to introduce a special severance program for staff working in steering and centralized functions in the Germany operating segment that will run through June 30, 2013. This gradual workforce reduction will enable Telekom Deutschland to manage the **staff restructuring process** in a responsible, socially conscious manner. We expect this to make a significant contribution to lowering our personnel costs in the future.

Corporate transactions. In the first quarter of 2013, OTE, which is part of the Europe operating segment, completed the sale of the shares in Hellas Sat. The sale price of EUR 0.2 billion will be paid to OTE in the second quarter of 2013. The sale resulted in a deconsolidation gain of EUR 0.1 billion.

Partnerships. In early January 2013, we signed an agreement with **Sky Deutschland** concerning an extensive partnership. Just in time for the 2013/2014 Bundesliga season, we plan to be able to offer our Entertain IPTV customers the program packages from Sky Deutschland for the first time. Entertain customers will thus be able to choose from the full range of Sky packages: Sky Welt, Sky Fussball Bundesliga, Sky Sport, and Sky Film, as well as the wide-ranging Sky HD offering. The leading German booksellers Thalia, Weltbild, Hugendubel and Club Bertelsmann are pooling their strengths with Deutsche Telekom in the fields of technology and retail to promote digital reading. The partners are relying on the new **tolino** brand for their eBook offerings. We have entered into a strategic partnership with **Evernote**. The Evernote premium app allows our customers to record notes on their cell phones, save websites and articles or to-do lists as well as record voice memos and thus better organize their personal ideas and notes. **PAYBACK** – the largest German customer loyalty program – made us their exclusive partner for the entire telecommunications segment in January 2013. More than 20 million PAYBACK customers will gain PAYBACK points when they sign a fixed-network or mobile contract with us. The latest partner of our cloud application in our Business Marketplace is **Symantec**, the leading provider of IT solutions for protecting data and devices. We have also expanded our strategic partnership with **Microsoft**. The expanded offer of Office 365 packages gives our customers access to the latest Office applications, anytime and anywhere, enabling them to create documents and take advantage of cloud-based IT services that include e-mail, calendars, and web conferences.

Investments in networks and spectrum. In **Poland**, our subsidiary Polska Telefonia Cyfrowa (PTC) purchased new spectrum by auction in the 1.8 GHz frequency range with a term until 2027. In the **United Kingdom**, our Everything Everywhere joint venture purchased new spectrum in the 0.8 GHz and 2.6 GHz frequency ranges.

New products. Since early March, the communication platform **Joyn**, a new smartphone messenger service in network-operator quality, has been available to our customers. This common technical standard agreed by mobile network operators supports functions such as group chat, file transfers throughout a range of different file formats, and live video sharing during voice calls.

New corporate customer agreements. EADS has commissioned T-Systems to operate around 150,000 PC workstation systems for the next six years. The Deutsche Telekom subsidiary will gradually assume responsibility for more than 100 EADS sites in Europe.

INTERIM GROUP MANAGEMENT REPORT.

THE ECONOMIC ENVIRONMENT.

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

Global economic development.

At the start of 2013, the divergent development of the global economy continued. In the emerging economies, growth retained its momentum. In large industrial nations which are only indirectly impacted by the European debt crisis, the first quarter of 2013 developed more positively than the prior quarter. The development of national economies, especially in the European crisis states, remained generally weak or showed only slight signs of recovery. Our core markets developed as follows in the first quarter of 2013: The economies in Germany, Austria and the United Kingdom recovered slightly after the weak fourth quarter of 2012. There was a significant upturn in economic performance in the United States in the first quarter of 2013.

The Polish, Romanian and Slovakian economies also showed a relatively robust development. The Netherlands, the Czech Republic, Hungary and Croatia were still in recession at the start of 2013. The sharp decline in Greece's economic performance continued in the first quarter of 2013.

GDP growth rates in our core countries.

	Q1 2013 compared with Q1 2012 %
Germany	0.2
United States	1.9
Greece	(5.4)
Romania	1.0
Poland	1.0
Hungary	(1.4)
Czech Republic	(1.3)
Croatia	(2.2)
Netherlands	(1.4)
Slovakia	1.1
Austria	0.3
United Kingdom	0.2

Source: Oxford Economics, Forecast from April 2013.

Overall economic risk.

Developments in the fiscal situation in Cyprus at the start of 2013 showed that the risks of the European sovereign debt and banking crises are still far from over and continue to pose an imminent risk for the development of the global economy. International political hot spots, such as the intensifying conflict situation in North Korea, can also have a negative impact on the world economy.

Outlook.

Provided the sovereign debt and banking crises do not worsen significantly and the situation in political and military hot spots do not escalate resulting in major negative macroeconomic effects, we expect the global economic situation to improve further over the course of 2013, as forecast in the 2012 Annual Report.

Telecommunications market.

In its ICT Market Report 2013, EITO (European Information Technology Observatory) forecasts that worldwide expenditure for IT and telecommunications will increase by 5.1 percent in 2013. The fastest growing countries primarily include India, Brazil and China. Growth of 6.5 percent is expected for the United States. Considerably slower growth of 0.9 percent is anticipated for the ICT markets in Europe; for Germany, the overall ICT market is expected to grow by 1.6 percent.

Regulation.

Vectoring green-lighted. On April 9, 2013, the Federal Network Agency published its draft decision for an amendment to the regulatory order on access to the unbundled local loop. The draft decision was preceded by an application submitted by Telekom Deutschland GmbH on December 19, 2012 for an amendment to the regulatory framework, and a public hearing on the introduction of VDSL vectoring by the Federal Network Agency on January 24, 2013. In its draft decision, the Federal Network Agency essentially gives the green light to the use of vectoring transmission technology in Germany. The Agency's decision does not yet give us final legal certainty, however, as significant rules are subject to the provisions of a certain wholesale offer (bitstream access). This offer must be defined by the Federal Network Agency in a further administrative procedure. In addition, the decision is designed in such a way as to substantially reduce the incentives for Deutsche Telekom to invest in rural areas. The draft decision will first be put out for national consultation. We expect a final decision in the third quarter of 2013.

Increase in charges for unbundled local loop lines in Germany. On March 28, 2013, the Federal Network Agency published a draft proposal for the monthly charges for unbundled local loop lines (ULLs) under which the charge for the most important ULL option is to increase by 11 eurocents to EUR 10.19. By contrast, the charge for the (shorter) connection from the cable distribution box (CD ULL) is to be reduced by 38 eurocents to EUR 6.79. The Agency also plans to extend the approval period to three years. The Federal Network Agency's draft will first be put out for national consultation and the European Commission will be notified. The new charges will apply from July 1, 2013.

Regulation of mobile and fixed-network termination rates in Germany. On March 1 and April 8, 2013, the European Commission expressed "serious doubts" about the Federal Network Agency's draft proposals on the regulatory orders and rate decisions for mobile termination (MTR) and fixed-network termination (interconnection – IC). The response of the European Commission came as no surprise, since the Commission had already expressed similar concerns in relation to other countries. The Commission has no right to veto these decisions by the Federal Network Agency. Due to extended international consultations, the Federal Network Agency will probably not be allowed to publish a final decision before the end of the second quarter or the third quarter. It is still possible that the Federal Network Agency will amend the preliminarily approved rates in its final decision.

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

GROUP STRUCTURE, STRATEGY AND MANAGEMENT.

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

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

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

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 39).

DEVELOPMENT OF BUSINESS IN THE GROUP.

RESULTS OF OPERATIONS OF THE GROUP.

Net revenue.
In the first quarter of the 2013 financial year, we generated net revenue of EUR 13.8 billion, down 4.5 percent on the same period in the prior year. Intense competition, in some cases substantial price changes imposed by regulatory authorities, and the strained economic situation in most countries in our Europe operating segment had a negative effect. As a result, all our operating segments recorded revenue decreases.

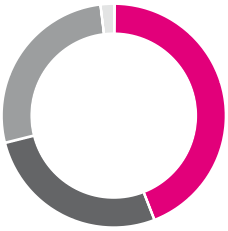
Exchange rate effects only had a minor impact on revenue generated internationally.

For details on the revenue trends in our Germany, United States, Europe and Systems Solutions operating segments as well as at Group Headquarters & Group Services, please refer to the section "Development of business in the operating segments" (page 13 et seq.).

Contribution of the segments to net revenue.

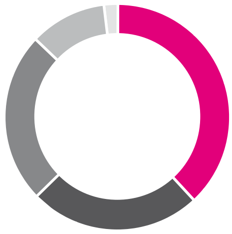
	Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
NET REVENUE	**13,785**	**14,432**	**(647)**	**(4.5)**	**58,169**
Germany	5,566	5,659	(93)	(1.6)	22,736
United States	3,541	3,847	(306)	(8.0)	15,371
Europe	3,327	3,575	(248)	(6.9)	14,406
Systems Solutions	2,319	2,456	(137)	(5.6)	10,016
Group Headquarters & Group Services	691	675	16	2.4	2,835
Intersegment revenue	(1,659)	(1,780)	121	6.8	(7,195)

Breakdown of revenue by region.



- **45.7 %** Germany
- **26.9 %** Europe (excluding Germany)
- **26.0 %** North America
- **1.4 %** Other countries

Contribution of the segments to net revenue.



- **37.8 %** Germany
- **25.7 %** United States
- **23.0 %** Europe
- **11.7 %** Systems Solutions
- **1.8 %** Group Headquarters & Group Services

With 37.8 percent, our Germany operating segment again provided the largest contribution to net revenue of the Group. Declining revenue in the United States and Europe operating segments, in particular, resulted in an increase of 0.9 percentage points in the proportion of revenue contributed by our Germany operating segment compared with the prior-year period. This is also reflected in the proportion of net revenue generated internationally, which decreased year-on-year from 55.6 percent to 54.3 percent.

EBITDA, adjusted EBITDA.

Our **EBITDA** decreased year-on-year by EUR 0.3 billion to EUR 4.1 billion. Thus the negative revenue trend was partially compensated. The EUR 0.1 billion increase in special factors had a negative effect. Negative special factors amounting to EUR 0.2 billion were included in EBITDA in the first quarter of 2013. Special factors mainly comprised expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses. A deconsolidation gain of around EUR 0.1 billion arising from the sale of our stake in Hellas Sat had a contrasting effect.

Excluding special factors, **adjusted EBITDA** decreased year-on-year by EUR 0.2 billion to EUR 4.3 billion in the first quarter of 2013. Its development was only marginally affected by exchange rate effects. Detailed information on the development of EBITDA/adjusted EBITDA in our segments can be found in the section "Development of business in the operating segments" (page 13 et seq.).

Contribution of the segments to adjusted Group EBITDA.

	Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	**4,288**	**4,482**	**(194)**	**(4.3)**	**17,973**
Germany	2,255	2,343	(88)	(3.8)	9,166
United States	888	983	(95)	(9.7)	3,840
Europe	1,089	1,192	(103)	(8.6)	4,936
Systems Solutions	175	142	33	23.2	747
Group Headquarters & Group Services	(99)	(163)	64	39.3	(715)
Reconciliation	(20)	(15)	(5)	(33.3)	(1)

EBIT.

Group EBIT remained stable against the first quarter of 2012 at EUR 1.7 billion. At EUR 2.4 billion, depreciation and amortization were down EUR 0.3 billion compared with the prior-year level. This is primarily attributable to a reduced depreciation and amortization base, mainly as a result of the impairment loss recognized on the assets of T-Mobile USA in the prior year.

Profit/loss before income taxes.

Profit before income taxes decreased by EUR 0.1 billion to EUR 1.0 billion year-on-year in the first quarter of 2013 as a result of the aforementioned effects. Loss from financial activities increased by EUR 0.1 billion year-on-year to EUR 0.7 billion. In the first quarter of the prior year, loss from financial activities had included the sale of the shares in Telekom Srbija. At that time, the closing of the transaction resulted in income of EUR 0.2 billion. Our finance costs remained on a par with the prior-year level at EUR 0.5 billion.

Net profit/loss.

Net profit increased slightly to EUR 0.6 billion. The tax expense for the current financial year amounted to EUR 0.4 billion. For further information, please refer to the interim consolidated financial statements (page 38).

Profit attributable to non-controlling interests decreased to EUR 0.1 billion, primarily as a result of the sale of shares in Telekom Srbija in the prior year.

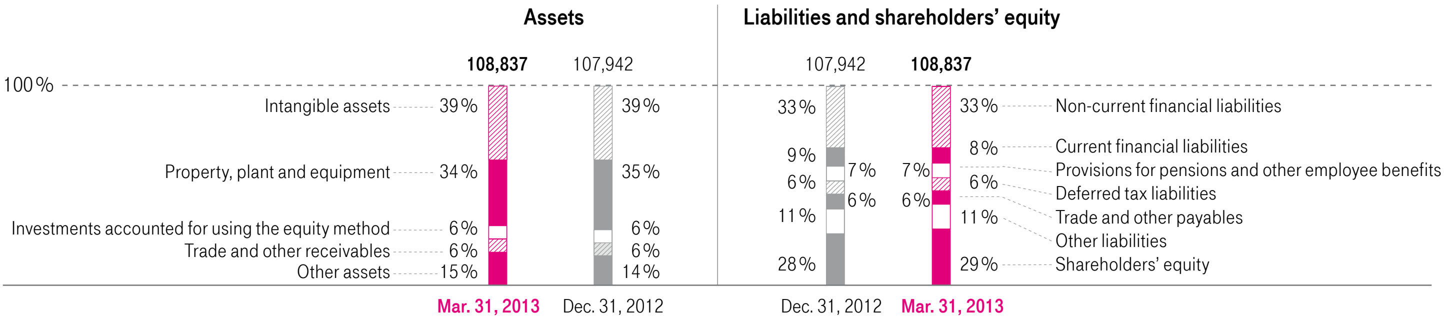
Average number of employees.

	Q1 2013	Q1 2012
Germany	68,672	69,867
United States	30,033	32,029
Europe	57,495	58,256
Systems Solutions	51,598	52,510
Group Headquarters & Group Services	21,948	21,879
NUMBER OF EMPLOYEES IN THE GROUP	**229,746**	**234,541**
Of which: civil servants (in Germany, with an active service relationship)	21,974	23,522

Average headcount decreased slightly by 2.0 percent compared with the prior-year reporting period. Average headcount in our Germany operating segment decreased by 1.7 percent due to our socially responsible staff restructuring and reduction programs. In the United States operating segment, fewer staff were employed in customer support compared with the prior-year period. Headcount declined 6.2 percent year-on-year. In our Europe operating segment, decreases in headcount due to downsizing programs carried out as a result of measures to enhance efficiency, offset against increases in headcount due to the in-house provision (insourcing) of services previously rendered by third parties, contributed to a net headcount decline of 1.3 percent. In our Systems Solutions operating segment, headcount decreased by 1.7 percent. In the Group Headquarters & Group Services segment, it remained at the prior-year level. While we have successfully implemented the Shape Headquarters measures since last year, the bundling of our Group Services and the increase in headcount at the DBU had an offsetting effect.

FINANCIAL POSITION OF THE GROUP.

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



The level of **total assets** increased by EUR 0.9 billion compared with December 31, 2012. This was mainly due to the following effects:

The EUR 0.9 billion increase in **intangible assets** to EUR 42.6 billion was due to capital expenditure of EUR 1.2 billion and exchange rate effects of EUR 0.3 billion, primarily from the translation of U.S. dollars into euros. Additions to intangible assets in the first quarter of 2013 include spectrum acquired by T-Mobile Netherlands accounting for EUR 0.9 billion. This addition was offset by amortization of EUR 0.8 billion.

The decrease of EUR 0.2 billion in **property, plant and equipment** to EUR 37.3 billion was primarily attributable to depreciation of EUR 1.6 billion and disposals of EUR 0.1 billion. Changes in the composition of the Group from the sale of Hellas Sat also accounted for a reduction of EUR 0.1 billion. The decrease was partially offset by additions totaling EUR 1.6 billion and exchange rate effects of EUR 0.1 billion.

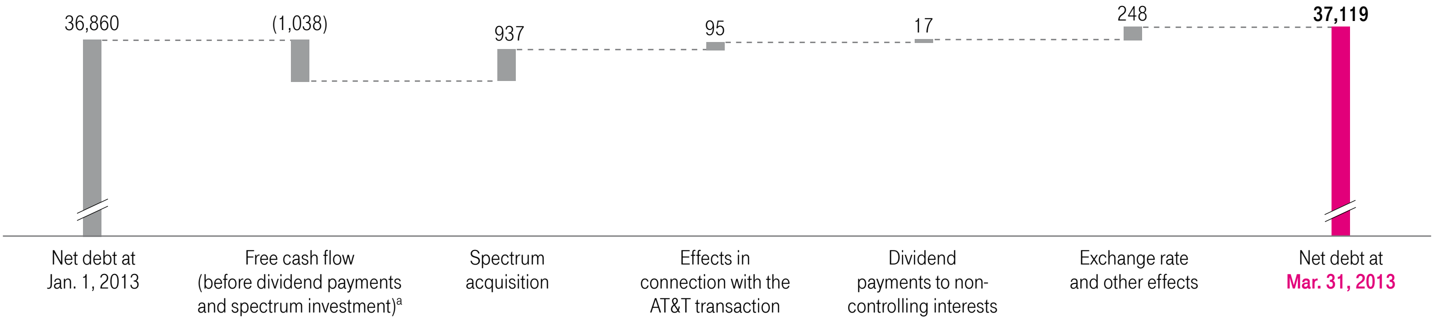
Investments accounted for using the equity method decreased by EUR 0.4 billion to EUR 6.3 billion in the first quarter of 2013, mainly due to the Everything Everywhere joint venture. Exchange rate effects reduced the carrying amount of the investment by EUR 0.2 billion; a dividend received in the first quarter of 2013 and a loss also reduced the carrying amount by EUR 0.1 billion each.

Other assets as of March 31, 2013 comprise the following significant effects: **Other current financial assets** include an addition of EUR 0.2 billion due to the not yet received sales price for the shares in Hellas Sat in Greece, as well as the contrasting effects of a EUR 0.2 billion decrease in receivables as a result of factoring in the Systems Solutions operating segment and a EUR 0.2 billion decrease in investments in securities. Of the increase in deferred expenses included in other current assets, EUR 0.2 billion related to advance payments of pensions for civil servants. **Non-current assets and disposal groups held for sale** increased by EUR 0.1 billion to EUR 0.2 billion, mainly due to the planned sale of the shares in T-Systems Italia.

Current and non-current **financial liabilities** increased by EUR 0.1 billion compared with the end of 2012 to EUR 44.8 billion in total. For the main effects on financial liabilities, please refer to net cash used in financing activities on page 39 of the interim consolidated financial statements. Currency translation effects of EUR 0.3 billion increased financial liabilities.

Shareholders' equity increased by EUR 0.5 billion compared with December 31, 2012, due to the net profit of EUR 0.6 billion and actuarial gains of EUR 0.1 billion (after taxes). Currency translation effects of EUR 0.2 billion recognized directly in equity had a decreasing impact on shareholders' equity.

Change in net debt. (millions of €)



[a] And before AT&T transaction.

Net debt increased by EUR 0.3 billion to EUR 37.1 billion, mainly due to the acquisition of spectrum at T-Mobile Netherlands (EUR 0.9 billion), effects in connection with the AT&T transaction (EUR 0.1 billion), dividend payments to non-controlling interests as well as exchange rate and other effects (EUR 0.3 billion). By contrast, free cash flow of EUR 1.0 billion before dividend payments, spectrum investment and the AT&T transaction reduced net debt.

For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information" (pages 46 and 47).

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

	Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
CASH GENERATED FROM OPERATIONS[a]	**3,811**	**3,977**	**(166)**	**(4.2)**	**16,232**
Interest received (paid)	(764)	(778)	14	1.8	(2,185)
NET CASH FROM OPERATING ACTIVITIES[a]	**3,047**	**3,199**	**(152)**	**(4.8)**	**14,047**
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment **(CASH CAPEX)**	(2,087)	(2,129)	42	2.0	(8,021)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	78	52	26	50.0	213
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)[a]	**1,038**	**1,122**	**(84)**	**(7.5)**	**6,239**

[a] Before AT&T transaction.

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment and before AT&T transaction decreased by EUR 0.1 billion year-on-year. This was primarily due to the decrease in cash generated from operations.

Net cash from operating activities decreased by EUR 0.2 billion compared with the prior-year quarter to EUR 3.0 billion. The dividend received from the Everything Everywhere joint venture, which was EUR 0.1 billion lower than in the prior year, had a negative impact. In addition, no cash inflows from interest-rate swaps were recorded in the first quarter of 2013 (prior-year period: EUR 0.1 billion).

For further information on the statement of cash flows, please refer to the interim consolidated financial statements on pages 38 and 39.

COMPARISON OF THE PAST TWELVE MONTHS.

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

	Apr. 1, 2012 through Mar. 31, 2013 millions of €	FY 2012 millions of €
REVENUE AND EARNINGS		
Net revenue	57,522	58,169
Profit (loss) from operations (EBIT)	(3,933)	(3,962)
Depreciation, amortization and impairment losses	(21,610)	(21,957)
EBITDA	17,677	17,995
EBITDA (adjusted for special factors)	17,779	17,973
Net profit (loss)	(5,334)	(5,353)
Net profit (loss) (adjusted for special factors)	2,718	2,537
Earnings per share basic/diluted €	(1.24)	(1.24)
CASH FLOWS		
Net cash from operating activities[a]	13,895	14,047
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (cash capex)	(7,979)	(8,021)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	239	213
Free cash flow (before dividend payments and spectrum investment)[a]	6,155	6,239

[a] Before AT&T transaction.

The difference in revenue was primarily the result of lower revenue in the United States and Europe operating segments (please refer to page 19 et seq. "Development of business in the operating segments").

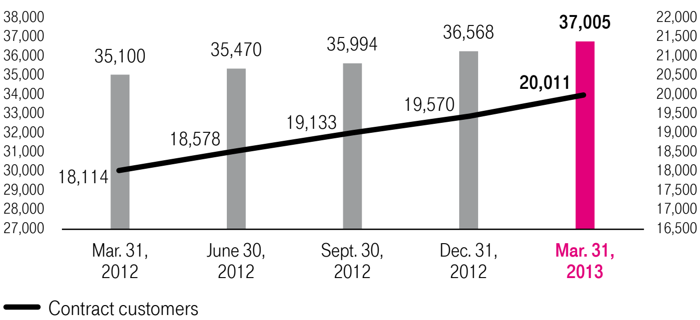
The difference in depreciation, amortization and impairment losses is mainly due to lower depreciation and amortization in the United States operating segment in the first quarter of 2013. The carrying amount of property, plant and equipment, and intangible assets in the United States had decreased as a result of an impairment loss recognized in the third quarter of 2012.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS.

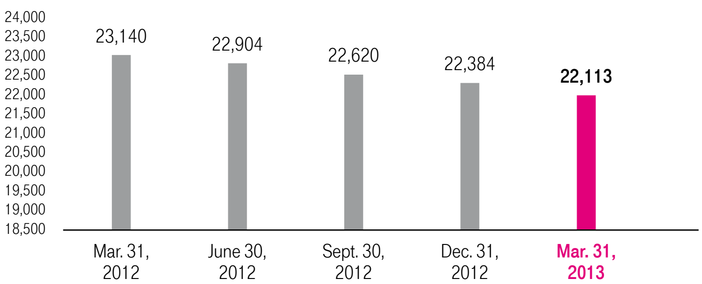
GERMANY.

CUSTOMER DEVELOPMENT.

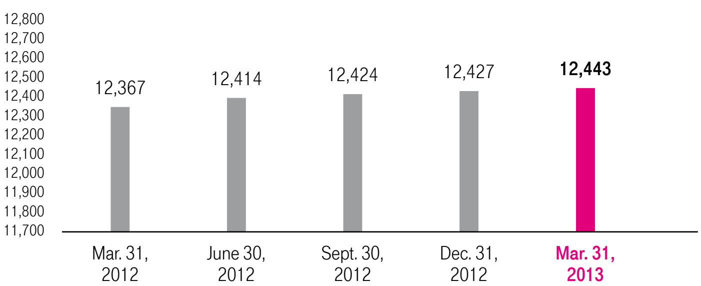
Mobile customers. ('000)



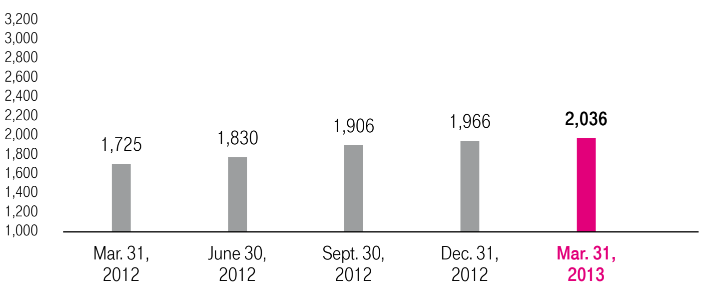
Fixed-network lines. ('000)



Broadband lines. ('000)



TV customers (IPTV, satellite).[a] ('000)



[a] Customers connected.

	Mar. 31, 2013 thousands	Dec. 31, 2012 thousands	Change Mar. 31, 2013/ Dec. 31, 2012 %	Mar. 31, 2012 thousands	Change Mar. 31, 2013/ Mar. 31, 2012 %
TOTAL					
Mobile customers	37,005	36,568	1.2	35,100	5.4
Contract customers	20,011	19,570	2.3	18,114	10.5
Prepay customers	16,994	16,997	0.0	16,987	0.0
Fixed-network lines	22,113	22,384	(1.2)	23,140	(4.4)
Of which: IP-based	1,215	937	29.7	628	93.5
Broadband lines	12,443	12,427	0.1	12,367	0.6
TV (IPTV, satellite)	2,036	1,966	3.6	1,725	18.0
Unbundled local loop lines (ULLs)	9,422	9,436	(0.1)	9,602	(1.9)
Wholesale unbundled lines	1,362	1,303	4.5	1,253	8.7
Wholesale bundled lines	483	518	(6.8)	657	(26.5)
OF WHICH: CONSUMERS					
Mobile customers	29,064	28,811	0.9	28,011	3.8
Contract customers	14,396	13,990	2.9	12,799	12.5
Prepaid customers[a]	14,668	14,821	(1.0)	15,212	(3.6)
Fixed-network lines	17,536	17,789	(1.4)	18,448	(4.9)
Of which: IP-based	1,119	856	30.7	590	89.7
Broadband lines	10,035	10,039	0.0	9,983	0.5
TV (IPTV, satellite)	1,866	1,804	3.4	1,582	18.0
OF WHICH: BUSINESS CUSTOMERS					
Mobile customers	7,941	7,757	2.4	7,089	12.0
Contract customers	5,615	5,581	0.6	5,314	5.7
Prepay customers (M2M)[a]	2,326	2,176	6.9	1,774	31.1
Fixed-network lines	3,515	3,510	0.1	3,566	(1.4)
Of which: IP-based	81	55	47.3	30	n.a.
Broadband lines	2,083	2,062	1.0	2,051	1.6
TV (IPTV, satellite)	168	161	4.3	142	18.3

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

Total.

In our Germany operating segment, we held our own in the mobile communications and fixed-network market in the face of regulatory interventions and intense competition by focusing on high-value business.

In our Germany business, a number of positive trends continued in the first quarter of 2013. For example, we recorded increases in the number of users of our Internet-based television service Entertain, the number of mobile contract customers, and the number of VDSL lines. By the end of the first quarter of 2013, 154 thousand customers had already subscribed to our Call & Surf Comfort via Funk product, which enables fast Internet surfing even in areas without DSL coverage. And 1.2 million customer lines had been migrated to IP-based lines by the end of the first quarter of 2013.

Mobile communications.

Mobile telephony and data services. In mobile communications, we focused on customer acquisition and retention. As of the end of the first quarter of 2013, the number of mobile customers increased to 37.0 million, up 1.2 percent compared with December 31, 2012, due to the good performance of machine-to-machine solutions, our second brand "congstar," and the Call & Surf Comfort via Funk product.

The mobile contract customer base grew by 441 thousand in the first quarter of 2013. 145 thousand of these new customers were added in branded business under the Deutsche Telekom and "congstar" brands, while the remainder were added in the fast-growing, but much lower-revenue reseller segment (service providers).

In the first quarter of 2013 alone, we sold 1.4 million cell phones. The proportion of smartphones, especially Android devices and iPhones, remained stable at 73 percent.

Fixed network.

Telephony, Internet and TV. By the end of the first quarter of 2013, the number of TV customers had increased by 3.6 percent compared with the end of 2012 to 2.0 million. Entertain via Sat grew by 11.2 percent. Of our 12.4 million broadband customers, 16.4 percent use our television service.

As of the end of the first quarter of 2013, we had increased the number of customers who had subscribed to fast VDSL lines to 1.0 million. In addition, we connected 6 thousand customers to fiber to the home (FTTH). In total, 8.1 percent of broadband consumers already use our fiber-optic infrastructure. At the same time, we recorded line losses of 1.2 percent in the traditional fixed network compared with the end of the year. Customers switched primarily to cable operators, but increasingly also to mobile products.

Consumers.

Connected life across all screens. The number of contract customers in the mobile communications portfolio increased by 2.9 percent in the first quarter of 2013 compared with the end of 2012. In particular, rate plans with integrated data flat rates for the mobile Internet (Call & Surf Mobil, Complete Mobil, and Mobile Data) and our LTE add-on options sold well.

The decrease in the number of prepay customers in the first quarter of 2013 was largely attributable to the decline in the reseller segment, which was partially offset by customer additions through "congstar."

Line losses in the traditional fixed network in the first quarter of 2013 totaled 253 thousand. In the intensely contested broadband market, we won 88 thousand customers for VDSL in the reporting period. We were more or less equally successful in marketing our TV services "Entertain" and "Entertain via Sat."

Business customers.

Connected work with innovative solutions. Mobile growth was attributable to the contract additions following the market launch of new, attractive mobile rate plans with integrated data flat rates. In addition, 150 thousand cards sold for our machine-to-machine solutions had a positive impact in the first quarter of 2013.

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

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

We regained various former business customers and attracted some new ones for our mobile business in the first quarter of 2013.

Wholesale.

The number of unbundled wholesale lines increased by 59 thousand in the first quarter of 2013, due to the growth in VDSL lines on the back of the success of our so-called contingent model. The number of bundled wholesale lines, by contrast, declined by 35 thousand. We expect this trend to continue for the next few years, due in particular to the fact that our competitors are switching from bundled to unbundled wholesale products or to their own infrastructure. The number of unbundled local loop lines (ULLs) decreased by 14 thousand compared with the end of 2012, partly due to the market, since more and more competitors are switching to their own or other infrastructures or their customers are migrating to mobile communications.

DEVELOPMENT OF OPERATIONS.[a]

		Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE		5,566	5,659	(93)	(1.6)	22,736
Consumers		2,982	2,992	(10)	(0.3)	12,197
Business Customers		1,391	1,424	(33)	(2.3)	5,680
Wholesale		959	1,034	(75)	(7.3)	4,035
Value-Added Services		80	98	(18)	(18.4)	367
Other		154	111	43	38.7	457
Profit from operations **(EBIT)**		1,152	1,225	(73)	(6.0)	4,213
EBIT margin	%	20.7	21.6			18.5
Depreciation, amortization and impairment losses		(966)	(1,099)	133	12.1	(4,393)
EBITDA		2,118	2,324	(206)	(8.9)	8,606
Special factors affecting EBITDA		(137)	(19)	(118)	n.a.	(560)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2,255	2,343	(88)	(3.8)	9,166
EBITDA margin (adjusted for special factors)	%	40.5	41.4			40.3
CASH CAPEX		(594)	(903)	309	34.2	(3,418)

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

Total revenue.

Revenue decreased by 1.6 percent in the first quarter of 2013, but the trend has improved slightly compared with the prior-year period. The decrease was primarily a result of intensified regulatory price cuts in the second half of 2012, the downward trend in both mobile and fixed-network voice telephony and a reduction in the number of mobile text messages. The decline was partially offset by growing demand for complete packages with mobile data and/or TV rate plans and attractive handsets, in particular smartphones.

Mobile revenue increased 0.4 percent compared with the prior-year quarter. Mobile service revenues declined 1.9 percent in the course of the year. This was largely attributable to roaming price reductions imposed by the regulatory authorities as of July 1, 2012, cuts in mobile termination rates in December 2012, a downward trend in voice and messaging services, and a shift in user behavior toward IP messaging services. By contrast, data revenue increased 17.1 percent to EUR 0.5 billion. A compensating effect also came from successful smartphone sales, which was reflected in increased revenue from mobile terminal equipment.

The successful marketing of Entertain and add-on options as well as the terminal equipment lease model had a positive impact on our fixed-network business. Revenue contributed by the Germany operating segment to the connected home growth area increased by 0.6 percent to EUR 1.3 billion. However, this positive trend was not sufficient to offset the revenue decrease in voice telephony owing to line losses.

The main reason for the decline in the **Consumers** area was the downward trend in voice telephony business – in mobile communications and the fixed network. In the fixed network, the revenue decrease was partially offset by growth in TV revenue (up 20.3 percent) and revenue from terminal equipment (up 25.0 percent). Mobile service revenues declined 2.2 percent quarter-on-quarter, mainly due to intensified regulatory price cuts. The decline was partly offset by strong data growth and bundling in flat-rate components. However, due to growth in mobile terminal devices – the result of strong smartphone sales – overall mobile revenues in the Consumers area remained at the prior-year level.

In the **Business Customers** area, total revenue decreased by 2.3 percent. Growth in revenue from mobile data, IT products, and cell phones did not fully offset the decline in revenue from traditional fixed-network voice telephony and mobile communications.

The decline in **Wholesale** revenue – down 7.3 percent to EUR 1.0 billion – was primarily attributable to the following factors: regulatory price cuts for interconnection calls in particular (from December 1, 2012), the declining use of interconnection calls and a volume- and price-related revenue decrease.

Declining revenues from **Value-Added Services** resulted from weaker use of premium rate call numbers such as directory assistance services and of public telephones. In addition, the amended regulation concerning free-of-charge queuing came into effect as of September 1, 2012.

EBITDA, adjusted EBITDA.

EBITDA adjusted for special factors decreased year-on-year by 3.8 percent. This decrease was not fully offset by cost savings, for example, in call center services and services rendered by third parties; mainly due to higher mobile market investments and personnel costs, e.g., due to salary increases. With an adjusted EBITDA margin of 40.5 percent, we are within our target corridor of over 40 percent, despite increasing market investments.

EBIT.

Profit from operations for our Germany operating segment declined by 6.0 percent to EUR 1.2 billion year-on-year. This was primarily attributable to the same reasons described for EBITDA. By contrast, adjusted EBIT increased by 3.6 percent to EUR 1.3 billion, primarily as a result of lower depreciation, amortization, and impairment losses.

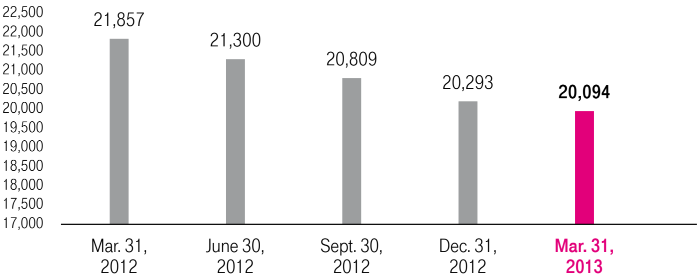
Cash capex.

In the first quarter of 2013, we recorded a decline in cash capex, mainly due to the cold weather and the associated lower number of civil engineering works. In the previous year, we invested more in our mobile networks, due in part to the fiber-optic connection of 3G and the build-out of 4G base stations.

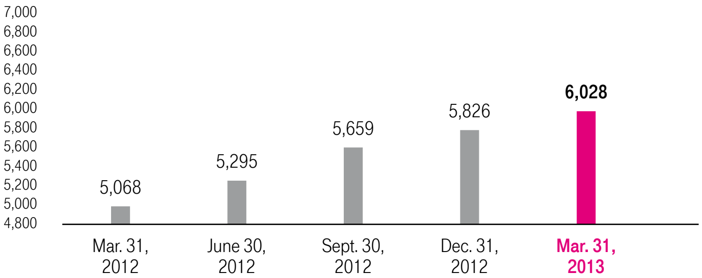
UNITED STATES.

CUSTOMER DEVELOPMENT.

Branded postpaid customers. ('000)



Branded prepay customers. ('000)



	Mar. 31, 2013 thousands	Dec. 31, 2012 thousands	Change Mar. 31, 2013/ Dec. 31, 2012 %	Mar. 31, 2012 thousands	Change Mar. 31, 2013/ Mar. 31, 2012 %
UNITED STATES					
Mobile customers	33,968	33,389	1.7	33,373	1.8
Branded customers	26,122	26,119	0.0	26,925	(3.0)
Branded postpaid	20,094	20,293	(1.0)	21,857	(8.1)
Branded prepay	6,028	5,826	3.5	5,068	18.9
Wholesale customers	7,846	7,270	7.9	6,448	21.7
M2M[a]	3,290	3,090	6.5	2,692	22.2
MVNOs	4,556	4,180	9.0	3,756	21.3

[a] M2M: machine-to-machine.

At March 31, 2013, the United States operating segment (T-Mobile USA) had 34.0 million customers, a net increase in customers of 579 thousand for the first quarter of 2013 compared to 33.4 million customers at December 31, 2012. This increase in net customers in the first quarter of 2013 was an improvement compared to a net increase of 187 thousand for the first quarter of 2012. In the first quarter of 2013, T-Mobile USA had positive branded customer net additions that were further increased by the growth of wholesale customers.

Branded customers. Branded postpaid net customer losses improved to 199 thousand for the three months ended March 31, 2013, compared to 510 thousand branded postpaid net customer losses for the three months ended March 31, 2012. The significant improvement in branded postpaid customer losses is primarily attributable to improved branded postpaid churn partially offset by fewer customer gross additions. The churn improvement is the result of initiatives, such as the enhancement of customer experience and credit optimization efforts, which lead to an increase in branded postpaid customer retention in the three months ended March 31, 2013.

Branded prepay net customer additions were 202 thousand for the three months ended March 31, 2013, compared to 249 thousand net customer additions for the three months ended March 31, 2012. The decrease in branded prepay net customer additions is the result of higher branded prepay customer churn partially offset by higher branded prepay customer gross additions. The increase in branded prepay customer churn in the three months ended March 31, 2013 was the result of an increasing churn rate, primarily driven by the robust competitive environment, compounded by a growing prepay customer base.

Wholesale Customers. Wholesale net customer additions were 576 thousand for the three months ended March 31, 2013, compared to net customer additions of 449 thousand for the three months ended March 31, 2012. The increase in wholesale net customer additions was primarily due to higher MVNO gross customer additions and partially offset by higher M2M customer churn. Both MVNO and M2M customers continued to grow in the three months ended March 31, 2013. MVNO partners often have relationships with multiple carriers and through steering their business towards carriers offering promotions can impact specific carriers' results.

DEVELOPMENT OF OPERATIONS.

		Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE		3,541	3,847	(306)	(8.0)	15,371
Profit (loss) from operations **(EBIT)**		458	344	114	33.1	(7,547)
EBIT margin	%	12.9	8.9			(49.1)
Depreciation, amortization and impairment losses		(396)	(561)	165	29.4	(12,866)
EBITDA		854	905	(51)	(5.6)	5,319
Special factors affecting EBITDA		(34)	(78)	44	56.4	1,479
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		888	983	(95)	(9.7)	3,840
EBITDA margin (adjusted for special factors)	%	25.1	25.6			25.0
CASH CAPEX		(852)	(571)	(281)	(49.2)	(2,560)

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

Total revenue.

Total revenue of our United States operating segment of EUR 3.5 billion in the first quarter of 2013 decreased by 8.0 percent compared to EUR 3.8 billion in the first quarter of 2012. In U.S. dollars, revenues of T-Mobile USA declined by 7.3 percent year-on-year primarily due to the decrease in T-Mobile USA branded postpaid customer base and decreased average revenue per branded postpaid user resulting in service revenue declines. Service revenues declines from voice revenues were partially offset by strong growth in data revenues from customers using smartphones with mobile broadband data plans. Additionally, equipment sales increased 16.8 percent due to greater adoption of T-Mobile USA's Value and Simple Choice plans. Compared to traditional service plans, T-Mobile USA's Value and Simple Choice plans result in higher equipment revenues during the period of activation, but lower monthly service revenue. Due to the increase in equipment sales, total revenues in U.S. dollars declined less than service revenues.

EBITDA, adjusted EBITDA, adjusted EBITDA margin.

Adjusted EBITDA decreased in the first quarter of 2013 by 9.7 percent to EUR 888 million compared to EUR 983 million in the first quarter of 2012. Adjusted EBITDA for the first quarter of 2013 excludes EUR 34 million in expenses associated with cost restructuring initiatives and costs associated with the business combination of T-Mobile USA and MetroPCS. In U.S. dollars, adjusted EBITDA decreased by 9.0 percent primarily due to the declines in service revenues described above. This decline in service revenues was offset in part by lower equipment subsidies in connection with T-Mobile USA's Value and Simple Choice plans and by a decrease in bad debt expense related to improved credit quality of T-Mobile USA's customer portfolio and the shift in the customer base towards branded prepay customers. Additionally, roaming expenses decreased year-on-year driven by lower usage from fewer branded customers. During the first quarter of 2013, the effects of ongoing cost management programs helped control expenses. Adjusted EBITDA margin decreased just slightly year-on-year despite the larger decrease in revenues as described above.

EBIT.

EBIT increased by 33.1 percent to EUR 458 million in the first quarter of 2013 from EUR 344 million in the first quarter of 2012 driven by the factors described above and lower depreciation expense on property, plant and equipment in the first quarter of 2013 compared to the first quarter of 2012. T-Mobile USA recorded impairment charges in the third quarter of 2012 which lowered the carrying values of property, plant and equipment resulting in lower depreciation expense in subsequent periods.

Cash capex.

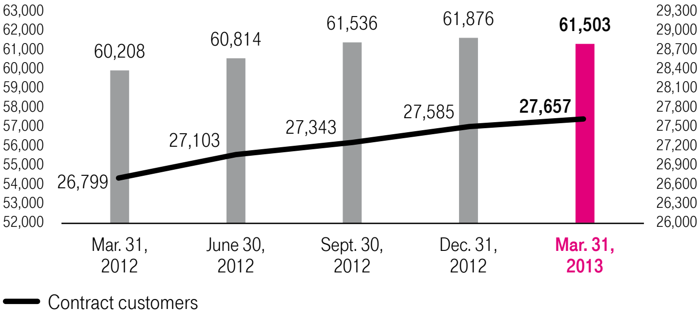
Cash capex increased 49.2 percent year-on-year to EUR 852 million in the first quarter of 2013 compared to EUR 571 million in the first quarter of 2012 as a result of the deployment of LTE in connection with the network modernization which is expected to continue throughout 2013.

EUROPE.

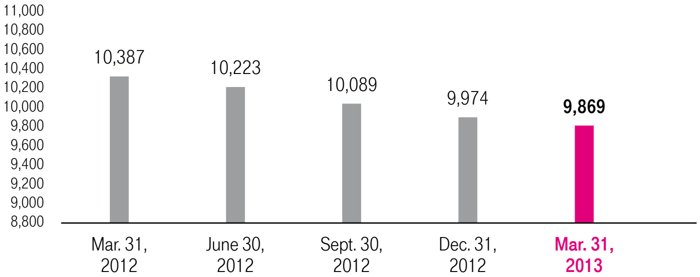
Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Comparative figures have been adjusted accordingly. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 39).

CUSTOMER DEVELOPMENT.

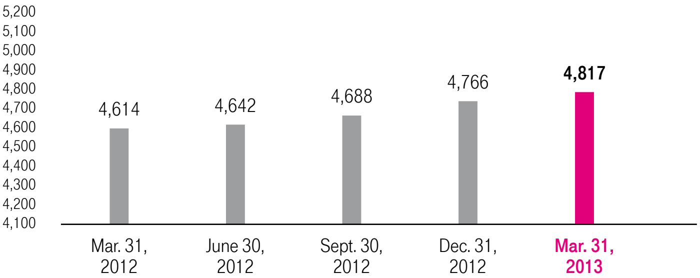
Mobile customers. ('000)



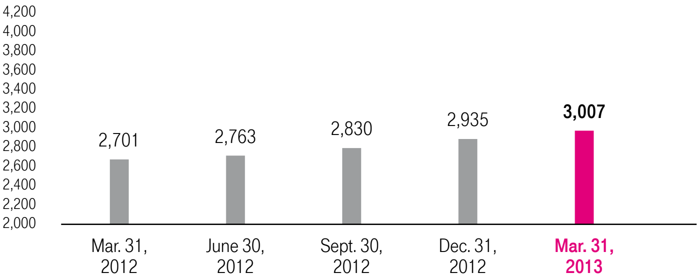
Fixed-network lines. ('000)



Retail broadband lines. ('000)



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



		Mar. 31, 2013 thousands	Dec. 31, 2012 thousands	Change Mar. 31, 2013/ Dec. 31, 2012 %	Mar. 31, 2012 thousands	Change Mar. 31, 2013/ Mar. 31, 2012 %
EUROPE, TOTAL	Mobile customers	61,503	61,876	(0.6)	60,208	2.2
	Fixed-network lines	9,869	9,974	(1.1)	10,387	(5.0)
	Of which: IP-based	2,068	1,852	11.7	1,344	53.9
	Retail broadband lines	4,817	4,766	1.1	4,614	4.4
	TV (IPTV, satellite, cable)	3,007	2,935	2.5	2,701	11.3
	Unbundled local loop lines (ULLs)/ Wholesale PSTN	2,186	2,157	1.3	2,117	3.3
	Wholesale bundled lines	154	153	0.7	153	0.7
	Wholesale unbundled lines	80	74	8.1	54	48.1
GREECE	Mobile customers	7,632	7,697	(0.8)	7,862	(2.9)
	Fixed-network lines	2,900	2,952	(1.8)	3,143	(7.7)
	Broadband lines	1,234	1,203	2.6	1,120	10.2
ROMANIA	Mobile customers	6,155	6,368	(3.3)	6,407	(3.9)
	Fixed-network lines	2,409	2,422	(0.5)	2,542	(5.2)
	Broadband lines	1,142	1,134	0.7	1,100	3.8
HUNGARY	Mobile customers	4,845	4,837	0.2	4,815	0.6
	Fixed-network lines	1,626	1,611	0.9	1,643	(1.0)
	Broadband lines	884	875	1.0	855	3.4
POLAND	Mobile customers	15,919	16,040	(0.8)	14,512	9.7
CZECH REPUBLIC	Mobile customers	5,570	5,498	1.3	5,354	4.0
	Fixed-network lines	114	111	2.7	103	10.7
	Broadband lines	114	111	2.7	103	10.7
CROATIA	Mobile customers	2,309	2,326	(0.7)	2,350	(1.7)
	Fixed-network lines	1,192	1,208	(1.3)	1,218	(2.1)
	Broadband lines	664	658	0.9	654	1.5
NETHERLANDS	Mobile customers	4,622	4,720	(2.1)	4,856	(4.8)
	Fixed-network lines	283	283	–	291	(2.7)
	Broadband lines	266	275	(3.3)	282	(5.7)
SLOVAKIA	Mobile customers	2,289	2,311	(1.0)	2,312	(1.0)
	Fixed-network lines	945	960	(1.6)	1,009	(6.3)
	Broadband lines	488	480	1.7	468	4.3
AUSTRIA	Mobile customers	4,090	4,104	(0.3)	4,069	0.5
OTHER[a]	Mobile customers	8,072	7,975	1.2	7,670	5.2
	Fixed-network lines	400	427	(6.3)	438	(8.7)
	Broadband lines	259	258	0.4	239	8.4

[a] Other includes the national companies of Bulgaria, Albania, the F.Y.R.O. Macedonia, and Montenegro.

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

Total.

In the first quarter of 2013, our Europe operating segment showed robust development in terms of the customer base despite intense competition and the still strained economic situation in many of the countries in this segment. Our total mobile customer base stabilized more or less on a par with the prior-year level. Thanks to constant contract additions, we largely offset the net prepay losses. In the fixed network, we increased the number of broadband lines compared with the end of 2012 as a result of our strategic focus on rolling out broadband technology. The number of IP lines also grew due to the successful migration of traditional PSTN lines to IP technology.

Mobile communications.

Mobile telephony and data services. As of the end of the first quarter of 2013, we had some 61.5 million mobile customers in total. This is an almost constant trend compared with the end of 2012. Due to a larger contract customer base of some 27.7 million, we almost entirely offset the prepay losses. This is attributable to the good performance in the segment of business customers, especially in the Czech Republic and Poland. At over 8.2 million, business customers accounted for around 30 percent of the total contract customer base. Thanks to the continued attractiveness of smartphone use, particularly in Austria and the Netherlands, the contract customer share of the total customer base in this operating segment stabilized at 45 percent. As of March 31, 2013, the number of prepay customers declined slightly year-on-year in many countries; a consequence of our strategy of focusing on high-value contract customers.

Fixed network.

Telephony, Internet and TV. TV business again proved to be a consistent growth driver in the first quarter of 2013. The total TV customer base increased by 2.5 percent compared with the end of 2012 to 3.0 million. The main drivers were Greece, with an increase in satellite connections, Hungary, with substantial growth in the IPTV customer base, and Romania, with growth in cable connections. As of March 31, 2013, our IP-based lines increased by 11.7 percent compared with December 31, 2012 to a total of some 2.1 million lines; almost all countries in our operating segment contributed to this growth. The number of retail broadband lines increased by 1.1 percent compared with December 31, 2012 to some 4.8 million, primarily driven by innovative rate plans that bundle TV with Internet. The largest absolute additions compared with the prior year were achieved in Greece, Hungary, and Romania, due in particular to DSL business. Nevertheless, encouraging growth of around 7 percent compared with the end of 2012 was also recorded with other access technologies, such as optical fiber. Around 9.9 million customers in our Europe operating segment used a fixed-network line as of March 31, 2013, a decrease of 1.1 percent compared with the end of 2012. The rate of line losses therefore continues to slow. These decreases were primarily due to line losses in traditional telephony (PSTN), especially in Hungary, Slovakia and Croatia.

DEVELOPMENT OF OPERATIONS.

		Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE		3,327	3,575	(248)	(6.9)	14,406
Greece		713	819	(106)	(12.9)	3,253
Romania		243	264	(21)	(8.0)	1,037
Hungary		393	335	58	17.3	1,429
Poland		385	413	(28)	(6.8)	1,678
Czech Republic		226	255	(29)	(11.4)	1,044
Croatia		224	239	(15)	(6.3)	992
Netherlands		393	421	(28)	(6.7)	1,664
Slovakia		192	206	(14)	(6.8)	837
Austria		203	227	(24)	(10.6)	878
Other[a]		394	448	(54)	(12.1)	1,811
Profit from operations **(EBIT)**		435	455	(20)	(4.4)	1,437
EBIT margin	%	13.1	12.7			10.0
Depreciation, amortization and impairment losses		(696)	(731)	35	4.8	(3,291)
EBITDA		1,131	1,186	(55)	(4.6)	4,728
Special factors affecting EBITDA		42	(6)	48	n.a.	(208)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		1,089	1,192	(103)	(8.6)	4,936
Greece		282	314	(32)	(10.2)	1,205
Romania		63	69	(6)	(8.7)	289
Hungary		93	122	(29)	(23.8)	474
Poland		140	127	13	10.2	586
Czech Republic		104	123	(19)	(15.4)	486
Croatia		88	100	(12)	(12.0)	468
Netherlands		114	115	(1)	(0.9)	525
Slovakia		84	86	(2)	(2.3)	354
Austria		55	60	(5)	(8.3)	234
Other[a]		66	78	(12)	(15.4)	318
EBITDA margin (adjusted for special factors)	%	32.7	33.3			34.3
CASH CAPEX		(1,382)	(507)	(875)	n.a.	(1,724)

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

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

Total revenue.

In the first quarter of 2013, our Europe operating segment generated total revenue of EUR 3.3 billion, down 6.9 percent compared with the prior-year quarter. A slightly positive exchange rate effect from the Polish zloty was offset by negative exchange rate effects from the Czech koruna and the Croatian kuna, such that the variance in revenue from operations was almost at the same level. The revenue decrease was significantly affected on the one hand by regulatory decisions. In most countries of our operating segment, reduced mobile termination rates and roaming regulation resulted in substantial losses in revenue. On the other hand, competition-induced price reductions and the ongoing strained macroeconomic situation, especially in Greece, Hungary and Croatia, continued to put pressure on revenue from operations.

Around half of the decrease in revenue from operations was attributable to the OTE group. The Consumers area was especially affected. The other countries also recorded decreases in revenue. Only the substantial increase in revenue in Hungary slightly offset the trend at segment level. This is primarily due to the energy business and, to a lesser extent, to mobile data business and the associated terminal equipment business with smartphones.

Due to the focus on identified growth areas in the countries of our segment, we partially compensated the negative revenue effects from voice telephony at segment level. This can be seen in the further double-digit growth in revenue from mobile data business of 14 percent or EUR 39 million year-on-year. The majority of this growth related to consumer business. Almost all countries in our Europe operating segment, in particular the Netherlands, Slovakia, Romania and Hungary, contributed to this growth. Our attractive rate plans combined with a broad portfolio of terminal equipment resulted in customer additions and increased usage rates. Our focused expansion of mobile and fixed-network broadband technologies also contributed successfully to this trend. Thus revenue from broadband/TV was also higher than in the prior-year quarter. TV business in particular recorded a substantial increase year-on-year (around 15 percent), winning significantly more customers with our offering, especially in Greece, Hungary, and Romania. Thanks to the expansion of our product and service portfolio in Croatia, for example to include cloud services, ICT/BSB also made a positive contribution to revenue. In the adjacent industries, the energy business in Hungary was exceptionally successful, with a clear year-on-year increase in revenue. In addition, increased revenue from terminal equipment sales made a positive contribution to revenue.

EBITDA, adjusted EBITDA.

Our Europe operating segment generated adjusted EBITDA of EUR 1.1 billion in the first quarter of 2013, a year-on-year decrease of 8.6 percent. The decline at segment level was mainly attributable to Greece, Hungary, the Czech Republic, and Croatia.

Overall, the decrease in revenue year-on-year at segment level had a negative impact on the development of EBITDA. In addition, changes in legislation, taxes and duties, and national austerity programs adversely affected the development of earnings.

By systematically reducing indirect costs through our efficiency enhancement measures, which are primarily reflected in lower personnel costs and costs for goods and services purchased, we partially offset the negative effects from the decline in revenue. In addition, the regulation-induced reduction in interconnection costs and a personalized dialog with customers for the purpose of customer acquisition and retention resulted in lower direct costs.

The decrease in Hungary is mainly attributable to the utility tax introduced by the national government as of January 1, 2013. The tax due for full-year 2013 reduced our EBITDA by EUR 23 million in the first quarter of 2013.

These decreases were partially offset by higher contributions of adjusted EBITDA in Poland.

Development of operations in selected countries.

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

Greece (senior leader). Revenue in Greece totaled EUR 713 million in the first quarter of 2013, a year-on-year decrease of 12.9 percent. More than half of this decrease is attributable to mobile business. Voice revenue declined in particular, due to the third reduction in termination rates imposed by the regulatory authorities since July 2012. In addition, an ongoing price war on the Greek mobile market, especially in the prepay segment, has had a negative impact on voice revenue since the end of the fourth quarter of 2012. Despite the difficult environment, mobile data revenue increased slightly compared with the prior-year level. Fixed-network operations were also affected by revenue reductions. Fixed-network voice revenue declined primarily as a result of line losses of around 8 percent in traditional telephony. Since regulation of fixed-network business in Greece continues to be very strict and we did not receive the regulatory authority’s approval to offer VDSL services before the end of November 2012, our Greek subsidiary was not able to proceed with customer acquisitions as planned and thus generate the associated revenue in full. Higher revenue in TV business, however, had a positive impact on the revenue trend, thanks to clear growth in TV customer numbers.

Adjusted EBITDA decreased to EUR 282 million in Greece during the reporting period, a year-on-year decline of 10.2 percent, mainly due to the decrease in revenue. This negative effect was partially offset by lower direct costs, on the one hand due to a regulation-induced reduction in interconnection costs and, on the other, to cuts in mobile customer acquisition expenses. In terms of indirect costs, we partially compensated the negative revenue effects with our programs to enhance efficiency in mobile and fixed-network operations. The success of these programs can be seen in particular in lower personnel costs due to lower staff levels.

Slovakia (junior leader). In the first quarter of 2013, our Slovak subsidiary generated revenue of EUR 192 million, down 6.8 percent year-on-year. This decrease is attributable in almost equal measure to fixed-network and mobile operations. In mobile communications, the decrease was a consequence of competition-induced price cuts and regulation. In absolute figures, this trend was equally attributable to consumers and business customers. Higher revenue in mobile data business – as a result of increased usage behavior of customers as well as a larger contract customer base overall – and from terminal equipment sales offset these negative revenue effects. In the fixed network, the decreases were largely attributable to lower revenue in voice telephony, mainly due to line losses in traditional telephony (PSTN). In part, these losses were offset by an increase in IP lines, which was also reflected in TV growth, especially among IPTV customers, resulting in a positive contribution to broadband/ TV revenue.

Adjusted EBITDA amounted to EUR 84 million in the first quarter, representing a year-on-year decrease of 2.3 percent, which was mainly attributable to the decline in revenue. A slight increase in marketing expenses was more than offset by lower direct costs, resulting from a regulation-induced reduction in interconnection costs. Savings in indirect costs as a result of measures to increase efficiency made a positive contribution to EBITDA.

Poland (mobile runner-up). In the first quarter of 2013, revenue in Poland totaled EUR 385 million, down 6.8 percent year-on-year. Adjusted for the slightly positive exchange rate performance of the Polish zloty against the euro, revenue decreased by 8.5 percent. The reduction in revenue – almost two-thirds of which related to consumer business – was driven in part by regulation-induced reductions in termination rates and in part by market-related lower pricing. Higher equipment revenue made a significant positive contribution to revenue, primarily as a result of the successful marketing of smartphones, of around 70 percent in the first quarter. A slight revenue increase in data business, thanks in part to larger contract customer base, partially offset this decline in voice telephony.

Adjusted EBITDA amounted to EUR 140 million in the first quarter of 2013, up 10.2 percent year-on-year. Adjusted for the slightly positive exchange rate effects, the increase was 8.2 percent. This increase was attributable, on the one hand, to lower direct costs compared with the prior-year period: a regulation-induced reduction in interconnection costs and cuts in customer retention and acquisition costs. On the other hand, EBITDA increased due to lower indirect costs.

Netherlands (smart attacker). In the first quarter of 2013, revenue decreased by 6.7 percent year-on-year to EUR 393 million. This decline is mainly attributable to sales-related deductions in connection with customer retention measures. Revenue was also adversely affected by lower mobile termination rates as well as reduced use of text messaging. These negative revenue effects were offset in part by the highly successful mobile data business, as a result of contract additions with new data rate plans. Thanks to the unabated demand for smartphones – especially high-priced devices – sales of terminal equipment increased, thus generating a positive contribution to revenue.

Adjusted EBITDA only declined slightly by 0.9 percent year-on-year in the first quarter of 2013 to EUR 114 million. This largely revenue-driven decline was almost offset by savings in direct costs, which were mainly attributable to a regulation-induced reduction in interconnection costs as well as reduced customer acquisition costs. The reduction in indirect costs, including personnel costs and costs for goods and services purchased, also resulted in an improvement in adjusted EBITDA.

EBIT.

EBIT in our Europe operating segment totaled EUR 435 million in the first quarter of 2013, down 4.4 percent year-on-year, as a result of the decline in adjusted EBITDA. Lower depreciation and amortization as a result of restrained capital expenditure initiatives in many countries of our segment counteracted the negative effects from the decline in EBITDA.

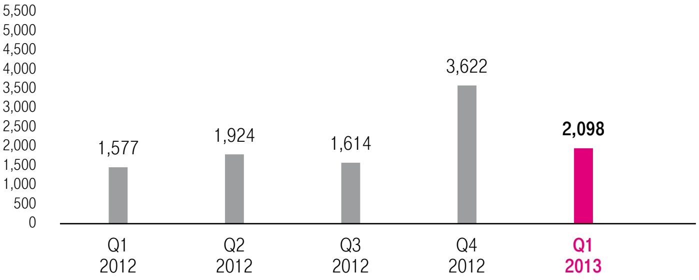
Cash capex.

In the first quarter of 2013, our Europe operating segment reported cash capex of EUR 1.4 billion. This is a significant increase against the prior-year quarter, attributable mainly to the acquisition of mobile licenses in the Netherlands. We also invest in networks for the future in other countries of our segment. A difficult market situation, decisions by regulatory authorities, and additional financial burdens, such as the tax in Hungary or the real estate tax in Greece, have nevertheless caused most countries to exercise restraint in their capital spending.

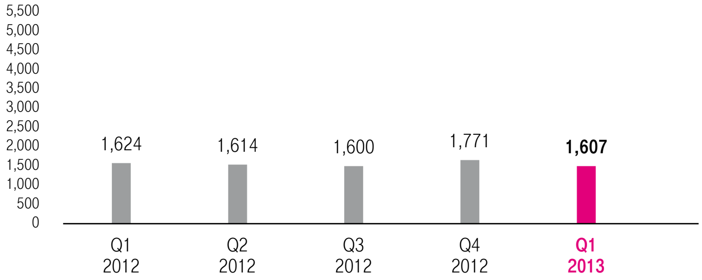
SYSTEMS SOLUTIONS.

SELECTED KPIs.

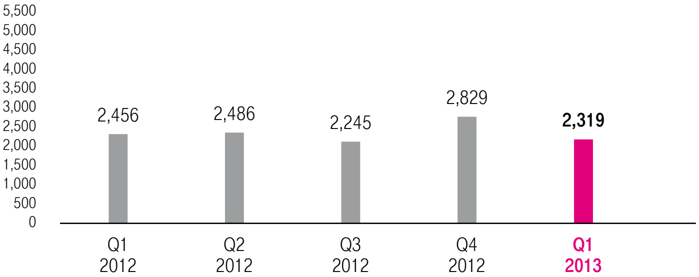
Order entry (Market Unit). (millions of €)



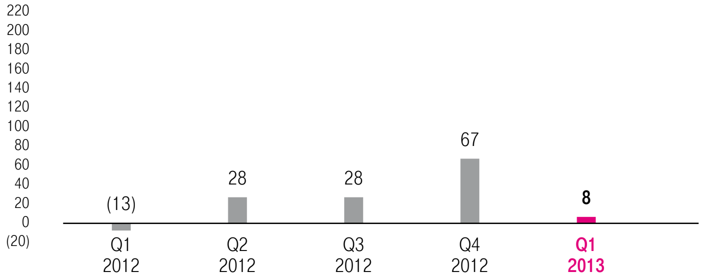
External revenue. (millions of €)



Revenue. (millions of €)



Adjusted EBIT. (millions of €)



		Mar. 31, 2013	Dec. 31, 2012	Change Mar. 31, 2013/ Dec. 31, 2012 %	Mar. 31, 2012	Change Mar. 31, 2013/ Mar. 31, 2012 %
ORDER ENTRY	millions of €	2,098	8,737	n.a.	1,577	33.0
COMPUTING & DESKTOP SERVICES						
Number of servers managed and serviced	units	56,721	57,121	(0.7)	n.a.	n.a.
Number of workstations managed and serviced	millions	1.36	1.93	(29.5)	n.a.	n.a.
SYSTEMS INTEGRATION						
Hours billed	millions	1.7	6.3	n.a.	n.a.	n.a.
Utilization rate	%	81.4	85.1	(3.7)p	n.a.	n.a.

Development of business.

In the first quarter of 2013, order entry increased substantially year-on-year by 33.0 percent. This encouraging development is due to the conclusion of new deals in Germany and abroad, e.g., with EADS and the Swiss National Railways (SBB). In addition, our standard solutions in the growth area of cloud computing succeeded in the face of strong competition, winning us contracts with many of our corporate customers. T-Systems continued to expand its dynamic resources accordingly in the reporting period. For our customers, this means they receive bandwidth, computing capacity and memory on demand, pay for what they use, and share the infrastructure.

The number of servers managed and serviced declined year-on-year. This was due to technological progress: New deals increase demand for our ICT services. This demand is now being met by high-performance servers with improved capacity utilization. A similar trend can be seen in data centers, where consolidation is creating larger, higher-performance units. The number of workstations managed decreased as a result of the high price pressure in the industry as well as the downsizing and IT cost cutting initiatives within the Group.

DEVELOPMENT OF OPERATIONS.[a]

		Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE		2,319	2,456	(137)	(5.6)	10,016
Loss from operations **(EBIT)**		(66)	(58)	(8)	(13.8)	(307)
Special factors affecting EBIT		(74)	(45)	(29)	(64.4)	(417)
EBIT (adjusted for special factors)		8	(13)	21	n.a.	110
EBIT margin (adjusted for special factors)	%	0.3	(0.5)			1.1
Depreciation, amortization and impairment losses		(181)	(155)	(26)	(16.8)	(649)
EBITDA		115	97	18	18.6	342
Special factors affecting EBITDA		(60)	(45)	(15)	(33.3)	(405)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		175	142	33	23.2	747
EBITDA margin (adjusted for special factors)	%	7.5	5.8			7.5
CASH CAPEX		(212)	(222)	10	4.5	(1,187)

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

Total revenue.

Total revenue in our Systems Solutions operating segment in the reporting period amounted to EUR 2.3 billion, a year-on-year decrease of 5.6 percent. This decrease relates both to lower external and intragroup revenues.

Revenue from the Market Unit includes revenue generated with external customers as well as intragroup revenues for telecommunications services and international IT services that do not fall within the remit of Telekom IT. At EUR 1.9 billion, this item remained at the prior-year level and recorded a stable development both nationally and internationally. The contracts signed in 2012 had a positive impact on revenue, which was, however, offset by a general decline in prices in IT and communications business.

In the Telekom IT business unit, which pools all of the Group's internal national IT projects, revenue was well down against the prior year by 25 percent, mainly due to the Group's efforts to reduce IT costs as well as to seasonal effects in project business.

EBITDA, adjusted EBITDA.

Adjusted EBITDA in our Systems Solutions operating segment increased by 23.2 percent in the reporting period. This positive trend is attributable to both higher profitability in operations and to the results of restructuring and efficiency enhancement measures. The adjusted EBITDA margin improved from 5.8 to 7.5 percent. Unadjusted EBITDA increased by 18.6 percent, since the strong operational improvement was somewhat slowed by an increase in special factors.

EBIT, adjusted EBIT.

Adjusted EBIT for the first quarter of 2013 was EUR 21 million higher than in the prior-year period. The EBITDA improvement was slightly offset by higher depreciation, amortization and impairment losses. The adjusted EBIT margin increased from minus 0.5 percent to plus 0.3 percent in the reporting period.

Cash capex.

At EUR 0.2 billion, cash capex in the first quarter of 2013 remained at the prior-year level. We were able to offset cash capex for new contracts and customer relationships by lower expenditure thanks to enhanced efficiencies, for example, through the continued standardization of ICT platforms. Telekom IT management aims to reduce its own cash capex in the long term. Cash outflows include payments for the expansion of the Dynamic Computing platform and for technical upgrades in connection with new deals.

GROUP HEADQUARTERS & GROUP SERVICES.

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

Since January 1, 2013, the tasks and functions of Group Technology including the Global Network Factory, which was previously part of Group Headquarters & Group Services, have been reported under the Europe operating segment. Comparative figures have been adjusted accordingly. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (page 39).

In the first quarter of 2013, our personnel service provider Vivento supported us once again in our efforts to restructure the Group's workforce. As of March 31, 2013, Vivento had a workforce of around 8,200 employees (March 31, 2012: 8,600), of which around 3,600 were deployed externally, mainly in the public sector, for example at the Federal Employment Agency. Another 3,200 or so employees were employed within the Group, especially in service centers. 1,500 employees were placed in Vivento's operational and strategic units or continued to be managed by Vivento. Vivento took on a total of around 300 new employees in the reporting period; around the same number of employees left the personnel service provider to pursue new opportunities.

DEVELOPMENT OF OPERATIONS.

	Q1 2013 millions of €	Q1 2012 millions of €	Change millions of €	Change %	FY 2012 millions of €
TOTAL REVENUE	691	675	16	2.4	2,835
Of which: Digital Business Unit	213	194	19	9.8	868
Loss from operations **(EBIT)**	(284)	(291)	7	2.4	(1,750)
Depreciation, amortization and impairment losses	(164)	(189)	25	13.2	(753)
EBITDA	(120)	(102)	(18)	(17.6)	(997)
Special factors affecting EBITDA	(21)	61	(82)	n.a.	(282)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(99)	(163)	64	39.3	(715)
Of which: Digital Business Unit	30	56	(26)	(46.4)	137
CASH CAPEX	(77)	(144)	67	46.5	(379)

Total revenue.
Total revenue in the Group Headquarters & Group Services segment in the reporting period increased by 2.4 percent year-on-year, primarily due to revenue growth at the Digital Business Unit (DBU). By contrast, lower demand for intragroup call center services had a negative impact on revenue.

EBITDA, adjusted EBITDA.
Adjusted EBITDA of Group Headquarters & Group Services improved year-on-year in the first quarter of 2013. In addition to operational cost cuts, this improvement was mainly attributable to income in connection with our procurement joint venture BUYIN.

In the first quarter of 2013, EBITDA was adversely affected by negative special factors totaling EUR 21 million, primarily due to expenses in connection with staff-related measures, in particular for early retirement and severance payments. In the prior-year period, EBITDA was positively affected by a payment of EUR 61 million from Kreditanstalt für Wiederaufbau, a refund in connection with a settlement reached in the United States.

EBIT.
The year-on-year decrease in loss from operations was primarily due to an improvement in adjusted EBITDA.

RISKS AND OPPORTUNITIES.

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

Litigation.

Prospectus liability proceedings. In the model proceedings ("Musterverfahren") relating to Deutsche Telekom's second public offering (DT2), a hearing took place before the Frankfurt Higher Regional Court on February 27, 2013. The Court has announced it will issue a ruling on May 22, 2013. In the model proceedings relating to the third public offering (DT3), the parties continue to pursue appeal proceedings ("Rechtsbeschwerdeverfahren") before the Federal Court of Justice.

Claims for damages due to price squeeze. In the proceedings brought by EWE Tel and NetCologne against Telekom Deutschland GmbH, the Cologne Regional Court found there to be a liability for damages on the merits of the case in a ruling dated January 17, 2013 without ruling on the amount of said liability, but rejected part of the claims as barred under the statute of limitations. EWE Tel and NetCologne as well as Telekom Deutschland GmbH have all appealed to the Düsseldorf Higher Regional Court.

Claims relating to charges for shared use of cable ducts. Kabel Deutschland Vertrieb und Service GmbH (KDG) has quantified its claim for allegedly excessive charges from 2012 and is now demanding around EUR 340 million plus interest as well as around EUR 10 million for acquired interest benefits from Telekom Deutschland GmbH. KDG is also demanding a reduction in charges for the future. The hearing, which was originally set for April 10, 2013, was postponed by the court until June 12, 2013. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

Mobile communications patent litigation. An out-of-court settlement was reached with IPCom GmbH & Co. KG concerning both proceedings relating to a patent concerning the transmission of voice signals in tandem-free operation. Under the terms of the settlement, IPCom GmbH & Co. KG withdrew both claims without us having made any payment, and we have withdrawn our action against the validity of the patent. Overall, five claims filed by IPCom GmbH & Co. KG are still pending: three of these proceedings concern patents relating to Telekom Deutschland GmbH's network, the other proceedings take issue with the sale of UMTS-enabled devices manufactured by Nokia and HTC. It is currently not possible to estimate the total financial impact of the proceedings with sufficient certainty.

MetroPCS. Now that the MetroPCS shareholders have given their approval for the transaction, the class actions filed in the U.S. states of Texas and Delaware are now focusing on claims for damages. Additional proceedings filed in New York claim damages from MetroPCS and its management.

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

Actions concluded in 2013.

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

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

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

Regulation.

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

- Due to a court ruling, the **Hungarian regulatory authorities** had to annul the result of the frequency auction carried out in the spring of 2012 in which frequencies were awarded to a new state-owned mobile communications company and revoked the results of the auction. The frequencies as well as further frequencies which will shortly become available are expected to be awarded before the end of 2013. This will give Magyar Telekom another opportunity to secure additional frequency resources as planned.
- In the **Czech Republic**, the spectrum auction in March 2013 was halted. A consultation was initiated on changes in the conditions of award. A new auction is expected to be rearranged for the fall of 2013.
- **Polska Telefonia Cyfrowa** (PTC) secured an additional 1.8 GHz of spectrum in the tender process in February 2013. The authority is further planning to stage an auction for the 0.8 GHz and 2.6 GHz frequencies by the end of the year.

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

Other opportunities arising in connection with business activities.

The development of our operations gives rise to opportunities, which we describe in this section or in other parts of the interim Group management report. They include, for example, the merger of T-Mobile USA and MetroPCS (page 28), the Federal Network Agency's draft decision for an amendment to the regulatory order on unbundled local loop lines which approves the introduction of VDSL vectoring in Germany (page 8), as well as our investments in new networks and spectrum (page 7).

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2013).

Business combination of T-Mobile USA and MetroPCS. The business combination of T-Mobile USA and MetroPCS was closed on May 1, 2013. The shareholders of MetroPCS had previously approved the combination at the shareholders' meeting on April 24, 2013 after Deutsche Telekom had submitted an improved offer to the shareholders of MetroPCS on April 10, 2013. The core element of the improved offer was a reduction in the shareholder loan from Deutsche Telekom to T-Mobile USA by USD 3.8 billion in total. In addition, the interest rates for this shareholder loan were reduced by 0.5 percentage points and the lock-up period for shares of the combined company was extended to 18 months after closing of the transaction effective May 1, 2013. The relevant U.S. authorities had already approved the merger of MetroPCS and T-Mobile USA in the first quarter of 2013. These approvals remain unaffected by the improvement to the offer. Deutsche Telekom holds 74 percent in the combined, listed company. The combined company's improved position in terms of mobile spectrum and the expanded customer base mean that we are able to compete more aggressively with the other national mobile carriers in the United States.

For further information, please refer to the disclosures in the 2012 Annual Report (in particular pages 65 and 66, and 219).

Draft decision of the Federal Network Agency on vectoring. For information on the draft decision, please refer to the section "The economic environment," page 8.

Marketing launch of the iPhone5 in the United States. Apple products have been added to T-Mobile USA's product portfolio and have been available to its customers since April 12, 2013.

Sale of Globul and Germanos. OTE, which is part of the Europe operating segment, announced on April 26, 2013 that it had signed an agreement on the sale of shares in Cosmo Bulgaria Mobile (Globul) and Germanos Telecom Bulgaria (Germanos). Norwegian telecommunications provider Telenor is to acquire 100 percent of the shares in both companies. The enterprise value of the two companies has been agreed at around EUR 0.7 billion and will be adjusted at the time of closing to take into account their net debt and changes to working capital. The transaction is subject to approval by the relevant authorities.

Year-end bonus for civil servants. For information on the legal dispute concluded in early April 2013, please refer to the section "Risks and opportunities," page 27.

Telefónica and Deutsche Telekom intensify cooperation in the fixed network. In early May 2013, we signed a not-yet-binding Memorandum of Understanding with Telefónica Deutschland on increased usage of our VDSL and wholesale vectoring products. The cooperation will be expanded in phases, with completion scheduled for 2019. It will allow us to share the risks of investment and accelerate further roll-out. The proposed cooperation will be submitted to the Federal Network Agency and the Federal Cartel Office for approval. Launch is planned for 2014.

DEVELOPMENT OF REVENUE AND PROFITS.

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

Changes from the 2012 Annual Report.
In the 2012 Annual Report, Deutsche Telekom presented the expectations of the Group and T-Mobile USA for 2013 on the basis of a pro-forma calculation taking into account MetroPCS for twelve months. At the shareholders' meeting of MetroPCS on April 24, 2013, the shareholders of MetroPCS approved the merger of MetroPCS and T-Mobile USA. The business combination was closed on May 1, 2013. As a result of the closing of the merger as of May 1, 2013, the new entity will now be included in the Deutsche Telekom Group for eight months instead of twelve. The effects on our financial indicators will be presented in the Interim Group Report as of June 30, 2013 in the section "Development of revenue and profits."

INTERIM CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

	Mar. 31, 2013 millions of €	Dec. 31, 2012[a] millions of €	Change millions of €	Change %	Mar. 31, 2012[a] millions of €
ASSETS					
CURRENT ASSETS	**15,862**	**15,019**	**843**	**5.6**	**15,761**
Cash and cash equivalents	4,540	4,026	514	12.8	3,294
Trade and other receivables	6,423	6,417	6	0.1	6,504
Current recoverable income taxes	113	95	18	18.9	86
Other financial assets	1,696	2,020	(324)	(16.0)	2,789
Inventories	1,111	1,106	5	0.5	1,087
Non-current assets and disposal groups held for sale	217	90	127	n.a.	60
Other assets	1,762	1,265	497	39.3	1,941
NON-CURRENT ASSETS	**92,975**	**92,923**	**52**	**0.1**	**104,541**
Intangible assets	42,646	41,732	914	2.2	49,451
Property, plant and equipment	37,300	37,522	(222)	(0.6)	40,864
Investments accounted for using the equity method	6,288	6,726	(438)	(6.5)	6,687
Other financial assets	1,780	1,901	(121)	(6.4)	1,930
Deferred tax assets	4,630	4,712	(82)	(1.7)	4,396
Other assets	331	330	1	0.3	1,213
TOTAL ASSETS	**108,837**	**107,942**	**895**	**0.8**	**120,302**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	**22,783**	**22,995**	**(212)**	**(0.9)**	**21,437**
Financial liabilities	8,919	9,260	(341)	(3.7)	7,959
Trade and other payables	6,091	6,445	(354)	(5.5)	5,288
Income tax liabilities	441	440	1	0.2	614
Other provisions	2,924	2,885	39	1.4	3,218
Liabilities directly associated with non-current assets and disposal groups held for sale	47	9	38	n.a.	0
Other liabilities	4,361	3,956	405	10.2	4,358
NON-CURRENT LIABILITIES	**55,041**	**54,416**	**625**	**1.1**	**58,647**
Financial liabilities	35,835	35,354	481	1.4	38,340
Provisions for pensions and other employee benefits	7,113	7,312	(199)	(2.7)	6,425
Other provisions	1,834	1,857	(23)	(1.2)	1,656
Deferred tax liabilities	6,263	5,988	275	4.6	8,352
Other liabilities	3,996	3,905	91	2.3	3,874
LIABILITIES	**77,824**	**77,411**	**413**	**0.5**	**80,084**
SHAREHOLDERS' EQUITY	**31,013**	**30,531**	**482**	**1.6**	**40,218**
Issued capital	11,063	11,063	0	0.0	11,063
Treasury shares	(6)	(6)	0	0.0	(6)
	11,057	**11,057**	**0**	**0.0**	**11,057**
Capital reserves	51,506	51,506	0	0.0	51,505
Retained earnings including carryforwards	(34,361)	(29,106)	(5,255)	(18.1)	(25,023)
Total other comprehensive income	(2,346)	(2,176)	(170)	(7.8)	(2,561)
Total other comprehensive income directly associated with non-current assets and disposal groups held for sale	–	–	–	–	–
Net profit (loss)	564	(5,353)	5,917	n.a.	545
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	**26,420**	**25,928**	**492**	**1.9**	**35,523**
Non-controlling interests	4,593	4,603	(10)	(0.2)	4,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**108,837**	**107,942**	**895**	**0.8**	**120,302**

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

CONSOLIDATED INCOME STATEMENT.

	Q1 2013 millions of €	Q1 2012[a] millions of €	Change millions of €	Change %	FY 2012[a] millions of €
NET REVENUE	**13,785**	**14,432**	**(647)**	**(4.5)**	**58,169**
Cost of sales	(7,954)	(8,253)	299	3.6	(34,256)
GROSS PROFIT	**5,831**	**6,179**	**(348)**	**(5.6)**	**23,913**
Selling expenses	(3,145)	(3,427)	282	8.2	(14,075)
General and administrative expenses	(1,156)	(1,289)	133	10.3	(4,855)
Other operating income	356	334	22	6.6	2,968
Other operating expenses	(194)	(134)	(60)	(44.8)	(11,913)
PROFIT (LOSS) FROM OPERATIONS	**1,692**	**1,663**	**29**	**1.7**	**(3,962)**
Finance costs	(522)	(535)	13	2.4	(2,033)
Interest income	65	83	(18)	(21.7)	306
Interest expense	(587)	(618)	31	5.0	(2,339)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(80)	(52)	(28)	(53.8)	(154)
Other financial income (expense)	(78)	42	(120)	n.a.	(225)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**(680)**	**(545)**	**(135)**	**(24.8)**	**(2,412)**
PROFIT (LOSS) BEFORE INCOME TAXES	**1,012**	**1,118**	**(106)**	**(9.5)**	**(6,374)**
Income taxes	(391)	(335)	(56)	(16.7)	1,516
PROFIT (LOSS)	**621**	**783**	**(162)**	**(20.7)**	**(4,858)**
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent (net profit (loss))	564	545	19	3.5	(5,353)
Non-controlling interests	57	238	(181)	(76.1)	495
INCLUDED IN CONSOLIDATED INCOME STATEMENT					
Personnel costs	(3,652)	(3,564)	(88)	(2.5)	(14,726)
Depreciation, amortization and impairment losses	(2,387)	(2,734)	347	12.7	(21,957)
Of which: amortization and impairment of intangible assets	(757)	(799)	42	5.3	(12,259)
Of which: depreciation and impairment of property, plant and equipment	(1,630)	(1,935)	305	15.8	(9,698)

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

EARNINGS PER SHARE.

		Q1 2013	Q1 2012[a]	Change	Change %	FY 2012[a]
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	564	545	19	3.5	(5,353)
Weighted average number of ordinary shares (undiluted/diluted)	millions	4,300	4,300	0	0.0	4,300
EARNINGS PER SHARE BASIC/DILUTED	€	**0.13**	**0.13**	**0.00**	**0.0**	**(1.24)**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.[a]

	Q1 2013 millions of €	Q1 2012[b] millions of €	Change millions of €	FY 2012[b] millions of €
PROFIT (LOSS)	**621**	**783**	**(162)**	**(4,858)**
Items not reclassified to the income statement retrospectively				
Actuarial gains and losses on defined benefit pension plans	147	(282)	429	(1,822)
Share of profit (loss) of investments accounted for using the equity method	(17)	0	(17)	0
Income taxes relating to components of other comprehensive income	(46)	83	(129)	556
	84	(199)	283	(1,266)
Items reclassified to the income statement retrospectively, if certain reasons are given				
Exchange differences on translating foreign operations				
Recognition of other comprehensive income in income statement	0	0	0	4
Change in other comprehensive income (not recognized in income statement)	(186)	(105)	(81)	318
Available-for-sale financial assets				
Recognition of other comprehensive income in income statement	0	(225)	225	(227)
Change in other comprehensive income (not recognized in income statement)	9	13	(4)	33
Gains (losses) from hedging instruments				
Recognition of other comprehensive income in income statement	91	5	86	9
Change in other comprehensive income (not recognized in income statement)	(70)	(61)	(9)	(219)
Share of profit (loss) of investments accounted for using the equity method				
Recognition of other comprehensive income in income statement	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(2)	0	(2)	22
Income taxes relating to components of other comprehensive income	(8)	34	(42)	77
	(166)	(339)	173	17
OTHER COMPREHENSIVE INCOME	**(82)**	**(538)**	**456**	**(1,249)**
TOTAL COMPREHENSIVE INCOME	**539**	**245**	**294**	**(6,107)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the parent	494	120	374	(6,466)
Non-controlling interests	45	125	(80)	359

[a] The structure of the statement of comprehensive income was adjusted retrospectively due to the application of IAS 1 (amended) as of January 1, 2013.
[b] The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards[b]	Net profit (loss)[b]
	millions of €	millions of €	millions of €	millions of €	millions of €
BALANCE AT JANUARY 1, 2012	**11,063**	**(6)**	**51,504**	**(25,371)**	**538**
Changes in the composition of the Group					
Unappropriated profit (loss) carried forward				538	(538)
Dividends					
Proceeds from the exercise of stock options/share matching plan			1		
Profit (loss)					545
Other comprehensive income				(190)	
Transfer to retained earnings					
BALANCE AT MARCH 31, 2012	**11,063**	**(6)**	**51,505**	**(25,023)**	**545**
BALANCE AT JANUARY 1, 2013	**11,063**	**(6)**	**51,506**	**(29,106)**	**(5,353)**
Changes in the composition of the Group					
Unappropriated profit (loss) carried forward				(5,353)	5,353
Dividends					
Proceeds from the exercise of stock options/share matching plan					
Share buy-back				(2)	
Profit (loss)					564
Other comprehensive income				101	
Transfer to retained earnings				(1)	
BALANCE AT MARCH 31, 2013	**11,063**	**(6)**	**51,506**	**(34,361)**	**564**

[a] The structure and the prior-year comparatives of the consolidated statement of comprehensive income were adjusted retrospectively as of January 1, 2013 to present the share of investments accounted for using the equity method in total other comprehensive income.
[b] The prior-year comparatives were adjusted retrospectively due to the application of IAS 19 (amended) as of January 1, 2013.

Issued capital and reserves attributable to owners of the parent						Total	Non-controlling interests[b]	Total shareholders' equity
Total other comprehensive income								
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments[a]	Investments accounted for using the equity method[a]	Taxes[b]			
millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
(2,778)	**(33)**	**102**	**537**	**20**	**(174)**	**35,402**	**4,630**	**40,032**
						0		0
						0		0
						0	(60)	(60)
						1		1
						545	238	783
(127)		(77)	(56)		25	(425)	(113)	(538)
						0		0
(2,905)	**(33)**	**25**	**481**	**20**	**(149)**	**35,523**	**4,695**	**40,218**
(2,448)	**(36)**	**43**	**327**	**42**	**(104)**	**25,928**	**4,603**	**30,531**
						0	2	2
						0		0
						0	(57)	(57)
						0		0
						(2)		(2)
						564	57	621
(174)		9	21	(19)	(8)	(70)	(12)	(82)
	1					0		0
(2,622)	**(35)**	**52**	**348**	**23**	**(112)**	**26,420**	**4,593**	**31,013**

CONSOLIDATED STATEMENT OF CASH FLOWS.

	Q1 2013 millions of €	Q1 2012[a] millions of €	FY 2012[a] millions of €
PROFIT (LOSS)	**621**	**783**	**(4,858)**
Depreciation, amortization and impairment losses	2,387	2,734	21,957
Income tax expense (benefit)	391	335	(1,516)
Interest income and interest expense	522	535	2,033
Other financial (income) expense	78	(42)	225
Share of (profit) loss of associates and joint ventures accounted for using the equity method	80	52	154
(Profit) loss on the disposal of fully consolidated subsidiaries	(55)	0	(6)
Other operating income from the agreement with Crown Castle concerning the leasing and use of cell towers in the United States	–	–	(1,444)
Other non-cash transactions	3	(2)	15
(Gain) loss from the disposal of intangible assets and property, plant and equipment	20	27	(83)
Change in assets carried as working capital	(348)	(543)	(24)
Change in provisions	(108)	79	471
Change in other liabilities carried as working capital	199	(377)	(1,080)
Income taxes received (paid)	(184)	(107)	(694)
Dividends received	110	194	490
Net payments from entering into or canceling interest rate swaps	0	83	122
CASH GENERATED FROM OPERATIONS	**3,716**	**3,751**	**15,762**
Interest paid	(918)	(885)	(3,060)
Interest received	154	107	875
NET CASH FROM OPERATING ACTIVITIES	**2,952**	**2,973**	**13,577**
Cash outflows for investments in			
Intangible assets	(1,245)	(443)	(2,120)
Property, plant and equipment	(1,779)	(1,726)	(6,312)
Non-current financial assets	(170)	(39)	(1,028)
Investments in fully consolidated subsidiaries and business units	(1)	0	(19)
Proceeds from disposal of			
Intangible assets	5	0	26
Property, plant and equipment	73	52	187
Cell towers from the framework agreement with Crown Castle in the United States	–	–	1,769
Non-current financial assets	2	389	549
Investments in fully consolidated subsidiaries and business units	31	0	50
Net change in short-term investments and marketable securities and receivables	301	(342)	219
Other	(46)	8	8
NET CASH USED IN INVESTING ACTIVITIES	**(2,829)**	**(2,101)**	**(6,671)**
Proceeds from issue of current financial liabilities	3,227	7,451	22,664
Repayment of current financial liabilities	(5,525)	(10,340)	(29,064)
Proceeds from issue of non-current financial liabilities	2,969	1,692	3,539
Repayment of non-current financial liabilities	(127)	(44)	(171)
Dividends	(17)	(59)	(3,400)
Share buy-back	(2)	0	–
Repayment of lease liabilities	(43)	(42)	(169)
Other	(1)	0	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**481**	**(1,342)**	**(6,601)**
Effect of exchange rate changes on cash and cash equivalents	7	15	(28)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	(97)	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**514**	**(455)**	**277**
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	**4,026**	**3,749**	**3,749**
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	**4,540**	**3,294**	**4,026**

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

SIGNIFICANT EVENTS AND TRANSACTIONS.

ACCOUNTING POLICIES.

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

Statement of compliance.

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

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

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

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

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

In May 2011, the IASB issued **IFRS 13 "Fair Value Measurement."** With this standard, the IASB has created a uniform, comprehensive standard for fair value measurement. IFRS 13 is effective for financial years beginning on or after January 1, 2013. IFRS 13 provides guidance on how to measure at fair value when other IFRSs require fair value measurement (or disclosure). A new definition of fair value applies which characterizes fair value as the selling price of an actual or hypothetical transaction between any independent market participants under normal market conditions on the reporting date. The standard is almost universally applicable, with the only exemptions being IAS 2 "Inventories," IAS 17 "Leases," and IFRS 2 "Share-based Payment." While the scope of guidance remains virtually unchanged for financial instruments, the guidance for other items (e.g., investment property, intangible assets, and property, plant and equipment) is now more comprehensively and/or precisely defined. The established three-level fair value hierarchy has to be applied across the board. Accordingly, the hierarchical level to which the asset or liability is assigned in its entirety (Level 1, Level 2 or Level 3) is determined based on the lowest input parameter in the fair value hierarchy. If measurement factors from different levels are used, the asset or liability is to be categorized in its entirety to the lowest level. The highest hierarchical level (Level 1) is assigned to inputs that are quoted prices in active markets and that the entity can access at the measurement date. The second-highest hierarchical level (Level 2) is assigned to inputs that are observable either directly or indirectly or can be derived, other than quoted market prices included within Level 1. The lowest hierarchical level (Level 3) is assigned to assets or liabilities that do not have any observable inputs.

The adoption of IFRS 13 results in additional disclosures in Deutsche Telekom's financial statements. The European Union endorsed the provisions in December 2012. Deutsche Telekom has applied the new standard since January 1, 2013.

In June 2011, the IASB issued amendments to **IAS 1 "Presentation of Financial Statements."** The amendments require that the items listed under other comprehensive income be split into two categories, according to whether or not they will be recognized in the income statement in future periods (recycling). The amendments to IAS 1 are effective retrospectively for financial years beginning on or after July 1, 2012 and were endorsed by the European Union in June 2012. Deutsche Telekom has applied the amended standard since January 1, 2013.

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

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

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

The changes in the definition and recognition of termination benefits have material effects on the amounts recognized for personnel provisions and on personnel costs because, under certain circumstances, termination benefits may be recognized at a later date in accordance with IAS 19.166 (2011). In recent years, Deutsche Telekom has offered substantial severance packages to its employees in Germany on various legal bases and is likely to continue doing so in the future. The quantitative effects at the respective reporting dates will nevertheless depend to a large extent on the legal form and the timing of future programs. The effects of the different programs on Deutsche Telekom's consolidated income statement are as follows:

- In the case of early retirement for civil servants, the new standard changes the time when the expense is recorded. The provisions are now only recognized when the civil servant accepts the offer, rather than when the overall program is communicated. In the consolidated income statement as of March 31, 2012, this has a positive effect on earnings of EUR 0.5 billion (before taxes). In the consolidated income statement as of December 31, 2012, the effects balance out completely during the year because this program is only approved once a year.
- The time when the expense is recorded also changes in the case of severance payments for non-civil servants. Here, too, the provision is only recognized when the employee accepts the offer, rather than when the overall program is communicated. There is no change in the accounting for individual measures. No material effects arise as of March 31, 2012. In the consolidated income statement as of December 31, 2012, this has a negative effect on earnings of EUR 0.1 billion (before taxes).
- On account of the change in the definition, the top-up payments made as part of partial retirement programs may no longer be recognized as termination benefits and therefore have to be accrued over their vesting period. Owing to their special legal and financial characteristics, Deutsche Telekom's partial retirement programs offered after 2007 were not classified as termination benefits under the old version of IAS 19 either. For this reason, this amendment does not have any material effects. In the case of partial retirement, contracts concluded before 2007 were retrospectively adjusted. Under the new standard, the top-up payment is accrued in installments instead of the provision being recognized immediately in the full amount. No material effects arise for Deutsche Telekom in the consolidated income statements as of March 31, 2013 and December 31, 2012.

The change in the time of recognition resulting from new standard, especially in the case of early retirement for civil servants, affects the deferred tax assets recognized in Deutsche Telekom's consolidated statement of financial position. Following the adjustment, these decreased by EUR 0.2 billion as of March 31, 2012. In the consolidated statement of financial position as of December 31, 2012, the effects balance out completely during the year. Due to the retrospective application of IAS 19, the carryforward of retained earnings in the statement of changes in shareholders' equity as of January 1, 2012 also increased by EUR 0.1 billion.

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

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

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

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

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

CHANGES IN THE COMPOSITION OF THE GROUP.

Deutsche Telekom did not effect any material business combinations as of March 31, 2013. The business combination of T-Mobile USA and MetroPCS will be closed in the second quarter of 2013.

Business combination of T-Mobile USA and MetroPCS.

On October 3, 2012, Deutsche Telekom AG and MetroPCS Communications, Inc., Dallas/United States (MetroPCS) concluded an agreement to combine their business activities in the United States. By March 21, 2013, Deutsche Telekom had received all the necessary approvals from the Federal Communications Commission (FCC), the U.S. Department of Justice (DOJ), and the Committee on Foreign Investment in the United States (CFIUS) for the planned merger of the subsidiary T-Mobile USA with the U.S. mobile provider MetroPCS. For more information on the transaction to combine T-Mobile USA and MetroPCS, please refer to the section “Events after the reporting period” on page 43 and to the notes to the consolidated financial statements as of December 31, 2012 (page 219 of the 2012 Annual Report).

Disposals.

As of March 31, 2013, OTE, which is part of the Europe operating segment, sold its equity interest in Hellas Sat for EUR 0.2 billion. This sale generated a deconsolidation gain of EUR 0.1 billion. Telekom Deutschland GmbH, which is part of the Germany operating segment, also sold its equity interest in SAF Forderungsmanagement GmbH as of March 31, 2013. The sale price and the consolidation gain were not material.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

Non-current assets and disposal groups held for sale.

Non-current assets and disposal groups held for sale increased to EUR 0.1 billion compared with December 31, 2012. This was primarily related to the proposed sale of shares in T-Systems Italia S.p.A.

Intangible assets and property, plant and equipment.

Intangible assets increased by EUR 0.9 billion to EUR 42.6 billion, due to capital expenditure of EUR 1.2 billion and exchange rate effects of EUR 0.3 billion, primarily from U.S. dollars. Additions to intangible assets in the first quarter of 2013 include spectrum acquired by T-Mobile Netherlands accounting for EUR 0.9 billion. This addition was offset by amortization of EUR 0.8 billion.

The decrease of EUR 0.2 billion in **property, plant and equipment** to EUR 37.3 billion was primarily attributable to depreciation of EUR 1.6 billion and disposals of EUR 0.1 billion. Property, plant and equipment was also reduced by the effect of changes in the composition of the Group from the sale of Hellas Sat accounting for EUR 0.1 billion. The decrease was partially offset by additions totaling EUR 1.6 billion and exchange rate effects of EUR 0.1 billion.

Investments accounted for using the equity method.

Investments accounted for using the equity method decreased by EUR 0.4 billion to EUR 6.3 billion in the first quarter of 2013, mainly due to the Everything Everywhere joint venture. Exchange rate effects reduced the carrying amount of the investment by EUR 0.2 billion; a dividend received and a loss reduced the carrying amount by a further by EUR 0.1 billion each.

Financial liabilities.

The following table shows the composition and maturity structure of financial liabilities as of March 31, 2013:

	Mar. 31, 2013 millions of €	Due ≤ 1 year millions of €	Due > 1 ≤ 5 years millions of €	Due > 5 years millions of €
Bonds and other securitized liabilities	35,519	4,997	14,981	15,541
Liabilities to banks	3,839	1,505	2,205	129
Finance lease liabilities	1,206	134	468	604
Liabilities to non-banks from promissory notes	1,151	78	568	505
Other interest-bearing liabilities	812	565	150	97
Other non-interest-bearing liabilities	1,508	1,431	74	3
Derivative financial liabilities	719	209	466	44
FINANCIAL LIABILITIES	**44,754**	**8,919**	**18,912**	**16,923**

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT.

Other operating income.

	Q1 2013 millions of €	Q1 2012 millions of €
Income from reimbursements	158	105
Income from the reversal of impairment losses on non-current financial assets in accordance with IFRS 5	1	3
Income from the disposal of non-current assets	25	14
Income from insurance compensation	19	11
Income from divestitures	60	–
Miscellaneous other operating income	93	201
	356	**334**

Miscellaneous other operating income decreased year-on-year by EUR 0.1 billion. Proceeds of EUR 0.1 billion from a concluded legal dispute with Kreditanstalt für Wiederaufbau affected this item positively in the prior-year period. Miscellaneous other operating income otherwise includes a large number of smaller individual items.

Other operating expenses.

	Q1 2013 millions of €	Q1 2012 millions of €
Losses on disposal of non-current assets	(45)	(42)
Impairment losses	(25)	–
Losses from divestitures	(5)	–
Miscellaneous other operating expenses	(119)	(92)
	(194)	**(134)**

Miscellaneous other operating expenses did not change significantly compared with the prior-year period and include a large number of smaller individual items.

Profit/loss from financial activities.

The increase of EUR 0.1 billion in the loss from financial activities compared with the prior-year period is attributable to the sale of Telekom Srbija. Loss from financial activities in the prior-year period included income of EUR 0.2 billion.

Income taxes.

A tax expense of EUR 0.4 billion was recorded in the first quarter of 2013, which primarily reflects the share of the national companies in profit/loss before income tax, subject to the national tax rate in the respective country. Additionally, the tax rate was raised in Greece. This resulted in a non-cash deferred tax expense of EUR 0.1 billion.

OTHER DISCLOSURES.

Depreciation, amortization and impairment losses.

Depreciation, amortization and impairment losses decreased by EUR 0.3 billion year-on-year to EUR 2.4 billion, in particular due to lower depreciation and amortization in the United States operating segment in the first quarter of 2013. The carrying amount of property, plant and equipment, and intangible assets in the United States had decreased as a result of an impairment loss recognized in the third quarter of 2012.

Notes to the consolidated statement of cash flows.

Net cash from operating activities. Net cash from operating activities totaled EUR 3.0 billion in the first quarter of 2013, thus remaining stable compared with the prior-year period. The following cash flows impacted net cash from operating activities in the first quarter of 2013: Negative effects were recorded since the dividend received from the Everything Everywhere joint venture was EUR 0.1 billion lower than in the prior-year period, while income taxes were EUR 0.1 billion higher as a result of the income received in connection with the AT&T transaction following the termination of the agreement on the sale of T-Mobile USA. In addition, no cash inflows from interest rate swaps were recognized, whereas in the prior-year period these had accounted for EUR 0.1 billion. In the first quarter of 2012 net cash from operating activities had included cash outflows of EUR 0.2 billion in connection with the AT&T transaction.

Net cash used in investing activities.

	Q1 2013 millions of €	Q1 2012 millions of €
Cash capex		
Germany operating segment	(594)	(903)
United States operating segment	(852)	(571)
Europe operating segment	(1,382)	(507)
Systems Solutions operating segment	(212)	(222)
Group Headquarters & Group Services	(77)	(144)
Reconciliation	93	178
Acquisition of government bonds (net)	(52)	(420)
Net cash flows for collateral deposited for hedging transactions	77	(215)
Sale of Telekom Srbija	–	380
Repayment of a bond issued by the Everything Everywhere joint venture	–	218
Other	170	105
	(2,829)	**(2,101)**

Net cash from (used in) financing activities.

	Q1 2013 millions of €	Q1 2012 millions of €
Issuance of euro bonds	1,972	–
Issuance of euro bonds by OTE	871	–
Issuance of medium-term notes (non-current)	100	177
Issuance of U.S. dollar bonds	–	1,502
Repayment of financial liabilities to Sireo	(534)	–
Net repayment of cash deposits from the Everything Everywhere joint venture	(407)	(139)
Repayment of credit line by OTE	(400)	–
Repayment/buy-back of euro bonds by OTE	(390)	–
Repayment of yen bond	(385)	–
Net cash flows for collateral deposited for hedging transactions	(250)	(117)
Repayment of promissory note	(99)	–
Repayment of EIB loans	(32)	(532)
Repayment of medium-term notes (current)	(29)	(499)
Commercial paper (net)	–	(1,656)
Other	64	(78)
	481	**(1,342)**

Segment reporting.

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

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

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

A reconciliation for the changes in the disclosure of key performance indicators can be found in the section "Additional information" on page 46 of this Interim Group Report.

For details on the development of operations in the operating segments and at Group Headquarters & Group Services, please refer to the section "Development of business in the operating segments" (page 13 et seq.) in the interim Group management report.

Segment information in the first quarter.[a]

Q1 2013 / Q1 2012	Net revenue millions of €	Inter-segment revenue millions of €	Total revenue millions of €	Profit (loss) from operations (EBIT) millions of €	Depreciation and amortization millions of €	Impairment losses millions of €	Segment assets[b] millions of €	Segment liabilities[b] millions of €	Investments accounted for using the equity method[b] millions of €
Germany	5,216	350	5,566	1,152	(966)	0	31,626	23,450	16
	5,320	339	5,659	1,225	(1,099)	0	31,224	22,972	16
United States	3,540	1	3,541	458	(396)	0	28,398	21,834	214
	3,845	2	3,847	344	(561)	0	27,436	21,254	215
Europe	3,172	155	3,327	435	(696)	0	37,065	12,956	5,978
	3,400	175	3,575	455	(731)	0	36,579	12,079	6,410
Systems Solutions	1,607	712	2,319	(66)	(168)	(13)	8,828	5,692	17
	1,624	832	2,456	(58)	(155)	0	9,045	5,872	23
Group Headquarters & Group Services	250	441	691	(284)	(152)	(12)	96,545	54,309	63
	243	432	675	(291)	(165)	(24)	95,182	53,524	62
TOTAL	**13,785**	**1,659**	**15,444**	**1,695**	**(2,378)**	**(25)**	**202,462**	**118,241**	**6,288**
	14,432	**1,780**	**16,212**	**1,675**	**(2,711)**	**(24)**	**199,466**	**115,701**	**6,726**
Reconciliation	–	(1,659)	(1,659)	(3)	16	0	(93,625)	(40,417)	–
	–	(1,780)	(1,780)	(12)	1	0	(91,524)	(38,290)	–
GROUP	**13,785**	**–**	**13,785**	**1,692**	**(2,362)**	**(25)**	**108,837**	**77,824**	**6,288**
	14,432	**–**	**14,432**	**1,663**	**(2,710)**	**(24)**	**107,942**	**77,411**	**6,726**

[a] As of July 1, 2012, Deutsche Telekom reorganized its corporate IT infrastructure (please refer to the section "Segment reporting" in the 2012 Annual Report, page 256 et seq.). The prior-year comparatives were therefore adjusted retrospectively.
[b] Figures relate to the reporting dates of March 31, 2013 and December 31, 2012, 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 2012 financial year.

Claims relating to charges for shared use of cable ducts. Kabel Deutschland Vertrieb und Service GmbH (KDG) has quantified its claim for allegedly excessive charges from 2012 and is now demanding around EUR 340 million plus interest as well as around EUR 10 million for acquired interest benefits from Telekom Deutschland GmbH. KDG is also demanding a reduction in charges for the future. The hearing, which was originally set for April 10, 2013, was postponed by the court until June 12, 2013. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

Mobile communications patent litigation. An out-of-court settlement was reached with IPCom GmbH & Co. KG concerning both proceedings relating to a patent concerning the transmission of voice signals in tandem-free operation. Under the terms of the settlement, IPCom GmbH & Co. KG withdrew both claims without us having made any payment, and we have withdrawn our action against the validity of the patent. Overall, five claims filed by IPCom GmbH & Co. KG are still pending: three of these proceedings concern patents relating to Telekom Deutschland GmbH's network, the other proceedings take issue with the sale of UMTS-enabled devices manufactured by Nokia and HTC. It is currently not possible to estimate the total financial impact of the proceedings with sufficient certainty.

DISCLOSURES ON FINANCIAL INSTRUMENTS.

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

	Category in accordance with IAS 39	Carrying amounts Mar. 31, 2013	Amounts recognized in the statement of financial position according to IAS 39			
			Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
		millions of €	millions of €	millions of €	millions of €	millions of €
ASSETS						
Cash and cash equivalents	LaR	4,540	4,540			
Trade receivables	LaR	6,290	6,290			
Originated loans and receivables	LaR/n.a.	1,895	1,666			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	86	86			
Financial assets available for sale	AfS	512		246	266	
Derivative financial assets						
Derivatives without a hedging relationship	FAHfT	405				405
Derivatives with a hedging relationship	n.a.	577			185	392
LIABILITIES AND SHAREHOLDERS' EQUITY						
Trade payables	FLAC	6,071	6,071			
Bonds and other securitized liabilities	FLAC	35,519	35,519			
Liabilities to banks	FLAC	3,839	3,839			
Liabilities to non-banks from promissory notes	FLAC	1,151	1,151			
Other interest-bearing liabilities	FLAC	812	812			
Other non-interest-bearing liabilities	FLAC	1,508	1,508			
Finance lease liabilities	n.a.	1,206				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHfT	281				281
Derivatives with a hedging relationship	n.a.	438			403	35
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	12,496	12,496			
Held-to-maturity investments	HtM	86	86			
Available-for-sale financial assets	AfS	512		246	266	
Financial assets held for trading	FAHfT	405				405
Financial liabilities measured at amortized cost	FLAC	48,900	48,900			
Financial liabilities held for trading	FLHfT	281				281

Amounts recognized in the statement of financial position according to IAS 17 millions of €	Fair value Mar. 31, 2013 millions of €	Category in accordance with IAS 39	Carrying amounts Dec. 31, 2012 millions of €	Amounts recognized in the statement of financial position according to IAS 39: Amortized cost millions of €	Cost millions of €	Fair value recognized in equity millions of €	Fair value recognized in profit or loss millions of €	Amounts recognized in the statement of financial position according to IAS 17 millions of €	Fair value Dec. 31, 2012 millions of €
	4,540	LaR	4,026	4,026					4,026
	6,290	LaR	6,316	6,316					6,316
229	1,895	LaR/n.a.	2,123	1,875				248	2,123
	86	HtM	131	131					131
	266	AfS	380		230	150			150
	405	FAHfT	531				531		531
	577	n.a.	756			257	499		756
	6,071	FLAC	6,415	6,415					6,415
	40,738	FLAC	33,674	33,674					38,544
	4,014	FLAC	3,912	3,912					4,082
	1,430	FLAC	1,167	1,167					1,383
	852	FLAC	2,085	2,085					2,085
	1,508	FLAC	1,611	1,611					1,611
1,206	1,552	n.a.	1,246					1,246	1,635
	281	FLHfT	335				335		335
	438	n.a.				584			584
	12,496	LaR	12,217	12,217					12,217
	86	HtM	131	131					131
	266	AfS	380		230	150			150
	405	FAHfT	531				531		531
	54,613	FLAC	48,864	48,864					54,120
	281	FLHfT	335				335		335

Financial instruments measured at fair value.

	Mar. 31, 2013				Dec. 31, 2012			
	Level 1 millions of €	Level 2 millions of €	Level 3 millions of €	Total millions of €	Level 1 millions of €	Level 2 millions of €	Level 3 millions of €	Total millions of €
ASSETS								
Available-for-sale financial assets (AfS)	239	27		266	107	43		150
Financial assets held for trading (FAHfT)		405		405		531		531
Derivative financial assets with a hedging relationship		577		577		756		756
LIABILITIES AND SHAREHOLDERS' EQUITY								
Financial liabilities held for trading (FLHfT)		281		281		335		335
Derivative financial liabilities with a hedging relationship		438		438		584		584

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

The fair values of other non-current receivables and held-to-maturity financial investments due after more than one year correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market- and partner-based changes to terms and conditions, and expectations. Of the available-for-sale financial assets (AfS) carried under other non-derivative financial assets, the instruments presented in Level 1 and Level 2 constitute separate classes. EUR 239 million (December 31, 2012: EUR 107 million) is presented in Level 1, mainly attributable to government bonds.

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

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

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

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

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 399 million (December 31, 2012: EUR 729 million), which further reduced the credit risk. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 982 million as of the reporting date (December 31, 2012: EUR 1,287 million) have a maximum credit risk of EUR 71 million (December 31, 2012: EUR 60 million) as of March 31, 2013.

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 165 million (December 31, 2012: EUR 246 million) were thus not exposed to any credit risks as of the reporting date. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts. The collateral paid, which is reported under originated loans and receivables within other financial assets, is not subject to a credit risk and therefore constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives.

Related party disclosures.

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

Net funds of EUR 0.4 billion that had been invested by the Everything Everywhere joint venture were repaid to the company by Deutsche Telekom effective March 31, 2013.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2013).

Business combination of T-Mobile USA and MetroPCS. The business combination of T-Mobile USA and MetroPCS was closed on May 1, 2013. The shareholders of MetroPCS had previously approved the combination at the shareholders' meeting on April 24, 2013 after Deutsche Telekom had submitted an improved offer to the shareholders of MetroPCS on April 10, 2013. The core element of the improved offer was a reduction in the shareholder loan from Deutsche Telekom to T-Mobile USA by USD 3.8 billion in total. In addition, the interest rates for this shareholder loan were reduced by 0.5 percentage points and the lock-up period for shares of the combined company was extended to 18 months after closing of the transaction effective May 1, 2013. The relevant U.S. authorities had already approved the merger of MetroPCS and T-Mobile USA in the first quarter of 2013. These approvals remain unaffected by the improvement to the offer. Deutsche Telekom holds 74 percent in the combined, listed company. The combined company's improved position in terms of mobile spectrum and the expanded customer base mean that we are able to compete more aggressively with the other national mobile carriers in the United States.

For further information, please refer to the disclosures in the 2012 Annual Report (in particular pages 65 and 66, and 219).

Sale of Globul and Germanos. OTE, which is part of the Europe operating segment, announced on April 26, 2013 that it had signed an agreement on the sale of shares in Cosmo Bulgaria Mobile (Globul) and Germanos Telecom Bulgaria (Germanos). Norwegian telecommunications provider Telenor is to acquire 100 percent of the shares in both companies. The enterprise value of the two companies has been agreed at around EUR 0.7 billion and will be adjusted at the time of closing to take into account their net debt and changes to working capital. The transaction is subject to approval by the relevant authorities.

Telefónica and Deutsche Telekom intensify cooperation in the fixed network. In early May 2013, Deutsche Telekom signed a not-yet-binding Memorandum of Understanding with Telefónica Deutschland on increased usage of our VDSL and vectoring wholesale products. The cooperation will be expanded in phases, with completion scheduled for 2019. It will allow us to share the risks of investment and accelerate further roll-out. The proposed cooperation will be submitted to the Federal Network Agency and the Federal Cartel Office for approval. Launch is planned for 2014.

RESPONSIBILITY STATEMENT.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the results of operations and financial position of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, May 8, 2013

Deutsche Telekom AG
Board of Management

René Obermann

Reinhard Clemens

Niek Jan van Damme

Timotheus Höttges

Dr. Thomas Kremer

Claudia Nemat

Prof. Marion Schick

REVIEW REPORT.

To Deutsche Telekom AG, Bonn.

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to March 31, 2013, which are part of the quarterly financial report pursuant to § 37x (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt/Main, May 8, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

Uwe Schwalm
Wirtschaftsprüfer

ADDITIONAL INFORMATION.

RECONCILIATION OF PRO FORMA FIGURES.

SPECIAL FACTORS.

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

	EBITDA Q1 2013 millions of €	EBIT Q1 2013 millions of €	EBITDA Q1 2012[a] millions of €	EBIT Q1 2012[a] millions of €	EBITDA FY 2012[a] millions of €	EBIT FY 2012[a] millions of €
EBITDA/EBIT	**4,079**	**1,692**	**4,397**	**1,663**	**17,995**	**(3,962)**
GERMANY	**(137)**	**(137)**	**(19)**	**(19)**	**(560)**	**(560)**
Staff-related measures	(123)	(123)	(24)	(24)	(500)	(500)
Non-staff-related restructuring	(1)	(1)	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(10)	(10)	0	0	(8)	(8)
Other	(3)	(3)	5	5	(52)	(52)
UNITED STATES	**(34)**	**(34)**	**(78)**	**(78)**	**1,479**	**(9,110)**
Staff-related measures	(23)	(23)	(41)	(41)	(69)	(69)
Non-staff-related restructuring	(1)	(1)	0	0	(28)	(28)
Effects of deconsolidations, disposals and acquisitions	(10)	(10)	0	0	1,558	1,558
Impairment losses	–	0	–	0	–	(10,589)
Other	0	0	(37)	(37)	18	18
EUROPE	**42**	**42**	**(6)**	**(6)**	**(208)**	**(571)**
Staff-related measures	(17)	(17)	(1)	(1)	(182)	(182)
Non-staff-related restructuring	0	0	0	0	(16)	(19)
Effects of deconsolidations, disposals and acquisitions	59	59	0	0	0	0
Impairment losses	–	0	–	0	–	(360)
Other	0	0	(5)	(5)	(10)	(10)
SYSTEMS SOLUTIONS	**(60)**	**(74)**	**(45)**	**(45)**	**(405)**	**(417)**
Staff-related measures	(30)	(30)	(18)	(18)	(238)	(238)
Non-staff-related restructuring	(29)	(43)	(24)	(24)	(166)	(178)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	(1)	(1)	(3)	(3)	(1)	(1)
GROUP HEADQUARTERS & GROUP SERVICES	**(21)**	**(21)**	**61**	**61**	**(282)**	**(282)**
Staff-related measures	(22)	(22)	(9)	(9)	(243)	(243)
Non-staff-related restructuring	(2)	(2)	0	0	(13)	(13)
Effects of deconsolidations, disposals and acquisitions	0	0	3	3	(46)	(46)
Other	3	3	67	67	20	20
GROUP RECONCILIATION	**1**	**1**	**2**	**2**	**(2)**	**(1)**
Staff-related measures	0	0	(1)	(1)	0	0
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	1	1	0	0	0	0
Other	0	0	3	3	(2)	(1)
TOTAL SPECIAL FACTORS	**(209)**	**(223)**	**(85)**	**(85)**	**22**	**(10,941)**
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	**4,288**	**1,915**	**4,482**	**1,748**	**17,973**	**6,979**
Profit (loss) from financial activities (adjusted for special factors)		(677)		(771)		(2,546)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		**1,238**		**977**		**4,433**
Income taxes (adjusted for special factors)		(443)		(280)		(1,451)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		**795**		**697**		**2,982**
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		767		586		2,537
Non-controlling interests (adjusted for special factors)		28		111		445

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

GROSS AND NET DEBT.

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

	Mar. 31, 2013 millions of €	Dec. 31, 2012 millions of €	Change millions of €	Change %	Mar. 31, 2012 millions of €
Financial liabilities (current)	8,919	9,260	(341)	(3.7)	7,959
Financial liabilities (non-current)	35,835	35,354	481	1.4	38,340
FINANCIAL LIABILITIES	**44,754**	**44,614**	**140**	**0.3**	**46,299**
Accrued interest	(816)	(903)	87	9.6	(913)
Other	(725)	(754)	29	3.8	(536)
GROSS DEBT	**43,213**	**42,957**	**256**	**0.6**	**44,850**
Cash and cash equivalents	4,540	4,026	514	12.8	3,294
Available-for-sale/held-for-trading financial assets	15	27	(12)	(44.4)	765
Derivative financial assets	982	1,287	(305)	(23.7)	1,246
Other financial assets	557	757	(200)	(26.4)	918
NET DEBT	**37,119**	**36,860**	**259**	**0.7**	**38,627**

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

Q1 2012/MARCH 31, 2012 PRESENTATION AS OF MARCH 31, 2012 – AS REPORTED	Total revenue millions of €	Profit (loss) from operations (EBIT) millions of €	EBITDA millions of €	Adjusted EBITDA millions of €	Depreciation and amortization millions of €	Impairment losses millions of €	Segment assets[a] millions of €	Segment liabilities[a] millions of €
Germany	5,658	887	2,006	2,302	(1,119)	–	31,224	22,988
United States	3,847	344	905	983	(561)	–	27,436	21,254
Europe	3,575	450	1,167	1,173	(717)	–	36,348	11,910
Systems Solutions	2,245	(35)	113	192	(148)	–	9,044	5,873
Group Headquarters & Group Services	717	(414)	(203)	(137)	(187)	(24)	95,360	53,609
TOTAL	**16,042**	**1,232**	**3,988**	**4,513**	**(2,732)**	**(24)**	**199,412**	**115,634**
Reconciliation	(1,610)	(14)	(36)	(36)	22	–	(91,470)	(38,235)
GROUP	**14,432**	**1,218**	**3,952**	**4,477**	**(2,710)**	**(24)**	**107,942**	**77,399**
Q1 2012/MARCH 31, 2012 +/- CHANGE IN DISCLOSURE OF TELEKOM IT AS OF JULY 1, 2012								
Germany	1	78	58	41	20	–		
United States	–	–	–	–	–	–		
Europe	–	–	–	–	–	–		
Systems Solutions	211	(82)	(75)	(51)	(7)	–		
Group Headquarters & Group Services	–	3	(5)	(12)	7	1		
TOTAL	**212**	**(1)**	**(22)**	**(22)**	**20**	**1**		
Reconciliation	(212)	1	22	22	(20)	(1)		
GROUP	**–**	**–**	**–**	**–**	**–**	**–**		
Q1 2012/MARCH 31, 2012 +/- CHANGE IN DISCLOSURE OF GROUP TECHNOLOGY AND GLOBAL NETWORK FACTORY AS OF JANUARY 1, 2013								
Germany	–	–	–	–	–	–	–	–
United States	–	–	–	–	–	–	–	–
Europe	–	(3)	11	14	(14)	–	224	134
Systems Solutions	–	–	–	–	–	–	–	–
Group Headquarters & Group Services	(42)	3	(11)	(14)	15	(1)	(219)	(129)
TOTAL	**(42)**	**–**	**–**	**–**	**1**	**(1)**	**5**	**5**
Reconciliation	42	–	–	–	(1)	1	(5)	(5)
GROUP	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Q1 2012/MARCH 31, 2012 +/- CHANGE IN DISCLOSURE DUE TO IAS 19 (AMENDED) AS OF JANUARY 1, 2013								
Germany	–	260	260	–	–	–	–	(16)
United States	–	–	–	–	–	–	–	–
Europe	–	8	8	5	–	–	7	35
Systems Solutions	–	59	59	1	–	–	1	(1)
Group Headquarters & Group Services	–	117	117	–	–	–	41	44
TOTAL	**–**	**444**	**444**	**6**	**–**	**–**	**49**	**62**
Reconciliation	–	1	1	(1)	–	–	(49)	(50)
GROUP	**–**	**445**	**445**	**5**	**–**	**–**	**–**	**12**
Q1 2012/MARCH 31, 2012 = PRESENTATION AS OF MARCH 31, 2013								
Germany	5,659	1,225	2,324	2,343	(1,099)	–	31,224	22,972
United States	3,847	344	905	983	(561)	–	27,436	21,254
Europe	3,575	455	1,186	1,192	(731)	–	36,579	12,079
Systems Solutions	2,456	(58)	97	142	(155)	–	9,045	5,872
Group Headquarters & Group Services	675	(291)	(102)	(163)	(165)	(24)	95,182	53,524
TOTAL	**16,212**	**1,675**	**4,410**	**4,497**	**(2,711)**	**(24)**	**199,466**	**115,701**
Reconciliation	(1,780)	(12)	(13)	(15)	1	–	(91,524)	(38,290)
GROUP	**14,432**	**1,663**	**4,397**	**4,482**	**(2,710)**	**(24)**	**107,942**	**77,411**

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

GLOSSARY.

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

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

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

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

DISCLAIMER.

This Report (particularly the section titled "Development of revenue and profits") contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. They are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "aim," "goal," "plan," "will," "seek," "outlook" or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA or other performance measures. Forward-looking statements are based on current plans, estimates and projections. You should consider them with caution.

Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. They include, for instance, the progress of Deutsche Telekom's workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation and regulatory developments, among other factors, may have a material adverse effect on 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]

May 8, 2013	May 16, 2013	June 12, 2013	August 8, 2013
Publication of the Interim Group Report as of March 31, 2013	2013 Shareholders' meeting (Cologne)	Dividend payment[b]	Publication of the Interim Group Report as of June 30, 2013
November 7, 2013	**February 27, 2014**	**May 8, 2014**	
Publication of the Interim Group Report as of September 30, 2013	Publication of the 2013 Annual Report	Publication of the Interim Group Report as of March 31, 2014	

[a] For more dates, an updated schedule, and information on webcasts, please go to www.telekom.com.
[b] Deutsche Telekom plans to pay out the dividend either in cash or in kind (shares). The cash dividend is expected to be paid out on June 12, 2013. The dividend in kind (shares) is expected to be be issued on June 18, 2013.

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www.telekom.com/investor-relations

Our Annual Report is available online at:
www.telekom.com/geschaeftsbericht2012
www.telekom.com/annualreport2012

The English version of the Interim Group Report for January 1 to March 31, 2013 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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