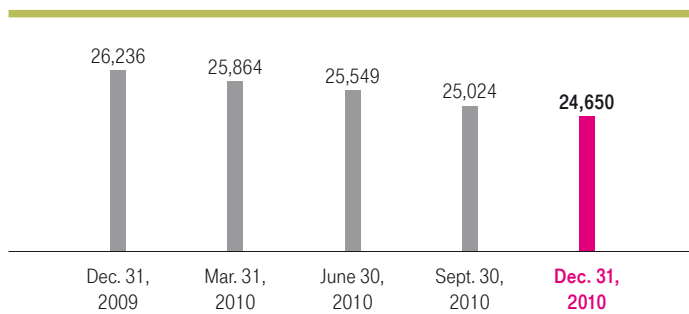


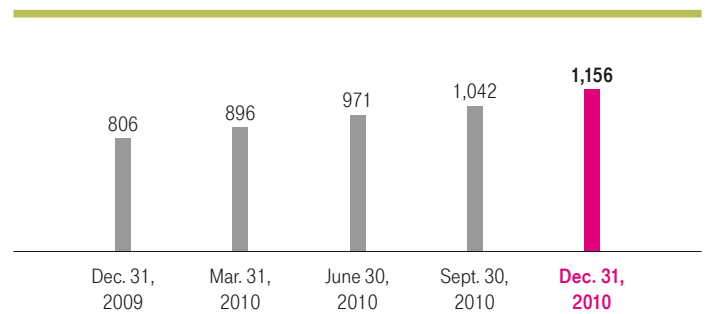
Germany.

Customer development.

Fixed-network lines. ('000)

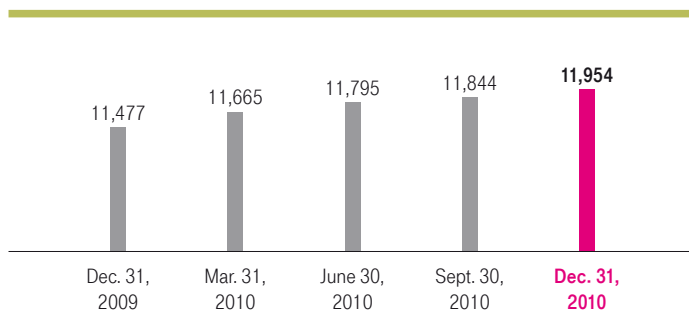


IPTV.* ('000)

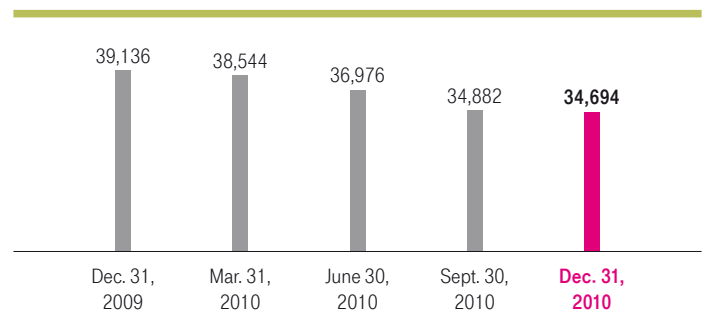


* Customers connected.

Retail broadband lines. ('000)



Mobile customers.* ('000)



* Deregistration of inactive prepaid customers' cards: 4.4 million in FY 2009, 1.5 million in Q1 2010, 2.5 million in Q2 2010, 3.1 million in Q3 2010, 1.2 million in Q4 2010. On April 1, 2010, Telekom Deutschland GmbH began to automatically terminate prepaid cards that have not been topped up for two years and have been inactive for three months.

	Dec. 31, 2010 millions	Dec. 31, 2009 millions	Change millions	Change %	Dec. 31, 2008 millions
Fixed network					
Fixed-network lines	24.7	26.2	(1.5)	(5.7)	28.3
Retail broadband lines	12.0	11.5	0.5	4.3	10.6
Wholesale bundled lines	1.0	1.6	(0.6)	(37.5)	2.5
Unbundled local loop lines (ULLs)	9.5	9.1	0.4	4.4	8.3
Wholesale unbundled lines	1.0	0.6	0.4	66.7	0.2
Mobile communications					
Mobile customers *	34.7	39.1	(4.4)	(11.3)	39.1

* On April 1, 2010, Telekom Deutschland GmbH began to automatically terminate prepaid cards that have not been topped up for two years and have been inactive for three months.

Total.

In the Germany operating segment, we bundle all kinds of mobile communications, broadband and fixed-network telephony services. Over the past few years, we have constantly faced new challenges. Regulatory decisions, increasingly saturated markets, and well-positioned competitors have intensified competition. But our German business has affirmed its position in all markets.

Fixed network.

Connected worlds: telephone, Internet and television.

As of the end of 2010, our share of the German broadband market remained stable at 46 percent. We gained some 0.5 million new customers for retail lines, increasing the total number of lines to 12.0 million. Furthermore, more than half a million people chose to purchase our television service Entertain in the reporting period. As of December 31, 2010, 1.6 million Entertain packages had been sold in total. The customer base increased by 0.4 million in the reporting year to around 1.2 million.

As of December 31, 2010, some 24.7 million people had a fixed-network line provided by Deutsche Telekom. In other words, the number of lines decreased by around 5.7 percent or more than 1.5 million in 2010, but we lost 0.5 million fewer than in the prior year. For comparison: We had lost 2.1 million lines at the end of 2009 and 2.5 million lines at the end of 2008. Line losses primarily resulted from customers switching to cable companies, network infrastructure providers, and mobile operators.

By contrast, the figures increased for various wholesale products provided for competitors, such as unbundled local loop lines (ULLs) and unbundled bitstream access (IP-BSA). The number of ULLs grew by 4.4 percent year-on-year to 9.5 million lines. The number of our bundled wholesale lines

declined by around 0.6 million in 2010 to 1.0 million. We expect this trend to continue for the next few years, mainly as a result of the fact that our competitors are switching from bundled to unbundled wholesale products in order to optimize their own service. Hence we recorded a growth of around 0.4 million in unbundled products.

Mobile communications.

At the heart of life everywhere: mobile telephony and data applications.

Our mobile business once again was revenue market leader in Germany in 2010, and we increased our market share. Our strategy of focusing this business on high-value contract customers was therefore a success. The number of mobile customers decreased by some 11.3 percent to 34.7 million, however this was due to the streamlining of our customer database, which we systematically carried out once again in the financial year, deactivating around 8.3 million inactive prepay customers' cards. This helps us to reduce our administrative expenses. Since these SIM cards had been inactive for some time, they were not contributing to our revenues. The number of contract customers remained stable at 17.2 million, which we attribute to two reasons:

- Our customers take advantage of our extensive offer of attractive and innovative smartphones, like the Windows Phone 7, numerous Android devices and, as before, the Apple iPhone.
- Since November 2010, we have offered our customers improved integrated rate plans for telephony and data usage. We thus continue to focus on sustainable and in particular value-driven growth with contract customers.

Development of operations.

	2010 millions of €	2009 millions of €	Change millions of €	Change %	2008 millions of €
Total revenue	25,145	25,423	(278)	(1.1)	26,400
Fixed network	18,177	18,736	(559)	(3.0)	19,782
Mobile communications	8,349	8,109	240	3.0	8,069
Profit from operations (EBIT)	4,916	5,062	(146)	(2.9)	4,624
EBIT margin %	19.6	19.9			17.5
Depreciation, amortization and impairment losses	(4,193)	(4,196)	3	0.1	(4,180)
EBITDA	9,109	9,258	(149)	(1.6)	8,804
Special factors affecting EBITDA	(509)	(349)	(160)	(45.8)	(960)
EBITDA (adjusted for special factors)	9,618	9,607	11	0.1	9,764
Fixed network	6,061	6,247	(186)	(3.0)	6,400
Mobile communications	3,559	3,373	186	5.5	3,364
EBITDA margin (adjusted for special factors) %	38.3	37.7			37.0
Fixed network %	33.3	33.3			32.4
Mobile communications %	42.6	41.6			41.7
Cash capex	(4,765)	(3,158)	(1,607)	(50.9)	(3,038)
Average number of employees	79,364	84,584	(5,220)	(6.2)	89,961
Fixed network	73,614	78,507	(4,893)	(6.2)	83,932
Mobile communications	5,750	6,077	(327)	(5.4)	6,029

The figures for fixed-network and mobile communications generally show the unconsolidated view, and do not take consolidation effects at operating segment level into consideration.

Total revenue.

Total revenue generated by our Germany operating segment in 2010 amounted to EUR 25.1 billion. The year-on-year decrease of 1.1 percent is primarily due to the losses in our fixed-network arm, which were partially compensated by revenue from our mobile business. Despite regulatory decisions and strong competition, both in mobile communications and in the fixed network, we once again reduced the year-on-year decline in total revenue compared with the prior year (revenue decrease in 2009: 3.7 percent).

Revenue from our **fixed-network business** was down by 3.0 percent to EUR 18.2 billion. Besides the aforementioned regulatory intervention, this is due to continuing line losses. This year, declining revenues were partially compensated by the positive effects of our first-time consolidation of STRATO and Firstgate (ClickandBuy), growth in ULLs and unbundled lines, and growth in our broadband retail line business.

In **mobile communications**, we increased our total revenue in the financial year by 3.0 percent to EUR 8.3 billion. In 2009, revenue grew by 0.5 percent, and the fact that this increase continued in 2010 confirms the positive signs from prior years.

This success is again due in large part to increased service and data revenues. During the past financial year, service revenues grew by 4.4 percent to EUR 7.3 billion, while data revenues increased by as much as 35.7 percent. This positive trend is primarily the result of the growing popularity of innovative smartphones. We still have the highest revenues of any mobile company in the German market.

Although the 49-percent cut in mobile termination charges as of November 30, 2010 already had a negative impact on our revenue and EBITDA in December, the consequences were not yet of any significant magnitude. We expect the negative effects to be considerably stronger in 2011.

EBITDA, adjusted EBITDA.

In 2010 our EBITDA, adjusted for special effects, amounted to EUR 9.6 billion, which was on a par with the prior-year level despite lower revenue. Adjusted EBITDA as a percentage of total revenue – the adjusted EBITDA margin – increased by 0.6 percentage points to 38.3 percent.

Notwithstanding the aforementioned decline in revenue in fixed-network business, adjusted EBITDA remained stable at EUR 6.1 billion. In mobile communications, we increased adjusted EBITDA by 5.5 percent to EUR 3.6 billion. This increase was largely attributable to our large-scale projects, such as Save for Service, aiming for better service and effective cost management. Examples include the optimization of our customer service and the sending of invoices by e-mail. Furthermore, we increased the efficiency of our advertising and communication activities and optimized our use of office and warehouse space. Despite investments in growth areas (such as the STRATO acquisition) or the intensified marketing of smartphones, we reduced our operating costs by approximately EUR 0.5 billion in 2010 through a range of initiatives in business areas such as production, sales, service, marketing, and IT.

EBIT.

Profit from operations amounted to EUR 4.9 billion in 2010, down 2.9 percent from EUR 5.1 billion in the prior year. This decrease was mainly due to special factors of EUR 0.5 billion, which were EUR 0.2 billion higher than in the prior year and the majority of which can be attributed to our staff-related expenses.

Cash capex.

For years, we have been systematically investing in broadband in Germany. As a result, our capital expenditure increased by 50.9 percent year-on-year to EUR 4.8 billion. This increase was largely due to the mobile frequency spectrum we bought at auction in May 2010 to roll-out LTE, a vital basis for the future expansion of mobile Internet, especially in rural areas. We also increased expenditure in the market-oriented upgrade of our mobile network, providing high-bit-rate connections for the base stations of our UMTS network, accelerating the roll-out of high-quality transmission paths, safeguarding network operation, and rolling out all-IP.

Employees.

In 2010, we employed an average of 79,364 people, making us one of the largest employers in Germany. Despite the new hires resulting from the first-time consolidation of STRATO and ClickandBuy, our headcount decreased by 6.2 percent, mainly due to our socially responsible measures to reduce and restructure the workforce.