DEUTSCHE TELEKOM AG
Form 6-K
May 08, 2009

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2009

Commission file number 001-14540

Deutsche Telekom AG
(Translation of Registrant's Name into English)
Friedrich-Ebert-Allee 140,
53113 Bonn,
Germany

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

This report is deemed submitted and not filed pursuant to the rules and regulations of the Securities and Exchange Commission.

Deutsche Telekom at a glance.

		Q1 2009 millions of €	Q1 2008 millions of €	Change %	FY 2008 millions of €
Net revenue		15,902	14,978	6.2	61,666
Domestic		6,943	7,254	(4.3)	28,885
International		8,959	7,724	16.0	32,781
EBIT (profit from operations)		244	2,298	(89.4)	7,040
Special factors affecting EBITa		(1,673)	269	n.a.	(1,780)
Adjusted EBITa		1,917	2,029	(5.5)	8,820
Adjusted EBIT margina	(%)	12.1	13.5		14.3
Profit (loss) from financial activities		(742)	(677)	(9.6)	(3,588)
Profit (loss) before income taxes		(498)	1,621	n.a.	3,452
Depreciation, amortization and impairment losses		(4,698)	(2,657)	(76.8)	(10,975)
EBITDAb		4,942	4,955	(0.3)	18,015
Special factors affecting EBITDAa,b		130	269	(51.7)	(1,444)
Adjusted EBITDAa,b		4,812	4,686	2.7	19,459
Adjusted EBITDA margina,b	(%)	30.3	31.3		31.6
Net profit (loss)		(1,124)	924	n.a.	1,483
Special factorsa		(1,779)	174	n.a.	(1,943)
Adjusted net profita		655	750	(12.7)	3,426
Earnings per share/ADSc, basic/diluted	(€)	(0.26)	0.21	n.a.	0.34
Cash capexd		(2,611)	(1,792)	(45.7)	(8,707)
Net cash from operating activities		2,801	3,331	(15.9)	15,368
Free cash flow (before dividend payments)e		251	1,629	(84.6)	7,033
Equity ratiof	(%)	31,2	34,0		32,3
Net debte		42,833	35,894	19.3	38,158

Number of employees at balance sheet date

	Mar. 31, 2009	Dec. 31, 2008	Change Mar. 31, 2009/ Dec. 31, 2008 %	Mar. 31, 2008	Change Mar. 31, 2009/ Mar. 31, 2008 %
Deutsche Telekom Group	260,798	227,747	14.5	237,757	9.7
Non-civil servants	228,928	195,634	17.0	202,586	13.0
Civil servants	31,870	32,113	(0.8)	35,171	(9.4)

Number of fixed-network and mobile customers

		Mar. 31, 2009	Dec. 31, 2008	Change Mar. 31, 2009/ Dec. 31, 2008 %	Mar. 31, 2008	Change Mar. 31, 2009/ Mar. 31, 2008 %
Fixed-network linesg,h	(millions)	40.3	41.1	(1.9)	43.6	(7.6)
Broadband linesi,h	(millions)	17.0	16.7	1.	15.7	8.3
Mobile customersj	(millions)	148.4	147.6	0.5	139.0	6.8

a For a detailed explanation of the special factors affecting EBIT, adjusted EBIT, the EBIT margin, and the special factors affecting EBITDA, adjusted EBITDA, the adjusted EBITDA margin and special factors affecting profit/loss after income taxes and the adjusted net profit, please refer to "Reconciliation of pro forma figures," page 62 et seq.

b Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses.

c One ADS (American Depositary Share) corresponds to one ordinary share of Deutsche Telekom AG.

d Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

e For detailed information and calculations, please refer to "Reconciliation of pro forma figures," page 65.

f Based on shareholders' equity excluding amounts earmarked for dividend payments, which are treated as current liabilities.

g Lines in operation. Telephone lines excluding internal use and public telecommunications, including wholesale services. Approximately 160,000 business customers have been included in the Broadband/Fixed Network operating segment since January 1, 2009. The presentation of the number of lines has been adjusted to reflect the business model of the Broadband/Fixed Network operating segment. For the purposes of equal treatment, internal use by the System Solutions segment is no longer included in the presentation of the number of lines. Prior-year figures have been adjusted accordingly.

h From February 2009, the fixed-network business of OTE Greece and Romtelecom (Romania) is included in the Broadband/Fixed-Network operating segment. Prior-year comparatives have been adjusted on a pro forma basis.

i Broadband lines in operation, including Germany and Southern and Eastern Europe.

j Number of customers of the fully consolidated mobile communications companies of the Mobile Communications Europe (including Virgin Mobile) and Mobile Communications USA segments. From February 2009, the mobile communications business of COSMOTE (entity of the OTE group) in Greece, Romania, Bulgaria and Albania is included in the Mobile Communications Europe operating segment. Prior-year comparatives have been adjusted on a pro forma basis.

Developments in the Group.

Net revenue for the first quarter of 2009 was EUR 15.9 billion compared with EUR 15.0 billion for the prior-year period.

Domestic net revenue was EUR 6.9 billion compared with EUR 7.3 billion in the first quarter of 2008. International net revenue increased year-on-year from EUR 7.7 billion to EUR 9.0 billion.

At EUR 4.9 billion, Group EBITDA was at the same level as in the first quarter of 2008. Group EBITDA adjusted for special factors[1] increased slightly from EUR 4.7 billion in the first quarter of 2008 to EUR 4.8 billion.

The loss in the first quarter of 2009 amounted to EUR 0.9 billion compared with a profit of EUR 1.1 billion for the first quarter of 2008. This was the result of an impairment loss recognized on the goodwill of the cash generating unit T-Mobile UK in the Mobile Communications Europe operating segment.

Net profit adjusted for special factors[1] decreased to EUR 0.7 billion compared with EUR 0.8 billion in the first quarter of 2008.

Free cash flow[2] before dividend payments was at EUR 0.3 billion compared with EUR 1.6 billion in the first quarter of 2008. This decrease was primarily attributable to higher capital expenditure.

Net debt[3] increased by EUR 4.7 billion compared with the end of 2008 to EUR 42.8 billion. Net debt increased by EUR 4.3 billion due to the full consolidation of OTE for the first time.

1 For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, special factors affecting profit/loss after income taxes and adjusted net profit, please refer to “Reconciliation of pro forma figures,” page 62 et seq.

2 For the calculation of free cash flow, please refer to “Reconciliation of pro forma figures,” page 65.

3 For detailed information and calculations, please refer to “Reconciliation of pro forma figures,” page 66.

T-Share price performance.

Performance of the T-Share, Jan. 1 – Mar. 31, 2009.

		Mar. 31, 2009	Mar. 31, 2008	Dec. 31, 2008
Xetra closing prices	(€)			
Exchange price at the balance sheet date		9.35	10.55	10.75
Quarterly high		11.39	15.55	11.87
Quarterly low		9.07	10.48	9.00
Weighting of the T-Share in major stock indexes				
DAX 30	(%)	7.5	4.6	7.2
Dow Jones Europe STOXX Telecommunications©	(%)	10.4	8.5	10.8
Market capitalization	(billions of €)	40.9	46.2	46.9
Shares issued	(millions)	4,361.32	4,361.31	4,361.32

The financial and economic crisis kept a firm hold on the equity markets in the first quarter of 2009. The economies of the major industrialized countries are in recession. The world's main stock markets continued to retreat in the first quarter of 2009, but managed to shake off their quarterly lows toward the end of March 2009. The DAX lost approximately 15.1 percent in the first quarter of 2009, the STOXX 50 12.9 percent, the Dow Jones Industrial Average index 13.3 percent, and the Japanese NIKKEI 225 index around 9.8 percent. The stocks of European telecommunications companies performed slightly better than their respective national indexes in the first quarter of 2009. The Dow Jones Europe STOXX Telecommunications sector index lost around 9.2 percent in the first quarter of 2009. The T-Share recorded its quarterly high of EUR 11.39 on January 5, 2009 before losing ground together with the sector and the DAX to close the period at EUR 9.35 on March 31, 2009. The share posted its first-quarter low of EUR 9.07 on February 25, 2009. Over the quarter, the Deutsche Telekom share lost around 13 percent.

Corporate governance.

In the Declaration of Conformity released on December 4, 2008 pursuant to § 161 of the German Stock Corporation Act, the Supervisory Board and Board of Management of Deutsche Telekom AG declared that, in the period since submission of the previous declaration of conformity, Deutsche Telekom AG had complied, without exception, with the recommendations of the Government Commission for the German Corporate Governance Code published on July 20, 2007 and, without exception, with the recommendations published on August 8, 2008.

The full text of the Declaration of Conformity can be found on the Deutsche Telekom website (www.telekom.com) under Investor Relations in the Corporate Governance section.

Deutsche Telekom AG shares are listed as American Depositary Shares (ADSs) on the New York Stock Exchange (NYSE). As a result, Deutsche Telekom is subject to NYSE listing rules as well as to U.S. capital market legislation, in particular the Sarbanes-Oxley Act of 2002 and associated regulations of the Securities and Exchange Commission (SEC) for listed foreign entities. A general summary of the main differences between German corporate governance rules and those of the NYSE that apply to listed companies is included in Deutsche Telekom's Annual Report on Form 20-F for the 2008 financial year, which is available on the Deutsche Telekom website (www.telekom.com) under Investor Relations in the Publications section. This summary can also be found on the Deutsche Telekom website (www.telekom.com) under Investor Relations in the Corporate Governance section.

Interim Group management report.

Highlights.

Events in the first quarter of 2009.

Group.

Transfer of approximately 160,000 business customers from the Systems Solutions operating segment in Germany to the Broadband/Fixed Network operating segment.

To implement its "Focus, fix and grow" strategy, Deutsche Telekom transferred some 160,000 business customers from T-Systems to the Broadband/Fixed Network operating segment under the umbrella of T-Home, Sales & Service with effect from January 1, 2009. By bundling its operations in the new Deutsche Telekom Business Customers business unit, Deutsche Telekom is striving to boost demand among the 160,000 business customers for mainly standardized telecommunications and business products – around 90 percent of which are already produced by T-Home – by offering a competitive, customer-oriented range of services from a single source. The new Deutsche Telekom Business Customers business unit serves small, medium-sized and larger enterprises, focusing on sales and support of standardized telecommunications products and solutions. The new unit is responsible for all sales functions necessary to serve customers as well as the areas of product management and maintenance, upstream services management, appropriate support functions and the necessary operational basis.

As a full service partner for information and communication technology (ICT) solutions, T-Systems is focusing on business with around 400 national and international corporate customers. The strategic business unit is also the first point of contact for public-sector customers and the healthcare sector. At the same time, the Business Customers operating segment was renamed Systems Solutions.

Impairment of goodwill at T-Mobile UK.

Depreciation, amortization and impairment losses in the Group increased due to an impairment loss of EUR 1.8 billion recognized on the goodwill of the cash generating unit T-Mobile UK in the Mobile Communications Europe operating segment in the first quarter of 2009. Events or circumstances that resulted in this impairment loss primarily include the major economic slowdown and more intense competition in the United Kingdom. Lower roaming revenues and newly introduced regulation of roaming and termination charges had a negative impact on revenue. Increased termination charges for the use of third-party mobile communications networks and high levels of expenditure for customer acquisition and retention resulted in increases in the cost base.

Issuances in the first quarter of 2009.

On January 20, 2009, Deutsche Telekom AG issued a Eurobond with a volume of EUR 2 billion through its financing arm Deutsche Telekom International Finance B.V. The eight-year bond has a coupon of 6 percent. Deutsche Telekom also issued promissory notes for an amount of EUR 0.2 billion with terms of seven to ten years.

OTE: Implementation of the shareholders' agreement on February 6, 2009.

The changes to OTE's Articles of Incorporation necessary for full implementation of the shareholders' agreement were approved at the extraordinary shareholders' meeting of OTE on February 6, 2009. Consequently, Deutsche Telekom has taken control of 50 percent plus two voting shares and therefore the company's financial and operating policies. Upon implementation of the shareholders' agreement on February 6, 2009, OTE is no longer included using the equity method, but fully consolidated for the first time.

Three-way approach to human resources planning – hiring, restructuring and reduction.

Deutsche Telekom AG's human resources planning in 2009 will focus more sharply on three elements: hiring, restructuring, and reduction. Socially responsible staff reduction will continue in 2009 on the same scale as in recent years. This will essentially be implemented by means of voluntary redundancies as well as partial and early retirement. Depending on developments in the individual business segments, Deutsche Telekom is planning to create up to 3,500 new jobs in Germany at the same time. The focus will be on technology, science, and business graduates, as well as internally trained junior staff. Around 1,200 new employees were hired permanently in the first quarter of 2009. Deutsche Telekom AG, Germany's largest training provider, will also offer some 3,600 young people the opportunity to begin a vocational training program in the Group in 2009 despite the economically difficult times. Internationally, the HR structure of the Deutsche Telekom Group is predominantly influenced by the first-time full consolidation of OTE, whose approximately 33,600 full-time equivalents (FTEs) were integrated into the Group's workforce in February 2009.

2009 collective bargaining at Deutsche Telekom AG and the service companies Deutsche Telekom Netzproduktion, Deutsche Telekom Technischer Service, and Deutsche Telekom Kundenservice.

On March 13, 2009, the negotiating parties reached an agreement in the arbitration proceedings governing 2009 collective bargaining for employees at Deutsche Telekom and its service companies that was ratified by the corresponding committees of the unions and employers: Salaries for employees at Deutsche Telekom and its service companies will gradually increase over a period of 24 months by a total of 5.5 percent. Pay will rise by 3 percent with retroactive effect as of January 1, 2009 and by an additional 2.5 percent the following year. In addition, protection from compulsory redundancy has been extended by another year. Pay-scale employees at Deutsche Telekom AG are guaranteed jobs up until the end of 2010, while their counterparts in the service companies have job security until the end of 2013. A year's extension has also been agreed for the commitment not to sell the service companies, now until the end of 2011.

Those employees of the service companies who personally contributed to the companies' improved cost efficiency by taking a pay cut negotiated with ver.di in 2007 as part of the process of establishing the service companies will receive an additional top-up of 3.1 percent, comprising 2 percent initially for 2009, and a further 1.1 percent for 2010. All other pay-scale employees in the service companies will receive a pay rise of 3 percent for 2009 and 2.5 percent for 2010. In cases where the gross increase for 2009 is less than EUR 840, the difference will be offset by a one-time payment. Part-time staff will receive proportionate amounts.

Furthermore, the parties to the negotiations agreed to raise the monthly remuneration for trainees for 2009 and 2010. Pay in technology jobs will rise by EUR 25, in retail and dialog marketing by EUR 30. In addition, the subsistence allowance for trainees who are not able to commute each day between their homes and work is being increased from EUR 150 to EUR 180.

Arbitration proceedings succeeded in agreeing a differentiated solution that is tailored to the varying needs of employees, while at the same time taking the companies' economic requirements and budget restrictions into account. The two-year term will create certainty and security for customers, employees and the companies alike.

Mobile Communications Europe.

Mobilization of the Internet through the launch of high-performance premium handsets and positioning as an innovative music provider.

In the first quarter of 2009, T-Mobile continued to push ahead with the launch of innovative handsets for the mobile Internet. Following the resounding success of the marketing of the Apple iPhone 3G last year in virtually all T-Mobile countries across Europe, the iPhone 3G was rolled out in Macedonia, Montenegro, Greece and Bulgaria in March 2009. In addition, having already launched the T-Mobile G1, the world's first Android-based mobile phone, in the United States and the United Kingdom, T-Mobile continued to roll it out in other European markets: in Austria, the Czech Republic, and the Netherlands on January 1, 2009, then in Germany and Poland in February 2009. T-Mobile also built up additional expertise in the area of mobile Internet offerings, positioning itself as an additional music provider in Germany in March 2009 when it launched the new music portal "t-mobilemusic.de."

T-Mobile wins awards in key European markets.

In January 2009, T-Mobile UK ranked first in nine out of thirteen categories in a survey on the use of mobile broadband services conducted by market research institute YouGov. The first place awards included the fastest web-browsing experience and the best mobile broadband network. T-Mobile's subsidiary PTC was voted Company of the Year 2008 by Mobile Internet magazine and also came first in the two other categories of network quality and quality of service.

New partnership in Poland strengthens market position.

T-Mobile's subsidiary PTC entered into a partnership with Biedronka, a leading, fast-growing retail company in Poland. As a result, PTC is now able to market its mobile services in over 1,350 Biedronka stores.

Mobile Communications USA.

T-Mobile USA reclaimed highest rank for wireless customer care.

On February 4, 2009, the Mobile Communications USA operating segment was ranked highest in wireless customer care performance by J.D. Power and Associates. Winning this award in seven of the last eight reporting periods continues to demonstrate the strong and successful focus on customer service at Mobile Communications USA.

T-Mobile webConnect™ laptop stick.

On March 25, 2009, the Mobile Communications USA operating segment launched the T-Mobile webConnect™ USB laptop stick, providing customers with seamless connectivity to the Internet on the go via Wi-Fi or T-Mobile USA’s 3G wireless broadband service.

Broadband/Fixed Network.

Load family leads the German download market.

The market research company GfK Panel Services studies Germany’s download market for its annual GfK Commercial Download Monitor report and identifies the top providers. Gamesload, Softwareload, and Videoload took the top spots in the ranking of the most successful download portals in 2008: Gamesload is the most successful games download portal, Softwareload the best vendor-neutral provider of software downloads, and Videoload the leading video-on-demand provider for film downloads in Germany. Musicload also held on to its lead. GfK’s “communication tracking” in March 2009 once again identified Musicload as Germany’s best-known music download portal.

New business products for fast Internet and location networking.

Deutsche Telekom is systematically expanding its offering for connected working among business customers. At CeBIT 2009, new products and services were presented for fast, secure Internet connection, high-performance link-up of local area networks (LANs), and low-cost voice communications. What all these solutions have in common is that they enhance communications with customers and business partners as well as cooperation between locations, thus significantly improving the competitiveness of companies.

Systems Solutions.

Major international contract: Linde AG commissions Deutsche Telekom subsidiary to provide data center and storage services.

T-Systems and Linde AG have signed a contract for pan-European computing center and storage services. This large-scale contract has a three-digit million volume and will run for seven years. It constitutes a further milestone in the international growth strategy of Deutsche Telekom's corporate customers arm. The contract strengthens T-Systems' position in the manufacturing industry. Under the new contract, Linde will procure and pay for its future data center and storage services in a dynamic way that is fully tailored to current needs and its own business processes.

T-Systems links up branches of REWE Group in Germany.

T-Systems is linking up the German operations of the REWE Group with corporate headquarters in Cologne via a virtual private network (VPN). The new network solution will serve almost all companies in this group, which in addition to the REWE supermarkets includes the discount retailer Penny, Pro Markt, toom hypermarkets and beverage stores, as well as the former Extra department stores. Under the contract, T-Systems will also incorporate the tourism arm of the REWE Group with its 900 DER and Atlas travel agencies in the network. The VPN solution will enable the REWE Group to process both receipt and planning data online in the central merchandise management system. The stores connected to the network will place all orders online.

T-Systems secures public-sector contracts in the first quarter of 2009.

T-Systems secured public-sector contracts in the first quarter of 2009. Following a Europe-wide invitation to tender, the Ministry of Finance of North Rhine-Westphalia awarded Deutsche Telekom's systems solutions arm the contract for introducing a new budgeting and accounting system. The eight-year contract has a volume in the high double-digit million range. T-Systems also won a contract worth around EUR 0.1 billion in Baden-Württemberg. The Deutsche Telekom subsidiary will install and provide support for new PCs and printers at the office workstations of the Ministry of Justice, the Ministry of Science, public prosecutors' offices, courts, the penal system, and other selected regional public authorities. In March 2009, T-Systems won another contract in North

Rhine-Westphalia for operation of the state administration network and the tax office and police special networks. The contract has a volume of over EUR 50 million and a four-year term with options for extensions. In addition, T-Systems is establishing and operating the backbone of future online communication for public administration in Germany. The DOI network connects the communications networks of national, regional and local governments across the country, as well as linking them to the European administration network TESTA.

T-Systems and Cognizant manage software applications for Continental AG.

The partnership between T-Systems and Cognizant continues to bear fruit. Both companies assumed responsibility for the stable operation of the application landscape in the research and development department of Continental's tire divisions in Hanover at the beginning of 2009. The agreement has a term of three years. Cognizant is providing a considerable proportion of the application management services from India.

Overall economic situation/industry situation.

Global economic development.

The global economy is in recession. The pronounced economic slowdown that became apparent in spring 2008 impacted the economies of industrialized countries and also those of countless emerging markets in the first quarter of 2009. Household consumption has fallen in real terms in many industrialized countries. The situation on the labor markets has worsened perceptibly, with unemployment rates increasing significantly in many industrialized nations. The Kiel Institute for the World Economy believes that winter 2008/2009 was the first time since the 1930s that the global economy experienced a recession affecting every region in the world.

Overall economic risks.

In recent months, there has been a further marked easing of inflationary pressure. The main risks for the global economy are still the scale and duration of the economic crisis as well as the possible effects of escalating national debt resulting from numerous economic stimulus packages. Economic history shows that recessions caused by real estate and bank crises tend to be deeper and, above all, more difficult to overcome than recessions not triggered or driven by such problems.

Outlook.

The Kiel Institute for the World Economy expects the global economy to shrink by 0.8 percent in 2009. The International Monetary Fund (IMF) is also forecasting contraction of between 0.5 and 1.0 percent for the global economy this year as well as a downturn of 4.2 percent in the euro zone and 2.8 percent in the United States. The IMF expects the German economy to contract by 5.6 percent in 2009. The spring report of the leading economic research institutes forecasts that growth in Germany will decline by 6 percent in 2009. For countries in Eastern Europe, the IMF is predicting that economic output will decline by 3.7 percent this year.

The IMF expects the global economy to pick up in 2010 and is predicting growth of 1.9 percent. In their spring report, leading economic research institutes forecast a minus of 0.5 percent for Germany in 2010.

Telecommunications market.

The price index for telecommunications services in Germany issued by the Federal Statistical Office points to a further reduction in consumer prices in the first quarter of 2009. The consumer price index for fixed network and

Internet decreased to 93.6 in March 2009, compared with 96.6 in March 2008. The consumer price index for mobile communications decreased from 88.3 in March 2008 to 85.6 (base: 100 in 2005).

Regulatory situation.

Abuse proceedings relating to minimum contract terms discontinued.

On January 6, 2009, the Federal Network Agency decided to discontinue the abuse proceedings filed by HanseNet Telekommunikation GmbH relating to the contract terms of Deutsche Telekom's Call & Surf packages. The Federal Network Agency determined that there were no viable reasons to justify shortening the contract terms.

Order to allow access to cross-connect cabinets.

In a decision on March 3, 2009, the Federal Network Agency ordered Deutsche Telekom to grant its competitors access to the unbundled local loop line also at new cross-connect cabinets, subject to certain conditions.

Draft regulatory order on telephone lines.

The Federal Network Agency published a draft regulatory order on the market for telephone lines on March 18, 2009. One requirement imposed by the draft order is that call-by-call and preselection also be allowed for all-IP lines. A final ruling is expected in the second quarter of 2009.

Federal Network Agency approves rates for unbundled local loop lines.

The Federal Network Agency approved new rates for the unbundled local loop (ULL) line on March 31, 2009. The ULL will now cost EUR 10.20 per month – down from EUR 10.50. A rate of EUR 7.21 was agreed for the ULL to which access is provided in the street cabinet. These rates apply for a period of two years starting on April 1, 2009. The weighted average cost of capital (WACC) used for the regulation of rates was also reduced in the process from 8.07 percent in real terms to 7.19 percent.

Mobile termination rates in Germany.

On March 31, 2009, the Federal Network Agency approved new rates for termination of calls in the four German mobile communications networks. From April 1, 2009, the rates applicable to T-Mobile and Vodafone were thus reduced from 7.92 ct/min to 6.59 ct/min, while the rates applicable to E-Plus and O2 were reduced from 8.8 ct/min to 7.14 ct/min. This narrowed again the gap between the rates for the D and E networks in both absolute and relative terms. The new mobile termination rates have been approved until November 30, 2010, increasing the term compared with the previous rate ruling from 16 to 20 months.

Key elements paper on the digital dividend – auction.

On March 16, 2009, the Federal Network Agency published its key elements paper on awarding usage rights of the spectrum: There are plans to award 6 spectrum blocks of 2.5 MHz each for nationwide use. The spectrum will be auctioned together with frequencies from the 2.6 GHz, 2.1 GHz, and 1.8 GHz bands. The award procedure is expected to start at the end of 2009.

Flexible GSM license (refarming).

The Federal Network Agency conducted a consultation between November 19, 2008 and January 19, 2009. T-Mobile Deutschland’s answer contained statements to the effect that starting in 2010 all mobile network operators should uniformly be given the option of refarming (creating a more flexible environment for the use of 900 and 1800 MHz spectrum, also by using technologies other than GSM). Making GSM licenses more flexible is also an important topic for T-Mobile UK at the moment. The UK media regulator Ofcom has already made proposals for this but favors a solution within the industry. Mandatory regulatory action has been announced in the event that this should fail. T-Mobile UK has since made alternative proposals of its own.

Group strategy.

“Focus, fix and grow” – targeted implementation of Group strategy.

Deutsche Telekom’s vision of connected life and work takes account of changes in user behavior. Communication is becoming increasingly individualized, products and services can be personalized, media content is being digitized, users are becoming more mobile, and value creation is increasingly carried out at a global level. Deutsche Telekom is acting on these trends and focusing systematically on the changing needs of connected life and work. Long-term success in business can be achieved by developing innovative products and services, improving customer service, investing in broadband infrastructure, becoming an integrated organization, and using opportunities for growing abroad.

With its "Focus, fix and grow" strategy, Deutsche Telekom continues to pursue the four strategic areas of action even in times of economic turmoil:

Improve competitiveness in Germany and in Southern and Eastern Europe

Grow abroad with mobile

Mobilize the Internet

Roll out network-centric ICT

Improve competitiveness.

Deutsche Telekom is meeting the challenges in Germany as well as in the markets of Southern and Eastern Europe decisively and with a forward-looking approach. One of the principal tenets of its strategy is a stronger emphasis on the Group's regional positioning, which is integrated through fixed and mobile communications. This will enable Deutsche Telekom to cement its position in highly competitive areas such as the German DSL market. Here, the Group won the most new DSL customers for the tenth consecutive quarter and increased the number of DSL retail lines to around 11 million. Other bases for strategic success are the targeted investments in state-of-the-art broadband infrastructure, the enhanced pricing and product policy, and ongoing improvement of the cost structure and customer service. Today, Deutsche Telekom already serves up to 1,000 German towns and cities with a high-performance ADSL2+ network and will conclude the roll-out of VDSL in Germany's 50 largest towns and cities by mid-2009. Deutsche Telekom relies on cooperation projects with local authorities and competitors such as M-Net in Augsburg, Vodafone in Würzburg and Heilbronn, or EWE in Bremerhaven and eight other towns in Lower Saxony to continue its development of Germany's broadband infrastructure. Cooperation with NetCologne in Aachen is also planned. Deutsche Telekom is continuing its course with its IPTV packages and intends, for example, to increase the number of Entertain packages marketed in Germany further by the end of 2009. In addition to attractive prices, Deutsche Telekom's growth strategy involves continuous expansion of content – new channels such as TNT Serie or the TV-Selection series flat rate – as well as consolidation of its role as a pioneer of HD and networking of a wide variety of different media. Starting in summer 2009, all Entertain customers will be able to read e-mail, listen to music, view personal photos and videos, and share this content with friends and acquaintances – all on their TV. Besides taking advantage of opportunities for growth, maintaining costs at a competitive level and improving customer service are ongoing tasks. Deutsche Telekom has been working on precisely that with its Save for Service program launched in 2006. Deutsche Telekom maintains its target of achieving long-term savings of no less than EUR 4.7 billion a year through 2010. By March 31, 2009, annual savings totaled approximately EUR 4.4 billion.

Grow abroad with mobile communications.

Mobile communications business outside Germany is a key growth driver for Deutsche Telekom, one with which the Company hopes to leverage international economies of scale and synergies. This will entail both consolidation in existing markets, wherever this is feasible and worthwhile, and involvement in areas where Deutsche Telekom does not currently operate. Deutsche Telekom has steadily increased the proportion of its revenue generated outside of

Germany through organic and inorganic growth, especially in the United States and Southern and Eastern Europe. 56.3 percent of net revenue is currently generated outside Germany, most of which originates from the mobile communications business.

In a difficult market environment created by the financial and economic crisis, T-Mobile USA added some 415,000 customers to its customer base in the first quarter of 2009 through organic growth, which corresponds to customer growth of 7.8 percent compared with the prior-year period. This was helped, for example, by outstanding customer service (ranked first in the J.D. Power and Associates 2009 Wireless Customer Care Performance Study), innovative products such as the T-Mobile G1, and systematic expansion of the mobile broadband infrastructure.

T-Mobile USA intends to continue to make investments and almost double its 3G network coverage in 2009 so that it will be able to serve around 200 million U.S. residents by the end of the year. In 2008, Deutsche Telekom reinforced its footprint in Southern and Eastern Europe by acquiring a 25-percent stake plus one share in Greece’s largest telecommunications company, the OTE group. As of the first quarter of 2009, OTE had 7.5 million fixed-network lines, 1.7 million broadband customers, and 19.9 mobile customers served by its fully consolidated companies. Its combined footprint covers the whole of Central, Southern and Eastern Europe. This holds the prospect of future growth for both companies as well as the leveraging of synergy effects and also means that Deutsche Telekom’s international growth strategy will be continuously enhanced.

07.05.2009

Mobilize the Internet.

Mobile data remained very popular in the first quarter of 2009. Deutsche Telekom is therefore adhering to its strategy of providing its customers with a mix of innovative as well as exclusive handsets and applications, attractive prices, and a first-class broadband infrastructure. This brought the number of mobile Internet users – with or without subscription – to just under 17 million in the six companies in Western Europe, including the Czech Republic and Poland. In addition, having already launched the T-Mobile G1, the world's first Android-based mobile phone, in the United States and the United Kingdom, T-Mobile continued to roll it out in other European markets: in Austria, the Czech Republic, and the Netherlands on January 1, 2009, then in Germany and Poland in February. After the successful launch of the iPhone in Western European markets, T-Mobile now sells the device in a total of twelve countries. Besides the iPhone and the T-Mobile G1, mini-notebooks are key products for pushing the success of the mobile Internet, which is why T-Mobile is systematically building up its portfolio of mini-notebooks. In addition to products from Acer, Samsung, and Sony, T-Mobile offers 700 series HP Compaq mini-notebooks in Germany and the Netherlands. Combined with attractive broadband Internet contracts and market prices, mini-notebooks will further increase revenue from mobile data communications. With web'n'walk, T-Mobile also gives its customers a proprietary platform for accessing the mobile Internet quickly and easily. This taps the intuitive user experience of an iPhone or a T-Mobile G1 for other mobile devices. T-Mobile showcased the new web'n'walk widget platform at the Mobile World Congress in Barcelona in February 2009 which will allow users to directly access their favorite personalized Internet services from the starting screen on their phone. The cooperation announced by T-Mobile and Nokia will make this offering even more appealing. Starting in the second half of 2009, the partners will offer an integrated marketplace that will give users access to a wide selection of widgets, applications, and content from the T-Mobile Widget Gallery and Nokia's Ovi Store. As a leading broadband provider, Deutsche Telekom benefits significantly from growth in mobile web surfing on mobile phones, smartphones, notebooks, and mini-notebooks. To provide the best possible access for connected life and work on the move any time and any place, Deutsche Telekom is also relying on the continuous acceleration of its mobile communications networks (GPRS/EDGE, as well as UMTS/HSDPA and HSUPA) and concluded its first successful tests with fourth-generation mobile communications (LTE).

Roll out network-centric ICT.

T-Systems operates networks and data centers worldwide that form the basis of an integrated portfolio of information and communication technology (ICT) solutions for multinational corporations and public-sector entities. By focusing on the individualized project and solutions business for corporate customers, T-Systems will benefit even more from the dynamic demand for network-centric ICT solutions in the future. T-Systems again secured major contracts in the first quarter of 2009: In addition to an SAP Services contract with The Nuance Group, T-Systems is taking charge of pan-European IT services for Linde AG within the scope of a service agreement. This contract has a three-digit million volume and will run for seven years.

T-Systems also benefited considerably from public-sector contracts in the first quarter of 2009. In addition to a contract to manage the IT workstations of various ministries and government agencies in Baden-Württemberg, T-Systems recently won another contract from North Rhine-Westphalia for the operation of the state administration network, and the tax office and police special networks.

The partnership entered into by T-Systems and Cognizant in 2008 in the systems integration area is continuing to develop successfully. Since 2009, both partners have been supporting Continental's tire division in Hanover, for example, handling the application management services of the research and development unit.

T-Systems is implementing an efficiency enhancement program to boost its competitiveness and improve its results. T-Systems' current operating performance figures show that this program is already having a positive effect.

Development of business in the Group.

Net revenue.

Deutsche Telekom generated revenue of EUR 15.9 billion in the first three months of financial year 2009. This corresponds to an increase of EUR 0.9 billion or 6.2 percent compared with the first three months of 2008. The first-time full consolidation of the OTE group was the primary contributor to the positive development of revenue. Excluding OTE, net revenue for the first three months was unchanged from the prior year.

The Mobile Communications Europe operating segment recorded a 1.7-percent increase in revenue to EUR 5.1 billion. This increase was also largely due to the full consolidation of OTE which contributed EUR 0.5 billion to segment revenue. Revenue for the first quarter was negatively affected by exchange rate effects amounting to EUR 0.3 billion, which resulted essentially from the translation of pounds sterling and Polish zlotys into euros. General economic conditions and the continuing high level of competitive pressure also had a negative effect on revenue. T-Mobile UK in particular recorded a decrease in revenue per customer.

Revenue generated by the Mobile Communications USA operating segment rose EUR 0.7 billion quarter-on-quarter to EUR 4.1 billion. This revenue growth was primarily the result of exchange rate effects totaling EUR 0.5 billion from the translation of U.S. dollars to euros. The first-time full inclusion of SunCom as well as customer growth also contributed to quarter-on-quarter revenue growth. Reflecting the effects of the unfavorable development of the economy in general, revenue per contract customer declined, however.

Revenue from the Broadband/Fixed Network operating segment increased EUR 0.2 billion year-on-year to EUR 5.9 billion. The positive effects of the first-time full consolidation of OTE were partly offset by a decrease in revenue of EUR 0.3 billion due to line losses and lower usage-dependent charges in Germany, and intense competition in Eastern Europe.

The Systems Solutions operating segment generated revenue of EUR 2.1 billion. Although international revenue recorded an increase, total revenue declined by EUR 0.1 billion year-on-year, however, primarily due to lower intersegment revenues.

	Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Net revenue	15,902	14,978	924	6.2	61,666
Mobile Communications Europea, b	5,077	4,992	85	1.7	20,663
Mobile Communications USAa	4,137	3,461	676	19.5	14,957
Broadband/Fixed Networka,b, c	5,882	5,677	205	3.6	22,501
Systems Solutionsa,c	2,106	2,200	(94)	(4.3)	9,343
Group Headquarters & Shared Servicesa,b	878	884	(6)	(0.7)	3,573
Intersegment revenued	(2,178)	(2,236)	58	2.6	(9,371)

a Total revenue (including revenue between operating segments).

b Including first-time full consolidation of OTE from the beginning of February 2009 in the Mobile Communications Europe, Broadband/Fixed Network and Group Headquarters & Shared Services operating segments. For detailed information, please refer to the interim consolidated financial statements.

c As of January 1, 2009, approximately 160,000 business customers in Germany were transferred from the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) to the Broadband/Fixed Network operating segment. Prior-year figures have been adjusted accordingly.

d Elimination of revenue between operating segments.

Contribution of the operating segments to net revenue (after elimination of revenue between segments)

	Q1 2009 millions of €	Proportion of net revenue of the Group %	Q1 2008 millions of €	Proportion of net revenue of the Group %	Change millions of €	Change %	FY 2008 millions of €
Net revenue	15,902	100.0	14,978	100.0	924	6.2	61,666
Mobile Communications Europea	4,894	30.8	4,835	32.3	59	1.2	19,978
Mobile Communications USA	4,133	26.0	3,457	23.1	676	19.6	14,942
Broadband/Fixed Networka,b	5,235	32.9	5,032	33.6	203	4.0	19,779
Systems Solutionsb	1,496	9.4	1,504	10.0	(8)	(0.5)	6,368
Group Headquarters & Shared Servicesa	144	0.9	150	1.0	(6)	(4.0)	599

a Including first-time full consolidation of OTE from the beginning of February 2009 in the Mobile Communications Europe, Broadband/Fixed Network and Group Headquarters & Shared Services operating segments. For detailed information, please refer to the interim consolidated financial statements.

b As of January 1, 2009, approximately 160,000 business customers in Germany were transferred from the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) to the Broadband/Fixed Network operating segment. Prior-year figures have been adjusted accordingly.

With 32.9 percent, the Broadband/Fixed Network operating segment provided the largest contribution to the net revenue of the Group. While the Mobile Communications USA operating segment increased its proportion of net revenue of the Group year-on-year, those of the operating segments Mobile Communications Europe, Broadband/Fixed Network, despite the inclusion of OTE, and Systems Solutions declined.

Breakdown of revenue by region.

The proportion of net revenue generated outside Germany in the first quarter of 2009 increased by 4.7 percentage points compared with the prior-year period to reach 56.3 percent. This was primarily due to revenue growth in North America and Europe. Revenue in North America was positively affected by exchange rate effects: The increase in revenue in Europe was mainly a result of the first-time full consolidation of OTE.

		Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Net revenue		15,902	14,978	924	6.2	61,666
Domestic		6,943	7,254	(311)	(4.3)	28,885
International		8,959	7,724	1,235	16.0	32,781
Proportion generated internationally	(%)	56.3	51.6			53.2
Europe (excluding Germany)		4,684	4,144	540	13.0	17,324

North America	4,148	3,460	688	19.9	14,931
Other	127	120	7	5.8	526

EBIT.

Group EBIT decreased by EUR 2.1 billion year-on-year to EUR 0.2 billion. This was the result of an impairment loss recognized on the goodwill of the cash generating unit T-Mobile UK in the Mobile Communications Europe operating segment. While EBIT generated by the Mobile Communications Europe and Systems Solutions operating segments recorded a decline, the Broadband/Fixed Network and Mobile Communications USA operating segments improved EBIT year-on-year.

An impairment loss of EUR 1.8 billion was recognized on goodwill of the cash generating unit T-Mobile UK in the Mobile Communications Europe operating segment. This was mainly a consequence of the significant economic slowdown and intensified competition in the United Kingdom. Lower roaming revenues and newly introduced regulation of roaming and termination charges had a negative impact on revenue. Increased termination charges for the use of third-party mobile communications networks and high levels of expenditure for customer acquisition and retention resulted in increases in the cost base. In addition, higher expenditure for customer acquisition and retention in Austria and Poland had a negative effect on EBIT. The first-time full inclusion of OTE, on the other hand, had a positive impact on the segment. Adjusted for exchange rate effects, EBIT in the Mobile Communications USA operating segment decreased as a result of the decline in revenue per customer.

EBIT generated by the Systems Solutions operating segment in the prior-year quarter was impacted in particular by the gain on the disposal of Media&Broadcast. The Broadband/Fixed Network operating segment recorded higher EBIT due to the first-time full consolidation of OTE and cost-cutting measures.

	Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
EBITa in the Group	244	2,298	(2,054)	(89.4)	7,040
Mobile Communications Europeb	(1,166)	759	(1,925)	n.a.	3,188
Mobile Communications USA	530	502	28	5.6	2,299
Broadband/Fixed Networkb,c	1,170	889	281	31.6	2,759
Systems Solutionsc	11	483	(472)	(97.7)	81
Group Headquarters & Shared Servicesb	(269)	(277)	8	2.9	(1,198)
Reconciliation	(32)	(58)	26	44.8	(89)

a EBIT is profit/loss from operations as shown in the income statement.
b Including first-time full consolidation of OTE from February 2009 in the Mobile Communications Europe, Broadband/Fixed Network and Group Headquarters & Shared Services operating segments. For detailed information, please refer to the interim consolidated financial statements.
c As of January 1, 2009, approximately 160,000 business customers in Germany were transferred from the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) to the Broadband/Fixed Network operating segment. Prior-year figures have been adjusted accordingly.

Profit/loss before income taxes.

Profit/loss before income taxes in the first quarter of 2009 decreased by EUR 2.1 billion year-on-year to a loss of EUR 0.5 billion, a decline similar to the one affecting EBIT. Profit/loss before income taxes was impacted in particular by the impairment of goodwill at the cash generating unit T-Mobile UK amounting to EUR 1.8 billion in the Mobile Communications Europe operating segment.

Net loss.

Deutsche Telekom generated a net loss of EUR 1.1 billion in the first quarter of 2009, compared with a net profit of EUR 0.9 billion in the same period of the previous year. This was due to the aforementioned effects.

EBITDA.

EBITDA amounted to EUR 4.9 billion in the first quarter of 2009 and was therefore unchanged from the first three months of 2008. While EBITDA generated by the Mobile Communications USA, Broadband/Fixed Network and Group Headquarters & Shared Services operating segments improved, the Systems Solutions and Mobile Communications Europe operating segments reported an EBITDA decrease.

Adjusted EBITDA.

In the first quarter of 2009, EBITDA was affected by special factors totaling EUR 0.1 billion. These factors mainly comprised income of EUR 0.2 billion from the reversal of provisions in connection with a voluntary early retirement program for employees at OTE in Greece as well as staff-related and other restructuring measures. Special factors of EUR 0.3 billion had a positive effect on EBITDA in the prior-year quarter. Special factors in the first three months of 2008 primarily consisted of the gain on the disposal of Media&Broadcast in the Systems Solutions operating segment, while expenses in connection with staff-related and other restructuring measures in the Group had an offsetting effect.

EBITDA for the first quarter of 2009, adjusted for the aforementioned special factors, was EUR 4.8 billion which was slightly higher than the prior-year level. The OTE group, which was fully consolidated for the first time, contributed EUR 0.3 billion to adjusted Group EBITDA in the reporting period.

In the Mobile Communications Europe operating segment, exchange rate effects and higher expenditure for customer acquisition and retention mainly in the United Kingdom, Austria and Poland had a negative impact on EBITDA. The first-time full consolidation of OTE had a positive effect. Taking into account the positive exchange rate effects and changes in the composition of the Group, adjusted EBITDA in the Mobile Communications USA operating segment decreased, primarily due to lower revenue per customer. Adjusted EBITDA in the Systems Solutions operating segment remained stable. The Broadband/Fixed Network operating segment recorded an increase in adjusted EBITDA due to the full consolidation of OTE for the first time.

	Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Adjusted EBITDAa,b in the Group	4,812	4,686	126	2.7	19,459
Mobile Communications Europeb	1,551	1,698	(147)	(8.7)	7,160
Mobile Communications USA	1,061	966	95	9.8	4,240
Broadband/Fixed Networkb, c	2,010	1,892	118	6.2	7,385
Systems Solutionsc	211	204	7	3.4	826
Group Headquarters & Shared Servicesb	20	(25)	45	n.a.	(31)
Reconciliation	(41)	(49)	8	16.3	(121)

a

Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to “Reconciliation of pro forma figures,” et seq.

b Including first-time full consolidation of OTE from February 2009 in the Mobile Communications Europe, Broadband/Fixed Network and Group Headquarters & Shared Services operating segments. For detailed information, please refer to the interim consolidated financial statements.

c As of January 1, 2009, approximately 160,000 business customers in Germany were transferred from the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) to the Broadband/Fixed Network operating segment. Prior-year figures have been adjusted accordingly.

Free cash flow.

At EUR 0.3 billion, free cash flow in the first quarter of 2009 decreased by EUR 1.4 billion year-on-year. Net cash from operating activities amounted to EUR 2.8 billion in the reporting period, compared with EUR 3.3 billion in the prior-year period. This decrease is primarily attributable to the development of working capital, which, in the first three months of 2009, was mainly impacted by higher cash outflows for restructuring measures year-on-year. In addition, interest payments increased year-on-year, in particular as a result of the inclusion of OTE from February 2009. Cash outflows for intangible assets and property, plant and equipment increased by EUR 0.8 billion, primarily as a result of the 2G and 3G network roll-out in the United States and the United Kingdom.

	Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Cash generated from operations	3,431	3,768	(337)	(8,9)	17,625
Interest received (paid)	(630)	(437)	(193)	(44,2)	(2,257)
Net cash from operating activities	2,801	3,331	(530)	(15,9)	15,368
Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment	(2,611)	(1,792)	(819)	(45,7)	(8,707)
Free cash flow before proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	190	1,539	(1,349)	(87,7)	6,661
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	61	90	(29)	(32,2)	372
Free cash flow before dividend paymentsa	251	1,629	(1,378)	(84,6)	7,033

a For detailed information and calculations, please refer to “Reconciliation of pro forma figures,” page 65.

Net debt.

Net debt increased by EUR 4.7 billion compared with the end of 2008 to EUR 42.8 billion. Net debt increased by EUR 4.3 billion due to the full consolidation of OTE for the first time. In addition, exchange rate effects in particular contributed to the increase in net debt.

	Mar. 31, 2009 millions of €	Dec. 31, 2008 millions of €	Change millions of €	Change %	Mar. 31, 2008 millions of €
Bonds	39,659	34,302	5,357	15.6	31,712

Liabilities to banks	4,670	4,222	448	10.6	3,936
Liabilities to non-banks from promissory notes	1,036	887	149	16.8	733
Derivative financial liabilities	755	1,053	(298)	(28.3)	1,321
Lease liabilities	1,987	2,009	(22)	(1.1)	2,100
Other financial liabilities	1,030	974	56	5.7	451
Gross debt	49,137	43,447	5,690	13.1	40,253
Cash and cash equivalents	4,113	3,026	1,087	35.9	2,271
Available-for-sale/held-for-trading financial assets	436	101	335	n.a.	112
Derivative financial assets	1,211	1,598	(387)	(24.2)	718
Other financial assets	544	564	(20)	(3.5)	1,258
Net debt[a]	42,833	38,158	4,675	12.3	35,894

a For detailed information and calculations, please refer to “Reconciliation of pro forma figures,”.

Development of business in the operating segments.

Mobile Communications Europe and Mobile Communications USA.

Mobile Communications: Customer development and selected KPIs.

	Mar. 31, 2009 millions	Dec. 31, 2008 millions	Change Mar. 31, 2009/ Dec. 31, 2008 %	Mar. 31, 2008 millions	Change Mar. 31, 2009/ Mar. 31, 2008 %
Mobile Communications Europea	115.3	114.9	0.3	108.2	6.6
T-Mobile Deutschlandb	39.0	39.1	(0.3)	37.1	5.1
T-Mobile UKc	16.7	16.8	(0.6)	17.1	(2.3)
PTC (Poland)	13.3	13.3	0.0	13.0	2.3
T-Mobile Netherlands (NL)d	5.2	5.3	(1.9)	5.2	0.0
T-Mobile Austria (A)	3.4	3.4	0.0	3.3	3.0
T-Mobile CZ (Czech Republic)	5.4	5.4	0.0	5.3	1.9
T-Mobile Hungary	5.3	5.4	(1.9)	4.9	8.2
T-Mobile Croatia	2.8	2.7	3.7	2.5	12.0
T-Mobile Slovensko (Slovakia)	2.3	2.3	0.0	2.3	0.0
Othere	1.9	1.9	0.0	1.7	11.8
COSMOTE Greece	8.4	7.9	6.3	6.5	29.2
COSMOTE Romania	6.1	5.9	3.4	4.2	45.2
COSMOTE Bulgaria	4.0	4.1	(2.4)	3.9	2.6
COSMOTE Albania	1.4	1.4	0.0	1.2	16.7
Mobile Communications USAa	33.2	32.8	1.2	30.8	7.8
Mobile customers (total)a	148.4	147.6	0.5	139.0	6.8

a One mobile communications card corresponds to one customer. The total was calculated on the basis of precise figures and rounded to millions. Percentages are calculated on the basis of figures shown. Organic customer growth is reported for better comparability: Customers of COSMOTE (entity of the OTE group) were also included in the historic customer base.

b Due to various rulings on the expiry of prepaid credit and the limited validity of prepaid cards, T-Mobile Deutschland changed its terms of contract and therefore its deactivation policy in the first quarter of 2007 in favor of its prepay customers. These customers can now use their prepaid credit longer than before. As a result of the change in the terms of contract, prepaid contracts no longer end automatically, but run for an unlimited duration and can be terminated by the customer at any time and by T-Mobile with one month's notice. T-Mobile Deutschland reserves the right to make use of this right of termination and to deactivate cards in the systems.

Including Virgin Mobile.

c

d

The consolidation of Online (formerly Orange Nederland Breedband B.V.) in the second quarter of 2008 has no effect on the number of customers of the T-Mobile Netherlands group, as only mobile communications customers are shown.

e “Other” includes T-Mobile Macedonia and T-Mobile Crna Gora (Montenegro).

Mobile Communications Europe.

In spite of stiff competition, the European mobile companies were able to maintain their market positions in the first quarter of 2009. The total number of customers in Europe stabilized at 115.3 million. The mobile communications companies in Greece, Romania, and Croatia were especially successful in expanding their customer base. The slight decrease in customer levels at five companies compared with the end of 2008 is mainly attributable to the prepaid business. T-Mobile UK recorded a decline in the number of Virgin Mobile customers in particular, all of whom are counted as prepay customers. The proportion of prepay customers also decreased, for example, at T-Mobile Deutschland, T-Mobile Hungary, T-Mobile Netherlands, and COSMOTE Bulgaria.

In contrast to the prepaid business, business with contract customers developed very encouragingly in the first quarter of 2009, with most T-Mobile companies further enlarging their contract customer base. The T-Mobile subsidiaries in the Netherlands, the United Kingdom, the Czech Republic, Hungary, and Poland were the main drivers of this growth. The percentage share of contract customers as a proportion of the total customer base also improved substantially compared with the end of 2008. Increases were posted by all companies in Western, Southern and Eastern Europe, but especially by the T-Mobile subsidiaries in the Netherlands, the Czech Republic, Hungary, Slovakia, and Macedonia. This success is due to the focused customer acquisition strategy – marketing calling plans with minute buckets, flat-rate plans, and new, attractive hardware offers in conjunction with a fixed-term contract. In Germany and the other markets where T-Mobile has launched the Apple iPhone 3G, this device made a significant contribution to contract customer growth. T-Mobile also expanded its contract customer base with the introduction of the T-Mobile G1 on the UK market at the end of 2008 as well as in Austria, the Czech Republic, the Netherlands, Germany, and Poland in early 2009.

Mobile Communications USA.

The Mobile Communications USA operating segment added 415,000 net customers in the first quarter of 2009, compared to 981,000 in the first quarter of 2008 (not including 1.1 million customers added as a result of the SunCom acquisition in February 2008) and 621,000 in the fourth quarter of 2008. New contract customers accounted for 39 percent of the new customers in the first quarter of 2009, compared to 75 percent in the first quarter of 2008 and 43 percent in the fourth quarter of 2008. The lower share of contract customers in the first quarter of 2009 compared to the first quarter of 2008 can be attributed primarily to an increase in contract customer churn caused by customers whose two-year contracts (that were first introduced in April 2006) are coming to an end and by continued competitive intensity. Holiday season sales contributed to customers added being higher in the fourth quarter of 2008 compared to the first quarter of 2009.

Mobile Communications Europe: Development of operations.

	Q1	Q1	Change	Change	FY

	2009 millions of €	2008 millions of €	millions of €	%	2008 millions of €
Total revenuea	5,077	4,992	85	1.7	20,663
Of which: T-Mobile Deutschland	1,874	1,884	(10)	(0.5)	7,770
Of which: T-Mobile UK	836	1,058	(222)	(21.0)	4,051
Of which: PTC	416	524	(108)	(20.6)	2,260
Of which: T-Mobile NL	444	416	28	6.7	1,806
Of which: T-Mobile A	267	274	(7)	(2.6)	1,085
Of which: T-Mobile CZ	275	311	(36)	(11.6)	1,329
Of which: T-Mobile Hungary	218	258	(40)	(15.5)	1,117
Of which: T-Mobile Croatia	134	129	5	3.9	616
Of which: T-Mobile Slovensko	140	128	12	9.4	571
Of which: Otherb	55	53	2	3.8	248
Of which: COSMOTE Greecec	286	-	n.a.	n.a.	-
Of which: COSMOTE Romaniac	77	-	n.a.	n.a.	-
Of which: COSMOTE Bulgariac	81	-	n.a.	n.a.	-
Of which: COSMOTE Albania	26	-	n.a.	n.a.	-
EBIT (profit (loss) from operations)d	(1,166)	759	(1,925)	n.a.	3,188
EBIT margin %	(23.0)	15.2			15.4
Depreciation, amortization and impairment lossesd	(2,711)	(940)	(1,771)	n.a.	(3,875)
EBITDAe	1,545	1,699	(154)	(9.1)	7,063
Special factors affecting EBITDAe	(6)	1	(7)	n.a.	(97)
Adjusted EBITDAa,e	1,551	1,698	(147)	(8.7)	7,160
Of which: T-Mobile Deutschland	685	692	(7)	(1.0)	3,028
Of which: T-Mobile UK	113	230	(117)	(50.9)	888
Of which: PTC	110	184	(74)	(40.2)	785
Of which: T-Mobile NL	64	62	2	3.2	352
Of which: T-Mobile A	53	76	(23)	(30.3)	285
Of which: T-Mobile CZ	127	158	(31)	(19.6)	634
Of which: T-Mobile Hungary	95	112	(17)	(15.2)	481
Of which: T-Mobile Croatia	57	53	4	7.5	271
Of which: T-Mobile Slovensko	68	61	7	11.5	230
Of which: Otherb	26	24	2	8.3	114
Of which: COSMOTE Greecec	99	-	n.a.	n.a.	-
Of which: COSMOTE Romaniac	13	-	n.a.	n.a.	-
Of which: COSMOTE Bulgariac	27	-	n.a.	n.a.	-
Of which: COSMOTE Albania	16	-	n.a.	n.a.	-
Adjusted EBITDA margine %	30.5	34.0			34.7
Cash capexf	(642)	(471)	(171)	(36.3)	(1,897)
Number of employeesg	35,481	29,279	6,202	21.2	29,237

The presentation includes the first-time full consolidation of OTE from February 2009 in the Mobile Communications Europe, Broadband/Fixed Network, and Group Headquarters & Shared Services operating segments.

a The amounts stated for the national companies correspond to their respective unconsolidated financial statements without taking into consideration consolidation effects at operating segment level.

b "Other" includes revenues and EBITDA generated by T-Mobile Macedonia and T-Mobile Crna Gora (Montenegro).

c Including the relevant Germanos (sales) companies in the Greek, Romanian, and Bulgarian markets.

d Including an impairment loss of EUR 1.8 billion recognized on the goodwill of the cash generating unit T-Mobile UK in the first quarter of 2009.

e Deutsche Telekom defines EBITDA as profit/loss from operations before depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to “Reconciliation of pro forma figures,” page 62 et seq.

f Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

g Average number of employees.

Mobile Communications USA: Development of operations.

		Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Total revenue		4,137	3,461	676	19.5	14,957
EBIT (profit from operations)		530	502	28	5.6	2,299
EBIT margin	%	12.8	14.5			15.4
Depreciation, amortization and impairment losses		(531)	(460)	(71)	(15.4)	(1,884)
EBITDAa		1,061	962	99	10.3	4,183
Special factors affecting EBITDAa		0	(4)	4	n.a.	(57)
Adjusted EBITDAa		1,061	966	95	9.8	4,240
Adjusted EBITDA margina	%	25.6	27.9			28.3
Cash capexb		(865)	(480)	(385)	(80.2)	(2,540)
Number of employeesc		37,720	34,452	3,268	9.5	36,076

Including first-time consolidation of SunCom from February 22, 2008.

a Deutsche Telekom defines EBITDA as profit/loss from operations excluding depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to "Reconciliation of pro forma figures," page 62 et seq.

b Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

c Average number of employees.

Mobile Communications (total): Development of operations.

		Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Total revenue		9,206	8,445	761	9.0	35,586
EBIT (profit (loss) from operations)a		(635)	1,260	(1,895)	n.a.	5,487
EBIT margin	%	(6.9)	14.9			15.4
Depreciation, amortization and impairment lossesa		(3,242)	(1,400)	(1,842)	n.a.	(5,759)
EBITDAb		2,607	2,660	(53)	(2.0)	11,246

Special factors affecting EBITDAb		(6)	(3)	(3)	n.a.	(154)
Adjusted EBITDAb		2,613	2,663	(50)	(1.9)	11,400
Adjusted EBITDA marginb	%	28.4	31.5			32.0
Cash capexc		(1,508)	(951)	(557)	(58.6)	(4,437)
Number of employeesd		73,201	63,731	9,470	14.9	65,313

This table shows consolidated figures for the Mobile Communications Europe and Mobile Communications USA operating segments, which are provided here for information purposes.

The presentation includes the first-time full consolidation of OTE from the beginning of February 2009 in the Mobile Communications Europe, Broadband/Fixed Network, and Group Headquarters & Shared Services operating segments. For detailed information, please refer to the interim consolidated financial statements.

a Including an impairment loss of EUR 1.8 billion recognized on the goodwill of the cash generating unit T-Mobile UK in the first quarter of 2009.

b Deutsche Telekom defines EBITDA as profit/loss from operations excluding depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to “Reconciliation of pro forma figures,” page 62 et seq.

c Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

d Average number of employees.

Mobile Communications Europe: Total revenue.

Revenue in the Mobile Communications Europe operating segment increased by EUR 85 million or 1.7 percent year-on-year. This positive development was driven by the first-time inclusion of the COSMOTE (entity of the OTE group) companies in February 2009. The COSMOTE companies include the mobile network operators in Greece, Romania, Bulgaria and Albania, as well as the Germanos sales companies in Greece, Romania and Bulgaria. Not including COSMOTE, revenue would have been lower compared with the first quarter of 2008, mainly on account of negative exchange rate effects. The generally strained economic situation and the intense competitive pressure reduced revenue from operating activities in the first quarter of the year. Adjusted for exchange rate effects, PTC's revenues remained at virtually the same level as in the previous year. T-Mobile Netherlands contributed to revenue growth, mainly thanks to revenue from its Online operations. All national companies in Southern and Eastern Europe again recorded increases in revenue, with the exception of T-Mobile Hungary. Revenue at T-Mobile UK decreased, due mainly to a strong negative effect of the pound sterling exchange rate. Regulatory decisions and fierce competition also impacted revenue at T-Mobile UK in the first quarter of 2009. The decline in revenue at T-Mobile Deutschland is mainly attributable to lower national roaming revenues with O2. The more restrictive regulatory environment and intense competition also contributed to the decrease in revenue. At T-Mobile Austria, the decrease in revenue was a result of the ongoing intense price competition and price cuts imposed by regulation. However, a targeted focus on acquiring contract customers partially offset the decrease in revenue at both companies.

Mobile Communications Europe: EBITDA, adjusted EBITDA.

In the first quarter of 2009, adjusted EBITDA decreased by EUR 147 million year-on-year. This trend was driven primarily by T-Mobile UK, PTC, and T-Mobile CZ. The currencies of these countries lost considerable value against the euro. T-Mobile UK's earnings were also impacted by lower net revenues as well as higher revenue-related expenses and increased expense for customer retention measures. The continuing intense price competition and price cuts imposed by regulation as well as higher expenses for customer acquisition and retention led to a reduction in EBITDA at T-Mobile Austria. T-Mobile Deutschland succeeded in maintaining EBITDA more or less stable in the face of stiff competition. Lower national roaming revenues and higher selling expenses were compensated in Germany by continued successful cost management. The national companies in Slovakia, Croatia, and the Netherlands all posted EBITDA growth. The first-time inclusion of the COSMOTE companies also had a positive effect on earnings.

Mobile Communications Europe: EBIT.

EBIT (profit/loss from operations) in the Mobile Communications Europe operating segment declined by EUR 1.9 billion year-on-year in the first quarter of 2009. This was mainly attributable to an impairment loss of EUR 1.8 billion recognized on the goodwill of the cash generating unit T-Mobile UK together with the negative factors that impacted EBITDA. On the other hand, lower depreciation, amortization and impairment losses, particularly at PTC, T-Mobile Netherlands, T-Mobile Deutschland, and T-Mobile Austria, had an offsetting effect on the EBIT decline.

Mobile Communications Europe: Cash capex.

Cash capex in the Mobile Communications Europe operating segment rose by EUR 171 million year-on-year to EUR 642 million. This increase was largely due to the first-time inclusion of the COSMOTE companies. While capital expenditure decreased in Hungary, Poland and Montenegro, it increased primarily in the United Kingdom, Germany, Austria, and Slovakia.

Mobile Communications Europe: Personnel.

The average number of employees rose sharply year-on-year, due mainly to the first-time inclusion of the COSMOTE companies. Hirings at PTC to cater for the expansion of sales through this company’s own shops also contributed to this increase. T-Mobile UK, on the other hand, saw its headcount shrink as a result of outsourcing in the technology area. T-Mobile Austria’s workforce was pared back through the improvement of the organizational structure.

Mobile Communications USA: Total revenue.

As a result of currency fluctuations, revenue from the Mobile Communications USA operating segment grew by 19.5 percent year-on-year to EUR 4.1 billion in the first quarter of 2009. However, in U.S. dollars the operating segment only increased its revenue by 4.1 percent year-on-year. The main factor driving the growth in revenue in local currency was the increase in total customers (including the impact of the SunCom acquisition), which was offset by a fall in average revenue per user (ARPU) year-on-year related to lower voice usage revenues and lower customer roaming revenues. The mid-quarter consolidation of SunCom in the first quarter of 2008 contributed EUR 102 million of the revenue increase year-on-year, comparing to a full quarter of results being included in the first quarter of 2009.

Mobile Communications USA: EBIT, EBITDA, adjusted EBITDA.

EBIT (profit from operations) grew year-on-year by 5.6 percent in euro terms. Adjusted EBITDA increased by 9.8 percent year-on-year to EUR 1.1 billion. In U.S. dollars, adjusted EBITDA actually declined by 4.4 percent year-on-year. The adjusted EBITDA margin declined to 25.6 percent in the first quarter of 2009 from 27.9 percent in the first quarter of 2008, primarily driven by a decrease in ARPU.

Mobile Communications USA: Cash capex.

Cash capex increased year-on-year from EUR 480 million to EUR 865 million in the first quarter of 2009. The continued focus on the improvement of network quality and coverage as well as the roll-out of the UMTS/HSDPA network caused 2G- and 3G-incurred capital expenditure to broadly remain the same year-on-year. The increase in cash capex is primarily due to payment timing differences.

Mobile Communications USA: Personnel.

The average number of employees rose year-on-year; this is attributed to business growth and the acquisition of SunCom in February 2008 which added approximately 1,850 new employees to the Mobile Communications USA operating segment.

Broadband/Fixed Network.

Broadband/Fixed Network: Customer development and selected KPIs.

	Mar. 31, 2009 millions	Dec. 31, 2008 millions	Change Mar. 31, 2009/ Dec. 31, 2008 %	Mar. 31, 2008 millions	Change Mar. 31, 2009/ Mar. 31, 2008 %
Broadband					
Lines (total)a,b,c	17.0	16.7	1.8	15.7	8.3
Of which: retail	14.2	13.6	4.4	11.9	19.3
Domestica,b	13.5	13.3	1.5	13.0	3.8
Of which: retailb	11.0	10.6	3.8	9.6	14.6
Internationala,b,c,d	3.5	3.3	6.1	2.8	25.0
Of which: Magyar Telekom	0.9	0.9	0.0	0.8	12.5
Of which: T-Hrvatski Telekom	0.5	0.5	0.0	0.4	25.0
Of which: Slovak Telekom	0.4	0.3	33.3	0.3	33.3
Of which: OTE Greecec	1.0	1.0	0.0	0.8	25.0
Of which: Romtelecomc	0.7	0.7	0.0	0.4	75.0
Fixed Network					
Lines (total)a,b,c	40.3	41.1	(1.9)	43.6	(7.6)
Domestica,b	27.7	28.3	(2.1)	30.2	(8.3)
Internationala,b,c,d	12.6	12.8	(1.6)	13.4	(6.0)
Of which: Magyar Telekom	2.5	2.6	(3.8)	2.7	(7.4)
Of which: T-Hrvatski Telekom	1.5	1.6	(6.3)	1.6	(6.3)
Of which: Slovak Telekom	1.1	1.1	(0.0)	1.1	0.0
Of which: OTE Greecec	4.5	4.6	(2.2)	4.9	(8.2)
Of which: Romtelecomc	3.0	3.0	(0.0)	3.1	(3.2)
Wholesale/resale					
Resale/IP-BSAc,d,e	2.5	2.8	(10.7)	3.8	(34.2)
Of which: domestic	2.2	2.5	(12.0)	3.4	(35.3)
ULLsc,d,f	9.4	9.0	4.4	7.3	28.8
Of which: domestic	8.6	8.3	3.6	7.0	22.9
IP-BSA SAc,d,g	0.3	0.2	50.0	n.a.	n.a.
Of which: domestic	0.3	0.2	50.0	n.a.	n.a.

Totals were calculated on the basis of precise figures and rounded to millions. Percentages are calculated on the basis of figures shown.

a Lines in operation excluding internal use and public telecommunications, including wholesale services.

b As of January 1, 2009, approximately 160,000 business customers in Germany were transferred from the Systems Solutions operating segment to the Broadband/Fixed Network operating segment. The presentation of the number of lines has been adjusted to reflect the business model of the Broadband/Fixed Network operating segment. For the purposes of equal treatment, internal use by the System Solutions segment is no longer included in the presentation of the number of lines. Prior-year figures have been adjusted accordingly.

c From February 2009, the fixed-network business of OTE Greece and Romtelecom (Romania) is included in the Broadband/Fixed-Network operating segment. Prior-year comparatives have been adjusted on a pro forma basis.

d International comprises Southern and Eastern Europe with T-Hrvatski Telekom, Slovak Telekom, and Magyar Telekom including the subsidiaries Makedonski Telekom AD and Crnogorski Telekom, as well as the fixed-network business of OTE Greece and Romtelecom that was consolidated from February 2009.

e Definition of resale/bundled IP-BSA: Sale of broadband lines based on DSL technology to alternative providers outside the Deutsche Telekom Group including bundled IP-Bitstream Access. In the case of IP-BSA, Deutsche Telekom leases DSL lines to the competitor and transports the datastream carried over the lines via its concentrator network to the associated broadband point of presence where the datastream is handed over to the competitor.

f Unbundled local loop (ULL) lines in Germany and abroad: Wholesale service that can be leased by other telecommunications operators without upstream technical equipment in order to offer their own customers a telephone or DSL line.

g Definition of IP-BSA Stand Alone (IP-BSA SA): A wholesale product not bundled with a Deutsche Telekom PSTN line. Allows competitors to offer an all-IP product range.

In the Broadband/Fixed Network operating segment, the number of broadband lines, including resale, rose by 1.3 million year-on-year to 17.0 million in the first quarter of 2009.

At international level, the broadband market also grew in the first quarter of 2009. With a total of 3.5 million broadband lines, including resale, the Broadband/Fixed Network operating segment achieved a year-on-year increase outside Germany of 708,000 lines. This includes 426,000 broadband lines from the fixed-network business of OTE Greece and Romtelecom (Romania).

T-Home clearly surpassed its excellent prior-year performance in the German broadband market once again in the first quarter of 2009. For the first time since 2005, T-Home won more than half of the new customers in the broadband market, where growth is slowing, with an estimated net addition market share of over 50 percent. With absolute growth of around 390,000 retail broadband lines in the first quarter of 2009, broadband lines in Germany increased to 11.0 million. This is due to attractive pricing models, regional special offers in urban areas and improved service. In addition, T-Home is increasingly migrating customers to higher-value product groups.

The number of Entertain lines in operation increased to around 448,000 by the end of the first quarter. By that point in time, some 600,000 Entertain lines had been sold.

In the first quarter of 2009, further so-called “blank spots” on the map of Germany were filled, with a total of 87,000 additional households being connected to the broadband network. This was helped along by 180 alliances with local authorities to roll out the high-speed Internet.

The number of fixed-network lines decreased by 7.6 percent year-on-year in the first quarter of 2009 to 40.3 million. Fixed-network line losses in Germany totaled 602,000 in the first quarter of 2009, 75,000 fewer than in the fourth quarter of 2008. The line losses include customers who previously obtained their broadband connection via a fixed-network-based DSL resale line from Deutsche Telekom and are now migrating to a ULL-based IP line with another provider. The other line losses are mainly attributable to customers switching to other fixed-network, cable and mobile operators.

Year-on-year, demand for unbundled local loop lines (ULLs) in Germany increased by 1.6 million in the first quarter of 2009 to a total of 8.6 million lines. Among other factors, this increase was mainly the result of the migration of DSL resale customers to all-IP lines operated by other providers on the basis of ULLs. The year-on-year decline in DSL resale lines of just under 1.2 million to 2.2 million was partly offset by the migration to IP-BSA lines. In the reporting period, Deutsche Telekom provided 316,000 of the IP-BSA Stand Alone lines introduced in the middle of last year without a PSTN line (unbundled), which the Deutsche Telekom Group sells to competitors as wholesale products.

Broadband/Fixed Network: Development of operations.

		Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Total revenue		5,882	5,677	205	3.6	22,501
Domestic		4,836	5,126	(290)	(5.7)	20,226
Of which: network communications		1,512	1,802	(290)	(16.1)	6,737
Of which: IP/Internet		1,445	1,332	113	8.5	5,531
Of which: other fixed-network services		319	341	(22)	(6.5)	1,391
Of which: wholesale services		1,264	1,354	(90)	(6.6)	5,355
International		1,063	564	499	88.5	2,329
EBIT (profit from operations)		1,170	889	281	31.6	2,759
EBIT margin	(%)	19,9	15,7			12.3
Depreciation, amortization and impairment losses		(1,005)	(907)	(98)	(10.8)	(3,636)
EBITDAa		2,175	1,796	379	21.1	6,395
Special factors affecting EBITDAa		165	(96)	261	n.a.	(990)
Adjusted EBITDAa		2,010	1,892	118	6.2	7,385
Domestic		1,612	1,653	(41)	(2.5)	6,417
International		400	239	161	67.4	970
Adjusted EBITDA margina	(%)	34,2	33,3			32.8
Domestic	(%)	33,3	32,2			31.7
International	(%)	37,6	42,4			41.6
Cash capexb		(899)	(627)	(272)	(43.4)	(3,150)
Number of employeesc		112,613	104,051	8,562	8.2	100,671
Domestic		80,923	88,235	(7,312)	(8.3)	85,192
International		31,690	15,816	15,874	n.a.	15,479

Since January 1, 2009, approximately 160,000 business customers of the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) have been included in the Broadband/Fixed Network operating segment. Prior-year comparatives have been adjusted.

The presentation includes the first-time full consolidation of OTE from the beginning of February 2009 in the Mobile Communications Europe, Broadband/Fixed Network, and Group Headquarters & Shared Services operating segments.

a Deutsche Telekom defines EBITDA as profit/loss from operations excluding depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to "Reconciliation of pro forma figures," page 62 et seq.

b Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

c Average number of employees.

The fixed-network business of OTE Greece and Romtelecom has been included in the Broadband/Fixed Network operating segment and fully consolidated for two months since February 2009.

Since the Broadband/Fixed Network operating segment focuses on complete packages and the development of IP products, the previous presentation of revenue was no longer appropriate for T-Home in Germany's previous business model. For this reason, revenue was reallocated as of January 1, 2009. All prior-year figures were adjusted for better comparability.

Broadband/Fixed Network: Total revenue.

Total revenue increased by EUR 0.2 billion compared with the prior-year period to EUR 5.9 billion, primarily due to the first-time full consolidation in February 2009 of the fixed-network business of OTE Greece and Romtelecom. OTE contributed EUR 0.5 billion to this increase. On a like-for-like basis, therefore, revenue decreased by EUR 0.3 billion or 6.0 percent.

Broadband/Fixed Network: Total domestic revenue.

Total domestic revenue in the first quarter of 2009 was down 5.7 percent year-on-year at EUR 4.8 billion. This decline is attributable to the continuing line losses resulting from increased competition, the high acceptance of complete packages (telephony and Internet) with a flat-rate component, and falling usage-related charges. Other factors included decreases in the volume of resale and interconnection revenues and in network services. Volume growth in the broadband business and in unbundled local loop lines only partially offset the decline in revenue.

On a like-for-like basis, i.e., excluding the Business Customers unit, revenue in Germany decreased 5.5 percent compared with the first quarter of 2008. The year-on-year revenue decline at the Business Customers unit was principally due to the erosion of market prices and competition in the voice business.

In the network communications area, volume-based line losses due to intense competition and the migration to double-play packages resulted in a year-on-year revenue decrease of 16.1 percent in the first quarter of 2009 to EUR 1.5 billion. In addition, flat rates reduced call revenues due to the decreasing proportion of billed minutes in the traditional fixed-network business.

• Revenue in the IP/Internet area increased by 8.5 percent in the first quarter of 2009 to EUR 1.4 billion. This increase was primarily attributable to volume growth in terms of DSL complete packages and the migration of customers from individual DSL components to more favorably priced complete packages.

Other fixed-network services, comprising the areas of data communications, value-added services, and terminal equipment, recorded a revenue decline of 6.5 percent across the board to EUR 0.3 billion in the first quarter of 2009, due both to a decrease in volumes and, in part, to a reduction in prices.

Revenue from wholesale services decreased by 6.6 percent in the first quarter of 2009 to EUR 1.3 billion. Reasons for the decrease included the lower number of interconnection calls based on a reduction in origination services, lower revenue from network services due to declining demand for co-location rooms, and lower volumes on the 2 Mbit/s platform and of carrier leased lines. Furthermore, both the decline in DSL resale lines as a result of volume and price factors and the migration of customers to IP-based lines (IP-BSA) due to lower regulatorily mandated prices added to the decrease in revenue. The increase in revenue from unbundled local loop lines did not fully offset this decrease.

Broadband/Fixed Network: Total international revenue.

Revenue in Southern and Eastern Europe rose by EUR 0.5 billion compared with the prior-year quarter due to the first-time full consolidation of the fixed-network business of OTE Greece and Romtelecom as of February 2009. Revenue at the previously reported subsidiaries in Eastern Europe decreased by 7.8 percent year-on-year to EUR 0.5

billion. This decrease was due to fierce competition in the traditional fixed network, fixed-mobile substitution, and foreign currency effects. The dynamic broadband growth, which reached at least double-digit figures in all countries, did not fully compensate for the decrease in traditional fixed-network business.

Broadband/Fixed Network: Adjusted EBITDA, EBITDA.

Adjusted EBITDA of the Broadband/Fixed Network operating segment was up 6.2 percent year-on-year to EUR 2.0 billion, due to the first-time full consolidation of the fixed-network business of OTE Greece and Romtelecom as of February 2009, which contributed EUR 0.2 billion to adjusted EBITDA. The adjusted EBITDA margin increased by 0.9 percentage points to 34.2 percent. Thanks to excellent cost discipline, T-Home in Germany recorded adjusted EBITDA of EUR 1.6 billion in the first quarter of 2009 and improved the EBITDA margin by 1.1 percentage points compared with the prior-year quarter to 33.3 percent. The savings made in revenue-driven costs and reduced costs for rental, maintenance and personnel, were able to make up for a major part of the decrease in revenue in the traditional fixed-network business.

In Southern and Eastern Europe, adjusted EBITDA rose by EUR 0.2 billion to EUR 0.4 billion, due to the first-time full consolidation of OTE. In Eastern Europe, adjusted EBITDA fell slightly due to a decline in revenue.

Outside Germany, EBITDA not adjusted for special factors included a one-time positive effect of EUR 0.2 billion in the first quarter of 2009, due to the cost contribution by the Greek government to the voluntary severance package.

Broadband/Fixed Network: EBIT.

In the first quarter of 2009, EBIT (profit from operations) increased by 31.6 percent year-on-year to EUR 1.2 billion as a result of the first-time consolidation of OTE as of February 2009. By contrast, EBIT was reduced by lower earnings contributed by the Business Customers unit and Eastern European subsidiaries, and EUR 0.1 billion higher amortization, depreciation and impairment losses.

Outside of Germany, EBIT included a one-time positive effect in the first quarter of 2009, due to the contribution of the Greek government to the costs of the voluntary severance package.

Broadband/Fixed Network: Cash capex.

Cash capex increased year-on-year by EUR 0.3 billion to EUR 0.9 billion in the first quarter of 2009. Just under EUR 0.1 billion of this increase was attributable to the first-time full consolidation of OTE. Transmission path platforms, new network infrastructure and the fast broadband network accounted for the majority of domestic capital expenditure.

Broadband/Fixed Network: Personnel.

In the first quarter of 2009, the number of employees increased by around 25,000 FTEs overall compared with the end of 2008 to around 121,000, due to the first-time full consolidation of the fixed-network business of OTE. In Germany, the number of employees as of the reporting date decreased by approximately 6,500 compared with the prior-year quarter due to staff reductions. In Southern and Eastern Europe, employee numbers increased by around 24,300 as of the reporting date due to the first-time full consolidation of the OTE fixed-network entities in Greece and Romania. In Eastern Europe, employee numbers decreased year-on-year due to the improvement of performance processes.

Systems Solutions.

Systems Solutions: Selected KPIs.

		Mar. 31, 2009	Dec. 31, 2008	Change Mar. 31, 2009/ Dec. 31, 2008 %	Mar. 31, 2008	Change Mar. 31, 2009/ Mar. 31, 2008 %
Computing & Desktop Services						
Number of servers managed and serviced	(units)	53,536	56,734	(5.6)	41,026	30.5
Number of workstations managed and serviced	(millions)	1.50	1.51	(0.7)	1.45	3.4
Systems Integrationa						
Hours billedb	(millions)	2.6	10.7	n.a.	2.7	(3.7)
Utilization ratec	(%)	80.6	80.9	(0.3)p	80.0	0.6p

Percentages calculated on the basis of figures shown.

a Domestic: excluding changes in the composition of the Group.

b Cumulative figures at the balance sheet date.

c Ratio of average number of hours billed to maximum possible hours billed per period.

Development of business.

The systems solutions market for ICT services was impacted by fierce competition in the first quarter of 2009, in addition to the effects of the ongoing financial and economic crisis. Despite a considerable number of new contracts concluded, new orders in the first quarter of 2009 were down 14.7 percent year-on-year as last year’s figuresincluded the major deal with Shell. In addition, companies in various sectors are showing a certain restraint in the current economic environment. It is therefore all the more encouraging that T-Systems was able to win a number of major deals in the first quarter of 2009, such as with Linde, REWE and the federal states of North Rhine-Westphalia and Baden-Württemberg.

Systems Solutions: Development of operations.

	Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Total revenue	2,106	2,200	(94)	(4.3)	9,343

Computing & Desktop Services		900	898	2	0.2	3,877
Systems Integration		400	423	(23)	(5.4)	1,741
Telecommunications		806	879	(73)	(8.3)	3,725
EBITa (profit from operations)		11	483	(472)	(97.7)	81
Special factors affecting EBITa		(23)	467	(490)	n.a.	12
Adjusted EBITa		34	16	18	n.a.	69
Adjusted EBIT margina	(%)	1.6	0.7			0.7
Depreciation, amortization and impairment losses		(177)	(188)	11	5.9	(781)
EBITDAb		188	671	(483)	(72.0)	862
Special factors affecting EBITDAb		(23)	467	(490)	n.a.	36
Adjusted EBITDAb		211	204	7	3.4	826
Adjusted EBITDA marginb	(%)	10.0	9.3			8.8
Cash capexc		(161)	(134)	(27)	(20.1)	(823)
Number of employeesd		44,449	46,554	(2,105)	(4.5)	46,095

Since January 1, 2009, approximately 160,000 business customers of the Systems Solutions operating segment (until December 31, 2008 called the Business Customers operating segment) have been included in the Broadband/Fixed Network operating segment. Prior-year comparatives have been adjusted.

a EBIT is profit/loss from operations as shown in the consolidated income statement. For a detailed explanation of the special factors affecting EBIT, adjusted EBIT, and the adjusted EBIT margin, please refer to "Reconciliation of pro forma figures," page 62 et seq.

b Deutsche Telekom defines EBITDA as profit/loss from operations excluding depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to "Reconciliation of pro forma figures," page 62 et seq.

c Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

d Average number of employees.

Systems Solutions: Total revenue.

Total revenue generated by the Systems Solutions operating segment in the first quarter of 2009 amounted to EUR 2.1 billion, a year-on-year decrease of 4.3 percent. External revenues were almost at the prior-year level. International revenue increased again by 6.4 percent and continued the positive development of the prior quarters. This positive development is partly attributable to agreements from 2008, for example with Shell and Old Mutual Group. In Germany, revenue declined by 8.2 percent. The decline in domestic revenue was mainly due to lower revenues generated within the Group, which fell by 12.4 percent.

Systems Solutions: Net revenue.

T-Systems generated revenue of EUR 1.5 billion in the first quarter of 2009 from business with customers outside the Deutsche Telekom Group, which is almost unchanged from the prior-year level. Net revenue from Computing & Desktop Services increased by 5.4 percent, primarily due to the positive development outside of Germany, such as the contract with Shell. At Systems Integration, positive effects from the strategic partnership with Cognizant were not sufficient to compensate for the price-driven decrease in revenue. At Telecommunications, the price erosion in the voice and data business continued.

Systems Solutions: EBITDA, adjusted EBITDA.

In the first quarter of 2009, the Systems Solutions operating segment generated EBITDA of EUR 0.2 billion. Figures for the prior year included the proceeds from the sale of the broadcasting and media arm Media&Broadcast, which explains the year-on-year decrease of EUR 0.5 billion. The decline in revenue did not have a negative impact on EBITDA; adjusted EBITDA increased by 3.4 percent due to the successfully launched efficiency enhancement program and more than offset the effects of the revenue decrease.

The adjusted EBITDA margin increased to 10 percent, well above the prior-year figure.

Systems Solutions: EBIT, adjusted EBIT.

EBIT (profit from operations) in the reporting period amounted to EUR 11 million. The figure for the prior-year quarter included the proceeds from the sale of Media&Broadcast. This explains the year-on-year decrease of EUR 0.5 billion.

Adjusted EBIT more than doubled year-on-year to EUR 34 million. The EBIT margin also increased considerably as a result of the ongoing efficiency enhancement program at T-Systems.

Systems Solutions: Cash capex.

At EUR 0.2 billion, cash capex in the reporting period increased by 20.1 percent year-on-year. This increase was mainly the result of the increase in capital expenditure, itself a result of new deals.

Systems Solutions: Personnel.

The average headcount of T-Systems declined by 2,105 to 44,449, a decrease of 4.5 percent compared with the same period last year. In Germany, the average number of employees declined by 3,145 year-on-year to 25,823, a decrease of 10.9 percent, mainly as a result of the staff reduction program. The average headcount abroad rose by 1,040 – an increase of 5.9 percent. This was mainly attributable to the expansion of activities outside of Germany, the taking on of employees in connection with major outsourcing deals and the expansion of nearshore capacities.

Group Headquarters & Shared Services.

Group Headquarters & Shared Services performs strategic and cross-divisional management functions for the Deutsche Telekom Group and is responsible for operating activities that are not directly related to the core business of the operating segments. The Shared Services unit mainly consists of the Real Estate Services unit, whose activities include the management of Deutsche Telekom AG's real estate portfolio in Germany; DeTeFleetServices GmbH, a full-service provider of fleet management and mobility services; and Vivento. In addition, Group Headquarters & Shared Services includes the shared services and headquarters functions of Magyar Telekom and, since February 2009, some of the shared services functions of OTE.

In the first three months of the 2009 financial year, Vivento, Deutsche Telekom's personnel service provider, systematically continued its activities to secure additional external employment opportunities for civil servants and employees, predominantly in the public sector, as well as sustainable placement management to support staff restructuring in the Group. In addition, Vivento is offering more Group employees temporary and permanent employment opportunities at Vivento Customer Services GmbH, with the aim of further improving the deployment of personnel resources.

The workforce at Vivento totaled around 8,400 employees as of March 31, 2009. This included around 3,400 employees deployed externally, mainly in the public sector, for example at the Federal Employment Agency. External deployment at normal market terms and conditions is intended to partially refinance the personnel costs of employees assigned. Another 2,100 or so people were employed in jobs within the Group, especially in call centers, and around 2,900 employees were placed in Vivento's operational and strategic units, or administered by Vivento. Vivento took on a total of around 1,100 employees from the Group in the first quarter of 2009, while around 800 employees left Vivento in the reporting period to pursue new opportunities. The employment rate remained high in the reporting period. During the first quarter of 2009, around 77 percent of the approximately 8,100 employees (excluding management) were in employment or undergoing training.

Group Headquarters & Shared Services: Development of operations.

		Q1 2009 millions of €	Q1 2008 millions of €	Change millions of €	Change %	FY 2008 millions of €
Total revenue		878	884	(6)	(0.7)	3,573
EBIT (loss from operations)		(269)	(277)	8	2.9	(1,198)
EBIT margin	(%)	(30.6)	(31.3)			(33.5)
Depreciation, amortization and impairment losses		(283)	(177)	(106)	(59.9)	(831)
EBITDAa		14	(100)	114	n.a.	(367)
Special factors affecting EBITDAa		(6)	(75)	69	92.0	(336)
Adjusted EBITDAa		20	(25)	45	n.a.	(31)
Adjusted EBITDA margina	(%)	2.3	(2.8)			(0.9)

Cash capexb	(108)	(103)	(5)	(4.9)	(435)
Number of employeesc	19,062	23,737	(4,675)	(19.7)	22,808
Of which: at Viventod	8,400	8,400	-	-	8,200

The presentation includes the first-time full consolidation of OTE from the beginning of February 2009 in the Mobile Communications Europe, Broadband/Fixed Network, and Group Headquarters & Shared Services operating segments.

a Deutsche Telekom defines EBITDA as profit/loss from operations excluding depreciation, amortization and impairment losses. For a detailed explanation of the special factors affecting EBITDA, adjusted EBITDA, and the adjusted EBITDA margin, please refer to "Reconciliation of pro forma figures," page 62 et seq.

b Investments in property, plant and equipment, and intangible assets (excluding goodwill) as shown in the cash flow statement.

c Average number of employees.

d Number of employees at the balance sheet date, including Vivento's own staff and management; figures rounded.