

Group Headquarters & Shared Services.

Vivento, our personnel service provider consistently supported us once again in 2010 in staff restructuring in the Group. The focus was on securing external employment opportunities for civil servants and employees, predominantly in the public sector. Vivento paid particular attention to transferring employees, especially to the Federal Employment Agency. In addition, Vivento offers Group employees employment opportunities at Vivento Customer Services GmbH.

As of December 31, 2010, Vivento had a workforce of about 8,900, including around 3,600 employees who were deployed externally, mainly in the public sector, for example at the Federal Employment Agency. Another 3,300 or so employees were employed within the Group, especially in service centers. About 2,000 employees were placed in Vivento's operational

and strategic units or continued to be managed by Vivento. Vivento took on a total of around 2,200 employees from our Group in 2010, while around 2,800 employees left Vivento in the reporting period to pursue new employment opportunities. Vivento found permanent public-sector positions for around 800 of them, some 700 of which were at the Federal Employment Agency.

Property management continued to focus in 2010 on streamlining and improving the Company's real estate portfolio. Deutsche Telekom closed a total of 196 property sales deals in the reporting year, involving 149,000 square meters of floor space and 1.5 million square meters of land. Cash inflows from the disposal of real estate totaled EUR 0.1 billion. We reduced leased floor space by another 106,000 square meters thanks to the ongoing drive to optimize floor space and corporate sites. Overall, leasing and facility management costs in 2010 remained at the prior-year level.

Development of operations.

	2010 millions of €	2009 millions of €	Change millions of €	Change %	2008 millions of €
Total revenue	2,166	2,410	(244)	(10.1)	2,781
Loss from operations (EBIT)	(2,479)	(1,249)	(1,230)	(98.5)	(1,266)
Depreciation, amortization and impairment losses	(840)	(833)	(7)	(0.8)	(773)
EBITDA	(1,639)	(416)	(1,223)	n.a.	(493)
Special factors affecting EBITDA	(769)	(101)	(668)	n.a.	(312)
EBITDA (adjusted for special factors)	(870)	(315)	(555)	n.a.	(181)
Cash capex	(406)	(449)	43	9.6	(426)
Average number of employees	22,312	20,181	2,131	10.6	23,581
Of which: Vivento *	8,900	9,600	(700)	(7.3)	8,200

* Number of employees at the reporting date, including Vivento's own staff and management; figures rounded.

Total revenue.

Total revenue at Group Headquarters & Shared Services declined by 10.1 percent year-on-year in 2010, mainly due to the decline in revenue in the Real Estate Services unit in connection with the more efficient use of floor space by the operating segments, especially for technical facilities. The reduction in cost allocations from technical functions within the Group and the decline in revenue from service center activities at Vivento due to lower volumes also impacted negatively on the revenue trend. Added to this was a decline in revenues at DeTeFleetServices GmbH, mainly resulting from lower proceeds from vehicle sales and a lower average number of fleet vehicles.

EBITDA, adjusted EBITDA.

Adjusted EBITDA at Group Headquarters & Shared Services decreased by EUR 0.6 billion year-on-year in the reporting period, mainly due to higher income recorded in the previous year from the reversal of provisions and the reclassification of real estate from assets held for sale to non-current assets. Adjusted EBITDA was also negatively impacted by higher personnel costs (at Vivento and other units) and higher marketing and technology costs incurred centrally. Added to this were the decline in revenue at Vivento and lower earnings from the disposal of real estate. Overall, EBITDA was negatively impacted by special factors of EUR 0.8 billion in 2010, primarily as a result of expenses relating to the settlement of the disputes between Deutsche Telekom AG, Vivendi, and Elektrim concerning the ownership of the Polish mobile communications company Polska Telefonia Cyfrowa (PTC) and expenses for staff-related measures. By comparison, in 2009 special factors of EUR 0.1 billion had a negative effect on EBITDA – mainly as a result of expenses for staff-related measures.

EBIT.

Loss from operations (EBIT) increased by EUR 1.2 billion year-on-year due to the increase in negative special factors and the development of adjusted EBITDA.

Employees.

The average number of employees during the reporting period was 22,312. The increase of 2,131 employees compared with 2009 was primarily attributable to the headcount increase at Vivento and staff employed at the units that were integrated into Group Headquarters & Shared Services as part of the Group-wide realignment of the management structure.