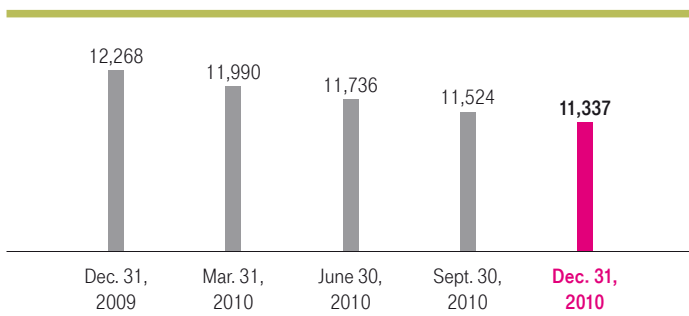


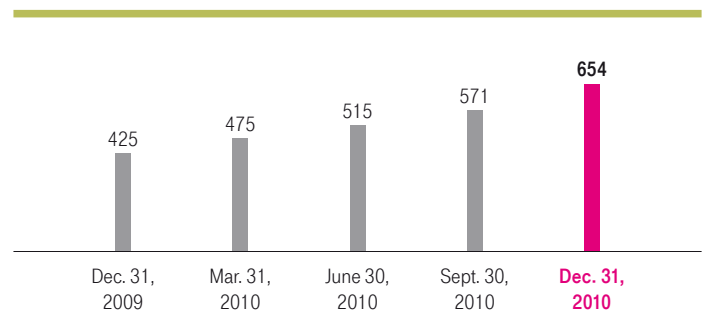
Europe.

Customer development.

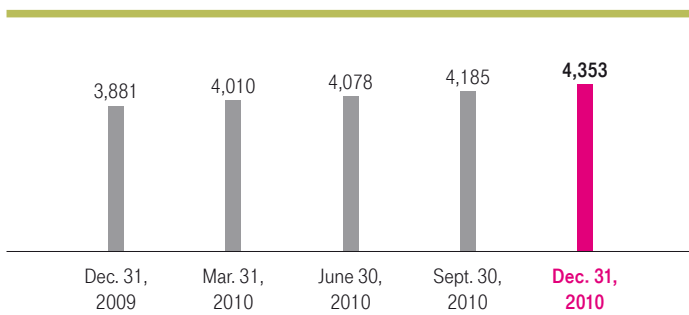
Fixed-network lines. ('000)



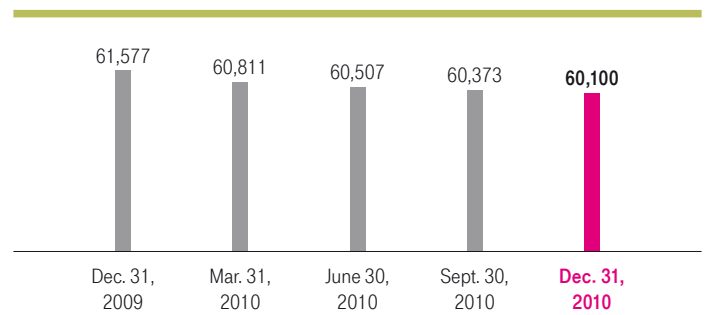
IPTV. ('000)



Retail broadband lines. ('000)



Mobile customers. ('000)



		Dec. 31, 2010 millions	Dec. 31, 2009 millions	Change millions	Change %	Dec. 31, 2008 millions
Europe, total ^{a, b}	Fixed-network lines	11.3	12.3	(1.0)	(8.1)	13.2
	Retail broadband lines	4.4	3.9	0.5	12.8	3.3
	Wholesale bundled lines	0.2	0.2	-	-	0.3
	Unbundled local loop lines (ULLs)	1.5	1.1	0.4	36.4	0.7
	Mobile customers	60.1	61.6	(1.5)	(2.4)	59.0
Greece ^b	Fixed-network lines	3.7	4.2	(0.5)	(11.9)	4.6
	Broadband lines	1.1	1.1	-	-	1.0
	Mobile customers	8.0	9.2	(1.2)	(13.0)	7.9
Romania ^{b, c}	Fixed-network lines	2.6	2.8	(0.2)	(7.1)	3.0
	Broadband lines	1.0	0.8	0.2	25.0	0.7
	Mobile customers	6.8	7.3	(0.5)	(6.8)	5.9
Hungary	Fixed-network lines	1.7	1.8	(0.1)	(5.6)	2.0
	Broadband lines	0.8	0.8	-	-	0.8
	Mobile customers	5.2	5.1	0.1	2.0	5.4
Poland	Mobile customers	13.3	13.5	(0.2)	(1.5)	13.3
Czech Republic	Fixed-network lines	0.1	0.0	0.1	n.a.	-
	Broadband lines	0.1	0.0	0.1	n.a.	-
	Mobile customers	5.5	5.5	-	-	5.4
Croatia	Fixed-network lines	1.4	1.5	(0.1)	(6.7)	1.6
	Broadband lines	0.6	0.6	-	-	0.5
	Mobile customers	2.9	2.9	-	-	2.7
Netherlands	Fixed-network lines	0.3	0.3	-	-	0.3
	Broadband lines	0.3	0.3	-	-	0.3
	Mobile customers	4.5	4.6	(0.1)	(2.2)	5.3
Slovakia	Fixed-network lines	1.1	1.1	-	-	1.1
	Broadband lines	0.4	0.4	-	-	0.3
	Mobile customers	2.4	2.4	-	-	2.3
Austria	Mobile customers	3.8	3.4	0.4	11.8	3.4
Other ^{b, d}	Fixed-network lines	0.5	0.5	-	-	0.6
	Broadband lines	0.2	0.2	-	-	0.1
	Mobile customers	7.7	7.7	-	-	7.4

^a For better comparability, the customers of T-Mobile UK, who were transferred to the Everything Everywhere joint venture as of April 1, 2010 following the merger of T-Mobile UK and Orange UK, were subtracted from all historical customer figures.

^b The OTE group has been fully consolidated since February 1, 2009. Prior-year figures have been adjusted accordingly on a pro forma basis.

^c Including the Romanian company Zapp since November 1, 2009.

^d Other: national companies of Bulgaria, Albania, the F.Y.R.O. Macedonia, and Montenegro.

Total.

Customer development in our Europe operating segment was impacted in the 2010 financial year by the strained economic situation, especially in Greece and Romania, and intense competition in all countries. In the traditional fixed network, the number of lines decreased compared with 2009. We partially offset these losses with increases in retail broadband lines and in the innovative IPTV business. In mobile operations, the total customer base decreased slightly in the same period.

Fixed network.

Connected worlds: telephone, Internet and television.

In the traditional fixed network, we had a total of 11.3 million lines as of the end of 2010, a year-on-year decrease of 8.1 percent. But the rate of line losses slowed substantially from quarter to quarter throughout 2010 – with the lowest loss yet in the fourth quarter. These line losses are mainly attributable to customers switching to other network operators, cable companies and mobile operators. However, the major growth potential for the future lies in broadband business, as reflected in the number of our broadband lines: As of December 31, the total of retail lines as well as bundled and unbundled wholesale lines increased year-on-year to 4.6 million, with all countries in our Europe operating segment contributing to this result. The greatest increases were in Romania and Hungary. Strong growth also continued in IPTV business. Thanks to successful marketing, we achieved growth of 54 percent compared with 2009. The most significant contributors here were Croatia and Hungary. This development confirms our strategy: The decision to focus marketing in some European countries on broadband and television business by offering innovative products such as quad-play packages is the right course to success.

Mobile communications.

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

The total customer base in the Europe operating segment decreased by 2.4 percent to 60.1 million mobile customers. Greece, Romania, Poland, and the Netherlands accounted for the majority of these customer losses. Austria and Hungary recorded net customer additions, thereby offsetting the overall decline in customer numbers. All other countries in our Europe operating segment maintained their positions in their hard-fought markets and stabilized their customer base. The main reason for the year-on-year decrease in total customer numbers is the development in the prepaid segment, which accounts for 56 percent of the total customer base. In Greece, Romania, Poland, and the Netherlands, the number of prepaid customers decreased by around 2 million. In Poland and the Netherlands, the prepaid customer figures decreased due to a greater focus on high-value contract customer business. Lower prepaid customer numbers in the Netherlands and Romania were also a result of the deregistration of inactive prepaid customers. In Greece, prepaid customer figures decreased in particular as a result of the new registration requirements introduced in November 2009.

High-value contract customer business was once again the growth driver for our Europe operating segment in the reporting year. The number of contract customers increased year-on-year in almost all European companies, except for Romania and Macedonia. Of the total 1.1 million net contract additions, around 0.6 million were won in the Netherlands, Hungary, and Bulgaria. This positive trend was also reflected in the proportion of the total customer base in our Europe operating segment that is accounted for by contract customers. This proportion has grown by 2.8 percentage points since the end of 2009 to just under 44 percent. We achieved this positive result thanks to our strategic focus on winning and retaining high-value customers, for example, through attractive calling plans with minute buckets, flat-rate plans, and new hardware offered in conjunction with a fixed-term contract. As part of our connected life and work strategy, we successfully targeted new groups of customers with innovative data and content services for the mobile Internet and innovative mobile devices. Smartphones played a particularly significant role here. The successful marketing of the Apple iPhone 4, for example, which was introduced in all European markets, made a significant contribution to a growing contract customer base.

Development of operations.

	2010 millions of €	2009 millions of €	Change millions of €	Change %	2008 millions of €
Total revenue	16,840	19,607	(2,767)	(14.1)	15,932
Of which: Greece	3,876	3,899	(23)	(0.6)	-
Of which: Romania	1,165	1,104	61	5.5	-
Of which: Hungary	1,517	1,682	(165)	(9.8)	2,006
Of which: Poland	1,839	1,757	82	4.7	2,260
Of which: Czech Republic	1,157	1,191	(34)	(2.9)	1,329
Of which: Croatia	1,148	1,161	(13)	(1.1)	1,223
Of which: Netherlands	1,767	1,807	(40)	(2.2)	1,806
Of which: Slovakia	934	974	(40)	(4.1)	994
Of which: Austria	983	1,038	(55)	(5.3)	1,085
Of which: United Kingdom	783	3,390	(2,607)	(76.9)	4,051
Of which: Other *	1,937	1,885	52	2.8	1,331
Profit from operations (EBIT)	985	140	845	n.a.	1,412
EBIT margin %	5.8	0.7			8.9
Depreciation, amortization and impairment losses	(4,157)	(6,157)	2,000	32.5	(3,391)
EBITDA	5,142	6,297	(1,155)	(18.3)	4,803
Special factors affecting EBITDA	(606)	(93)	(513)	n.a.	(151)
EBITDA (adjusted for special factors)	5,748	6,390	(642)	(10.0)	4,954
Of which: Greece	1,433	1,447	(14)	(1.0)	-
Of which: Romania	281	293	(12)	(4.1)	-
Of which: Hungary	567	675	(108)	(16.0)	820
Of which: Poland	691	616	75	12.2	785
Of which: Czech Republic	551	614	(63)	(10.3)	634
Of which: Croatia	507	525	(18)	(3.4)	557
Of which: Netherlands	461	430	31	7.2	352
Of which: Slovakia	403	439	(36)	(8.2)	427
Of which: Austria	283	283	-	-	285
Of which: United Kingdom	167	611	(444)	(72.7)	888
Of which: Other *	426	446	(20)	(4.5)	199
EBITDA margin (adjusted for special factors) %	34.1	32.6			31.1
Cash capex	(2,012)	(2,489)	477	19.2	(2,018)
Average number of employees	65,435	69,277	(3,842)	(5.5)	39,174

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

* Other: national companies of Bulgaria, Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales and Services), Europe Headquarters, and up to the end of May 2010, T-Mobile International UK.

Total revenue.

Our Europe operating segment generated total revenue of EUR 16.8 billion in the 2010 financial year, down by 14.1 percent or EUR 2.8 billion compared with the prior year. The net decline is primarily the result of two offsetting effects. On the one hand, segment revenue was reduced as a result of the deconsolidation of T-Mobile UK effective April 1, 2010. On the other, the change in the composition of the Group resulting from the full consolidation of the OTE group in February 2009 had a positive effect on revenue. The positive development of exchange rates against the euro improved segment revenue. This effect was mainly attributable to the Polish zloty, the Czech koruna, the Hungarian forint, the pound sterling, and the Croatian kuna. Adjusted for these factors, total revenue was reduced by just 5.6 percent. The decrease in revenue from operations was largely attributable to price reductions resulting in most countries in the segment from the cut in mobile termination charges imposed by the regulatory authority, and from intense competition. The special tax imposed by the Hungarian government in October 2010 also decreased total revenue by EUR 0.1 billion retroactively for the full year 2010. In addition, the tax on mobile services in Croatia and the difficult economic situation, especially in Southern and Eastern European countries, had a substantial negative impact on total revenue. Greece, Romania and Hungary were particularly impacted. They account for more than 64 percent of the decline in revenue from operations. This was contrasted by strong revenue growth in the fixed network from wholesale, broadband and television business.

Greece. In Greece, revenue totaled EUR 3.9 billion in 2010, remaining on a par with the prior-year level. Adjusted for the effects of changes in the composition of the Group attributable to the Greek OTE group, revenue decreased by 9.7 percent, with fixed-network and mobile operations being affected in approximately equal measure. Revenue losses in traditional fixed-network business were almost fully offset by a positive trend in wholesale and broadband revenues. In mobile communications, the reduced termination charges and intense price competition impacted negatively on service revenues. In addition, the prepay registration requirements once again resulted in a loss of customers in the prepay segment, and consequently in lower revenue. The slight increase in sales of terminal equipment year-on-year mitigated the revenue decline.

Romania. In Romania, revenue increased by 5.5 percent year-on-year in 2010, mainly due to the positive effect of changes in the composition of the Group attributable to the Romanian operations of the OTE group. Revenue from fixed-network operations decreased due to the difficult economic situation and extremely intense price competition on the Romanian telecommunications market. The huge customer growth in broadband contributed to an increase in broadband and television revenues, which, however, only partially offset the adverse effects of declines in traditional fixed-network business. Revenue from mobile operations, by contrast, fell just short of double-digit growth, mainly as a result of higher service and terminal equipment revenues. A slight increase in the proportion of contract customers, partly due to the first-time consolidation of the mobile communications provider Zapp effective November 1, 2009, had a further positive effect on revenue.

Hungary. Revenue in Hungary declined by 9.8 percent compared with 2009 to EUR 1.5 billion. The special tax imposed by the Hungarian government in October 2010 reduced revenue by around EUR 0.1 billion. Without this tax, revenue would only be 4.4 percent lower. The positive exchange rate effect from the translation of the Hungarian forint to euros, by contrast, had a favorable impact on revenue. Adjusted for these two effects, the decline in revenue from operations is largely attributable to the general economic situation. Fixed-network business was affected to a greater extent than mobile communications, despite growth in broadband television lines and the resulting increase in revenue. Service revenues from mobile operations decreased mainly as a result of reduced mobile termination charges. Increases in non-voice revenues partially offset this decline.

Poland. Positive exchange rate effects from the translation of the Polish zloty to euros increased revenue at PTC by 4.7 percent, compensating for the decline in revenue from operations which is attributable in particular to service revenues. Higher levels of non-voice revenues only partially compensated the revenue losses in voice telephony. These revenue losses were primarily the result of a decrease in average per-minute rates.

Czech Republic. At T-Mobile CZ, revenue decreased by 2.9 percent year-on-year to EUR 1.2 billion. Positive exchange rate effects from the translation of the Czech koruna to euros partly compensated for the decrease in revenue from operations, which was mainly driven by a year-on-year decline in service revenues. This, in turn, was largely attributable to a positive one-time effect recorded in the second quarter of 2009. In addition, the cut in termination charges imposed by the regulatory authority had a negative impact on revenue. Fixed-network revenue resulting from the acquisition of the retail business of Česká Radiokomunikace in December 2009 partially compensated for these effects.

Croatia. In Croatia, only a minor decrease in revenue was recorded compared with the prior year. Positive exchange rate effects from the translation of the Croatian kuna to euros mitigated the decline in revenue in local currency. The decline in revenue from operations was mainly attributable to the macroeconomic situation; mobile operations were impacted much more strongly than the fixed network. In mobile communications, service revenues decreased. Slight net additions to the mobile customer base were not sufficient to compensate for the decrease in revenue from mobile voice telephony and in the non-voice area. In addition, the mobile communications levy on revenues that was introduced in August 2009 had a greater impact in 2010 than in 2009 as it was applicable for the full financial year. The development of fixed-network business, on the other hand, was encouragingly constant. The positive contributions from broadband and television revenues coupled with effects of changes in the composition of the Group almost completely offset the losses from traditional fixed-network business.

Netherlands. T-Mobile Netherlands reported a slight decrease in revenue year-on-year in 2010, due mainly to lower MVNO and online revenues. This was contrasted by positive service revenues. The increase in the contract customer share of the total customer base resulted in growth in revenue from outgoing calls. This, combined with higher non-voice revenues, offset the regulation-induced negative effects.

Slovakia. In Slovakia, the year-on-year decline in revenue was largely attributable to the trend in mobile business. Reduced termination charges and price reductions as a result of more intense competition had a significant negative impact on service revenues. Higher MVNO revenues had an offsetting effect. In contrast to mobile communications, revenue in the fixed-network business increased due to growth in broadband lines and the successful marketing of the television products IPTV and satellite TV. Changes in the composition of the Group also had a positive impact on revenues.

Austria. Revenue at T-Mobile Austria declined in the reporting year, mainly due to lower service revenues. Revenue from voice telephony decreased due to a competition-induced reduction in minute prices and the cut in termination charges imposed by the regulatory authority. These negative effects were partially offset by growth in non-voice revenues and sales of terminal equipment.

EBITDA, adjusted EBITDA.

In the 2010 financial year, the Europe operating segment generated adjusted EBITDA of EUR 5.7 billion. The year-on-year decrease of 10 percent is primarily due to two offsetting effects. Segment EBITDA declined as a result of the deconsolidation of T-Mobile UK effective April 1, 2010, whereas changes in the composition of the Group due to the addition of the OTE group impacted EBITDA positively. Adjusted EBITDA decreased year-on-year as a consequence of the newly imposed special tax in Hungary that applied retroactively to the entire 2010 financial year. Positive exchange rate effects attributable in particular to the translation from Polish zlotys, Czech korunas, Hungarian forints, Croatian kunas, and pounds sterling also had a positive effect. Adjusted for these effects, EBITDA declined 5.5 percent.

Greece. Adjusted EBITDA remained almost stable in 2010 in the Greek mobile and fixed-network operations at EUR 1.4 billion overall, due in particular to the positive effect of changes in the composition of the Group. Excluding this effect, adjusted EBITDA decreased on account of the negative revenue trend. This decline was intensified by higher customer acquisition costs in response to intense mobile competition. Savings in overheads were insufficient to offset these effects.

Romania. In Romania, adjusted EBITDA decreased year-on-year in 2010, mainly as a result of lower revenue from the fixed-network business. In addition, savings on other cost items did not fully compensate higher spending on television rights. By contrast, adjusted EBITDA in mobile operations increased year-on-year, as a result of higher revenue and lower customer acquisition costs.

Hungary. Adjusted EBITDA decreased in 2010 compared with the prior year by EUR 0.1 billion to EUR 0.6 billion. The levy of a new special tax had a significant adverse effect on the development of EBITDA. The positive exchange rate effects from the translation of the Hungarian forint to euro mitigated this decline. Excluding the aforementioned effects, adjusted EBITDA from mobile communications increased slightly. Efficiency-enhancing measures only partially compensated for the decrease in revenue from fixed-network operations.

Poland. In Poland, adjusted EBITDA increased to EUR 0.7 billion in 2010. Excluding the positive exchange rate effects, adjusted EBITDA increased slightly. Lower customer retention costs and savings in overhead costs, especially in the technology and marketing units, helped compensate the negative effects of the revenue decline. A positive one-time effect recorded in the fourth quarter of 2010 contributed further to the increase.

Czech Republic. T-Mobile CZ reported lower adjusted EBITDA in 2010. Positive exchange rate effects from the translation of the Czech koruna to euros only partially offset the decreases in local currency, which were primarily due to positive one-time effects in the second quarter of 2009 that had not been recorded to the same extent in the reporting year. Furthermore, measures taken to improve processes had a positive impact on adjusted EBITDA. Lower customer acquisition and retention costs contrasted with a year-on-year increase in overhead costs from the acquisition of the retail business of České Radiokomunikace and from the significant expansion of the 3G network.

Croatia. In Croatia, adjusted EBITDA amounted to EUR 0.5 billion in the 2010 financial year, down by 3.4 percent. This trend is primarily attributable to mobile operations. Lower customer acquisition and retention costs and savings in overhead costs did not offset the negative effects from the decline in mobile revenue. By contrast, fixed-network business recorded an increase in adjusted EBITDA, due to savings in general and administrative expenses and the successful implementation of efficiency-enhancing measures.

Netherlands. T-Mobile Netherlands substantially increased adjusted EBITDA in 2010. This improved result was attributable to lower customer acquisition costs and a one-time effect in the second quarter of 2010. Growth in adjusted EBITDA was due to significant savings in overhead costs, following the completed integration of Orange.

Slovakia. Adjusted EBITDA declined in the reporting year, due in particular to negative revenue effects in the mobile business. These negative effects were only partially offset by lower customer acquisition and retention costs and savings in overhead costs. Adjusted EBITDA in the fixed-network business also declined.

Austria. In Austria, adjusted EBITDA remained stable compared with 2009. Savings in overhead costs and a one-time effect in the fourth quarter of 2010 offset the negative effects from revenue losses and higher customer acquisition and retention costs.

EBIT.

In our Europe operating segment, EBIT increased to EUR 1.0 billion as of the end of 2010, mainly due to a EUR 2.3 billion goodwill impairment loss recognized in the prior year, of which EUR 1.8 billion related to the cash-generating unit T-Mobile UK. This was contrasted by impairment losses of EUR 0.7 billion to be recognized as of the end of 2010 on goodwill and property, plant and equipment in the fixed-network businesses of Greece and Romania and the mobile communications businesses of Romania and Albania. EBIT was also positively impacted by the fact that, between September 2009 and March 2010, T-Mobile UK was classified as held for sale, and as a result, depreciation charges were not recognized. These effects more than compensated for the decrease in EBITDA.

Cash capex.

As of December 31, 2010, our Europe operating segment reported total cash capex of EUR 2.0 billion. This represents a reduction of 19.2 percent or EUR 0.5 billion against the prior year, despite the effects of changes in the composition of the Group due to the addition of the OTE group. The deconsolidation of T-Mobile UK also contributed to lower cash capex figures. Furthermore, the difficult market situation combined with the special tax in Hungary and the levy on mobile communications in Croatia led to restraint in investment in these countries.

Employees.

Average headcount in our Europe operating segment declined by 5.5 percent in 2010 to a total of 65,435. The increase in the number of employees resulting from the first-time full consolidation of the OTE group in early February 2009 was partially offset by the deconsolidation of T-Mobile UK effective April 1, 2010. Downsizing programs as part of efficiency enhancement measures in several countries also reduced the average headcount. By contrast, some smaller-scale acquisitions added to the headcount.