

DEUTSCHE TELEKOM AG
ANNUAL FINANCIAL
STATEMENTS AS OF
DECEMBER 31, 2016



LIFE IS FOR SHARING.

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A combined management report has been produced for Deutsche Telekom AG and the Deutsche Telekom Group and is published in our 2016 Annual Report.

Deutsche Telekom AG's single-entity financial statements and the combined management report for the 2016 financial year are published in the electronic Federal Gazette (elektronischer Bundesanzeiger) and can also be accessed on the website of the register of companies.

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BALANCE SHEET

millions of €

	Note	Dec. 31, 2016	Dec. 31, 2015
ASSETS			
NONCURRENT ASSETS			
Intangible assets	1	249	261
Property, plant and equipment		2,993	3,295
Financial assets		81,240	84,469
		84,482	88,025
CURRENT ASSETS			
Inventories	2	1	1
Receivables	3	16,308	15,795
Other assets	4	1,629	1,338
Cash and cash equivalents	5	208	221
		18,146	17,355
PREPAID EXPENSES AND DEFERRED CHARGES			
	6	516	418
DIFFERENCE BETWEEN PLAN ASSETS AND CORRESPONDING LIABILITIES			
	7	36	16
TOTAL ASSETS			
		103,180	105,814
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Capital stock	9	11,973	11,793
Less the imputed value of treasury shares		(50)	(51)
Issued capital		11,923	11,742
Contingent capital of € 1,100 million			
Additional paid-in capital	10	30,190	29,338
Retained earnings	11	9,538	9,535
Unappropriated net income		3,795	4,299
		55,446	54,914
ACCRUALS			
Pensions and similar obligations	13	3,247	3,512
Tax accruals	14	238	255
Other accruals	15	1,642	1,493
		5,127	5,260
LIABILITIES			
Debt	16	5,021	9,428
Other liabilities		37,413	36,019
		42,434	45,447
DEFERRED INCOME			
	17	173	193
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			
		103,180	105,814

STATEMENT OF INCOME

millions of €

	Note	2016	2015
Net revenue	19	3,927	3,313
Other own capitalized costs	20	4	7
TOTAL OPERATING PERFORMANCE		3,931	3,320
Other operating income	21	2,120	4,065
Goods and services purchased	22	(1,151)	(1,165)
Personnel costs	23	(3,516)	(2,949)
Depreciation, amortization and write-downs	24	(338)	(387)
Other operating expenses	25	(3,570)	(4,186)
Financial income (expense), net	26	4,717	3,492
Income taxes	27	(154)	(282)
INCOME AFTER INCOME TAXES		2,039	1,908
Other taxes	28	(19)	(19)
INCOME AFTER TAXES		2,020	1,889
Unappropriated net income carried forward from previous year		1,775	2,410
UNAPPROPRIATED NET INCOME	29	3,795	4,299

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS ACTIVITIES

Deutsche Telekom AG¹, Bonn, (hereinafter referred to as Deutsche Telekom or the Company) operates as a provider of telecommunications services, information technology (IT), multimedia, information and entertainment, security services, as well as sales and agency services via its subsidiaries. Deutsche Telekom performs its activities both in and outside Germany.

As the Headquarters of the Deutsche Telekom Group, Deutsche Telekom performs strategic and cross-segment management functions and provides services for other Group companies. These principally comprise services rendered by Telekom Placement Services for providing employees with new employment opportunities as part of the staff restructuring program, the Group Supply Services unit, whose activities include the management of the Company's real estate portfolio, and the Group Innovation unit, which is responsible for the Group's innovation areas. The Company also encompasses the International Carrier Sales and Solutions unit, which primarily provides wholesale telecommunications services to Deutsche Telekom's subsidiaries.

Part of the Company's workforce is employed in its subsidiaries. Most of these are civil servants who have been assigned jobs in compliance with the statutory provisions.

The "HR Service Training" (Personalservice Ausbildung), "Group Reporting & Information Services", "Operational Processes & System", and "Procurement Operations" business areas were transferred to Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn), in the course of a transfer of operations by way of a sale and transfer agreement between Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn), and Deutsche Telekom with economic effect from April 1, 2016.

In addition, the operations for non-civil-servants of "HR Business Services" were transferred to Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn), in the course of another transfer of operations by way of a sale and transfer agreement between Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn), and Deutsche Telekom with economic effect from April 1, 2016.

These transfers of operations had no material impact on Deutsche Telekom's results of operations and financial position.

DESCRIPTION OF THE RELATIONSHIP WITH THE FEDERAL REPUBLIC OF GERMANY

The Federal Republic's total shareholding in Deutsche Telekom amounted to 31.98 percent at the end of the reporting period, of which 17.51 percent of the shares were held by KfW Bankengruppe (KfW) and attributable to the Federal Republic in accordance with § 16 (4) of the German Stock Corporation Act (Aktiengesetz – AktG). The Federal Ministry of Finance is responsible for administering the Federal Republic's shareholding and exercising its rights as a shareholder.

In accordance with legal regulations, the Deutsche Bundespost Federal Posts and Telecommunications Agency, Bonn (Federal Agency), assumes coordination and administrative tasks that affect cross-company issues at Deutsche Telekom, Deutsche Post AG, Bonn, and Deutsche Postbank AG, Bonn. These are performed on the basis of agency agreements for the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK), the Recreation Service (Erholungswerk), the Supplementary Retirement Pensions Institution (Versorgungsanstalt der Deutschen Bundespost – VAP), the Welfare Service (Betreuungswerk), and the Civil Service Pension Fund (Postbeamtenversorgungskasse), among others.

The Federal Republic purchases services from the Company as a customer of Deutsche Telekom. Charges for services provided to the Federal Republic and its departments and agencies are based on Deutsche Telekom's commercial pricing policies. Services provided to any one department or agency do not represent a significant component of Deutsche Telekom's net revenue.

The Federal Network Agency for Electricity, Gas, Telecommunications, Posts, and Railways is a separate higher federal authority within the scope of business of the Federal Ministry of Economics and Energy. One of its tasks is to supervise the telecommunications sector in Germany. In this capacity it regulates the business activities of Deutsche Telekom.

LIMITED COMPARABILITY WITH PRIOR-YEAR FIGURES DUE TO INITIAL APPLICATION OF THE ACCOUNTING DIRECTIVE IMPLEMENTATION ACT (BILANZRICHTLINIE-UMSETZUNGSGESETZ – BILRUG) AND THE PROVISIONS OF IDW RS HFA 30, AS AMENDED

In accordance with § 265 (2) sentence 1 of the German Commercial Code (Handelsgesetzbuch – HGB), the comparative figures from the Company's preceding financial year are presented for the balance sheet as of December 31, 2016 and the statement of income for the period January 1 to December 31, 2016.

The provisions of the German Accounting Directive Implementation Act (Bilanzrichtlinie-Umsetzungsgesetz – BilRUG) are applied for the first time to these annual financial statements. Prior-year figures have been adjusted insofar as the additions to the accruals for pensions and similar obligations as

¹ Deutsche Telekom was entered into the commercial register of the Bonn District Court (Amtsgericht – HRB 6794) under the name Deutsche Telekom AG on January 2, 1995.

required by the changed measurement principles in the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG) are now presented separately under other operating expenses. In the previous year, these amounts had to be presented as extraordinary expenses. Furthermore, tax expenses are presented separately under income taxes and other taxes. In the previous year, these amounts had been combined under the taxes item. Where prior-year amounts cannot be compared, this is being indicated in the notes to the individual items of the balance sheet and the statement of income.

Pursuant to the provisions of IDW RS HFA 30, as amended, which was adopted in December 2016, the accruals for the collateral promise for pensions must be recognized under accruals for pensions; in the previous year, they had been included under other accruals. The figures for previous years have been adjusted accordingly.

BASIS OF PREPARATION

The annual financial statements and the management report of Deutsche Telekom, which is combined with the Group management report in accordance with § 315 (3) of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with § 298 (2) HGB, are prepared in accordance with German GAAP and the German Stock Corporation Act.

The balance sheet and the statement of income are prepared in accordance with the classification requirements of § 266 and § 275 HGB. The statement of income is prepared using the total cost method in accordance with § 275 (2) HGB. Unless otherwise stated, all amounts shown are in millions of euros (millions of €/EUR). The financial year corresponds to the calendar year. Certain items have been aggregated for presentation purposes in the balance sheet and the statement of income in order to make the financial statements clearer. These items are disclosed separately in the notes. Other required disclosures for individual items of the balance sheet and the statement of income are also made in the notes.

Deutsche Telekom aggregated all disclosures on the compensation of the Board of Management and the Supervisory Board in a “Compensation report” in the combined management report, to which some information that is still required to be shown in the notes to the Company’s financial statements was added.

ACCOUNTING POLICIES

Purchased **intangible assets** are carried at acquisition cost and are amortized on a straight-line basis over their estimated useful lives. Write-downs to the lower of cost or market value are charged if an impairment of assets is assumed to be permanent.

Deutsche Telekom does not exercise its option to recognize internally generated intangible assets in accordance with § 248 (2) HGB.

As permitted by Postreform II, **property, plant and equipment** transferred to Deutsche Telekom on January 1, 1995 was recorded in the opening balance sheet of Deutsche Telekom at fair market values at that date. However, due to the

short period of time that had elapsed since the measurement date for property, plant and equipment acquired since January 1, 1993, their carrying amount as of December 31, 1994 was recognized on a historical cost basis. The remaining useful lives and the depreciation methods applicable to these assets were not changed. The fair market values shown in the opening balance sheet have been carried forward as the acquisition costs.

Other items of property, plant and equipment are carried at acquisition or production cost, less scheduled depreciation. Production cost includes directly attributable costs and an appropriate allocation of indirect material and labor cost. Borrowing costs are not capitalized. Write-downs to the lower of cost or market value are charged if an impairment of assets is assumed to be permanent.

Depreciation is generally charged using the straight-line method. The standard useful lives used for the calculation are based on a company-specific estimate that takes both technical and commercial devaluation factors into account.

If the reasons for write-downs no longer exist in subsequent years, either in whole or in part, a write-up is made in the amount of the increase in value occurred; this may not, however, exceed the value that would have been recognized if the write-down had not been carried out.

Since BilMoG entered into force, write-downs that are only permissible under tax law are generally no longer permitted in the annual financial statements. Deutsche Telekom exercises the option to retain the existing carrying amounts in accordance with Art. 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB). Since January 1, 2010, residual value as of December 31, 2009 has been written down over the remaining useful life using the straight-line method. This method makes it possible to give a picture that more truly reflects the Company’s actual financial position and results of operations.

Assets are depreciated over the following useful lives:

	Years
Acquired software	3 to 4
Other rights of use and licenses	As contractually agreed
Buildings	25 to 50
Switching, transmission, IP, and radio transmission equipment	3 to 10
International cable systems	3 to 15
Other equipment, plant and office equipment	3 to 23

Additions to real estate and movable items of property, plant and equipment are depreciated ratably from the year of acquisition.

Since January 1, 2008, assets with an acquisition or production cost below EUR 150 have been written down immediately in the year of acquisition. Assets whose acquisition or production cost exceeds EUR 150 but is less than EUR 1,000 are capitalized in annual omnibus items of immaterial significance

and depreciated over five years. These assets are presented as disposals in the statement of noncurrent assets when they are written off in full. For purposes of simplification, the tax method used to compile the omnibus items is also applied in the financial accounts.

Noncurrent assets sold or otherwise disposed of are derecognized at their relevant carrying amount (cost less accumulated depreciation). A gain or loss is recognized in the statement of income in the amount of the difference between the proceeds from the sale and the carrying amount of the asset concerned.

Financial assets are reported at the lower of cost or market value. In the case of financial assets acquired in a foreign currency, the exchange rate at the transaction date is used to determine the acquisition cost; in the case of hedges, the hedging rate for the purchased foreign currency is used, provided an effective hedge was recognized. Loan receivables correspond to the loan amounts less repayments and – if applicable – less any write-downs to the lower fair value. Nonscheduled write-downs are charged only if the impairment of financial assets is assumed to be permanent. The accounting for structured financial instruments is in accordance with standard IDW RS HFA 22 issued by the Institute of Public Auditors in Germany.

As a consequence of the application of IDW ERS HFA 13 note 94, as amended, in the event of the shareholder drawing assets, the reduction in the net carrying amount of the investment is calculated and recognized on the basis “of the ratio of the fair value of the asset drawn to the fair value of the investment.” The difference between the reduction in the net carrying amount and the amount of the assets drawn is hence recognized in the statement of income.

Merchandise is recognized at acquisition cost and reduced to the lower of cost or market value at the balance sheet date. Adequate write-downs are charged for inventory risks resulting from obsolescence or impaired marketability.

In accordance with § 240 (4) HGB, items of inventory of a similar nature are aggregated into groups and carried at their moving weighted average value.

Receivables, other assets and cash and cash equivalents are carried at their nominal value. Identified individual risks are accounted for through appropriate individual valuation adjustments, and general credit risks through general valuation adjustments of receivables. Low-interest and non-interest-bearing items with more than one year remaining to maturity are discounted.

Receivables and other assets denominated in foreign currencies are translated at the middle spot rate at the balance sheet date in accordance with § 256a HGB and measured at acquisition or production cost (§ 253 (1) sentence 1 HGB) applying the realization principle (§ 252 (1) no. 4 half-sentence 2 HGB). Current items with maturities of one year or less are measured at the middle spot rate at the balance sheet date in accordance with § 256a HGB.

Prepaid expenses and deferred charges are recognized as a separate item in accordance with § 266 (2) C HGB and recalculated at each balance sheet date. The discount included under prepaid expenses and deferred charges results from the difference between the settlement amount of a financial liability and the lower principal amount. The discount is amortized over the terms of the financial liabilities by systematic annual charges (§ 250 (3) sentence 2 HGB). Deutsche Telekom does not make use of the option to immediately recognize the difference as an expense.

In connection with **stock-based compensation plans**, a distinction must be made between cash-settled plans and equity-settled plans. The plans are recognized in income from the date they enter into force. For both cash-settled and equity-settled share-based payment transactions, the fair value is determined using internationally accepted valuation techniques. Under the short-term performance-related salary component, Variable I, the Board of Management and the business leader team are contractually obliged, and other executives are entitled on a voluntary basis, to invest a portion of their annual variable remuneration – determined according to the level of achievement of fixed targets set for each individual for the financial year – in shares in Deutsche Telekom, which must be kept for at least four years. Deutsche Telekom will grant additional shares for the shares acquired by the beneficiaries (Share Matching Plan), which will be allotted to the beneficiaries of this plan from Deutsche Telekom's holding of treasury shares on expiration of the four-year lock-up period. In addition, the Board of Management, the business leader team and other executives are awarded performance-based compensation based on the level of achievement of long-term targets (Variable II or the Long-Term Incentive Plan). Accruals are recognized for the expected costs of the Share Matching Plan, Variable I, Variable II and the Long-Term Incentive Plan. The resulting personnel costs will be spread over the respective term.

Accruals for pensions and similar obligations are based on obligations to non-civil servants. These accruals are calculated on the basis of actuarial principles, applying the projected unit credit method and using the 2005 G life expectancy tables published by Prof. Klaus Heubeck, which also take expected future salary and benefit increases into account. The interest rate used to determine the present value of the pension obligations corresponds to the average market interest rate published by the Deutsche Bundesbank that results from an assumed remaining maturity of 15 years (§ 253 (2) sentence 2 HGB). In accordance with the Act on the Implementation of the Mortgage Credit Directive and Amending Commercial Regulations (Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften) that entered into force on March 21, 2016, the average market interest rate for discounting pension accruals is calculated over the past ten financial years (previously: seven financial years) starting in the reporting year in accordance with § 253 (2) sentence 1 HGB. The difference between the carrying amount of the pension accruals using the average market interest rate over the past ten financial years and the carrying amount of the accruals using

the average market interest rate over the past seven financial years is subject to the restriction on distribution (§ 253 (6) sentence 2 HGB). Where an addition to pension accruals is required on account of the change in measurement following the entry into force of BilMoG, the amount must aggregate to at least one 15th in each financial year up to December 31, 2024 at the latest (Art. 67 (1) sentence 1 EGHGB). The Company exercised the option in such a way that the annual addition corresponds to one 15th of the total amount being added. This amount is presented separately under other operating expenses.

In the past, Deutsche Telekom entered into **partial retirement arrangements** with varying terms and conditions largely based on what is known as the block model. Two types of obligations, both measured at their present value in accordance with actuarial principles using the 2005 G life expectancy tables published by Prof. Klaus Heubeck, arise and are accounted for separately. These two obligations are outstanding settlement amounts and top-up payments. Top-up payments are often hybrid in nature, i.e., although the agreement is often considered a form of compensation for terminating the employment relationship at an earlier date, payments to be made at a later date are subject to the performance of work in the future. To the extent that partial retirement programs are mainly to be considered severance instruments, top-up payments are recognized in full as soon as the obligation arises. If, by contrast, the focus of the partial retirement arrangement is on the future performance of work, the top-up payments are recognized over their vesting period.

Obligations arising from **long-term credits** are measured at the present value using actuarial principles. Obligations relating to **lifetime work accounts** are measured at the fair value of the reinsurance arranged for this purpose.

To hedge claims from partial retirement, lifetime work accounts, long-term credits and pension obligations, securities have been transferred to a trustee under a contractual trust arrangement (CTA). In accordance with § 246 (2) sentence 2 HGB, the accruals for lifetime work accounts, long-term credits and pension obligations, as well as accruals for outstanding settlement amounts relating to obligations from partial retirement, are offset against the corresponding plan assets. The plan assets offset are measured at their fair value in accordance with § 253 (1) sentence 4 HGB. Any resulting excess in plan assets is recognized as an asset and presented under a separate item (§ 266 (2) letter E HGB). In accordance with § 246 (2) sentence 2 HGB, income and expenses from discounting and from the assets to be offset are also offset under financial income/expense. If the fair value of the plan assets exceeds the historical cost, this part is subject to the restriction on distribution in accordance with § 268 (8) HGB.

Tax and other accruals, including those for contingent losses and environmental liabilities, are carried at the settlement amount considered necessary in accordance with prudent commercial practice. Sufficient allowance is made for all identifiable risks when measuring these accruals. Expected increases in prices and costs in the meantime are taken into account.

Accruals with a remaining term of more than one year are discounted at the balance sheet date at the interest rate published by the Deutsche Bundesbank, which is the average market interest rate for the past seven financial years corresponding to their remaining maturity.

Where reversals of accruals became necessary in the 2010 financial year due to of the introduction of BilMoG and the resulting changes in measurement, Deutsche Telekom exercised the option to retain the higher carrying amount if the amount being reversed has to be added back before December 31, 2024 (Art. 67 (1) sentence 2 EGHGB).

Liabilities are recognized at the settlement amount. In instances where the settlement amount of a liability is greater than the principal amount, the difference is recorded under prepaid expenses and deferred charges, and distributed over the term of the liability. In accordance with § 256a HGB, liabilities denominated in foreign currencies are translated at the middle spot rate at the balance sheet date and measured using the historical cost convention (§ 253 (1) sentence 1 HGB) and applying the realization principle (§ 252 (1) no. 4 half-sentence 2 HGB). Current items with maturities of one year or less are measured at the middle spot rate at the balance sheet date in accordance with § 256a HGB.

In line with the imparity principle, unrealized losses relating to non-derivative and derivative financial instruments are expensed when incurred. This principle is also applied to derivatives that are embedded in structured financial instruments and that have to be accounted for separately. If financial instruments can be qualified as a valuation unit – hedged item and hedge transaction – the unrealized losses from the hedged risks are not recognized in accordance with § 254 HGB provided there are also unrealized gains in the same amount offsetting the losses (net hedge presentation method). If the offset (netting) of the change in values of the hedged item and the hedge instrument results in a net loss, it is recognized in net income or loss through an accrual for contingent losses in accordance with IDW RS HFA 35, whereas unrealized gains are not recognized until realized.

Financial liabilities denominated in foreign currencies that are part of a hedge are recognized at the middle spot rate at the transaction date.

Unrealized settlement gains and losses from expired hedge transactions for revolving hedging (roll-over gains or losses) and other settlement gains and losses for which the hedged item has not yet been recognized in the statement of income are reported separately as other assets or other liabilities.

All proceeds from the sale and the renting and leasing out of products and the provision of services is presented as **revenue**. This primarily relates to revenue from the International Carrier Sales & Solutions, and Group Innovation units plus revenue from hiring out employees, renting and leasing out property, and offering training services.

Revenue is recorded net of sales-related reductions and value-added tax as well as other taxes directly linked to revenue. In accordance with the realization principle, revenue is recognized in the accounting period when earned.

Research and development costs are expensed as incurred.

Pension costs include expenditures in connection with the appropriation of accruals for current employees as well as expenditures for ongoing payments to the Federal Agency on behalf of employed civil servants.

Income tax expense includes current payable taxes on income. Deutsche Telekom has not exercised its option to recognize deferred tax assets in accordance with § 274 (1) HGB.

SCOPE OF DISCRETION

The preparation of the annual financial statements requires the Company to make estimates and assumptions that affect the reported carrying amounts of assets and liabilities, the disclosure of risks and uncertainties with regard to the assets and liabilities recognized at the closing date and the amounts of income and expenses recognized during the reporting period. Actual results may differ from those estimates.

NOTES TO THE BALANCE SHEET

1 NONCURRENT ASSETS

As of December 31, 2016, **intangible assets** amounted to EUR 249 million (December 31, 2015: EUR 261 million) and primarily include rights to use software, licenses, and advance payments. Additions to intangible assets of EUR 66 million mainly relate to advance payments and rights to use software licensed by T-Systems International GmbH, Frankfurt/Main (hereinafter referred to as T-Systems).

Property, plant and equipment decreased by EUR 302 million to EUR 3.0 billion in the reporting period, largely due to depreciation and amortization in the reporting year amounting to EUR 261 million, of which EUR 213 million relates to depreciation on real estate. Investments in property, plant and equipment in the reporting year totaled EUR 78 million (2015: EUR 53 million), of which EUR 35 million related to advance payments and construction in progress, and EUR 27 million to other equipment, plant and office equipment. The disposals of property, plant and equipment at net carrying amounts mainly related to real estate, which accounted for EUR 142 million.

As of the balance sheet date, **financial assets** decreased by EUR 3.2 billion compared with December 31, 2015.

The decrease of EUR 2.0 billion in **investments in subsidiaries** was mainly attributable to equity repayments by Deutsche Telekom IT GmbH (formerly T-Mobile Worldwide Holding GmbH), Bonn (EUR 2.0 billion), Lambda Telekom-munikationsdienste GmbH, Bonn (EUR 62 million), and ClickandBuy Holding GmbH, Darmstadt (EUR 28 million). Capital increases at Telekom Innovation Pool GmbH, Bonn, totaling EUR 61 million had the opposite effect.

Loans to subsidiaries at December 31, 2016 mainly consisted of loans to T-Mobile USA, Inc., Bellevue (EUR 4.3 billion), Telekom Deutschland GmbH, Bonn (hereinafter referred to as Telekom Deutschland) (EUR 2.0 billion), T-Mobile Polska S.A., Warsaw (EUR 678 million), Magyar Telekom Telecommunications Public Limited Company, Budapest (EUR 501 million), T-Mobile Netherlands B.V., The Hague (EUR 500 million), and Sireo Immobilienfonds No. 1 GmbH & Co. KG, Heusenstamm (EUR 161 million). The EUR 1.1 billion decline is mainly due to the repayments by Telekom Deutschland (EUR 1.1 billion), T-Mobile Netherlands B.V., The Hague (EUR 300 million), Magyar Telekom Telecommunications Public Limited Company, Budapest (EUR 237 million), Satellic NV, Machelen (EUR 130 million), DeTeFleetServices GmbH, Bonn (EUR 91 million), and the repayment by Sireo Immobilienfonds No. 1 GmbH & Co. KG, Heusenstamm (EUR 44 million). By contrast, there was an increase in loans to T-Mobile Polska S.A., Warsaw (EUR 678 million), Telekom Deutschland (EUR 99 million), and Satellic NV, Machelen (EUR 10 million).

The decrease of EUR 91 million in **investments in associated and related companies** was due to the write-down on shares in Ströer SE & Co. KGaA, Cologne (EUR 60 million), and to the sale of shares in Scout24 AG, Munich (EUR 31 million).

Write-downs on financial assets amounted to EUR 60 million in the reporting year and were recorded in net financial income/expense (please refer to Note 26).

For the statement of investment holdings in accordance with § 285 HGB, please refer to Note 41.

Statement of noncurrent assets

millions of €

	Acquisition costs								Balance at Dec. 31, 2016
	Balance at Jan. 1, 2016	Additions	Additions from transfers from Group companies	Additions from conversions and similar transactions	Disposals	Disposals from transfers to Group companies	Disposals from conversions and similar transactions	Reclassifica- tions	
I. INTANGIBLE ASSETS									
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	358	43	-	-	(29)	0	-	19	391
2. Advance payments	27	23	-	-	(1)	-	-	(19)	30
	385	66	-	-	(30)	0	-	-	421
II. PROPERTY, PLANT AND EQUIPMENT									
1. Land and equivalent rights and buildings including buildings on land owned by third parties	9,775	9	0	-	(502)	(7)	-	4	9,279
2. Technical equipment and machinery	483	7	1	-	(76)	(11)	-	12	416
3. Other equipment, plant and office equipment	694	27	1	-	(83)	(2)	-	2	639
4. Advance payments and construction in progress	31	35	-	-	0	-	-	(18)	48
	10,983	78	2	-	(661)	(20)	-	-	10,382
III. FINANCIAL ASSETS									
1. Investments in subsidiaries	78,906	95	-	1	(2,113)	(1)	(1)	-	76,887
2. Loans to subsidiaries	9,422	907	-	-	(2,046)	-	-	-	8,283
3. Investments in associated and related companies	662	-	-	-	(31)	-	-	-	631
4. Other long-term loans	12	-	-	-	(2)	-	-	-	10
	89,002	1,002	-	1	(4,192)	(1)	(1)	-	85,811
NONCURRENT ASSETS	100,370	1,146	2	1	(4,883)	(21)	(1)	-	96,614

Depreciation, amortization and write-downs						Net carrying amounts		
Balance at Jan. 1, 2016	Additions	Additions from transfers from Group companies	Write-ups	Disposals	Disposals from transfers to Group companies	Balance at Dec. 31, 2016	Balance at Dec. 31, 2016	Balance at Dec. 31, 2015
(124)	(77)	-	-	29	0	(172)	219	234
-	-	-	-	-	-	-	30	27
(124)	(77)	-	-	29	0	(172)	249	261
(6,658)	(213)	0	27	366	1	(6,477)	2,802	3,117
(452)	(11)	0	-	75	10	(378)	38	31
(578)	(37)	(1)	0	82	0	(534)	105	116
-	-	-	-	-	-	-	48	31
(7,688)	(261)	(1)	27	523	11	(7,389)	2,993	3,295
(4,423)	-	-	4	17	-	(4,402)	72,485	74,483
(4)	0	-	-	1	-	(3)	8,280	9,418
(106)	(60)	-	-	-	-	(166)	465	556
-	-	-	-	-	-	-	10	12
(4,533)	(60)	-	4	18	-	(4,571)	81,240	84,469
(12,345)	(398)	(1)	31	570	11	(12,132)	84,482	88,025

2 INVENTORIES

millions of €		
	Dec. 31, 2016	Dec. 31, 2015
Merchandise	1	1
	1	1

3 RECEIVABLES

millions of €		
	Dec. 31, 2016	Dec. 31, 2015
Trade accounts receivable of which: with a remaining maturity of more than one year € 0 million (Dec. 31, 2015: € 0 million)	65	69
Receivables from subsidiaries of which: with a remaining maturity of more than one year € 12 million (Dec. 31, 2015: € 20 million)	16,240	15,698
Receivables from associated and related companies of which: with a remaining maturity of more than one year € 0 million (Dec. 31, 2015: € 0 million)	3	28
	16,308	15,795

Trade accounts receivable relate in particular to receivables at the International Carrier Sales & Solutions business unit regarding wholesale telecommunications services for international carriers.

Receivables from subsidiaries consist of receivables related to intercompany cash management amounting to EUR 14,900 million (December 31, 2015: EUR 14,253 million), intercompany trade accounts receivable amounting to EUR 572 million (December 31, 2015: EUR 511 million), other receivables amounting to EUR 555 million (December 31, 2015: EUR 606 million), and financial receivables amounting to EUR 213 million (December 31, 2015: EUR 328 million). The increase in receivables from subsidiaries is attributable in particular to higher receivables from cash management, mainly from Telekom Deutschland.

Receivables from associated and related companies included EUR 2 million in trade accounts receivable in the reporting year (December 31, 2015: EUR 0 million).

4 OTHER ASSETS

millions of €		
	Dec. 31, 2016	Dec. 31, 2015
TAX RECEIVABLES		
Income tax receivables		
Corporate income tax	11	4
Trade income tax	25	0
Other taxes	0	1
	36	5
Receivables from derivatives	744	718
Receivables from reimbursements	343	276
Receivables from collateral	235	98
Accrued interest	228	208
Receivables from employees	7	5
Miscellaneous other assets	36	28
	1,593	1,333
	1,629	1,338

Income tax receivables relate to the corporate income tax credits from prior years recognized in accordance with § 37 of the German Corporation Tax Act (Körperschaftsteuergesetz – KStG), corporate income tax receivables for the current year, and trade income tax receivables from prior years from overpayments to the tax authorities.

Receivables from derivatives mainly relate to unrealized settlement gains and losses from expired U.S.-dollar hedge transactions for revolving hedging (roll-over gains or losses).

Receivables from reimbursements mainly consist of interoperator discount services in connection with roaming agreements with foreign mobile communications providers. Deutsche Telekom's subsidiaries are entitled to, and will be credited with, the reimbursements received, which are initially bundled by Deutsche Telekom.

Collateral is used to hedge the credit risk from derivative financial instruments. In this case, Deutsche Telekom transfers collateral in the form of cash to its contracting parties. The increase in **receivables from collateral** is attributable to regular fluctuation in market values, mainly of USD/EUR cross-currency swaps.

Accrued interest was almost exclusively from interest rate derivatives.

Miscellaneous other assets mainly include receivables from the Federal Agency and from the hiring out of employees.

Of the receivables reported under other assets, EUR 738 million (December 31, 2015: EUR 717 million) have a remaining maturity of more than one year.

5 CASH AND CASH EQUIVALENTS

millions of €	Dec. 31, 2016	Dec. 31, 2015
Cash in hand and cash in banks	208	221
	208	221

The total time to maturity of **cash and cash equivalents** is less than three months.

6 PREPAID EXPENSES AND DEFERRED CHARGES

millions of €	Dec. 31, 2016	Dec. 31, 2015
Personnel costs	383	325
Loan discounts	105	68
Other prepaid expenses	28	25
	516	418

Deferred **personnel costs** in the reporting period mainly comprise prepaid expenses to the Federal Agency for 2017 and prepaid remuneration.

7 DIFFERENCE BETWEEN PLAN ASSETS AND CORRESPONDING LIABILITIES

millions of €	Dec. 31, 2016	Dec. 31, 2015
Settlement amount of the netted liabilities from partial retirement agreements, lifetime work accounts, and long-term credits	72	86
Fair value of the CTA assets	108	102
Acquisition costs of the CTA assets	104	102
Netted expenses	5	6
Netted income	4	-
Excess of assets above obligations from outstanding settlement amounts from partial retirement agreements and long-term credits	36	16

The **difference between plan assets and corresponding liabilities** amounting to EUR 36 million relates exclusively to the netting of marketable securities and cash in banks in the amount of EUR 108 million with the outstanding settlement amounts for accruals for partial retirement and obligations relating to lifetime work and long-term accounts amounting to EUR 72 million. The marketable securities and cash in banks that were transferred to a trustee serve as security for employees' entitlements from partial retirement agreements, lifetime work and long-term accounts under the CTA. The fair value of the CTA assets covers Deutsche Telekom's discounted outstanding settlement amounts relating to

obligations from partial retirement, lifetime work and long-term accounts at December 31, 2016 in the amount required by law. In addition, the CTA assets covered on a voluntary basis parts of Deutsche Telekom's discounted outstanding settlement amounts relating to obligations from partial retirement for civil servants concluded by June 30, 2014. The amortized cost of the CTA assets for lifetime work accounts corresponds to the fair value. The acquisition cost of the CTA assets for long-term accounts and partial retirement is lower than their fair value. The resulting difference of EUR 4 million (fair value of EUR 108 million, cost of acquisition EUR 104 million) is subject to a restriction on distribution.

The income from the netted assets is offset against the expenses for interest added back to accruals in net interest income/expense.

The CTA assets are valued as of the respective balance sheet date taking into account current prices.

8 SHAREHOLDERS' EQUITY

millions of €	Dec. 31, 2016	Dec. 31, 2015
Capital stock	11,973	11,793
Less the imputed value of treasury shares	(50)	(51)
Issued capital	11,923	11,742
Additional paid-in capital	30,190	29,338
	30,190	29,338
Retained earnings		
other retained earnings	9,538	9,535
	9,538	9,535
Unappropriated net income	3,795	4,299
	55,446	54,914

Shareholders' equity increased by EUR 532 million year-on-year. The changes are described in detail in the following sections.

9 CAPITAL STOCK

	Authorized and issued capital		Authorized capital (not issued)		Contingent capital (not issued)	
	thousands of shares	thousands of €	thousands of shares	thousands of €	thousands of shares	thousands of €
As of Dec. 31, 2015	4,606,652	11,793,029	694,523	1,777,979	429,688	1,100,000
Use of 2013 authorized capital (capital increase)	70,250	179,840	(70,250)	(179,840)	-	-
AS OF DEC. 31, 2016	4,676,902	11,972,869	624,273	1,598,139	429,688	1,100,000

Deutsche Telekom's **capital stock** at December 31, 2016 totaled approximately EUR 12 billion. The capital stock is divided into 4,676,902,033 registered no par value shares with a notional value of EUR 2.56 per share. Each share entitles the holder to one vote.

The resolution on the dividend of EUR 0.55 per share for the 2015 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom shares. Dividend entitlements of Deutsche Telekom shareholders amounting to EUR 1.0 billion for shares from authorized capital (2013 authorized capital) were contributed in June 2016 and thus did not have an impact on cash flows. Deutsche Telekom carried out an increase in capital stock of around EUR 180 million against contribution of dividend entitlements for this purpose in June 2016. This increased additional paid-in capital by some EUR 852 million and the number of shares by 70,250 thousand.

As of December 31, 2016, the shareholders listed in the following table had shareholdings in Deutsche Telekom subject to reporting requirements in accordance with § 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The remaining shares were in free float.

The shareholding of shareholder BlackRock, Inc., Wilmington, DE, United States, which is subject to notification obligations, changed in the course of the year. According to the latest notification from BlackRock published on June 3, 2016, the notification threshold of 3 percent of voting rights was exceeded. The stake in Deutsche Telekom thus totaled 4.65 percent of the voting rights on May 27, 2016.

	Dec. 31, 2016	
	thousands of shares	%
Federal Republic of Germany	676,971	14.47
KfW Bankengruppe, Frankfurt/Main, Germany	818,992	17.51
BlackRock, Inc., Wilmington, DE, United States*	214,174	4.65

*According to: voting rights notification published on June 3, 2016.

Authorized capital

As of December 31, 2016, Deutsche Telekom had the following authorized capital:

	thousands of €	thousands of shares	Purpose	Authorization until
2013 Authorized capital	1,598,139	624,273	Capital increase against cash contribution/contribution in kind	May 15, 2018

2013 Authorized capital

The shareholders' meeting on May 16, 2013 authorized the Board of Management to increase the capital stock with the approval of the Supervisory Board by up to EUR 2,176,000,000 by issuing up to 850,000,000 no par value registered shares against cash and/or non-cash contributions in the period ending May 15, 2018. The authorization may be exercised in full or on one or more occasions in partial amounts. The Board of Management is authorized, subject to the approval of the Supervisory Board, to exclude residual amounts from shareholders' subscription rights. Furthermore, the Board of Management is authorized, subject to the approval of the Supervisory Board, to disapply shareholders' subscription rights in the event of capital increases against

non-cash contributions when issuing new shares for business combinations or acquisitions of companies, parts thereof or interests in companies, including increasing existing investment holdings, or other assets eligible for contribution for such acquisitions, including receivables from the Company. The Board of Management is also authorized, subject to the approval of the Supervisory Board, to determine the rights accruing to the shares in the future and the conditions for issuing shares. Following the increases in capital stock against contribution of dividend entitlements in the 2014, 2015, and 2016 financial years, the 2013 authorized capital amounts to EUR 1,598,139,059.20. The remaining 2013 authorized capital was entered in the commercial register on June 22, 2016.

Contingent capital

As of December 31, 2016, Deutsche Telekom had the following contingent capital:

	thousands of €	thousands of shares	Purpose
2014 Contingent capital	1,100,000	429,688	Servicing convertible bonds and/or bonds with warrants issued on or before May 14, 2019

2014 Contingent capital

The Company's capital stock was contingently increased by up to EUR 1,100,000,000 as of December 31, 2016, composed of up to 429,687,500 no par value shares. The contingent capital increase will be implemented only to the extent that

- a) the holders or creditors of bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments) with options or conversion rights, which are issued or guaranteed by Deutsche Telekom or its direct or indirect majority holdings by May 14, 2019, on the basis of the authorization resolution granted by the shareholders' meeting on May 15, 2014, make use of their option and/or conversion rights or

- b) those obligated as a result of bonds with warrants, convertible bonds, profit participation rights and/or participating bonds (or combinations of these instruments) which are issued or guaranteed by Deutsche Telekom or its direct or indirect majority holdings by May 14, 2019, on the basis of the authorization resolution granted by the shareholders' meeting on May 15, 2014, fulfill their option or conversion obligations

and other forms of fulfillment are not used. The new shares shall participate in profits starting at the beginning of the financial year in which they are issued as the result of the exercise of any option or conversion rights or the fulfillment of any option or conversion obligations. The Supervisory Board is authorized to amend § 5 (3) of the Articles of Incorporation in accordance with the particular usage of the contingent capital and after the expiry of all the option or conversion periods.

Treasury shares

The amount of capital stock assigned to treasury shares was EUR 50.1 million at December 31, 2016. This equates to 0.4 percent of the capital stock. At 19,585,211 shares, the holding of treasury shares breaks down as follows:

	Number
Share Matching Plan	1,068,400
Shares formerly deposited with a trustee	18,516,811
	19,585,211

The year-on-year change in treasury shares was due exclusively to the transfer of a total of 232 thousand treasury shares to the custody accounts of eligible participants in the Share Matching Plan.

Authorization to acquire and use treasury shares

The shareholders' meeting resolved on May 25, 2016 to authorize the Board of Management to purchase shares in the Company by May 24, 2021, with the amount of capital stock accounted for by these shares totaling up to EUR 1,179,302,878.72, provided the shares to be purchased on the basis of this authorization in conjunction with the other shares of the Company which the Company has already purchased and still possesses or are to be assigned to it under § 71 d and § 71 e AktG do not at any time account for more than 10 percent of the Company's capital stock. Moreover, the requirements under § 71 (2) sentences 2 and 3 AktG must be complied with. Shares shall not be purchased for the purpose of trading in treasury shares. This authorization may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom within the meaning of § 17 AktG or third parties acting for the account of Deutsche Telekom or for the account of dependent Group companies of Deutsche Telekom within the meaning of § 17 AktG are also entitled to purchase the shares. The shares are purchased through the stock exchange in adherence to the principle of equal treatment (§ 53a AktG). Shares can instead also be purchased by means of a public purchase or share exchange offer addressed to all shareholders, which, subject to a subsequently approved exclusion of the right to offer shares, must also comply with the principle of equal treatment.

The shares may be used for one or several of the purposes permitted by the authorization granted by the shareholders' meeting on May 25, 2016 under item 6 on the agenda. The shares may also be used for purposes involving an exclusion of subscription rights. They may also be sold on the stock market or by way of an offer to all shareholders, or withdrawn. The shares may also be used to fulfill the rights of Board of Management members to receive shares in Deutsche Telekom, which the Supervisory Board has granted to these members as part of the arrangements governing the compensation of the Board of Management, on the basis of a decision by the Supervisory Board to this effect.

Under the resolution of the shareholders' meeting on May 25, 2016, the Board of Management is also authorized to acquire the shares through the use of equity derivatives.

On the basis of the authorization by the shareholders' meeting on May 25, 2016 described above and corresponding authorizations by the shareholders' meetings on May 12, 2011 and May 24, 2012, 110 thousand shares were acquired in June 2011, 206 thousand shares in September 2011, and 268 thousand shares in January 2013. The total acquisition volumes amounted to EUR 2,762 thousand in the 2011 financial year, and EUR 2,394 thousand in the 2013 financial year (excluding transaction costs). This increased the number of treasury shares by 316 thousand and 268 thousand, respectively. Further 90 thousand shares and 860 thousand shares were acquired in September and October 2015, respectively, for an aggregate amount of EUR 14,787 thousand (excluding transaction costs); these acquisitions increased the number of treasury shares by 950 thousand.

No treasury shares were acquired in the reporting period.

As part of the Share Matching Plan, a total of 2 thousand shares were transferred free of charge to the custody accounts of eligible participants in the 2012 and 2013 financial years. A further 90 thousand treasury shares were transferred free of charge in the 2014 financial year. Additional 140 thousand treasury shares were transferred in the 2015 financial year.

In addition, a total of 232 thousand shares were reallocated in January, February, March, April, May, June, September, November and December 2016 and transferred to the custody accounts of eligible participants of the Share Matching Plan. Transfers of treasury shares to the custody accounts of employees of Deutsche Telekom are free of charge. In cases where treasury shares are transferred to the custody accounts of employees of other Group companies, the costs are transferred at fair value to the respective Group company starting with the reporting period.

As of December 31, 2016, disposals of treasury shares resulting from the transfers in the reporting period accounted for less than 0.01 percent, or EUR 594 thousand, of capital stock. Retained earnings thus increased by EUR 2,597 thousand. In the reporting year, 71 thousand treasury shares with a fair value of EUR 1,111 thousand were billed to other Group companies, thus increasing additional paid-in capital by EUR 251 thousand.

As part of the acquisition of VoiceStream Wireless Corp., Bellevue, and Powertel Inc., Bellevue, in 2001, Deutsche Telekom issued new shares from authorized capital to a trustee, for the benefit of holders of warrants, options and conversion rights, among others. These options and conversion rights fully expired in the 2013 financial year. As a result, the trustee no longer had any obligation to fulfill any claims in accordance with the purpose of the deposit. The trust relationship was terminated at the start of 2016 and the deposited shares were transferred free of charge to a custody account of Deutsche Telekom. The 18,517 thousand previously deposited shares are accounted for in the same way as treasury shares in accordance with § 272 (1) a HGB. This equates to 0.4 percent, or EUR 48 million, of Deutsche Telekom's capital stock. On the basis of authorization by the shareholders' meeting on May 25, 2016, the treasury shares acquired free of charge may be used for the same purposes as the treasury shares acquired for a consideration.

10 ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital increased by EUR 852 million in the 2016 financial year. This resulted almost exclusively from the capital increase against the contribution of dividend entitlements.

11 RETAINED EARNINGS

Retained earnings include the transfers from income after taxes from prior years to other retained earnings. The transfers of treasury shares held by Deutsche Telekom to custody accounts of participants in the Share Matching Plan increased retained earnings by EUR 3 million.

Restriction on distribution

The amount that is subject to a restriction on distribution in accordance with § 268 (8) sentence 3 HGB is attributable to the measurement of the CTA assets for accruals for pensions and similar obligations at fair value amounting to EUR 196 million, to the measurement of the CTA asset for partial retirement obligations amounting to EUR 3 million, and to the measurement of the CTA asset for long-term accounts amounting to EUR 1 million. Deferred tax liabilities account for EUR 62 million of the difference of EUR 200 million, resulting in a net amount of EUR 138 million. After accounting for deferred tax assets, also of EUR 62 million, which are offset against the deferred tax liabilities, the amount that is subject to a restriction on distribution in accordance with § 268 (8) HGB is EUR 200 million.

The amount that is subject to a restriction on distribution in accordance with § 253 (6) sentence 2 HGB is attributable to the difference in the amount of EUR 452 million resulting from the changed measurement principles for pension accruals pursuant to § 253 (6) sentence 1 HGB.

Unappropriated net income can be distributed in full as the amount of EUR 652 million that is subject to a restriction on distribution pursuant to § 268 (8) sentence 3 HGB and § 253 (6) sentence 2 HGB is covered entirely by freely available reserves.

12 STOCK-BASED COMPENSATION PLANS

Share Matching Plan

In the 2011 financial year, specific executives were contractually obliged to invest a minimum of 10 percent and a maximum of 33.3 percent of their variable short-term remuneration component, which is based on the achievement of targets set for each person for the financial year (Variable I), in Deutsche Telekom shares. Deutsche Telekom will award one additional share for every share acquired as part of this executive's aforementioned personal investment (Share Matching Plan). These shares will be allotted to the beneficiaries of this plan on expiration of the four-year lock-up period.

In the 2015 financial year, executives who were not contractually obliged to participate in the Share Matching Plan were given the opportunity to participate on a voluntary basis. To participate, the executives invested a minimum of 10 percent and a maximum of 33.3 percent of their variable short-term remuneration component, which is based on the achievement of targets set for each person for the financial year (Variable I), in Deutsche Telekom shares. Deutsche Telekom will award additional shares for every share acquired as part of this executive's aforementioned personal investment (Share Matching Plan).

Participation in the Share Matching Plan and the number of additional shares granted is contingent on the executive's individual performance. The additional shares will be allotted to the beneficiaries of this plan on expiration of the four-year lock-up period. The offer to executives to participate voluntarily in the Share Matching Plan is only made in the years in which the previous year's free cash flow target was achieved.

For the compensation system of Board of Management members who also participate in the Share Matching Plan, please refer to the "Compensation report" in the combined management report.

Long-Term Incentive Plan (LTI)

In the 2015 financial year, executives who had not made a contractual commitment to participate in the long-term incentive plan were given the first-time opportunity to participate. The participating executives receive a package of virtual shares at the inception of the plan. The number of virtual shares is contingent on the participant's management group assignment, individual performance, and annual target salary. Taking these factors into account, the value of the package of virtual shares at the inception of the plan is between 10 and 43 percent of the participant's annual target salary.

Over the term of the four-year plan, the value of the virtual shares changes in line with Deutsche Telekom share price development. The number of virtual shares will change on achievement of the targets for four equally weighted performance indicators (return on capital employed, adjusted earnings per share, employee satisfaction, and customer satisfaction), to be determined at the end of each year. At the end of the four-year plan, the results of each of the four years will be added together and the virtual shares will be converted on the basis of a share price calculated in a reference period and paid out in cash.

13 ACCRUALS FOR PENSIONS AND SIMILAR OBLIGATIONS

millions of €

	Dec. 31, 2016	Dec. 31, 2015
Direct pension obligations	1,351	1,637
of which: parallel obligation € 1.2 billion (Dec. 31, 2015: € 1.2 billion)		
Indirect pension obligations	84	79
	1,435	1,716
Accruals for collateral promise for pensions	1,812	1,795
Obligations in accordance with Article 131 GG	0	1
	3,247	3,512

The carrying amounts of the **pension obligations** were calculated on the basis of the actuarial reports.

The pension obligations to non-civil servant employees are based on indirect and direct pension commitments. The indirect commitments include the obligations of Versorgungsanstalt der Deutschen Bundespost (VAP) and the special pension fund of Deutsche Telekom Betriebsrenten-Service (DTBS) e. V., Bonn.

Deutsche Telekom's direct pension commitments comprise direct commitments with and without VAP parallel obligations. The VAP parallel obligations are based on direct legal claims against Deutsche Telekom which were originally attributable to VAP. VAP's obligations are therefore suspended.

The VAP benefits supplement statutory pension benefits up to the level specified in the Articles of Incorporation and generally depend on the level of employee compensation and the eligible periods of service of the eligible employees. As part of the restructuring of the corporate pension plan in 1997, the employer and the trade unions entered into an agreement stipulating measures for the protection of vested VAP benefits.

Pursuant to this agreement, the benefit obligations due to retirees and employees approaching retirement will remain unchanged. For younger employees with vested benefits, the obligations have been converted into an initial amount based on the number of years of coverage to date, which was then credited to a capital account held by the employer (cash balance plan). Deutsche Telekom credits this account on an annual basis; when the insured event occurs, the account balance is paid out in full or in installments, or can be converted into a life-long pension.

The form of implementation changed as a result of the collective agreement on the restructuring of the corporate pension plan at Deutsche Telekom signed on August 17, 2005. According to this agreement, all company pension benefits for active and inactive employees will henceforth be granted directly and with a legal claim.

Pension accruals are measured using the projected unit credit method since the introduction of BilMoG effective January 1, 2010. The addition resulting from the change in the measurement of pension accruals is spread over 15 years in accordance with transitional provisions (Art. 67 (1) sentence 1 EGHGB) of BilMoG.

Pension accruals not shown in the balance sheet as a consequence of the transitional provisions of BilMoG amounted to EUR 109 million at December 31, 2016 (December 31, 2015: EUR 124 million) for direct pension obligations and EUR 23 million (December 31, 2015: EUR 25 million) for indirect pension obligations.

Calculations at the balance sheet date were based on the following assumptions:

	2016
%	
Notional interest rate	4.01
Projected salary increase	2.40
Projected pension increase	
General	1.50
According to Articles of Incorporation	1.00
Fluctuation	4.00

Pension obligations were calculated using the biometrics of the 2005 G tables published by Prof. Klaus Heubeck.

Based on the actuarial reports, an accrual for direct pension obligations amounting to EUR 1,351 million is recognized at the balance sheet date (December 31, 2015: EUR 1,637 million).

This figure is the result of the netting of the settlement amount of direct pension obligations at December 31, 2016 of EUR 2,894 million (December 31, 2015: EUR 3,019 million) with the fair value of the plan assets measured at market values of EUR 1,434 million (December 31, 2015: EUR 1,258 million) and the remaining addition (BilMoG) amounting to EUR 109 million. The acquisition costs of the plan assets totaled EUR 1,238 million (December 31, 2015: EUR 1,093 million) and were lower than the fair value. The difference of EUR 196 million by which the fair value exceeds the acquisition cost of the asset is subject to a restriction on distribution. In the reporting year, expenses of EUR 78 million (2015: EUR 321 million) were offset against income from the netted assets of EUR 37 million (2015: expenses of EUR 6 million) in net interest income/expense.

Pursuant to the provisions of IDW RS HFA 30, as amended, which was adopted in December 2016, the **accruals for the collateral promise for pensions** must be recognized under accruals for pensions. In previous years, they had been included under other accruals. The prior-year figures were adjusted accordingly. The obligations primarily consist of the economic obligations assumed by Deutsche Telekom with respect to the liabilities for pension claims of the service companies (Deutsche Telekom Technischer Service GmbH, Bonn, Deutsche Telekom Technik GmbH, Bonn, and Deutsche Telekom Kundenservice GmbH, Bonn).

In accordance with the Act on the Implementation of the Mortgage Credit Directive and Amending Commercial Rules (Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften) that entered into force on March 21, 2016, starting in the reporting year the average market interest rate for discounting pension accruals is calculated over the past ten financial years (previously: seven financial years). The difference between the carrying amount of the pension accruals and accruals for the collateral promise for pensions using the average market interest rate over the past ten financial years and the carrying amount of the accruals using the average market interest rate over the past seven financial years amounted to EUR 452 million as of December 31, 2016. The difference is subject to a restriction on distribution.

14 TAX ACCRUALS

millions of €		
	Dec. 31, 2016	Dec. 31, 2015
Income taxes	187	192
Other taxes	51	63
	238	255

Income tax accruals relate to corporate income tax and trade income tax, in particular from prior years.

The majority of **other taxes** related to value-added tax from prior years.

15 OTHER ACCRUALS

millions of €		
	Dec. 31, 2016	Dec. 31, 2015
EMPLOYEE BENEFITS		
Civil Service Health Insurance Fund	454	366
Partial retirement arrangement	155	92
Accruals for collateral promise for partial retirement obligations	-	9
Miscellaneous obligations	207	198
OTHER OBLIGATIONS		
Litigation risks	230	167
Loss contingencies from pending transactions	223	223
Outstanding invoices	137	171
Loss contingencies from derivatives	57	44
Miscellaneous other accruals	179	223
	1,642	1,493

In previous years, other accruals also included obligations arising from the collateral promise for pensions. From the reporting period onward, these are reported under accruals for pensions and similar obligations in accordance with the provisions of IDW RS HFA 30, as amended. Prior-year figures have been adjusted accordingly.

The **accrual for the Civil Service Health Insurance Fund** (Postbeamtenkrankenkasse – PBeaKK) covers the risk of having to make compensation payments to the PBeaKK. The risk of utilization arises if a deficit were to remain after scheduled withdrawal from the fund's assets.

The **accrual for partial retirement** relates to both the top-up payments and outstanding settlement amounts for obligations to civil servants, to the extent not covered by the CTA assets. The increase in the accrual is mainly attributable to the new partial retirement arrangements made in the current financial year.

The **accruals for the collateral promise for partial retirement obligations** were completely fulfilled as of December 31, 2016. This also marked the end of Deutsche Telekom's collateral promise and settlement responsibility with regard to these obligations.

The **accruals for litigation risks** mainly include risk accruals for ongoing legal disputes. In the Toll Collect arbitration proceedings, appropriate provisions for risks have been recognized in the balance sheet. For additional information, please refer to the explanation in Note 30.

As in the prior year, **accruals for loss contingencies arising from pending transactions** relate primarily to agreements concluded with partners outside the Deutsche Telekom Group with the intention of generating a contribution margin for the expenses resulting from the staff surplus.

Accruals for outstanding invoices were recognized for expenses including consulting, legal, and IT costs.

Accruals for loss contingencies from derivatives were recognized in the reporting year principally for currency derivatives.

Miscellaneous other accruals included accruals for transfer premiums in connection with staff restructuring, accruals for environmental clean-up expenses, accruals for interest claims by third parties, accruals for asset retirement obligations, and accruals for archiving expenses.

Deutsche Telekom made use of the option to retain the higher carrying amount of accruals under the transitional provisions of BilMoG. Retaining the higher carrying amount resulted in an excess of miscellaneous other accruals of EUR 470 thousand as of December 31, 2016.

16 LIABILITIES

millions of €

	Dec. 31, 2016				Dec. 31, 2015			
	Total	of which			Total	of which		
		Due within 1 year	Due > 1 year	of which: due > 5 years		Due within 1 year	Due > 1 year	of which: due > 5 years
DEBT								
Bonds and debentures	1,751	263	1,488	-	1,952	300	1,652	-
Liabilities to banks	3,270	893	2,377	640	7,476	5,391	2,085	1,267
	5,021	1,156	3,865	640	9,428	5,691	3,737	1,267
OTHER LIABILITIES								
Advances received	0	0	-	-	1	1	-	-
Trade accounts payable	173	173	-	-	204	204	0	-
Payables to subsidiaries	32,185	9,826	22,359	14,471	29,996	12,658	17,338	11,700
Liabilities to associated and related companies	13	13	-	-	247	247	-	-
Other liabilities	5,042	2,475	2,567	955	5,571	3,737	1,834	559
of which: from taxes	166	166	-	-	193	193	-	-
of which: from social security	12	2	10	2	11	4	7	1
	37,413	12,487	24,926	15,426	36,019	16,847	19,172	12,259
TOTAL LIABILITIES	42,434	13,643	28,791	16,066	45,447	22,538	22,909	13,526

Bonds and debentures amounting to EUR 1,751 million are comprised of zero coupon treasury bills of EUR 1,488 million and fixed-rate bonds of EUR 263 million.

The structure of bonds and debentures is as shown below:

millions of €

Due by December 31	up to 4 %	up to 5 %	up to 6 %	up to 7 %	up to 8 %	Total
2017	165	-	98	-	-	263
2018	-	-	-	-	-	-
2019	-	-	-	-	1,145	1,145
2020	-	-	-	-	343	343
	165	-	98	-	1,488	1,751

The decrease in **liabilities to banks** of EUR 4.2 billion was primarily due to the repayments of commercial paper, which exceeded the new issues in the net amount of EUR 3.7 billion, as well as to the repayments of loans of EUR 670 million and promissory notes of EUR 193 million. The main offsetting effect resulted from a new long-term loan totaling EUR 500 million.

Trade accounts payable include in particular liabilities at the International Carrier Sales & Solutions business unit regarding wholesale telecommunications services for international carriers.

Payables to subsidiaries consisted primarily of financial liabilities of EUR 26.2 billion (December 31, 2015: EUR 20.1 billion) and liabilities arising from cash management of EUR 5.2 billion (December 31, 2015: EUR 9.0 billion). Payables to subsidiaries in the reporting year related to trade accounts payable of EUR 455 million (December 31, 2015: EUR 456 million) and other liabilities of

EUR 351 million (December 31, 2015: EUR 380 million). EUR 25.7 billion (December 31, 2015: EUR 19.9 billion) of payables to subsidiaries related to liabilities to Deutsche Telekom International Finance B.V., Maastricht. Financial liabilities to subsidiaries increased due in particular to additional liabilities to Deutsche Telekom International Finance B.V., Maastricht, in the amount of EUR 5.8 billion.

Deutsche Telekom International Finance B.V., Maastricht, issues bonds that it passes on to Group companies. The resulting liabilities of Deutsche Telekom to Deutsche Telekom International Finance B.V., Maastricht, are as shown below. In individual cases, the year in which Deutsche Telekom International Finance B.V., Maastricht, issues financial liabilities outside the Group is not the same as the year in which they are passed on to Deutsche Telekom. The interest rate of variable-interest liabilities as depicted are based on the most recent interest rate fixing valid at December 31, 2016.

2003 tranche	Nominal amount in currency	Interest rate in %	Term
EUR	500,000,000	6.706	2018
EUR	500,000,000	7.580	2033

2008 tranche	Nominal amount in currency	Interest rate in %	Term
EUR	200,000,000	5.926	2023

2009 tranche	Nominal amount in currency	Interest rate in %	Term
EUR	1,960,000,000	6.075	2017
EUR	220,000,000*	5.450	2021
GBP	700,000,000	6.575	2022

2010 tranche	Nominal amount in currency	Interest rate in %	Term
GBP	250,000,000	7.455	2019
EUR	462,246,714	4.375	2020
GBP	300,000,000	7.715	2030
EUR	300,000,000	4.625	2030

2012 tranche	Nominal amount in currency	Interest rate in %	Term
USD	1,000,000,000	2.375	2017
EUR	370,000,000	2.125	2019
EUR	650,000,000	2.875	2024
USD	1,000,000,000	5.000	2042

2013 tranche	Nominal amount in currency	Interest rate in %	Term
USD	850,000,000	8.195	2018
USD	750,000,000	6.075	2019
EUR	1,120,000,000	2.255	2021
EUR	1,250,000,000	4.375	2022
EUR	500,000,000	5.000	2025
EUR	750,000,000	3.380	2028
USD	1,815,000,000	8.023	2030
USD	1,685,000,000	6.800	2030
USD	500,000,000	9.330	2032

2016 tranche	Nominal amount in currency	Interest rate in %	Term
USD	250,000,000	1.573**	2019
USD	750,000,000	1.630	2019
EUR	1,250,000,000	0.179**	2020
EUR	500,000,000	0.380	2021
USD	1,000,000,000	2.080	2021
EUR	1,750,000,000	0.755	2023
USD	750,000,000	2.615	2023
GBP	300,000,000	1.380	2023
EUR	1,500,000,000	1.630	2028

*Partial repayment in the 2016 financial year.

**Variable interest rate.

Liabilities to associated and related companies include trade accounts payable amounting to EUR 2 million (December 31, 2015: EUR 5 million).

The following table shows the composition of other liabilities:

millions of €	Dec. 31, 2016	Dec. 31, 2015
Liabilities from early retirement arrangements	1,857	1,450
Liabilities from collateral	829	1,733
Liabilities from interest	750	603
Liabilities from promissory notes	540	953
Liabilities from derivatives	342	174
Liabilities from interoperator discount services	310	236
Tax liabilities	166	193
Liabilities to employees	60	54
Miscellaneous other liabilities	188	175
	5,042	5,571

Liabilities from early retirement arrangements for civil servants exist vis-à-vis the Civil Service Pension Fund and arise from payment obligations under agreements that have already been signed. The obligations are payable in up to seven annual installments. Civil servants working at Deutsche Telekom who have reached the age of 55 and fulfill all the criteria set out in the Act on the Staff Structure at the Residual Special Asset of the Federal Railways and the Successor Companies of the Former Deutsche Bundespost enacted in 1993 as amended on November 21, 2012 can apply for early retirement. Deutsche Telekom offsets the resulting reduced retirement pension payments for civil servants by advance payments on account to the Civil Service Pension Fund as well as other expenses. The Act on the Reorganization of the Civil Service Pension Fund (Gesetz zur Neuordnung der Postbeamtenversorgungskasse) extended the provisions for early retirement for civil servants until December 31, 2016. On January 5, 2016, the Board of Management resolved to cover, to a limited extent, the additional financial burden due to the utilization of the early retirement provision for the 2016 financial year.

Collateral is used to hedge the credit risk from derivative financial instruments. In this case, Deutsche Telekom receives collateral in the form of cash from its contracting parties. The decrease in **liabilities from collateral** can be attributed to lower market values of the external derivatives. The decline in the underlying market values was mainly due to interest rate and cross-currency swaps in U.S. dollars with positive market values due or called due in the 2016 financial year and the decline in the value of the British pound against the euro.

Liabilities from interest almost exclusively relate to deferred interest and unrealized settlement gains and losses from the close out of interest rate hedging derivatives.

Liabilities from promissory notes relate to insurance companies and other institutional investors. These are secured by the Federal Republic of Germany in the amount of EUR 26 million. The decline is due to principal repayments of these liabilities (EUR 413 million).

Liabilities from derivatives mainly relate to unrealized settlement gains and losses from expired and terminated hedge transactions.

Liabilities from interoperator discount services mainly relate to roaming discount business in connection with roaming agreements with foreign mobile communications providers. The obligations are initially bundled by Deutsche Telekom and then passed on to Deutsche Telekom's subsidiaries.

Tax liabilities comprised income tax liabilities amounting to EUR 4 million (December 31, 2015: EUR 4 million) and liabilities from other taxes amounting to EUR 162 million (December 31, 2015: EUR 189 million), which in turn consisted primarily of value-added tax still to be paid relating to the fiscal entity parent company amounting to EUR 145 million and wage tax liabilities of EUR 14 million.

Liabilities to employees resulted mainly from severance agreements and short-term payment obligations arising from the company pension plan.

Miscellaneous other liabilities consisted mainly of liabilities from the staff restructuring (e.g., transfer premiums for civil servants).

17 DEFERRED INCOME

The year-on-year decline in **deferred income** of EUR 20 million was primarily a result of the amortization of agio on loans from Deutsche Telekom International Finance B.V., Maastricht.

18 DEFERRED TAXES

Deferred tax assets exceeded deferred tax liabilities in the reporting year. Deutsche Telekom does not exercise the option according to § 274 (1) HGB of recognizing the resulting tax relief as deferred tax assets. Deferred tax assets and liabilities mainly related to differences between carrying amounts for tax purposes and carrying amounts under German GAAP in the balance sheet items property, technical equipment and machinery, as well as accruals, and to loss carryforwards. When determining deferred taxes, an effective tax rate which covers corporate income tax, the solidarity surcharge, and trade taxes totaling 31.1 percent was used.

NOTES TO THE STATEMENT OF INCOME

19 NET REVENUE

Revenue by area of activity

millions of €	2016	2015
Revenue from hiring out employees	1,122	1,117
Revenue from renting and leasing out property	1,076	1,129
Revenue from fixed network	789	868
Revenue from training services	195	199
Other revenue	745	-
	3,927	3,313

On account of the change in the definition of revenue pursuant to § 277 (1) HGB as a result of BilRUG, certain amounts are included in revenue for the reporting period which the law previously required to be disclosed under other operating income. This relates to income of EUR 0.7 billion (2015: EUR 0.8 billion), which is attributable in particular to the transfer of costs for services centrally performed by Deutsche Telekom for its subsidiaries. Application of § 277 (1) HGB as amended by BilRUG would have resulted in revenue of EUR 4.1 billion for the previous year. Prior-year figures have not been adjusted. For this reason, the amounts reported for the reporting period are not comparable with those of the previous year.

Revenue from hiring out employees amounted to EUR 1.1 billion (2015: EUR 1.1 billion) and resulted from hiring employees out to other companies. Employees were placed with internal and external employers on loan and temporary work contracts. Civil servants were placed with internal employers by means of temporary leave or assignment and with external employers by means of secondments.

Revenues from renting and leasing out property totaled EUR 1.1 billion (2015: EUR 1.1 billion) and were generated under the rent-including-utilities model. Deutsche Telekom leased real estate centrally from GMG Generalmietgesellschaft mbH, Cologne, and then rented it out to its German subsidiaries together with facility management services in the form of standardized facility products.

Fixed-network revenues amounting to EUR 0.8 billion (2015: EUR 0.9 billion) were mainly generated through wholesale services for international carriers, to which Deutsche Telekom made available, for instance, international voice and data connections. Revenue was also generated from the sale of e-readers and from the Internet business area Communication (security software, e.g., for companies' internal networks). The year-on-year decrease in revenues is largely due to the sale of the Advertising Internet business area.

Revenue from training services mainly consisted of training services for junior staff in Germany.

Due to the reporting change necessitated by BilRUG, income that was attributable to HR Business Services, Group Legal Services, and Group Innovation, among others, is reported in revenue under **other revenue**.

Revenue by geographic area

millions of €	2016	2015
Domestic	3,279	2,823
International	648	490
	3,927	3,313

20 OTHER OWN CAPITALIZED COSTS

millions of €	2016	2015
Other own capitalized costs	4	7
	4	7

21 OTHER OPERATING INCOME

millions of €	2016	2015
Foreign currency transaction gains	559	728
Cost transfers/reimbursements	521	1 075
Income from derivatives	506	683
Income from the disposal of noncurrent assets	185	721
Income from the reversal of accruals	154	122
Income from write-ups of noncurrent assets	31	35
Income from other services	-	291
Other income	164	410
	2,120	4,065

Due to the change in the definition of revenue as a result of BilRUG, the amounts reported for the reporting year are not comparable with prior year amounts. Prior year figures have not been adjusted.

Foreign currency transaction gains included exchange rate effects of EUR 184 million realized upon the maturity of loans granted/taken out in foreign currency. Furthermore the foreign currency transaction gains resulted from the measurement of trade accounts receivable (EUR 48 million) and from the intercompany clearing accounts (EUR 54 million). The item also includes cross-currency interest rate hedges in the amount of EUR 209 million. The offsetting effect is reflected in foreign currency transaction losses for loans granted/taken out.

Income from cost transfers/reimbursements includes in particular income from the consolidation of the real estate portfolio at GMG Generalmietgesellschaft mbH, Cologne. The properties are leased centrally under the rent-including-utilities model by Deutsche Telekom and provided to tenants within the Group as managed space.

Income from derivatives resulted in particular from currency derivatives falling due. The decline compared with 2015 is due to the lower variability in the U.S. dollar exchange rate in 2016.

Income from the disposal of noncurrent assets of EUR 76 million was attributable to sales of land and buildings. Additional income of EUR 105 million was generated by the sale of shares of Scout24 AG, Munich.

Income from the reversal of accruals in the reporting year related in particular to income from the reversal of accruals for outstanding invoices of EUR 47 million (2015: EUR 41 million), accruals for Federal Agency services of EUR 23 million (2015: EUR 4 million), accruals for employee expenses of EUR 20 million (2015: EUR 34 million), and accruals for litigation costs of EUR 16 million (2015: EUR 9 million).

Pursuant to § 285 No. 32 HGB, EUR 268 million (2015: EUR 294 million) of income relating to another period is included in other operating income in the reporting year. This relates mainly to income from the reversal of accruals and income from the disposal of noncurrent assets.

22 GOODS AND SERVICES PURCHASED

millions of €		
	2016	2015
GOODS PURCHASED		
Raw materials and supplies	0	0
Goods purchased	45	59
	45	59
SERVICES PURCHASED		
Interconnection rates	511	563
Other services	595	543
	1,106	1,106
	1,151	1,165

Expenses for goods purchased of EUR 45 million in the reporting year related in particular to Tolino products (e-readers).

Expenses for interconnection rates as a wholesale upstream service for international carriers were incurred in the reporting period in the amount of EUR 511 million.

Other services primarily include EUR 419 million of expenses for upstream services related to renting and leasing out property incurred under the rent-including-utilities model. Other services also include expenses related to upstream services in connection with the Internet business area Communication (e.g., for security software) as well as telecommunications services for IT infrastructure operations (e.g., for operating data centers) and expenses for upstream services related to energy and training.

23 PERSONNEL COSTS/AVERAGE NUMBER OF EMPLOYEES

millions of €		
	2016	2015
WAGES AND SALARIES	2,662	2,084
SOCIAL SECURITY CONTRIBUTIONS AND EXPENSES FOR PENSION PLANS AND BENEFITS		
Expenses for pension plans for civil servants	545	569
Support allowances	164	141
Social security contributions	98	101
Expenses arising from the collateral promise for pensions	26	30
Expenses for pension plans for non-civil servants	21	24
	854	865
	3,516	2,949

Personnel costs increased by a total of EUR 567 million compared with the previous year. The year-on-year increase is due to EUR 578 million higher expenses for wages and salaries. Social security contributions and expenses for pension plans and benefits, which were down EUR 11 million, had the opposite effect on personnel costs.

The increase in **expenses for wages and salaries** of EUR 578 million was mainly due to higher expenses for the arrangements for early retirement and expenses applied for the last time connected with staff restructuring measures.

Pursuant to the provisions of IDW RS HFA 30, as amended, which was adopted in December 2016, the **expenses arising from the collateral promise for pensions** must be recognized under personnel costs; in previous years, they had been included under other operating expenses. Prior year figures have been adjusted accordingly.

The Civil Service Pension Fund at the Federal Agency performs the functions described in §§ 14 to 16 of the Act concerning the Legal Provisions for the Former Deutsche Bundespost Staff (Postpersonalrechtsgesetz – PostPersRG) for **pension plans for civil servants** at Deutsche Bundespost and its successor companies.

It carries out all transactions for pension and allowance payments in respect of civil servants for Deutsche Post AG, Bonn, Deutsche Postbank AG, Bonn, and Deutsche Telekom. In accordance with the provisions of the German Posts and Telecommunications Reorganization Act (Postneuordnungsgesetz – PTNeuOG), the Civil Service Pension Fund makes pension and allowance payments to retired employees and their surviving dependents who are entitled to pension payments as a result of civil-servant status.

Under PTNeuOG, the Federal Republic compensates the Civil Service Pension Fund for differences between the ongoing payment obligations of the fund and the amounts received from the successor companies of the former Deutsche Bundespost, or between said payment obligations and returns on assets, and guarantees that the special pension fund is always in a position to fulfill the obligations it has assumed. The Federal Republic cannot demand reimbursement from Deutsche Telekom of any amounts it pays to the Civil Service Pension Fund in accordance with this provision.

Pursuant to § 16 PostPersRG, Deutsche Telekom is required to make contributions to the federal government, represented by the Civil Service Pension Fund, equal to 33 percent, respectively, of the gross emoluments of active civil

servants and the notional pensionable gross emoluments of civil servants on temporary leave from civil servant status; these contributions are recognized as ongoing expenses in the respective year. The announcement by the Federal Ministry of Finance on October 14, 2015 stipulated an advance payment in connection with civil service pensions of EUR 534 million for the contribution for 2016. Deutsche Telekom has already made the payment in full. Only EUR 516 million (2015: EUR 538 million) of the advance payment was recognized as an expense due to the lower number of active civil servants and civil servants on leave of absence in the reporting year. The year-on-year decline in costs was primarily due to the reduction in the number of active civil servants (departures as a result of reaching retirement age, take-up of early retirement options, and transfer to other authorities). On account of the high burden remaining, Deutsche Telekom applied for a reduction in the payment of contributions where this payment would constitute an unfair burden in consideration of its competitiveness. After the application had been rejected, Deutsche Telekom filed an appeal with the responsible administrative court seeking reimbursement of a portion of the paid contributions and a reduction of the contributions to be paid in the future. In the ruling dated October 2, 2015, the competent administrative court dismissed the claim of Deutsche Telekom for a reduction in the payment obligation. Deutsche Telekom lodged an appeal against this ruling in November 2015.

The average number of employees (full-time equivalents) developed as follows:

Number	2016	2015
Civil servants	17,313	19,179
Non-civil servants	6,973	8,163
	24,286	27,342
Trainees and student interns	7,435	7,780

The decrease in the number of employees is mainly attributable to the use of early retirement arrangements for civil servants and staff restructuring measures for non-civil servants.

The expenses for the early retirement arrangements totaling EUR 1.1 billion are extraordinary expenses in accordance with § 285 No. 31 HGB.

24 DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

millions of €	2016	2015
DEPRECIATION AND AMORTIZATION		
Amortization of intangible assets	77	81
Depreciation of property, plant and equipment	233	255
	310	336
WRITE-DOWNS		
in accordance with § 253 (3) sentence 5 HGB	28	51
	338	387

EUR 71 million of the **amortization of intangible assets** mainly related to the amortization of rights to use software (2015: EUR 74 million).

EUR 185 million of the **depreciation of property, plant and equipment** in the reporting year related to buildings in particular (2015: EUR 198 million).

In the reporting year, **write-downs** consisted entirely of write-downs of real estate to the lower of cost or market value, amounting to EUR 28 million (2015: EUR 50 million).

Write-downs on financial assets are recorded in net financial income/expense (please refer to Note 26).

25 OTHER OPERATING EXPENSES

millions of €	2016	2015
Rental and leasing expenses	922	980
Foreign currency transaction losses	505	831
Expenses arising from derivatives	481	622
Other employee-related costs	262	327
Marketing expenses	148	183
Legal and consulting fees	126	128
Cleaning, transport and surveillance	108	104
IT support	99	92
Research and development	97	119
Additions to accruals for contingent losses	96	81
Maintenance and repair	73	77
Expenses arising from reimbursements	57	62
Expenses according to Art. 67 (1) and (2) EGHGB	17	17
Other expenses	579	563
	3,570	4,186

Rental and leasing expenses were incurred in particular under the rent-including-utilities model and comprise almost entirely the portion of internal use by Deutsche Telekom.

Foreign currency transaction losses included exchange rate effects of EUR 462 million realized upon the maturity of loans granted/taken out in foreign currency. Exchange rate effects from the measurement of trade accounts receivable, intercompany clearing accounts, and the measurement of interest are also included in this item.

The year-on-year decrease of EUR 141 million in **expenses arising from derivatives** was primarily due to U.S. dollar currency derivatives falling due.

Other employee-related costs mainly include expenses of EUR 101 million arising from the allocation of administration costs payable to the Federal Agency, compensation payments of EUR 52 million related to the placement of civil servants with various federal authorities, EUR 22 million for the Civil Service Health Insurance Fund, EUR 21 million in staff development costs, and EUR 12 million for conferences.

In the reporting year, **marketing expenses** relate among other things to expenses for sponsoring, advertising, trade fairs, and other agency fees.

Legal and consulting fees encompass expenses for technical and business consulting, expenses for legal counseling as well as expenses for the preparation and audit of annual financial statements.

Cleaning, transport and surveillance expenses were incurred under the rent-including-utilities model and comprise almost entirely the portion of internal use by Deutsche Telekom.

Expenses for IT support relate to the provision of computing and network services as well as services for workstation systems.

Expenses for research and development mainly comprise expenses for the development of software and expenses for university partnership programs.

Additions to accruals for contingent losses are mainly the result of agreements concluded with partners outside the Deutsche Telekom Group with the intention of generating a contribution margin for the expenses resulting from the staff surplus.

Expenses arising from reimbursements largely comprise expenses relating to the cross-charging of services rendered by subsidiaries.

Expenses according to Art. 67 (1) and (2) EGHGB relate to expenses in the amount of EUR 17 million (2015: EUR 17 million) from the adjustment of the carrying amount of pension accruals due to BilMoG. The Company has exercised the option to spread the addition pursuant to Art. 67 (1) sentence 1 EGHGB such that the annual addition equals one 15th of the total amount being added. Due to the change in presentation of the statement of income as a result of BilRUG, expenses according to Art. 67 (1) and (2) EGHGB are no longer reported as extraordinary expenses but instead in other operating expenses.

In the reporting year **other expenses** consist, among other things, of travel expenses, insurance policies, administrative expenses, and ad-hoc temporary employment.

Pursuant to § 285 No. 32 HGB, EUR 12 million (2015: EUR 18 million) of expenses relating to another period were included in other operating expenses in the reporting year. This relates mainly to losses on accounts receivable and expenses from the disposal of noncurrent assets.

26 FINANCIAL INCOME/EXPENSE, NET

millions of €	2016	2015
Income related to subsidiaries, associated and related companies	44	26
of which: from subsidiaries € 38 million (2015: € 26 million)		
Income from profit transfer agreements	6,110	6,664
Expenses arising from loss transfers	(629)	(888)
INCOME (LOSS) RELATED TO SUBSIDIARIES, ASSOCIATED AND RELATED COMPANIES	5,525	5,802
Income from long-term loans from noncurrent financial assets	603	573
of which: from subsidiaries € 603 million (2015: € 573 million)		
Other interest and similar income	394	392
of which: from subsidiaries € 76 million (2015: € 74 million)		
of which: from the discounting of accruals € 1 million (2015: € 0 million)		
Interest and similar expenses	(1,745)	(2,268)
of which: to subsidiaries € 1.2 billion (2015: € 1.2 billion)		
of which: from interest added back to accruals € 169 million (2015: € 664 million)		
NET INTEREST EXPENSE	(748)	(1,303)
WRITE-DOWNS OF FINANCIAL ASSETS AND MARKETABLE SECURITIES	(60)	(1,007)
	4,717	3,492

Income related to subsidiaries, associated and related companies comprised the dividends from Hellenic Telecommunications Organization S.A. (OTE), Athens (EUR 20 million), Sireo Immobilienfonds No. 1 GmbH & Co. KG, Heusenstamm (EUR 14 million), Deutsche Telekom International Finance B.V., Maastricht (EUR 4 million), Ströer SE & Co. KGaA, Cologne (EUR 5 million), and BUYIN S.A., Brussels (EUR 1 million).

Income from profit transfer agreements recognized in the reporting period related primarily to Telekom Deutschland (EUR 3.9 billion), T-Mobile Global Zwischenholding GmbH, Bonn (EUR 1.5 billion), DFMG Holding GmbH, Bonn (EUR 379 million), and GMG Generalmietgesellschaft mbH, Cologne (EUR 115 million).

Expenses arising from loss transfers primarily related to T-Systems (EUR 477 million), Deutsche Telekom Venture Funds GmbH, Bonn (EUR 38 million), Vivento Customer Services GmbH, Bonn (EUR 34 million), Telekom Innovation Pool GmbH, Bonn (EUR 27 million), Deutsche Telekom Europe Holding GmbH, Bonn (EUR 16 million), Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn) (EUR 16 million), and Deutsche Telekom Training GmbH, Bonn (EUR 13 million).

Income from profit transfers and expenses arising from loss transfers were both influenced to a certain extent by one-time effects.

Income from long-term loans from noncurrent financial assets and other interest and similar income from subsidiaries largely related to interest from loans issued to T-Mobile USA, Inc., Bellevue, and interest from loans to Telekom Deutschland.

Interest expenses to subsidiaries primarily resulted from loan relationships with Deutsche Telekom International Finance B.V., Maastricht.

In the reporting period, expenses from interest added back to pension accruals as well as accruals for partial retirement agreements and long-term credits totaling EUR 83 million (2015: EUR 327 million), were offset against income from the netted CTA assets of EUR 41 million (2015: expenses of EUR 7 million) and included in net interest income/expense.

Write-downs of financial assets in the 2016 financial year related to the write-down on Ströer SE & Co. KGaA, Cologne (EUR 60 million). Write-downs of financial assets in the previous year related mainly to the write-down of the investment in T-Systems (EUR 1.0 billion).

27 INCOME TAXES

millions of €		
	2016	2015
Income taxes	154	282
	154	282

The majority of **income taxes** related to current taxes in the 2016 financial year.

Income tax expense includes income of EUR 25 million relating to other periods in accordance with § 285 No. 32 HGB.

28 OTHER TAXES

millions of €		
	2016	2015
Other taxes	19	19
	19	19

Other taxes mainly comprised real estate tax expenses.

29 RECONCILIATION OF INCOME AFTER TAXES TO UNAPPROPRIATED NET INCOME

Income after taxes generated in the 2016 financial year amounted to EUR 2.0 billion. Together with unappropriated net income carried forward from 2015 of EUR 1.8 billion after dividend payments (unappropriated net income from the prior year of EUR 4.3 billion less dividend payments totaling EUR 2.5 billion), this resulted in **unappropriated net income** of EUR 3.8 billion.

OTHER DISCLOSURES

30 GUARANTEES AND COMMITMENTS AND TRANSACTIONS NOT INCLUDED IN THE BALANCE SHEET IN ACCORDANCE WITH § 285 NO. 3 HGB, AND REASONS UNDERLYING THE EVALUATION OF THE RISK OF UTILIZATION OF GUARANTEES AND COMMITMENTS IN ACCORDANCE WITH § 285 NO. 27 HGB.

millions of €	Dec. 31, 2016	Dec. 31, 2015
Liabilities from guarantees	941	808
Liabilities arising from warranty agreements	3,675	5,591
of which: to subsidiaries € 0 million (Dec. 31, 2015: € 6 million)		
of which: to associates € 0 million (Dec. 31, 2015: € 0 million)		
	4,616	6,399

Guarantees include litigation and security deposit guarantees as well as warranties. Liabilities arising from warranty agreements relate to third parties and in most cases were incurred for subsidiaries.

Liabilities arising from **warranty agreements** include guarantees and comfort letters and relate primarily to Telekom Deutschland (EUR 2.3 billion), T-Systems (EUR 160 million), and T-Mobile Netherlands B.V., The Hague (EUR 133 million). Guarantees relate to loan collateral guarantees in particular. Deutsche Telekom guarantees the liabilities of Deutsche Telekom International Finance B.V., Maastricht, to external third parties – mostly originating from bonds. In cases where the funds are not passed on to Deutsche Telekom and therefore recognized as a liability, an obligation arising from warranty agreements has to be recorded; such an obligation to Deutsche Telekom International Finance B.V., Maastricht, was recorded as of December 31, 2016 in the amount of EUR 304 million.

The principal members of the Toll Collect consortium are Daimler Financial Services AG, Stuttgart, and Deutsche Telekom. In the arbitration proceedings between these principal shareholders and the consortium company Toll Collect GbR on one side and the Federal Republic of Germany on the other concerning disputes in connection with the truck toll collection system, Deutsche Telekom received the Federal Republic's statement of claim on August 2, 2005. The Federal Republic is claiming some EUR 3.33 billion in lost toll revenues plus interest due to the delayed commencement of operations as well as contractual penalties in the amount of around EUR 1.65 billion plus interest. The Federal Republic's main claims – including contractual penalties – thus total about EUR 4.98 billion plus interest. After the hearings in spring 2014, we reassessed the proceedings, updated Deutsche Telekom's share of the amount at risk, and recognized adequate accruals for the risk in the balance sheet. Further hearings took place in 2015 and 2016. There is no reason to adjust the accruals for risk recognized in 2014 in the balance sheet. Deutsche Telekom believes that a claim arising from the joint and several liability is unlikely to be made in excess of Deutsche Telekom's share of the risk.

Bank loans guarantee. Deutsche Telekom guarantees to third parties bank loans of up to a maximum amount of EUR 100 million granted to Toll Collect GmbH, Berlin. These guarantees for bank loans will expire on October 15, 2018.

Equity maintenance undertaking. The consortium partners have the obligation, on a joint and several basis, to provide Toll Collect GmbH, Berlin, with additional equity in order to ensure a minimum equity ratio of 15 percent (in the single-entity financial statements prepared in accordance with German GAAP) (equity maintenance undertaking). This obligation ends when the operating agreement expires on August 31, 2018, or earlier if the operating agreement is terminated prematurely. The amount of a potential settlement attributable to the equity maintenance undertaking cannot be estimated because of uncertainties.

In June 2006, the Federal Republic of Germany began to partially offset its monthly advance payments for operating fees to Toll Collect GmbH, Berlin, of EUR 8 million against the contractual penalty claims that are already subject of the aforementioned arbitration proceedings. As a result, it may become necessary for the consortium members to provide Toll Collect GmbH, Berlin, with further liquidity.

The risks and obligations of Compagnie Financière et Industrielle des Autoroutes S.A., Sèvres Cedex (Cofiroute, which holds a 10-percent stake in Toll Collect) are limited to EUR 70 million. Deutsche Telekom and Daimler Financial Services AG, Stuttgart, have the obligation, on a joint and several basis, to indemnify Cofiroute against further claims.

Guarantees to the benefit of subsidiaries and contingent liabilities arising from warranty agreements entered into with third parties are not recognized as liabilities as the underlying obligations can be fulfilled by the Company's subsidiaries, meaning utilization is unlikely.

Transactions not included in the balance sheet

The aforementioned guarantees and commitments are among the transactions not included in the balance sheet.

31 OTHER FINANCIAL OBLIGATIONS

millions of €

	Dec. 31, 2016			Dec. 31, 2015		
	Total	of which due		Total	of which due	
		in the following financial year	from the second financial year after the balance sheet date		in the following financial year	from the second financial year after the balance sheet date
Present value of the payments to the Civil Service Pension Fund for the civil service pension scheme	3,155	428	2,727	3,791	492	3,299
Obligations under rental and lease agreements	8,770	1,506	7,264	8,801	1,500	7,301
of which: to subsidiaries € 8.6 billion (Dec. 31, 2015: € 8.6 billion)						
of which: to associates € 0 billion (Dec. 31, 2015: € 0 billion)						
Purchase commitments arising from future expenditure and investments	700	449	251	509	428	81
of which: to subsidiaries € 483 million (Dec. 31, 2015: € 290 million)						
of which: to associates € 0 million (Dec. 31, 2015: € 0 million)						
Commitments arising from unpaid contributions and from pending transactions	7,724	7,699	25	1,008	983	25
of which: to subsidiaries € 7.7 billion (Dec. 31, 2015: € 989 million)						
of which: to associates € 0 million (Dec. 31, 2015: € 0 million)						
	20,349	10,082	10,267	14,109	3,403	10,706

The **present value** of payments that Deutsche Telekom is required to make in accordance with PTNeuOG to the Civil Service Pension Fund on the basis of the 2005 G tables published by Prof. Klaus Heubeck amounted to EUR 3.2 billion as of December 31, 2016. The year-on-year decrease is attributable to the reduction in the number of active civil servants, in particular as a result of early retirement.

Obligations under rental and lease agreements include obligations to subsidiaries in the amount of EUR 8.6 billion. These consist in particular of EUR 8.5 billion to GMG Generalmietgesellschaft mbH, Cologne, and EUR 86 million to DeTeFleetServices GmbH, Bonn.

Purchase commitments arising from future expenditure and investments were largely composed of commitments for non-capital expenditure of EUR 640 million. The increase in purchase commitments was largely a result of the increase in the orders for IT services that Deutsche Telekom placed with T-Systems.

Unpaid and uncalled contributions relate to Vivento Customer Services GmbH, Bonn (EUR 96 million). In addition there are obligations to make contributions to Deutsche Telekom Capital Partners Portfolio Fund GmbH & Co. KG, Hamburg (EUR 97 million), Deutsche Telekom Capital Partners Venture Fund GmbH & Co. KG, Hamburg (EUR 55 million), and Deutsche Telekom Capital Partners Expert/Advisor Co-Invest GmbH & Co. KG, Hamburg (EUR 6 million).

Commitments arising from pending transactions with subsidiaries relate mainly to financing commitments to T-Mobile USA, Inc., Bellevue (EUR 6.8 billion). In addition, obligations arising from profit and loss transfers relate to T-Systems (EUR 572 million), Vivento Customer Services GmbH, Bonn (EUR 47 million), and Deutsche Telekom Services Europe GmbH, Bonn (formerly Deutsche Telekom Accounting GmbH, Bonn) (EUR 19 million).

Deutsche Telekom is a party to a number of lawsuits and other proceedings and issues arising from the general conduct of its business. Fees for legal counseling and forecast costs in connection with a negative outcome of proceedings were included in the accruals for litigation risks and/or in miscellaneous other operating expenses.

32 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments not included under valuation units as of the reporting date were as follows:

millions of €

	Nominal amount ²	Fair value
	Dec. 31, 2016	Dec. 31, 2016
INTEREST-RELATED INSTRUMENTS		
Interest rate swaps	5,757	(11)
Embedded derivatives ¹	5,313	112
	11,070	101
CURRENCY INSTRUMENTS		
Future exchange transactions	376	(1)
	376	(1)
OTHER INSTRUMENTS		
Diesel derivatives	35	(3)
	35	(3)
	11,481	97

¹ Repricing element that is not closely related to the economic characteristics and risks of the host contract.

² The figures shown are absolute amounts.

The fair values shown above were determined using discounted cash flow models and option pricing models, which use the relevant market data as input parameters for calculation as of December 31, 2016.

Receivables, liabilities and accruals for derivatives were reported under the following balance sheet items:

millions of €

	Dec. 31, 2016
Receivables from subsidiaries	86
Other assets	227
Other accruals	(57)
Payables to subsidiaries	(261)
Other liabilities	(426)
	(431)

The Company uses derivatives for the purpose of hedging exposures to currency, interest rate, and raw material price risks. The top priority in all cases in which derivatives are used is to limit the risk of the underlyings. Derivative financial instruments may therefore only be used to eliminate risk exposures, and may never be used to enter into new risks for speculative reasons.

Derivatives are designed to offset changes in the fair values and cash flow risks associated with the financial assets and liabilities to which they are allocated. Such derivatives are reviewed regularly for their effectiveness as hedge instruments. Derivative financial instruments are subject to internal controls.

As a rule, the nominal amounts of the derivative financial instruments are merely the basis for determining the interest payment (nominal amounts only represent a receivable or liability in the case of interest rate and cross currency swaps). The nominal amounts are generally not material to the value of a derivative. By contrast, the main material influences on the market value of derivatives are changes in interest rates, exchange rates and other conditions.

Interest rate swaps are entered into to transform the coupons on bonds and the interest rates on loans in accordance with a mix of fixed and floating rate interest instruments determined in the course of interest rate management.

The Company uses foreign currency forward contracts and non-deliverable forwards to hedge exchange rates, and cross-currency and interest rate swaps to eliminate currency and, if relevant, interest rate risks, related to financing and service.

Foreign currency forward contracts and hedged items are assigned to foreign currency hedge valuation units categorized by foreign currency type and marked to market as of the balance sheet date. Foreign currency forward contracts are valued at the forward exchange rate on the balance sheet date; cross-currency and interest rate swaps are recognized at the present value of future payments. Measurement gains and losses are netted valuation unit for valuation unit. An accrual for loss contingencies from pending transactions is established for each valuation unit for the amount of the excess loss. Net gains are not recognized.

The cross-currency and interest rate swaps are primarily used to transform the original currencies of bonds and promissory notes into Deutsche Telekom's target currencies (mainly euros and U.S. dollars). In addition, various cross-currency and interest rate swaps are used to hedge currency risks in the financing of subsidiaries.

Diesel derivatives are used to hedge the price risk resulting from the purchase of diesel fuel for Deutsche Telekom's vehicle fleet.

Hedging risk through valuation units:

Type of hedged item	Type of hedged risk	Value of the hedged item (carrying amount, expected value) millions of €
ASSETS		
	Currency risk	7,201
	Interest rate/currency risk	161
	Interest rate risk	1,599
LIABILITIES		
	Interest rate risk	(11,800)
	Interest rate/currency risk	(8,575)
	Currency risk	(7,546)
HIGHLY PROBABLE FORECAST TRANSACTIONS		
	Interest rate risk	(3,795)
PENDING TRANSACTIONS		
	Interest rate risk	-
		(22,755)

The valuation units always took the form of micro hedges.

In all cases, the hedging relationships were extremely effective, as the main risk-determining parameters matched for the hedged item and hedge transaction.

The risks hedged with valuation units amounted to (averted need to recognize accrual for contingent losses, write-ups of foreign currency liabilities, and write-downs on foreign currency receivables):

millions of €	Dec. 31, 2016
Interest rate risk	988
Interest rate/currency risk	329
Currency risk	1,931
	3,248

The offsetting changes in value and cash flows are expected to largely cancel each other out by March 6, 2042, in terms of both interest rate and currency hedges.

The effectiveness of the hedge relationships in terms of the hedged risk at the balance sheet date was determined using the critical terms match method. In the case of revolving hedges, effectiveness was measured using an analysis of changes in fair value based on spot price components (dollar offset method). In these cases, the ineffective portion of the change in value calculated in this way was recorded directly in the statement of income in line with the imparity principle.

The hedged items with interest rate risk recognized under liabilities and amounting to EUR 20.4 billion break down into underlyings of EUR 2.5 billion for cash flow hedges and EUR 17.9 billion for fair value hedges.

Highly probable forecast transactions of EUR 3.8 billion relate to planned financing measures in 2017. The values underlying the hedge were determined based on the Group's planning, hence their occurrence is highly probable.

33 EXCHANGE RATES

	Annual average rate		Rate at the reporting date	
	2016	2015	Dec. 31, 2016	Dec. 31, 2015
100 Swiss francs (CHF)	91.75070	93.61500	93.14030	92.38090
100 Czech korunas (CZK)	3.69912	3.66596	3.70104	3.70066
1 Pound sterling (GBP)	1.22003	1.37760	1.16939	1.36181
100 Hong Kong dollars (HKD)	11.64142	11.62453	12.23227	11.84617
100 Croatian kuna (HRK)	13.27380	13.13380	13.23480	13.08730
100 Hungarian forints (HUF)	0.32114	0.32257	0.32261	0.31715
100 Japanese yen (JPY)	0.83208	0.74445	0.81014	0.76240
100 Polish zlotys (PLN)	22.91960	23.89210	22.65680	23.44620
100 Singapore dollars (SGD)	65.47250	65.52570	65.58240	64.94250
1 U.S. dollar (USD)	0.90365	0.90117	0.94872	0.91819

34 AUDITOR'S FEES AND SERVICES

The total fees charged by the external auditor for the reporting period as defined in § 285 No. 17 HGB are detailed in the relevant note in the consolidated financial statements.

35 SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

U.S. dollar bond issue

In January 2017, Deutsche Telekom placed a U.S. dollar bond with a volume of USD 3.5 billion with institutional investors. It comprised: a 3-year variable-interest bond with a volume of USD 400 million and a mark-up of 58 basis points above the 3-month USD Libor; a 3-year fixed-interest bond with a volume of USD 850 million and a coupon of 2.225 percent; a 5-year bond with a volume of USD 1.0 billion and a coupon of 2.820 percent; and a 10-year bond with a volume of USD 1.250 billion and a coupon of 3.600 percent. The bonds were issued by Deutsche Telekom International Finance B.V., Maastricht, and guaranteed by Deutsche Telekom.

Issuance of a euro bond

Also in January 2017, Deutsche Telekom International Finance B.V., Maastricht, placed a euro bond with institutional investors with a volume of EUR 3.5 billion, which was in turn guaranteed by Deutsche Telekom under its debt issuance program. The bond comprised: a 4 ³/₄-year fixed-interest bond with a volume of EUR 1.0 billion and a coupon of 0.375 percent; a 7-year fixed-interest bond with a volume of EUR 1.25 billion and a coupon of 0.875 percent; and a 10-year bond with a volume of EUR 1.25 billion and a fixed coupon of 1.375 percent.

Financing relationship with T-Mobile US

On January 25, 2017, Deutsche Telekom granted its subsidiary T-Mobile US secured loans totaling USD 4 billion. These loans included the secured loan of USD 660 million previously granted in December 2016, hence the loan volume increased by USD 3.34 billion. The secured loan was paid out to T-Mobile US on January 31, 2017 in two tranches of USD 2 billion each. At the end of January 2017, T-Mobile US used around USD 2 billion of this to repay a secured loan to third parties prematurely.

36 MEMBERS OF THE BOARD OF MANAGEMENT OF DEUTSCHE TELEKOM AG IN 2016

Timotheus Höttges

Chairman of the Board of Management since January 1, 2014

Seats on the supervisory bodies of other companies:

- FC Bayern München AG, Munich (since 2/2010)
- Henkel AG & Co. KGaA, Düsseldorf (since 4/2016)

Member of comparable supervisory bodies of companies in Germany or abroad:

- BT Group plc, London, United Kingdom,
 Member of the Board of Directors (since 1/2016)

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- T-Mobile US, Inc., Bellevue, United States,
 Chairman of the Board of Directors (since 5/2013)
- Telekom Deutschland GmbH, Bonn (since 4/2005),
 Chairman of the Supervisory Board (since 7/2009)

Reinhard Clemens

Board member responsible for T-Systems since December 1, 2007

– No other seats –

Niek Jan van Damme

Board member responsible for Germany since July 1, 2009

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- Deutsche Telekom Kundenservice GmbH, Bonn (since 8/2009)
- Deutsche Telekom Technik GmbH, Bonn (since 9/2016),
 Chairman of the Supervisory Board (since 9/2016)
- Deutsche Telekom Technischer Service GmbH, Bonn (since 9/2009),
 Chairman of the Supervisory Board (since 12/2009)
- Telekom Shop Vertriebsgesellschaft mbH, Bonn (since 8/2009),
 Chairman of the Supervisory Board (since 9/2009)
- T-Mobile Netherlands Holding B.V., The Hague, Netherlands,
 Chairman of the Supervisory Board (since 4/2014)

Thomas Dannenfeldt

Board member responsible for Finance since January 1, 2014

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- BUYIN S.A., Brussels, Belgium, Member of the Board of Directors
 (since 2/2014), Chairman of the Board of Directors (since 1/2017)
- Deutsche Telekom Services Europe GmbH, Bonn,
 Chairman of the Supervisory Board (since 1/2016)
- EE Limited, Hatfield, United Kingdom (2/2014 to 1/2016),
 Chairman of the Board of Directors (4/2014 to 1/2016)
- T-Mobile US, Inc., Bellevue, United States, Member of the Board of Directors
 (since 11/2013)
- T-Systems International GmbH, Frankfurt/Main,
 Chairman of the Supervisory Board (1/2014 to 11/2016)

Srinivasan Gopalan

Board member responsible for Europe since January 1, 2017

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE S.A.),
 Marousi, Athens, Greece (since 1/2017)
- T-Mobile Polska S.A., Warsaw, Poland (since 1/2017),
 Chairman of the Supervisory Board (since 1/2017)

Dr. Christian P. Illek

Board member responsible for Human Resources and
 Labor Director since April 1, 2015

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- Telekom Deutschland GmbH, Bonn (since 5/2015)
- T-Systems International GmbH, Frankfurt/Main (since 5/2015),
 Chairman of the Supervisory Board (since 11/2016)

Dr. Thomas Kremer

Board member responsible for Data Privacy,
 Legal Affairs and Compliance since June 1, 2012

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- T-Systems International GmbH, Frankfurt/Main (since 5/2015)

Claudia Nemat

Board member responsible for Technology and Innovation
 since January 1, 2017

Board member responsible for Europe and Technology
 until December 31, 2016

Seats on the supervisory bodies of other companies:

- Airbus Group SE, Leiden, Netherlands (since 5/2016)
- Airbus Defence and Space GmbH, Ottobrunn (since 5/2016)
- LANXESS AG, Cologne (7/2013 to 5/2016)

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- BUYIN S.A., Brussels, Belgium (2/2012 to 1/2017),
 Chairwoman of the Board of Directors (1/2015 to 1/2017)
- HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE S.A.),
 Marousi, Athens, Greece (10/2011 to 1/2017)

37 MEMBERS OF THE SUPERVISORY BOARD OF DEUTSCHE TELEKOM AG IN 2016

Prof. Dr. Ulrich Lehner

Member of the Supervisory Board since April 17, 2008
Chairman of the Supervisory Board since April 25, 2008
Member of the Shareholders' Committee of Henkel AG & Co. KGaA, Düsseldorf

Seats on the supervisory bodies of other companies:

- E.ON SE, Düsseldorf (since 4/2003)
- Porsche Automobil Holding SE, Stuttgart (since 11/2007)
- ThyssenKrupp AG, Duisburg and Essen (since 1/2008),
Chairman of the Supervisory Board (since 3/2013)

Lothar Schröder

Member of the Supervisory Board since June 22, 2006
Deputy Chairman of the Supervisory Board since June 29, 2006
Member of the ver.di National Executive Board, Berlin

Seats on the supervisory bodies of other companies:

- Vereinigte Postversicherung VVaG, Stuttgart (since 6/2011)

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- Deutsche Telekom Services Europe GmbH, Bonn,
Deputy Chairman of the Supervisory Board (since 9/2016)
- Telekom Deutschland GmbH, Bonn (8/2003 to 12/2016),
Deputy Chairman of the Supervisory Board (9/2003 to 12/2016)

Sari Baldauf

Member of the Supervisory Board since November 1, 2012
Non-Executive Director and Chairwoman of the Board of Directors of Fortum Oyj, Espoo, Finland

Seats on the supervisory bodies of other companies:

- Akzo Nobel N.V., Amsterdam, Netherlands (since 4/2012)
- Daimler AG, Stuttgart (since 2/2008)

Member of comparable supervisory bodies of companies in Germany or abroad:

- Vexve Holding Oyj, Sastamala, Finland,
Chairwoman of the Board of Directors (since 6/2016)

Josef Bednarski

Member of the Supervisory Board since November 26, 2013
Chairman of the Group Works Council at Deutsche Telekom AG, Bonn
– No other seats –

Dr. Wulf H. Bernotat

Member of the Supervisory Board since January 1, 2010
Managing Director and partner of Bernotat & Cie. GmbH, Essen
Former Chairman of the Board of Management of E.ON AG, Düsseldorf

Seats on the supervisory bodies of other companies:

- Allianz SE, Munich (since 4/2003)
- Bertelsmann SE & Co. KGaA, Gütersloh (since 5/2006)
- Bertelsmann Management SE, Gütersloh (since 5/2012)
- Vonovia SE, Bochum (formerly Deutsche Annington Immobilien SE, Düsseldorf), Chairman of the Supervisory Board (since 6/2013)

Monika Brandl

Member of the Supervisory Board since November 6, 2002
Chairwoman of the Central Works Council at Deutsche Telekom AG, Bonn
– No other seats –

Johannes Geismann

Member of the Supervisory Board since February 6, 2014
State Secretary, Federal Ministry of Finance, Berlin

Seats on the supervisory bodies of other companies:

- KfW IPEX-Bank GmbH, Frankfurt/Main (2/2014 to 10/2016)

Klaus-Dieter Hanas

Member of the Supervisory Board since June 1, 2012
Chairman of the Works Council at Deutsche Telekom Kundenservice GmbH, Bonn, Central-Eastern District

Seats on the supervisory bodies of other companies:

- PSD-Bank Braunschweig eG, Braunschweig (since 11/1999),
Deputy Chairman of the Supervisory Board (since 7/2011)

Sylvia Hauke

Member of the Supervisory Board since May 3, 2007
Chairwoman of the Central Works Council at Telekom Deutschland GmbH, Bonn

Member of the supervisory boards of the following subsidiaries, associated and related companies:

- Telekom Deutschland GmbH, Bonn (since 1/2011)

Lars Hinrichs

Member of the Supervisory Board since October 1, 2013
CEO of Cinco Capital GmbH, Hamburg

Seats on the supervisory bodies of other companies:

- xbAV AG, Munich, Chairman of the Supervisory Board (since 1/2016)

Dr. Helga Jung

Member of the Supervisory Board since May 25, 2016
Member of the Board of Management of Allianz SE, Munich

Seats on the supervisory bodies of other companies:

- Allianz Asset Management AG, Munich,
Chairwoman of the Supervisory Board (since 2/2015)*
- Allianz Deutschland AG, Munich (since 3/2016)*
- Allianz Global Corporate & Specialty SE, Munich,
deputy Chairwoman of the Supervisory Board (since 5/2013)*

Member of comparable supervisory bodies of companies in Germany or abroad:

- Allianz Compañía de Seguros y Reaseguros S.A., Barcelona, Spain,
Member of the Board of Directors (since 5/2012)*
- Companhia de Seguros Allianz Portugal S.A., Lisbon, Portugal,
Member of the Board of Directors (since 3/2012)*
- UniCredit S.p.A., Milan, Italy,
Member of the Board of Directors (1/2012 to 5/2016)

*Supervisory board seats in companies that are part of the same group, as defined in § 100 (2), sentence 2 AktG (German Stock Corporation Act).

Hans-Jürgen Kallmeier

Member of the Supervisory Board since October 15, 2008
 Chairman of the Central Works Council at T-Systems International GmbH,
 Frankfurt/Main

Member of the supervisory boards of the following subsidiaries,
 associated and related companies:

- T-Systems International GmbH, Frankfurt/Main (since 12/2010)

Prof. Dr. Michael Kaschke

Member of the Supervisory Board since April 22, 2015
 CEO & President of Carl Zeiss AG, Oberkochen

Seats on the supervisory bodies of other companies:

- Carl Zeiss Meditec AG, Jena,
 Chairman of the Supervisory Board (since 3/2010)*
- Carl Zeiss Microscopy GmbH, Jena,
 Chairman of the Supervisory Board (since 10/2006)*
- Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen,
 Chairman of the Supervisory Board (since 1/2014)*
- Carl Zeiss SMT GmbH, Oberkochen,
 Chairman of the Supervisory Board (since 1/2011)*
- Henkel AG & Co. KGaA, Düsseldorf (since 4/2008)
- Robert Bosch GmbH, Stuttgart (since 4/2016)

Member of comparable supervisory bodies of companies in Germany or abroad:

- Carl Zeiss Far East Co., Ltd., Hong Kong, China,
 Chairman of the Board of Directors (4/2002 to 9/2016)*
- Carl Zeiss Inc., Thornwood, United States,
 Chairman of the Board of Directors (since 5/2016)*
- Carl Zeiss India (Bangalore) Private Ltd., Bangalore, India,
 Chairman of the Board of Directors (since 12/2009)*
- Carl Zeiss Pte. Ltd., Singapore, Singapore,
 Member of the Board of Directors (4/2002 to 9/2016)*
- Carl Zeiss Pty. Ltd., North Ryde, Australia,
 Chairman of the Board of Directors (since 7/2001)*
- Carl Zeiss (Pty.) Ltd., Randburg, South Africa,
 Chairman of the Board of Directors (since 10/2003)*

Nicole Koch

Member of the Supervisory Board since January 1, 2016
 Deputy Chairwoman of the Group Works Council at Deutsche Telekom AG, Bonn
 Chairwoman of the Works Council at Telekom Shop Vertriebsgesellschaft mbH,
 Bonn

Member of the supervisory boards of the following subsidiaries,
 associated and related companies:

- Telekom Shop Vertriebsgesellschaft mbH, Bonn (since 6/2004)

Dagmar P. Kollmann

Member of the Supervisory Board since May 24, 2012
 Entrepreneur, Member of several supervisory and advisory boards
 as well as the Monopolies Commission
 Former CEO of Morgan Stanley Bank, Frankfurt/Main
 Former Member of the Board of Directors of
 Morgan Stanley Bank International Limited, London, United Kingdom

Seats on the supervisory bodies of other companies:

- Deutsche Pfandbriefbank AG, Unterschleißheim,
 Deputy Chairwoman of the Supervisory Board (since 8/2009)
- KfW IPEX-Bank GmbH, Frankfurt/Main (since 5/2012)

Member of comparable supervisory bodies of companies in Germany or abroad:

- Bank Gutmann Aktiengesellschaft, Vienna, Austria,
 Member of the Supervisory Board (since 9/2010)
- Landeskreditbank Baden-Württemberg – Förderbank (L-Bank)
 (regional state bank/development bank of Baden-Württemberg), Karlsruhe,
 agency under public law (not a commercial enterprise within the meaning of
 § 100 (2), sentence 1, no. 1 AktG),
 Member of the Advisory Board, purely advisory body (since 7/2004)
- Unibail-Rodamco SE, Paris, France (since 5/2014)

Petra Steffi Kreusel

Member of the Supervisory Board since January 1, 2013
 Senior Vice President, Partner Management and Corporate Development TC at
 T-Systems International GmbH, Frankfurt/Main
 Deputy Chairwoman of the Group Executive Staff Representation Committee of
 Deutsche Telekom AG, Bonn
 Chairwoman of the Executive Staff Representation Committee of
 T-Systems International GmbH, Frankfurt/Main (since 1/2017)
 Deputy Chairwoman of the Executive Staff Representation Committee of
 T-Systems International GmbH, Frankfurt/Main (until 12/2016)

Member of the supervisory boards of the following subsidiaries,
 associated and related companies:

- T-Systems International GmbH, Frankfurt/Main (since 12/2010)

Dr. Ulrich Schröder

Member of the Supervisory Board since October 1, 2008
 CEO of the Executive Board of KfW, Frankfurt/Main

Seats on the supervisory bodies of other companies:

- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH,
 Cologne (since 10/2009)*
- Deutsche Post AG, Bonn (since 9/2008)
- 2020 European Fund for Energy, Climate Change and Infrastructure
 (“Marguerite Fund”), Luxembourg, Luxembourg (since 11/2009)

*Supervisory board seats in companies that are part of the same group, as defined in § 100 (2),
 sentence 2 AktG (German Stock Corporation Act).

Michael Sommer

Member of the Supervisory Board since April 15, 2000

Trade Union Secretary, former Chairman of the German Confederation of Trade Unions (DGB), Berlin

– No other seats –

Sibylle Spoo

Member of the Supervisory Board since May 4, 2010

Lawyer, Trade Union Secretary at the ver.di Federal Administration, Berlin

– No other seats –

Karl-Heinz Streibich

Member of the Supervisory Board since October 1, 2013

CEO of Software AG, Darmstadt

Seats on the supervisory bodies of other companies:

- Deutsche Messe AG, Hanover (since 1/2013)
- Dürr AG, Bietigheim-Bissingen (since 5/2011), Deputy Chairman of the Supervisory Board (since 4/2014)

Supervisory Board members who left in 2016:**Dr. Hubertus von Grünberg**

Member of the Supervisory Board from May 25, 2000 to May 25, 2016

Deputy Chairman of the Board of Directors of Sapinda Holding B.V., Schiphol, Netherlands

– No other seats –

38 COMPENSATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

Compensation of the Board of Management

The representation of the compensation system and the mandatory disclosures pursuant to § 285 No. 9 a) sentences 5-8 HGB, with the exception of pension information, are part of the combined management report.

Board of Management compensation for the 2016 financial year

Total compensation of the members of the Board of Management for the 2016 financial year amounted to EUR 16.7 million (2015: EUR 17.6 million).

This includes in total 112,126 entitlements to matching shares with a fair value on the date granted of EUR 1.5 million (2015: EUR 1.4 million).

Development of the pension accrual for each member of the Board of Management

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	Development of pension accruals for current members of the Board of Management			
	Additions to pension accruals 2016	Present value of the defined benefit obligation Dec. 31, 2016	Additions to pension accruals 2015	Present value of the defined benefit obligation Dec. 31, 2015
Reinhard Clemens	415,677	4,510,606	939,538	4,095,802
Niek Jan van Damme	335,556	2,519,984	424,802	2,183,756
Thomas Dannenfeldt	232,122	698,479	254,937	466,357
Timotheus Höttges	542,871	6,696,806	1,409,289	6,160,155
Dr. Christian P. Illek	228,569	400,351	171,782	171,782
Dr. Thomas Kremer	268,023	1,171,722	280,926	903,699
Claudia Nemat	239,198	1,293,644	325,787	1,054,446

An annual contribution of EUR 290,000 was allocated to Niek Jan van Damme in accordance with the provisions of the new company pension plan. The contributions for Thomas Dannenfeldt, Dr. Christian P. Illek, Dr. Thomas Kremer, and Claudia Nemat amount to EUR 250,000 each for each year of service rendered.

The expensed additions to pension accruals for active members of the Board of Management amounted to EUR 2.3 million in the reporting year (2015: EUR 3.8 million).

Former members of the Board of Management

A total of EUR 7.2 million (2015: EUR 7.1 million) was paid out regarding payments to and entitlements for former members of the Board of Management and their surviving dependents.

Accruals totaling EUR 136.0 million (2015: EUR 137.5 million) were recognized for current pensions and vested rights to pensions for this group of persons and their surviving dependents. Pension accruals not shown in the balance sheet for this group of persons as a consequence of the transitional provisions of BilMoG amounted to EUR 4.9 million at the balance sheet date (2015: EUR 5.5 million).

Several former Board of Management members are entitled to a civil servant pension from the Civil Service Pension Fund. In the reporting year, there was no expense incurred in this regard. The present value of the estimated pensions of these Board of Management members amounts to EUR 3.2 million as of December 31, 2016 (2015: EUR 3.3 million).

Other

The Company has not granted any advances or loans to current or former Board of Management members, nor were any other financial obligations to the benefit of this group of people entered into.

Compensation of the Supervisory Board

The main features of the compensation system and information on the compensation received by the individual members of the Supervisory Board is provided in the combined management report.

The total compensation of the members of the Supervisory Board in 2016 amounted to EUR 2,858,916.68 (plus VAT) and comprises fixed annual compensation and attendance fees.

The Company has not granted any advances or loans to current or former Supervisory Board members, nor were any other financial obligations to the benefit of this group of people entered into.

39 DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH § 161 AKTG

In accordance with § 161 AktG, the Board of Management and the Supervisory Board of Deutsche Telekom have submitted the mandatory declaration of conformity and made it available to shareholders on Deutsche Telekom's website. The full text of the Declaration of Conformity can be found on the Deutsche Telekom website (www.telekom.com) under Investor Relations in the Management & Corporate Governance section.

40 PROPOSAL FOR THE APPROPRIATION OF NET INCOME

The Board of Management of Deutsche Telekom proposes to the shareholders' meeting that a dividend of EUR 0.60 per no par value share carrying dividend rights be paid to shareholders from the unappropriated net income amounting to EUR 3.8 billion, and that the remaining balance be carried forward.

The final amount of the total dividend payment depends on the number of no par value shares carrying dividend rights as of the date of the resolution on the appropriation of net income as adopted on the day of the shareholders' meeting.

The amount that is subject to a restriction on distribution in accordance with § 268 (8) sentence 3 HGB is attributable to the measurement of the CTA assets for accruals for pensions and similar obligations at fair value amounting to EUR 196 million, to the measurement of the CTA asset for partial retirement obligations amounting to EUR 3 million, and to the measurement of the CTA asset for long-term accounts amounting to EUR 1 million. Deferred tax liabilities account for EUR 62 million of the difference of EUR 200 million, resulting in a net amount of EUR 138 million. After accounting for deferred tax assets, also of EUR 62 million, which are offset against the deferred tax liabilities, the amount that is subject to a restriction on distribution in accordance with § 268 (8) HGB is EUR 200 million.

The amount that is subject to a restriction on distribution in accordance with § 253 (6) sentence 2 HGB is attributable to the difference in the amount of EUR 452 million resulting from the changed measurement principles for pension accruals pursuant to § 253 (6) sentence 1 HGB.

Unappropriated net income can be distributed in full as the amount of EUR 652 million that is subject to a restriction on distribution pursuant to § 268 (8) sentence 3 HGB and § 253 (6) sentence 2 HGB is covered entirely by freely available reserves.

41 STATEMENT OF INVESTMENT HOLDINGS IN ACCORDANCE WITH § 285 HGB

1. Subsidiaries

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
1.	3.T-Venture Beteiligungsgesellschaft mbH (3. TVB), Bonn	1.93.	100.00		25,000	EUR	6,382	764	EUR	e)
2.	Antel Germany GmbH, Karben	1.105.	100.00		25,000	EUR	(119)	(48)	EUR	i)
3.	Arbeitgeberverband comunity, Arbeitgeberverband für Telekommunikation und IT e.V., Bonn					EUR	-	-	EUR	
4.	Assessment Point (Proprietary) Limited, Johannesburg	1.125.	100.00		100	ZAR	(3,192)	(6)	ZAR	e)
5.	Atrada GmbH, Nuremberg			100.00	150,000	EUR	3,220	(2,210)	EUR	e)
6.	Atrada Trading Network Limited, Manchester	1.5.	100.00		1	GBP	0	0	GBP	e)
7.	BENOCS GmbH, Bonn	1.327.	100.00		25,000	EUR	94	(765)	EUR	e)
8.	Benocs, Inc., Wilmington, DE	1.7.	100.00		100	USD	-	-	USD	
9.	CA INTERNET d.o.o., Zagreb	1.129.	100.00		20,000	HRK	228	11	HRK	e)
10.	CBS GmbH, Cologne	1.19.	100.00		838,710	EUR	18,055	0	EUR	a) e)
11.	CE Colo Czech, s.r.o., Prague	1.232.	100.00		711,991,857	CZK	854,466	88,237	CZK	e)
12.	COMBIS - IT Usluge d.o.o., Belgrade	1.14.	100.00		49,136	RSD	(112,300)	(9,378)	EUR	e)
13.	COMBIS d.o.o. Sarajevo, Sarajevo	1.14.	100.00		2,000	BAM	5,297	969	BAM	e)
14.	COMBIS, usluge integracija informatickih tehnologija, d.o.o., Zagreb	1.116.	100.00		64,943,900	HRK	135,052	15,089	HRK	b)
15.	COSMO-ONE HELLAS MARKET SITE SOCIETE ANONYME OF ELECTRONIC COMMERCE SERVICES, Athens	1.114.	30.87		5,391,100	EUR	1,086	60	EUR	b)
15.	COSMO-ONE HELLAS MARKET SITE SOCIETE ANONYME OF ELECTRONIC COMMERCE SERVICES, Athens	1.16.	30.87		5,391,100	EUR	1,086	60	EUR	b)
16.	COSMOTE Mobile Telecommunications S.A., Maroussi, Athens	1.114.	100.00		157,899,931	EUR	2,406,046	148,811	EUR	b)
17.	Carduelis B.V. (Netherlands), The Hague	1.106.	100.00		18,000	EUR	(1,832)	2,006	EUR	e)
18.	Click & Buy Services India Private Limited, Hyderabad	1.102.	99.62		1,609,920	INR	14,832	(46,181)	INR	b)
19.	ClickandBuy Holding GmbH, Darmstadt			100.00	25,000	EUR	33,025	0	EUR	a) e)
20.	ClickandBuy International Limited, Milton Keynes	1.19.	100.00		1,301,008	GBP	6,310	(14,402)	EUR	e)
21.	Combridge S.R.L., Sfântu Gheorghe	1.139.	100.00		29,801,490	RON	37,567	5,744	RON	e)
22.	Compendo GmbH, Nuremberg	1.5.	100.00		25,000	EUR	27	0	EUR	e)
23.	Consortium 1 S.à r.l., Luxembourg	1.64.	100.00		2,423,526	EUR	(53,227)	(3,342)	EUR	e)
24.	Consortium 2 S.à r.l., Luxembourg	1.23.	100.00		2,395,668	EUR	1,723	(697)	EUR	e)
25.	Cosmoholding International B.V., Amsterdam	1.16.	99.00		1,600,000	EUR	1,557	(27)	EUR	e)
25.	Cosmoholding International B.V., Amsterdam	1.111.	1.00		1,600,000	EUR	1,557	(27)	EUR	e)
26.	Cosmoholding Romania Ltd, Limassol	1.16.	100.00		30,000	EUR	406	(99)	EUR	b)
27.	Cosmote E-Value Contact Center Services Societe Anonyme, Agios Stefanos	1.111.	100.00		5,105,062	EUR	10,488	5,401	EUR	b)
28.	Crnogorski Telekom a.d. Podgorica, Podgorica	1.139.	76.53		123,857,700	EUR	143,099	15,863	EUR	b)
29.	Cronon AG, Berlin	1.200.	100.00		51,129	EUR	56	0	EUR	a) e)
30.	DEUTSCHE TELEKOM CAPITAL PARTNERS STRATEGIC ADVISORY LLC, Dover, DE	1.55.	100.00		1,000	USD	-	-	USD	
31.	DFMG Deutsche Funkturm GmbH, Münster	1.325.	16.67		30,000	EUR	7,727	0	EUR	a) e)
31.	DFMG Deutsche Funkturm GmbH, Münster	1.32.	83.33		30,000	EUR	7,727	0	EUR	a) e)
32.	DFMG Holding GmbH, Bonn			100.00	26,000	EUR	54	0	EUR	a) e)
33.	DIGI SLOVAKIA, s.r.o., Bratislava	1.208.	100.00		5,152,230	EUR	9,721	4,694	EUR	e)
34.	DeTeAsia Holding GmbH, Bonn			100.00	50,000	DEM	49	0	EUR	a) e)
35.	DeTeAssekuranz - Deutsche Telekom Assekuranz-Vermittlungsgesellschaft mbH, Cologne	1.5.	100.00		1,000,000	EUR	1,000	0	EUR	a) e)
36.	DeTeFleetServices GmbH, Bonn			100.00	5,000,000	EUR	129,263	0	EUR	a) e)
37.	DeTeMedien, Deutsche Telekom Medien GmbH, Frankfurt/Main			100.00	23,008,135	EUR	24,572	0	EUR	a) e)
38.	Delta Telekommunikationsdienste GmbH, Bonn	1.325.	100.00		25,000	EUR	15,500	28	EUR	e)
39.	Detecon (Schweiz) AG, Zürich	1.43.	100.00		1,000,000	CHF	8,776	1,167	CHF	e)
40.	Detecon Asia-Pacific Ltd., Bangkok	1.43.	100.00		49,000,000	THB	84,835	20,534	THB	e)
41.	Detecon Consulting Austria GmbH, Vienna	1.39.	100.00		72,673	EUR	362	22	EUR	e)
42.	Detecon Consulting FZ-LLC, Dubai	1.43.	100.00		500,000	AED	1,822	749	AED	e)
43.	Detecon International GmbH, Cologne	1.288.	100.00		8,700,000	EUR	11,959	3,147	EUR	e)
44.	Detecon Vezetési Tanácsadó Kft., Budapest	1.43.	100.00		4,600,000	HUF	28,921	20,088	HUF	e)
45.	Detecon, Inc., Wilmington, DE	1.43.	100.00		1,872,850	USD	64	63	USD	b)
46.	Deutsche Sportwetten GmbH, Bonn	1.327.	63.92		69,290	EUR	1,262	(2,879)	EUR	e)
47.	Deutsche TELEKOM Asia Pte. Ltd., Singapore			100.00	137,777,793	SGD	6,130	386	SGD	e)
48.	Deutsche TELEKOM Ltd., London			100.00	240,000	GBP	-	-	GBP	j)
49.	Deutsche Telekom (UK) Limited, Herts			100.00	30,100,000	GBP	26,050	(11,709)	GBP	e)

No.	Name and registered office	Via	Indirectly		Total nominal value	Currency	Shareholders' equity		Net income/net loss	Reporting currency	Note
			%	Directly %			thousands of reporting currency	thousands of €			
50.	Deutsche Telekom BK-Holding GmbH, Bonn			100.00	25,000	EUR	275	0	EUR	e)	
51.	Deutsche Telekom Business Development & Venturing Ltd., Herzliya			100.00	10	NIS	0	558	NIS	e)	
52.	Deutsche Telekom Business Services S.R.L., Bucharest			100.00	13,198,200	RON	13,198	(103)	RON	e)	
53.	Deutsche Telekom Capital Partners Expert/Advisor Co-Invest GmbH & Co. KG, Hamburg			25.00	400	EUR	52	(8)	EUR	e)	
53.	Deutsche Telekom Capital Partners Expert/Advisor Co-Invest GmbH & Co. KG, Hamburg	1.55.	25.00		400	EUR	52	(8)	EUR	e)	
54.	Deutsche Telekom Capital Partners Fund GmbH, Hamburg	1.55.	100.00		25,000	EUR	27	3	EUR	e)	
55.	Deutsche Telekom Capital Partners Management GmbH, Hamburg			49.00	25,000	EUR	51	0	EUR	e)	
56.	Deutsche Telekom Capital Partners Portfolio Fund Carry GmbH & Co. KG, Hamburg			11.11	900	EUR	33	(8)	EUR	e)	
56.	Deutsche Telekom Capital Partners Portfolio Fund Carry GmbH & Co. KG, Hamburg	1.55.	11.11		900	EUR	33	(8)	EUR	e)	
57.	Deutsche Telekom Capital Partners Portfolio Fund Co-Invest I GmbH & Co. KG, Hamburg	1.58.	33.33		300	EUR	0	0	EUR	e)	
57.	Deutsche Telekom Capital Partners Portfolio Fund Co-Invest I GmbH & Co. KG, Hamburg	1.56.	33.33		300	EUR	0	0	EUR	e)	
57.	Deutsche Telekom Capital Partners Portfolio Fund Co-Invest I GmbH & Co. KG, Hamburg	1.53.	33.33		300	EUR	0	0	EUR	e)	
58.	Deutsche Telekom Capital Partners Portfolio Fund GmbH & Co. KG, Hamburg			33.33	300	EUR	531	0	EUR	e)	
58.	Deutsche Telekom Capital Partners Portfolio Fund GmbH & Co. KG, Hamburg	1.55.	33.33		300	EUR	531	0	EUR	e)	
58.	Deutsche Telekom Capital Partners Portfolio Fund GmbH & Co. KG, Hamburg	1.56.	33.33		300	EUR	531	0	EUR	e)	
59.	Deutsche Telekom Capital Partners USA, LLC, San Francisco, CA	1.55.	100.00		1	USD	-	-	USD		
60.	Deutsche Telekom Capital Partners Venture Fund Carry GmbH & Co. KG, Hamburg			8.33	1,200	EUR	176	(8)	EUR	e)	
60.	Deutsche Telekom Capital Partners Venture Fund Carry GmbH & Co. KG, Hamburg	1.55.	8.33		1,200	EUR	176	(8)	EUR	e)	
61.	Deutsche Telekom Capital Partners Venture Fund GmbH & Co. KG, Hamburg			25.00	400	EUR	19,095	0	EUR	e)	
61.	Deutsche Telekom Capital Partners Venture Fund GmbH & Co. KG, Hamburg	1.55.	25.00		400	EUR	19,095	0	EUR	e)	
61.	Deutsche Telekom Capital Partners Venture Fund GmbH & Co. KG, Hamburg	1.60.	25.00		400	EUR	19,095	0	EUR	e)	
61.	Deutsche Telekom Capital Partners Venture Fund GmbH & Co. KG, Hamburg	1.53.	25.00		400	EUR	19,095	0	EUR	e)	
62.	Deutsche Telekom Clinical Solutions GmbH, Bonn	1.70.	100.00		25,000	EUR	2,029	0	EUR	a) e)	
63.	Deutsche Telekom Clinical Solutions India Private Limited, Pune	1.271.	0.00		2,146,070	INR	46,056	20,709	INR	g)	
63.	Deutsche Telekom Clinical Solutions India Private Limited, Pune	1.288.	100.00		2,146,070	INR	46,056	20,709	INR	g)	
64.	Deutsche Telekom Europe B.V., Maastricht	1.66.	100.00		67,006	EUR	10,900,597	(443,980)	EUR	e)	
65.	Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft mbH, Bonn			100.00	25,000	EUR	13	0	EUR	e)	
66.	Deutsche Telekom Europe Holding B.V., Maastricht	1.67.	100.00		25,002	EUR	12,077,546	(37)	EUR	e)	
67.	Deutsche Telekom Europe Holding GmbH, Bonn			100.00	30,000	EUR	12,673,083	0	EUR	a) e)	
68.	Deutsche Telekom Glasfaser Service GmbH, Bonn	1.325.	100.00		26,000	EUR	2,032	0	EUR	a) e)	
69.	Deutsche Telekom Healthcare Solutions Netherlands B.V., Bunnik (Utrecht)	1.288.	100.00		18,000	EUR	2,110	461	EUR	e)	
70.	Deutsche Telekom Healthcare and Security Solutions GmbH, Bonn	1.288.	100.00		511,300	EUR	2,161	0	EUR	a) e)	
71.	Deutsche Telekom Holding B.V., Maastricht	1.234.	100.00		20,500	EUR	8,830,199	(43)	EUR	e)	
72.	Deutsche Telekom Hosted Business Services, Inc., Wilmington, DE	1.136.	100.00		5,306	USD	4,315	(19,408)	USD	i)	
73.	Deutsche Telekom IT GmbH, Bonn			100.00	25,000	EUR	1,977,990	0	EUR	a) e)	
74.	Deutsche Telekom International Finance B.V., Maastricht			100.00	500,000	EUR	313,458	10,746	EUR	e)	
75.	Deutsche Telekom Kundenservice GmbH, Bonn	1.325.	100.00		25,000	EUR	19,110	0	EUR	a) e)	
76.	Deutsche Telekom North America Inc., Wilmington, DE	1.299.	100.00		30	USD	8,639	1,151	USD	b)	
77.	Deutsche Telekom Pan-Net Croatia d.o.o., Zagreb	1.67.	100.00		180,000	HRK	15,453	6	HRK	f)	
78.	Deutsche Telekom Pan-Net Czech Republic s.r.o., Prague	1.67.	100.00		13,600,000	CZK	-	-	CZK		

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
79.	Deutsche Telekom Pan-Net Greece EPE, Athens	1.67.	99.88		650,040	EUR	28	3	EUR	f)
79.	Deutsche Telekom Pan-Net Greece EPE, Athens	1.65.	0.12		650,040	EUR	28	3	EUR	f)
80.	Deutsche Telekom Pan-Net Hungary Kft., Budapest	1.67.	100.00		7,501,000	HUF	3,697	(3,803)	HUF	c)
81.	Deutsche Telekom Pan-Net Poland Spolka z ograniczona odpowiedzialnoscia, Warsaw	1.67.	100.00		100,000	PLN	8,300	(201)	PLN	c)
82.	Deutsche Telekom Pan-Net Romania S.R.L., Bucharest	1.67.	100.00		3,000,000	EUR	-	-	EUR	
83.	Deutsche Telekom Pan-Net s.r.o., Bratislava	1.67.	97.00		25,000	EUR	83	58	EUR	c)
83.	Deutsche Telekom Pan-Net s.r.o., Bratislava	1.65.	3.00		25,000	EUR	83	58	EUR	c)
84.	Deutsche Telekom Regional Services and Solutions GmbH, Bonn	1.325.	100.00		25,000	EUR	578	0	EUR	a) e)
85.	Deutsche Telekom Services Europe Czech Republic s.r.o., Brno	1.86.	100.00		13,500,000	CZK	-	-	CZK	
86.	Deutsche Telekom Services Europe GmbH, Bonn			100.00	100,000	EUR	100	0	EUR	a) e)
87.	Deutsche Telekom Shared Services s.r.o., Bratislava	1.271.	0.01		6,520,000	EUR	1,281	353	EUR	e)
87.	Deutsche Telekom Shared Services s.r.o., Bratislava	1.86.	99.99		6,520,000	EUR	1,281	353	EUR	e)
88.	Deutsche Telekom Strategic Investments GmbH, Bonn			100.00	10,225,900	EUR	25,101	3,447	EUR	e)
89.	Deutsche Telekom Strategic Investments, Inc., San Francisco, CA	1.88.	100.00		100	USD	730	61	USD	e)
90.	Deutsche Telekom Technik GmbH, Bonn	1.325.	100.00		27,000	EUR	29,652	0	EUR	a) e)
91.	Deutsche Telekom Technischer Service GmbH, Bonn	1.325.	100.00		27,000	EUR	56,965	0	EUR	a) e)
92.	Deutsche Telekom Training GmbH, Bonn			100.00	102,300	EUR	125	0	EUR	a) e)
93.	Deutsche Telekom Venture Funds GmbH, Bonn			100.00	25,000	EUR	329,185	0	EUR	a) e)
94.	Deutsche Telekom hub:raum Fund GmbH, Bonn			100.00	25,000	EUR	27	0	EUR	a) e)
95.	Deutsche Telekom, Inc., New York, NY			100.00	100	USD	6,414	361	USD	b)
96.	Digital Media Audience Products GmbH, Bonn	1.327.	100.00		25,000	EUR	25	0	EUR	e)
97.	E-Tours d.o.o., Zagreb	1.116.	100.00		20,000	HRK	5,904	1,939	HRK	e)
98.	E-Value Collection Ltd., Agios Stefanos	1.27.	100.00		350,010	EUR	2,522	388	EUR	b)
99.	E-Value International S.A., Bucharest	1.27.	0.01		6,700,000	RON	(595)	(6,744)	RON	e)
99.	E-Value International S.A., Bucharest	1.25.	99.99		6,700,000	RON	(595)	(6,744)	RON	e)
100.	Erste DFMG Deutsche Funkturm Vermögens-GmbH, Bonn			100.00	100,000	EUR	170,273	0	EUR	a) e)
101.	Eutelis Consult GmbH i. L., Ratingen	1.43.	60.00		1,360,000	DEM	-	-	EUR	j)
102.	Firstgate Holding AG, Oberägeri	1.19.	100.00		100,000	CHF	1,059	(504)	CHF	e)
103.	GEMAPPS Gesellschaft für mobile Lösungen mbH, Hamburg	1.288.	100.00		25,000	EUR	207	0	EUR	e)
104.	GMG Generalmietgesellschaft mbH, Cologne			100.00	51,130,000	EUR	51,423	0	EUR	a) e)
105.	GTS Central European Holding B.V. (Netherlands), Amsterdam	1.106.	99.46		18,500	EUR	4,312,123	397,654	EUR	e)
105.	GTS Central European Holding B.V. (Netherlands), Amsterdam	1.17.	0.54		18,500	EUR	4,312,123	397,654	EUR	e)
106.	GTS Central European Holdings Limited (Cyprus), Luxembourg	1.24.	100.00		171,000	EUR	37,560	45	EUR	e)
107.	GTS Hungary Távközlési Kft., Budaörs	1.139.	100.00		2,043,270,000	HUF	4,433,570	0	HUF	e)
108.	GTS Poland sp.z o.o. (Poland), Warsaw	1.64.	100.00		199,870	PLN	(54,322)	35,268	PLN	e)
109.	GTS Telecom S.R.L., Bucharest	1.106.	52.56		7,368,415	RON	22,993	(1,566)	RON	e)
109.	GTS Telecom S.R.L., Bucharest	1.105.	47.44		7,368,415	RON	22,993	(1,566)	RON	e)
110.	GTS Ukraine L.L.C., Kiev	1.105.	100.00		1,150,000	UAH	(47,308)	(14)	UAH	e)
111.	Germanos Industrial and Commercial Company of Electronic Telecommunication materials and supply of Services Societe Anonyme, Agios Stefanos	1.16.	100.00		29,600,892	EUR	205,728	(2,060)	EUR	b)
112.	Germanos Telecom Romania S.A., Bucharest	1.111.	100.00		77,100,310	RON	(206,205)	(39,779)	RON	e)
113.	HATWAVE Hellenic-American Telecommunications Wave Ltd., Donetsk	1.114.	52.67		100	CYP	-	-	CYP	
114.	Hellenic Telecommunications Organization S.A. (OTE), Athens			40.00	1,171,459,430	EUR	2,754,500	92,600	EUR	e)
115.	HfTL Trägergesellschaft mbH, Bonn			100.00	25,000	EUR	866	(913)	EUR	e)
116.	Hrvatski Telekom d.d., Zagreb	1.64.	51.00		8,882,853,500	HRK	11,541,000	894,000	HRK	e)
117.	HÄVG Rechenzentrum GmbH, Cologne	1.70.	50.00		100,000	EUR	662	(1,247)	EUR	e)
118.	I.T.E.N.O.S. International Telecom Network Operation Services GmbH, Bonn	1.288.	100.00		3,000,000	EUR	6,410	0	EUR	a) e)
119.	IBSV LLC, Wilmington, DE	1.266.	100.00		0	USD	-	-	USD	
120.	IT Services Hungary Szolgáltató Kft., Budapest	1.288.	100.00		150,100,000	HUF	9,684,469	2,266,211	HUF	e)
121.	Immmr GmbH, Bonn	1.327.	100.00		25,000	EUR	2,662	(400)	EUR	e)
122.	ImmoCom Verwaltungs GmbH, Heusenstamm	1.104.	100.00		50,000	DEM	(4,783)	213	EUR	e)
123.	Infovan (Proprietary) Limited, Midrand	1.308.	100.00		2,000	ZAR	111,890	1,339	ZAR	e)

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
124.	International System House Kereskedelmi és Szoftverfejlesztő Kft. i. L., Budapest	1.139.	100.00		3,000,000	HUF	14,553	(6,837)	HUF	e)
125.	Intervate Holdings (Proprietary) Limited, Johannesburg	1.308.	100.00		2,090	ZAR	14,752	(19)	ZAR	e)
126.	Intervate Project Services (Proprietary) Limited, Johannesburg	1.127.	100.00		300	ZAR	2,020	(1,043)	ZAR	e)
127.	Intervate Solutions (Proprietary) Limited, Johannesburg	1.125.	100.00		1,070	ZAR	(3,263)	28	ZAR	e)
128.	Investel Magyar Távközlési Befektetési ZRt., Budapest	1.139.	100.00		1,113,000,000	HUF	1,319,576	814	HUF	e)
129.	Iskon Internet d.d., Zagreb	1.116.	100.00		420,269,100	HRK	197,400	8,777	HRK	b)
130.	KIBU Innováció Nonprofit Kft., Budapest	1.139.	96.67		3,000,000	HUF	10,500	(33)	HUF	e)
130.	KIBU Innováció Nonprofit Kft., Budapest	1.128.	3.33		3,000,000	HUF	10,500	(33)	HUF	e)
131.	Kabelsko distributivni sustav d.o.o., Cakovec	1.116.	100.00		1,229,600	HRK	2,864	10	HRK	e)
132.	KalászNet Kft., Budapest	1.139.	100.00		225,000,000	HUF	820,315	(128,767)	HUF	e)
133.	Kolga Telekomunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	27	0	EUR	a) e)
134.	Kristall Telekomunikationsdienste GmbH, Bonn			100.00	25,000	EUR	26	0	EUR	e)
135.	Kumukan GmbH, Bonn	1.327.	100.00		25,000	EUR	244	(938)	EUR	e)
136.	Lambda Telekomunikationsdienste GmbH, Bonn			100.00	25,000	EUR	62,337	0	EUR	a) e)
137.	Loki Telekomunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	27	0	EUR	a) e)
138.	MAGYARCOM SZOLGÁLTATÓ KOMMUNIKÁCIÓS Kft., Budapest			100.00	50,000,000	HUF	1,032,387	109,054	HUF	e)
139.	Magyar Telekom Telecommunications Public Limited Company, Budapest	1.64.	59.30		104,274,254,300	HUF	397,022,000	4,758,000	HUF	e)
140.	Makedonski Telekom AD Skopje, Skopje	1.212.	56.67		9,583,887,760	MKD	15,633,252	1,242,715	MKD	b)
141.	MetroPCS California, LLC, Bellevue, WA	1.266.	100.00		1	USD	1,341,137	741,326	USD	e)
142.	MetroPCS Florida, LLC, Bellevue, WA	1.262.	100.00		1	USD	1,503,355	592,103	USD	e)
143.	MetroPCS Georgia, LLC, Bellevue, WA	1.262.	100.00		1	USD	186,079	72,116	USD	e)
144.	MetroPCS Massachusetts, LLC, Bellevue, WA	1.256.	100.00		1	USD	(86,624)	87,524	USD	e)
145.	MetroPCS Michigan, LLC, Bellevue, WA	1.231.	100.00		0	USD	152,492	102,997	USD	e)
146.	MetroPCS Networks California, LLC, Bellevue, WA	1.266.	100.00		1	USD	(231,637)	(45,275)	USD	e)
147.	MetroPCS Networks Florida, LLC, Bellevue, WA	1.262.	100.00		1	USD	(59,973)	(36,773)	USD	e)
148.	MetroPCS Nevada, LLC, Bellevue, WA	1.267.	100.00		1	USD	(1,402)	24,356	USD	e)
149.	MetroPCS New York, LLC, Bellevue, WA	1.256.	100.00		1	USD	192,982	135,912	USD	e)
150.	MetroPCS Pennsylvania, LLC, Bellevue, WA	1.256.	100.00		1	USD	(11,722)	100,132	USD	e)
151.	MetroPCS Texas, LLC, Bellevue, WA	1.266.	100.00		1	USD	181,172	(47,686)	USD	e)
152.	Mobilbeep Telecommunications One Person Limited Liability, Maroussi, Athens	1.16.	100.00		620,100	EUR	16	(8)	EUR	b)
153.	Motionlogic GmbH, Berlin	1.327.	100.00		25,000	EUR	610	(3,018)	EUR	e)
154.	NGENA GmbH, Bonn	1.327.	77.61		98,530	EUR	26	0	EUR	e)
155.	NextGen Communications S.R.L., Bucharest	1.316.	100.00		227,824,020	RON	78,525	(4,637)	RON	e)
156.	Novatel EOOD, Sofia	1.139.	100.00		11,056,430	BGN	10,665	18	BGN	b)
157.	ORBIT Gesellschaft für Applikations- und Informationssysteme mbH, Bonn	1.43.	100.00		128,000	EUR	2,786	1,048	EUR	e)
158.	OT-Optima Telekom d.d., Zagreb	1.116.	19.02		635,568,080	HRK	40,237	12,223	HRK	b)
159.	OT-Optima Telekom d.o.o., Koper	1.158.	100.00		8,763	EUR	374	53	EUR	e)
160.	OTE Academy S.A., Maroussi, Athens	1.114.	100.00		1,761,030	EUR	(400)	177	EUR	b)
160.	OTE Academy S.A., Maroussi, Athens	1.204.	0.00		1,761,030	EUR	(400)	177	EUR	b)
161.	OTE Estate S.A., Athens	1.114.	100.00		455,987,091	EUR	943,577	(8,331)	EUR	b)
161.	OTE Estate S.A., Athens	1.169.	0.00		455,987,091	EUR	943,577	(8,331)	EUR	b)
162.	OTE Insurance Agency S.A., Athens	1.114.	99.90		86,000	EUR	545	105	EUR	b)
162.	OTE Insurance Agency S.A., Athens	1.169.	0.10		86,000	EUR	545	105	EUR	b)
163.	OTE International Investments Limited, Limassol	1.114.	100.00		477,366,811	EUR	493,253	64	EUR	b)
164.	OTE International Solutions S.A., Maroussi, Athens	1.114.	100.00		163,879,541	EUR	200,687	5,937	EUR	b)
164.	OTE International Solutions S.A., Maroussi, Athens	1.204.	0.00		163,879,541	EUR	200,687	5,937	EUR	b)
165.	OTE Investment Services S.A., Maroussi, Athens	1.163.	100.00		3,400,000	EUR	3,164	(56)	EUR	b)
166.	OTE Plc., London	1.114.	100.00		50,000	GBP	32,406	711	EUR	b)
167.	OTE Rural North SPV, Maroussi, Athens	1.114.	100.00		1,775,112	EUR	1,498	(731)	EUR	b)
168.	OTE Rural South SPV, Maroussi, Athens	1.114.	100.00		2,255,520	EUR	1,498	(731)	EUR	b)
169.	OTEplus Technical & Business Solutions S.A., Athens	1.114.	100.00		4,714,408	EUR	12,234	2,408	EUR	b)
170.	OmegaTowers 1 Funkdienste GmbH & Co. KG, Munich	1.31.	100.00		100	EUR	2,102	(1,767)	EUR	e)
171.	OmegaTowers 1 Funkdienste Komplementär GmbH, Munich	1.31.	100.00		25,000	EUR	24	(1)	EUR	e)
172.	OmegaTowers 2 Funkdienste GmbH & Co. KG, Munich	1.31.	100.00		100	EUR	(2,797)	(8,931)	EUR	e)
173.	OmegaTowers 2 Funkdienste Komplementär GmbH, Munich	1.31.	100.00		25,000	EUR	24	1	EUR	e)
174.	OmegaTowers 3 Funkdienste GmbH, Munich	1.31.	100.00		25,000	EUR	(4,111)	(4,135)	EUR	e)

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
175.	One 2 One Limited, Milton Keynes	1.239.	100.00		2	GBP	0	0	GBP	e)
176.	One 2 One Personal Communications Ltd., Milton Keynes	1.239.	100.00		1	GBP	0	0	GBP	e)
177.	Optima Telekom za upravljanje nekretninama i savjetovanje d.o.o., Zagreb	1.158.	100.00		20,000	HRK	20	0	HRK	e)
178.	Optima direct d.o.o., Buje	1.158.	100.00		19,216,000	HRK	(2,515)	(268)	HRK	b)
179.	P & I Holding GmbH, Darmstadt			100.00	30,000	EUR	85	0	EUR	a) e)
180.	P & I Travel GmbH, Darmstadt			100.00	4,000,000	EUR	(3,962)	(24)	EUR	e)
181.	P & I Verwaltungs GmbH, Darmstadt			100.00	25,000	EUR	25	(2)	EUR	e)
182.	PASM Power and Air Condition Solution Management Beteiligungs GmbH, Bonn			100.00	25,000	EUR	37	(1)	EUR	e)
183.	PASM Power and Air Condition Solution Management GmbH, Munich			100.00	10,025,000	EUR	137,787	0	EUR	a) e)
184.	PTI PR TOWERS I, LLC, Bellevue, WA	1.260.	100.00		1	USD	(1,162)	(1,162)	USD	e)
185.	PTI US TOWERS II, LLC, Bellevue, WA	1.267.	100.00		1	USD	(21,680)	(21,680)	USD	e)
186.	PTI US Towers I, LLC, Bellevue, WA	1.266.	100.00		1	USD	(10,206)	(10,206)	USD	e)
187.	Pamona Telekommunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	26	0	EUR	e)
188.	Pan-Inform Kutatás-Fejlesztési és Innovációs Kft., Balatonfüred	1.292.	20.00		500,000	HUF	(77,275)	28,988	HUF	e)
189.	Pelsoft Informatika Kft., Balatonfüred	1.292.	16.67		600,000	HUF	(193,509)	(91,745)	HUF	e)
190.	PosAm spol. s.r.o., Bratislava	1.208.	51.00		170,000	EUR	11,829	2,558	EUR	e)
191.	Powertel Memphis Licenses, Inc., Bellevue, WA	1.192.	100.00		1	USD	178,573	0	USD	e)
192.	Powertel/Memphis, Inc., Bellevue, WA	1.266.	100.00		32,262	USD	(364,635)	(205,359)	USD	e)
193.	PreHCM Services GmbH, Miltenberg	1.288.	100.00		25,000	EUR	1,098	302	EUR	e)
194.	Qingdao DETECON Consulting Co., Ltd., Qingdao	1.43.	100.00		2,000,000	USD	12,536	533	USD	e)
195.	REGICA.NET d.o.o., Zagreb	1.129.	100.00		28,000	HRK	755	148	HRK	e)
196.	Residenzpost GmbH & Co. Liegenschafts KG, Heusenstamm			100.00	1	EUR	(1)	143	EUR	e)
197.	Rho Telekommunikationsdienste GmbH, Bonn	1.325.	100.00		25,000	EUR	26	0	EUR	e)
198.	SCS Personalberatung GmbH, Frankfurt/Main			100.00	100,000	DEM	51	0	EUR	a) e)
199.	SPV HOLDINGS Sp. z o.o., Warsaw	1.64.	100.00		5,000	PLN	-	-	PLN	
200.	STRATO AG, Berlin	1.253.	100.00		6,033,345	EUR	9,716	0	EUR	a) e)
201.	Sallust Telekommunikationsdienste GmbH, Bonn	1.235.	100.00		25,000	EUR	27	0	EUR	a) e)
202.	Saphir Telekommunikationsdienste GmbH, Bonn			100.00	25,000	EUR	26	0	EUR	e)
203.	Satellic NV, Machelen	1.288.	76.00		10,000,000	EUR	5,683	(3,940)	EUR	e)
204.	Satellite and Maritime Telecommunications S.A., Athens	1.114.	94.08		5,463,750	EUR	8,916	970	EUR	b)
204.	Satellite and Maritime Telecommunications S.A., Athens	1.169.	0.01		5,463,750	EUR	8,916	970	EUR	b)
205.	Sigma Telekommunikationsdienste GmbH, Bonn	1.235.	100.00		25,000	EUR	27	0	EUR	a) e)
206.	Sireo Immobilienfonds No. 1 Verwaltungsgesellschaft mbH, Bonn	1.207.	100.00		25,000	EUR	50	3	EUR	e)
207.	Sireo Immobilienfonds No. 1 GmbH & Co. KG, Heusenstamm			94.90	6,858,242	EUR	137,177	4,824	EUR	e)
208.	Slovak Telekom, a.s., Bratislava	1.64.	100.00		864,113,000	EUR	1,105,279	69,744	EUR	e)
209.	Software Daten Service Gesellschaft m.b.H., Vienna	1.288.	100.00		290,691	EUR	24,748	5,591	EUR	e)
210.	Soluciones y Proyectos Consulting, S.L., Barcelona	1.285.	100.00		3,006	EUR	158	(1)	EUR	e)
211.	Sophia Invest GmbH, Bonn	1.327.	100.00		25,000	EUR	26	0	EUR	e)
212.	Stonebridge Communication AD, Skopje	1.139.	100.00		12,065,386,345	MKD	14,058,006	1,992,620	MKD	b)
213.	SunCom Wireless Holdings Inc., Bellevue, WA	1.266.	100.00		1	USD	(387,058)	18,661	USD	e)
214.	SunCom Wireless Investment Company LLC, Bellevue, WA	1.213.	100.00		1	USD	5,514	0	USD	e)
215.	SunCom Wireless License Company, LLC, Bellevue, WA	1.338.	100.00		1	USD	23,216	0	USD	e)
216.	SunCom Wireless Management Co, Inc., Bellevue, WA	1.219.	100.00		1	USD	(26,780)	0	USD	e)
217.	SunCom Wireless Operating Company, LLC, Bellevue, WA	1.338.	100.00		1	USD	-	-	USD	
218.	SunCom Wireless Property Company, LLC, Bellevue, WA	1.338.	100.00		1	USD	-	-	USD	
219.	SunCom Wireless, Inc., Bellevue, WA	1.214.	100.00		1	USD	419,687	0	USD	e)
220.	Sunlight Romania - Filiala Bucuresti S.R.L., Bucharest	1.112.	100.00		12,700,000	RON	(12,676)	3,345	RON	e)
221.	SureNow situationally intelligent solutions GmbH, Bonn	1.327.	100.00		25,000	EUR	8	(9)	EUR	j)
222.	T SYSTEMS TELEKOMÜNİKASYON LIMITED SIRKETI, Istanbul	1.288.	99.87		4,453,325	TRY	8,625	14	TRY	e)
222.	T SYSTEMS TELEKOMÜNİKASYON LIMITED SIRKETI, Istanbul	1.271.	0.13		4,453,325	TRY	8,625	14	TRY	e)
223.	T-Infrastruktur Holding GmbH, Vienna	1.229.	100.00		35,000	EUR	36	0	EUR	e)
224.	T-Infrastruktur Services GmbH, Vienna	1.223.	100.00		35,000	EUR	30	(1)	EUR	e)
225.	T-Mobile (UK Properties), Inc., Denver, CO	1.239.	100.00		1	USD	-	-	USD	
226.	T-Mobile (UK) Ltd., Milton Keynes	1.239.	100.00		1	GBP	0	0	GBP	d)
227.	T-Mobile (UK) Retail Limited, Milton Keynes	1.239.	100.00		105	GBP	0	0	GBP	e)

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
228.	T-Mobile Airtime Funding LLC, Bellevue, WA	1.257.	100.00		1	USD	133,475	64	USD	e)
229.	T-Mobile Austria GmbH, Vienna	1.230.	100.00		60,000,000	EUR	666,624	85,843	EUR	e)
230.	T-Mobile Austria Holding GmbH, Vienna	1.64.	100.00		15,000,000	EUR	1,540,065	341,475	EUR	e)
231.	T-Mobile Central LLC, Bellevue, WA	1.266.	100.00		1	USD	9,165,096	203,034	USD	e)
232.	T-Mobile Czech Republic a.s., Prague	1.64.	100.00		520,000,000	CZK	30,840,000	4,707,000	CZK	b)
233.	T-Mobile Financial LLC, Wilmington, DE	1.266.	100.00		100,000	USD	766,216	696,996	USD	e)
234.	T-Mobile Global Holding GmbH, Bonn	1.237.	100.00		50,000	EUR	15,897,725	0	EUR	a) e)
235.	T-Mobile Global Holding Nr. 4 GmbH, Bonn			100.00	25,000	EUR	14	0	EUR	e)
236.	T-Mobile Global Holding Nr. 5 GmbH, Bonn			100.00	25,000	EUR	14	0	EUR	e)
237.	T-Mobile Global Zwischenholding GmbH, Bonn			100.00	26,000	EUR	21,069,848	0	EUR	a) e)
238.	T-Mobile Handset Funding LLC, Bellevue, WA	1.233.	100.00		1	USD	203,959	(4,089)	USD	e)
239.	T-Mobile Holdings Limited, Milton Keynes	1.234.	100.00		706,540,268	GBP	5,787,690	1,012	GBP	e)
240.	T-Mobile HotSpot GmbH, Bonn			100.00	26,000	EUR	5,970	0	EUR	a) e)
241.	T-Mobile International Austria GmbH, Vienna	1.229.	100.00		37,000	EUR	1,457	278	EUR	e)
242.	T-Mobile International Limited, Milton Keynes	1.239.	100.00		1	GBP	0	0	GBP	d)
243.	T-Mobile International UK Pension Trustee Limited, Herts	1.49.	100.00		1	GBP	0	0	GBP	h)
244.	T-Mobile Leasing LLC, Bellevue, WA	1.266.	100.00		1	USD	(481,062)	(481,062)	USD	e)
245.	T-Mobile License LLC, Bellevue, WA	1.266.	100.00		1	USD	10,288,748	162,414	USD	e)
246.	T-Mobile Ltd., Milton Keynes	1.239.	100.00		1	GBP	0	0	GBP	d)
247.	T-Mobile Netherlands B.V., The Hague	1.249.	100.00		1,250,628	EUR	2,282,241	194,589	EUR	e)
248.	T-Mobile Netherlands Finance B.V., The Hague	1.249.	100.00		124,105	EUR	124	0	EUR	e)
249.	T-Mobile Netherlands Holding B.V., The Hague	1.64.	100.00		90,756,043	EUR	3,046,668	194,598	EUR	e)
250.	T-Mobile Netherlands Klantenservice B.V., The Hague	1.247.	100.00		1,116,950	EUR	(405,834)	(26,798)	EUR	e)
251.	T-Mobile Netherlands Retail B.V., The Hague	1.247.	100.00		18,000	EUR	(630,748)	(136,966)	EUR	e)
252.	T-Mobile Newco Nr. 3 GmbH, Bonn	1.235.	100.00		25,000	EUR	25	0	EUR	a) e)
253.	T-Mobile Newco Nr. 4 GmbH, Bonn			100.00	25,000	EUR	27	0	EUR	a) e)
254.	T-Mobile No. 1 Limited, Hatfield	1.239.	100.00		1	GBP	-	-	GBP	j)
255.	T-Mobile No. 5 Limited, Hatfield	1.239.	100.00		1	GBP	-	-	GBP	j)
256.	T-Mobile Northeast LLC, Bellevue, WA	1.266.	100.00		1	USD	7,708,135	132,744	USD	e)
257.	T-Mobile PCS Holdings LLC, Bellevue, WA	1.266.	100.00		1	USD	(11,344,981)	(761,662)	USD	e)
258.	T-Mobile Polska S.A., Warsaw	1.64.	100.00		471,000,000	PLN	5,268,620	1,202,514	PLN	e)
259.	T-Mobile Puerto Rico Holdings LLC, Bellevue, WA	1.338.	100.00		1	USD	-	-	USD	
260.	T-Mobile Puerto Rico LLC, Bellevue, WA	1.259.	100.00		1	USD	375,490	35,427	USD	e)
261.	T-Mobile Resources Corporation, Bellevue, WA	1.257.	100.00		1	USD	(16,144)	(7,522)	USD	e)
262.	T-Mobile South LLC, Bellevue, WA	1.266.	100.00		1	USD	3,453,018	(36,201)	USD	e)
263.	T-Mobile Subsidiary IV Corporation, Bellevue, WA	1.266.	100.00		1	USD	0	0	USD	e)
264.	T-Mobile Thuis B.V., The Hague	1.249.	100.00		1	EUR	-	-	EUR	
265.	T-Mobile US, Inc., Bellevue, WA	1.71.	64.78		8,264	USD	16,557,000	733,000	USD	e)
266.	T-Mobile USA, Inc., Bellevue, WA	1.265.	100.00		5,353	USD	(18,018,367)	(1,321,003)	USD	e)
267.	T-Mobile West LLC, Bellevue, WA	1.266.	100.00		1,000	USD	12,512,087	1,166,589	USD	e)
268.	T-Systems Argentina S.A., Buenos Aires	1.271.	2.00		2,425,251	ARS	(28,499)	(30,548)	ARS	e)
268.	T-Systems Argentina S.A., Buenos Aires	1.288.	98.00		2,425,251	ARS	(28,499)	(30,548)	ARS	e)
269.	T-Systems Austria GesmbH, Vienna	1.288.	100.00		185,000	EUR	43,583	3,219	EUR	e)
270.	T-Systems Belgium NV, Machelen	1.296.	0.65		172,125	EUR	2,275	(169)	EUR	e)
270.	T-Systems Belgium NV, Machelen	1.288.	99.35		172,125	EUR	2,275	(169)	EUR	e)
271.	T-Systems Beteiligungsverwaltungsgesellschaft mbH, Frankfurt/Main	1.288.	100.00		25,600	EUR	176	149	EUR	e)
272.	T-Systems CIS, Moscow	1.288.	100.00		4,630,728	RUB	351,696	32,295	RUB	e)
273.	T-Systems Canada, Inc., Saint John	1.299.	100.00		2,031,554	CAD	13,491	1,728	CAD	b)
274.	T-Systems China Limited, Hong Kong	1.288.	100.00		24,000,000	HKD	42,504	8,369	HKD	e)
275.	T-Systems Client Services GmbH, Bonn	1.288.	100.00		25,000	EUR	905	880	EUR	e)
276.	T-Systems Data Migration Consulting AG, Kreuzlingen	1.304.	100.00		100,000	CHF	3,139	826	CHF	e)
277.	T-Systems EETS GmbH, Berlin	1.288.	100.00		25,000	EUR	-	-	EUR	
278.	T-Systems France SAS, Saint Denis	1.288.	100.00		2,000,000	EUR	2,354	(31,914)	EUR	e)
279.	T-Systems GEI GmbH, Aachen	1.288.	100.00		11,301,600	EUR	14,606	0	EUR	a) e)
280.	T-Systems ICT Romania S.R.L., Bucharest	1.271.	5.00		200	RON	3,562	632	RON	e)
280.	T-Systems ICT Romania S.R.L., Bucharest	1.288.	95.00		200	RON	3,562	632	RON	e)
281.	T-Systems IT Epsilon GmbH, Bonn	1.288.	100.00		25,000	EUR	25	0	EUR	a) e)
282.	T-Systems IT Eta GmbH, Bonn	1.288.	100.00		25,000	EUR	25	0	EUR	a) e)
283.	T-Systems IT Gamma GmbH, Bonn	1.288.	100.00		25,000	EUR	25	0	EUR	a) e)
284.	T-Systems IT Zeta GmbH, Bonn	1.288.	100.00		25,000	EUR	25	0	EUR	a) e)
285.	T-Systems ITC Iberia, S.A., Barcelona	1.288.	100.00		1,245,100	EUR	16,455	1	EUR	e)

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
286.	T-Systems Information and Communication Technology E.P.E., Athens	1.271.	1.00		18,000	EUR	649	61	EUR	e)
286.	T-Systems Information and Communication Technology E.P.E., Athens	1.288.	99.00		18,000	EUR	649	61	EUR	e)
287.	T-Systems Information and Communication Technology India Private Limited, Pune	1.271.	0.00		64,500,000	INR	26,471	12,182	INR	g)
287.	T-Systems Information and Communication Technology India Private Limited, Pune	1.288.	100.00		64,500,000	INR	26,471	12,182	INR	g)
288.	T-Systems International GmbH, Frankfurt/Main			100.00	154,441,900	EUR	1,343,000	0	EUR	a) e)
289.	T-Systems Italia S.r.l., Rozzano	1.288.	100.00		594,000	EUR	3,699	1,327	EUR	e)
290.	T-Systems Limited, London	1.288.	100.00		550,001	GBP	9,435	(8,239)	GBP	e)
291.	T-Systems Luxembourg S.A., Münsbach	1.271.	0.02		1,500,000	EUR	6,432	534	EUR	e)
291.	T-Systems Luxembourg S.A., Münsbach	1.288.	99.98		1,500,000	EUR	6,432	534	EUR	e)
292.	T-Systems Magyarország ZRT., Budapest	1.139.	100.00		2,002,000,000	HUF	20,558,066	714,364	HUF	e)
293.	T-Systems Malaysia Sdn. Bhd., Kuala Lumpur	1.288.	100.00		4,000,000	MYR	51,266	8,845	MYR	e)
294.	T-Systems Mexico, S.A. de C.V., Puebla	1.288.	100.00		32,000,000	MXN	230,204	97,731	USD	e)
295.	T-Systems Multimedia Solutions GmbH, Dresden	1.288.	100.00		4,090,400	EUR	4,095	0	EUR	a) e)
296.	T-Systems Nederland B.V., Vianen (Utrecht)	1.288.	100.00		908,000	EUR	82,228	10,568	EUR	e)
297.	T-Systems Network Services Japan K.K., Tokyo	1.288.	100.00		10,035,000	JPY	309,528	(228,133)	JPY	e)
298.	T-Systems Nordic A/S, Ballerup	1.288.	100.00		5,500,000	DKK	8,790	(3,164)	DKK	e)
299.	T-Systems North America, Inc., Wilmington, DE	1.288.	100.00		34	USD	39,368	19,995	USD	b)
300.	T-Systems P.R. China Ltd., Beijing	1.288.	100.00		31,500,000	EUR	(523)	6,562	CNY	e)
301.	T-Systems Polska Sp. z o.o., Breslau	1.288.	100.00		8,327,000	PLN	36,772	3,244	PLN	e)
302.	T-Systems Public Network Services GmbH, Berlin	1.288.	100.00		25,000	EUR	26	0	EUR	e)
303.	T-Systems RUS OOO, St. Petersburg	1.272.	99.00		10,000	RUB	118,532	49,293	RUB	e)
303.	T-Systems RUS OOO, St. Petersburg	1.288.	1.00		10,000	RUB	118,532	49,293	RUB	e)
304.	T-Systems Schweiz AG, Münchenbuchsee	1.288.	100.00		13,000,000	CHF	36,982	3,258	CHF	e)
305.	T-Systems Singapore Pte. Ltd., Singapore	1.288.	100.00		38,905,000	SGD	24,978	9,626	SGD	e)
306.	T-Systems Slovakia s.r.o., Kosice	1.271.	2.50		258,581	EUR	33,995	7,238	EUR	e)
306.	T-Systems Slovakia s.r.o., Kosice	1.288.	97.50		258,581	EUR	33,995	7,238	EUR	e)
307.	T-Systems Solutions for Research GmbH, Weßling	1.288.	100.00		5,000,000	EUR	5,427	0	EUR	a) e)
308.	T-Systems South Africa (Proprietary) Limited, Midrand	1.309.	70.00		6,000	ZAR	545,405	155,004	ZAR	e)
309.	T-Systems South Africa Holdings (Proprietary) Limited, Midrand	1.288.	100.00		4,100,085	ZAR	790,126	18,195	ZAR	e)
310.	T-Systems TMT Limited, Milton Keynes	1.290.	100.00		500,000	GBP	500	0	GBP	e)
311.	T-Systems Telecomunicacoes e Servicos Ltda., Sao Paulo	1.312.	100.00		4,182,560	BRL	10,391	1,528	BRL	e)
311.	T-Systems Telecomunicacoes e Servicos Ltda., Sao Paulo	1.271.	0.00		4,182,560	BRL	10,391	1,528	BRL	e)
312.	T-Systems do Brasil Ltda., Sao Paulo	1.271.	0.01		15,000,000	BRL	156,583	19,943	BRL	e)
312.	T-Systems do Brasil Ltda., Sao Paulo	1.288.	99.99		15,000,000	BRL	156,583	19,943	BRL	e)
313.	T-Systems on site services GmbH, Berlin	1.288.	100.00		154,000	EUR	154	0	EUR	a) e)
314.	T-Systems, informacijski sistemi, d.o.o., Ljubljana	1.288.	100.00		8,763	EUR	475	13	EUR	e)
315.	TAMBURO Telekommunikationsdienste GmbH, Bonn			100.00	25,000	EUR	50	0	EUR	e)
316.	TELEKOM ROMANIA COMMUNICATIONS S.A., Bucharest	1.163.	54.01		5,975,037,351	RON	3,429,977	(233,326)	RON	b)
317.	TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A., Bucharest	1.16.	70.00		1,593,747,500	RON	800,405	237,494	RON	e)
317.	TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A., Bucharest	1.316.	30.00		1,593,747,500	RON	800,405	237,494	RON	e)
318.	TMUS Assurance Corporation, Honolulu, HI	1.266.	100.00		10	USD	79,386	161,858	USD	e)
319.	TOB T-Systems Ukraine i. L., Kiev	1.271.	0.10		35,000	UAH	2,794	813	UAH	e)
319.	TOB T-Systems Ukraine i. L., Kiev	1.288.	99.90		35,000	UAH	2,794	813	UAH	e)
320.	Tau Telekommunikationsdienste GmbH, Bonn	1.325.	100.00		25,000	EUR	26	0	EUR	e)
321.	Tel-Team Inwestycje sp. z o.o., Zielonka	1.258.	100.00		15,000,000	PLN	11,668	1,184	PLN	e)
322.	Tele Haus Polska sp. z o.o. (Poland), Tarnowo Podgórze	1.258.	100.00		5,167,550	PLN	4,585	1,334	PLN	e)
323.	Tele-Data Távközlési Adatfeldolgozó és Hirdetésszervező Kft., Budaörs	1.139.	50.99		510,000	HUF	2,598	2,732	HUF	i)
324.	Telekom Albania SH.A, Tirana	1.16.	99.76		813,822,000	ALL	74,121,403	540,975	ALL	b)
325.	Telekom Deutschland GmbH, Bonn			100.00	1,515,000,000	EUR	2,103,000	0	EUR	a) e)
326.	Telekom Deutschland Multibrand GmbH, Bonn	1.325.	100.00		25,000	EUR	27	0	EUR	a) e)
327.	Telekom Innovation Pool GmbH, Bonn			100.00	26,000	EUR	46,662	0	EUR	a) e)
328.	Telekom New Media Zrt., Budapest	1.139.	100.00		669,930,000	HUF	672,856	0	HUF	e)
329.	Telekom Sec, s.r.o., Bratislava	1.208.	100.00		11,639	EUR	2	2	EUR	e)
330.	Telekom Shop Vertriebsgesellschaft mbH, Bonn	1.325.	100.00		10,000,000	EUR	44,258	0	EUR	a) e)
331.	Telemobil S.A., Bucharest	1.26.	100.00		360,090,000	RON	(667,908)	(62,167)	RON	e)
332.	Tellus Telekommunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	26	0	EUR	e)

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
333.	The Digitale GmbH, Bonn	1.327.	100.00		25,000	EUR	696	(290)	EUR	e)
334.	Theta Telekommunikationsdienste GmbH, Bonn	1.235.	100.00		25,000	EUR	27	0	EUR	a) e)
335.	Thor Telekommunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	27	0	EUR	a) e)
336.	Tibull Telekommunikationsdienste GmbH, Bonn	1.235.	100.00		25,000	EUR	27	0	EUR	a) e)
337.	Triton PCS Finance Company, Inc., Bellevue, WA	1.219.	100.00		1	USD	1,613,306	44,273	USD	e)
338.	Triton PCS Holdings Company, LLC, Bellevue, WA	1.219.	100.00		1	USD	(930,743)	(87,957)	USD	e)
339.	Trust2Core GmbH, Berlin	1.327.	100.00		25,000	EUR	609	35	EUR	e)
340.	VIOLA Kabelgesellschaft (Deutschland) mbH, Bonn	1.32.	100.00		1,000,000	EUR	983	(1)	EUR	e)
341.	Vesta Telekommunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	26	0	EUR	e)
342.	Vidanet Zrt., Győr	1.128.	22.50		2,000,000,000	HUF	8,206,971	1,187,099	HUF	e)
342.	Vidanet Zrt., Győr	1.139.	67.50		2,000,000,000	HUF	8,206,971	1,187,099	HUF	e)
343.	Vivento Customer Services GmbH, Bonn			100.00	100,000	EUR	97,173	0	EUR	a) e)
344.	VoiceStream PCS I Iowa Corporation, Bellevue, WA	1.266.	100.00		1	USD	44,311	(4,391)	USD	e)
345.	VoiceStream Pittsburgh General Partner, Inc., Bellevue, WA	1.266.	100.00		100	USD	239,864	(1,878)	USD	e)
346.	VoiceStream Pittsburgh, L.P., Bellevue, WA	1.345.	54.00		1	USD	75,318	(2,487)	USD	e)
346.	VoiceStream Pittsburgh, L.P., Bellevue, WA	1.256.	46.00		1	USD	75,318	(2,487)	USD	e)
347.	Vulcanus Telekommunikationsdienste GmbH, Bonn	1.327.	100.00		25,000	EUR	26	0	EUR	e)
348.	ZODIAC Telekommunikationsdienste GmbH, Bonn			100.00	25,600	EUR	27	0	EUR	e)
349.	Zoznam Mobile, s.r.o., Bratislava	1.208.	100.00		6,639	EUR	491	4	EUR	e)
350.	Zoznam, s.r.o., Bratislava	1.208.	100.00		6,639	EUR	2,337	123	EUR	e)
351.	Zweite DFVG Deutsche Funkturm Vermögens-GmbH, Bonn	1.325.	100.00		100,000	EUR	37,125	0	EUR	a) e)
352.	bodyconcept GmbH, Bonn	1.327.	100.00		100,001	EUR	301	(1,185)	EUR	e)
353.	congstar GmbH, Cologne	1.325.	100.00		250,000	EUR	3,900	153	EUR	a) e)
354.	congstar Services GmbH, Cologne	1.353.	100.00		30,000	EUR	4,092	0	EUR	a) e)
355.	emetriq GmbH, Bonn	1.325.	100.00		100,000	EUR	(3,936)	(7,455)	EUR	e)
356.	operational services Beteiligungs-GmbH, Frankfurt/Main	1.357.	100.00		25,000	EUR	37	1	EUR	e)
357.	operational services GmbH & Co. KG, Frankfurt/Main	1.288.	50.00		250,000	EUR	26,594	9,108	EUR	e)
357.	operational services GmbH & Co. KG, Frankfurt/Main	1.356.	0.00		250,000	EUR	26,594	9,108	EUR	e)
358.	rola Security Solutions GmbH, Cologne	1.288.	100.00		800,000	EUR	18,747	7,448	EUR	e)

2. Associated and other related companies

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
1.	Abwicklungsgesellschaft MS AG, Pfaffenhofen-Hettenshausen	1.93.	49.75		541,924	EUR	-	-	EUR	
2.	BT Group plc, London	1.239.		12.00	498,406,384	GBP	10,380,000	(167,000)	GBP	d)
3.	BUYIN S.A., Brussels			50.00	123,000	EUR	135	2,753	EUR	b)
4.	CTDI GmbH, Malsch (Karlsruhe district)	1.325.	49.00		2,500,000	EUR	43,550	3,267	EUR	e)
5.	Callahan Nordrhein-Westfalen GmbH, Cologne	1.340.	45.00		2,595,000	EUR	-	-	EUR	
6.	Central Georgian Communications Co. Ltd., Roustavi	1.169.	25.00		280,000	GEL	-	-	GEL	
7.	Cittadino GmbH, Düsseldorf	1.93.	46.95		52,034	EUR	(1,557)	(1,294)	EUR	i)
8.	Clipkit GmbH, Berlin	1.93.	35.63		122,641	EUR	(1,421)	(2,364)	EUR	i)
9.	CoreMedia AG, Hamburg	1.93.	26.23		3,942,106	EUR	5,790	765	EUR	d)
10.	Cost Xpert AG, Gersthofen	1.93.	46.00		71,429	EUR	-	-	EUR	
11.	DETECON AL SAUDIA Co. Ltd., Riyadh	1.43.	46.50		4,000,000	SAR	183,389	61,024	SAR	e)
12.	Das Telefonbuch-Servicegesellschaft mbH, Frankfurt/Main	1.37.	25.10		500,000	EUR	573	55	EUR	e)
13.	Das Örtliche Service- und Marketing GmbH, Frankfurt/Main	1.37.	25.10		500,000	EUR	752	19	EUR	e)
14.	Devas Multimedia Private Limited, Bangalore	1.47.	20.73		177,313	INR	1,720,709	(467,999)	INR	d)
15.	Donbass Telecom Ltd., Donetsk	1.169.	49.00		342,700	UAH	-	-	UAH	
16.	E2 Hungary Energiakereskedelmi es Szolgaltato Zrt., Budapest	1.139.	50.00		200,000,000	HUF	1,955,853	(44,147)	HUF	e)
17.	Electrocyling Anlagen GmbH, Goslar	1.325.	25.00		9,000,000	DEM	7,695	548	EUR	e)
18.	Electrocyling GmbH, Goslar	1.325.	25.50		1,500,000	EUR	9,024	974	EUR	e)
19.	Gelbe Seiten Marketing Gesellschaft mbH, Frankfurt/Main	1.37.	25.10		500,000	EUR	503	1	EUR	e)
20.	Gini GmbH, Munich	1.93.	34.33		44,927	EUR	625	(997)	EUR	i)
21.	HMM Deutschland GmbH, Moers			38.46	197,758	EUR	198	(625)	EUR	e)
21.	HMM Deutschland GmbH, Moers	1.93.	10.97		197,758	EUR	198	(625)	EUR	e)
22.	HHW - Höchstleistungsrechner für Wissenschaft und Wirtschaft GmbH, Stuttgart	1.288.	20.00		50,000	EUR	959	65	EUR	e)
22.	HHW - Höchstleistungsrechner für Wissenschaft und Wirtschaft GmbH, Stuttgart	1.307.	20.00		50,000	EUR	959	65	EUR	e)
23.	Hrvatska posta d.o.o., Mostar	1.116.	30.29		26,335,069	BAM	21,221	(982)	BAM	b)
24.	Hrvatske telekomunikacije d.d. Mostar, Mostar	1.116.	39.10		315,863,250	BAM	337,829	1,411	BAM	b)
25.	Iowa Wireless Services LLC, Bellevue, WA	1.344.	44.68		64,751,961	USD	103,510	(7,269)	USD	e)
26.	Közbringa Kft., Budapest	1.292.	25.00		20,000,000	HUF	36,007	153,808	HUF	e)
27.	MGRID B.V., Amsterdam	1.93.	21.05		22,800	EUR	7	(110)	EUR	e)
28.	MNP Deutschland GbR, Düsseldorf	1.325.	25.00		0	EUR	136	27	EUR	e)
29.	Mobile Telephony Companies Association, Maroussi, Athens	1.16.	33.33		5,000,699	EUR	97	(813)	EUR	i)
30.	Moviepilot GmbH, Berlin	1.93.	23.48		142,857	EUR	-	-	EUR	
31.	NetWorkSI sp. z o.o., Warsaw	1.258.	50.00		30,000,000	PLN	47,011	4,034	PLN	e)
32.	Pie Digital, Inc., Newark, NJ	1.93.	49.99		57	USD	-	-	USD	
33.	Portavita B.V., Amsterdam	1.93.	21.05		22,800	EUR	1,743	61	EUR	e)
34.	SEARCHTEQ GmbH, Frankfurt/Main	1.37.	25.10		7,239,000	EUR	4,878	51	EUR	e)
35.	Scout Lux Management Equity Co S.à.r.l., Luxembourg			30.00	12,500	EUR	98,475	89,276	EUR	d)
36.	Scout24 AG, Munich			9.26	107,600,000	EUR	955,436	73,980	EUR	e)
37.	Smarkets Ltd., London	1.93.	24.47		13,318	GBP	5,861	5,273	GBP	e)
38.	Sones GmbH i. L., Leipzig	1.93.	23.14		48,640	EUR	-	-	EUR	
39.	Ströer SE & Co. KGaA, Cologne			11.60	55,282,499	EUR	55,282	47,140	EUR	e)
40.	T-Mobile USA Tower LLC, Wilmington, DE	1.266.	100.00		1	USD	(811,060)	(40,440)	USD	e)
41.	T-Mobile West Tower LLC, Wilmington, DE	1.267.	100.00		1	USD	(964,510)	(48,537)	USD	e)
42.	TELEGNOUS - Provider of solvency Assessment Information in the Telecommunications Sector - Private Company, Athens	1.16.	25.00		4,000	EUR	-	-	EUR	
43.	TVG Telefonbuch- und Verzeichnisverlag GmbH & Co. KG, Frankfurt/Main	1.37.	25.10		2,501,000	EUR	4,602	118	EUR	e)
44.	Tehnoski centar Split d.o.o., Split	1.116.	29.76		3,900,000	HRK	1,477	3	HRK	e)
45.	Tele-Auskunft Online GmbH, Frankfurt/Main	1.37.	25.32		250,000	EUR	3,458	326	EUR	e)
46.	TeleOp Gesellschaft mit beschränkter Haftung i. L., Oberpfaffenhofen	1.288.	32.40		25,000	EUR	174	(10)	EUR	e)
47.	Toll Collect GbR, Berlin			45.00	0	EUR	(127,559)	(14,500)	EUR	k) l)
48.	Toll Collect GmbH, Berlin			45.00	5,000,000	EUR	(127,559)	(14,500)	EUR	l)
49.	Trans Jordan For Communication Services Company Ltd., Amman	1.114.	40.00		3,500,000	JOD	-	-	JOD	
49.	Trans Jordan For Communication Services Company Ltd., Amman	1.169.	10.00		3,500,000	JOD	-	-	JOD	

No.	Name and registered office	Via	Indirectly %	Directly %	Total nominal value	Currency	Shareholders' equity thousands of reporting currency	Net income/net loss thousands of €	Reporting currency	Note
50.	VibeSec Ltd., Haifa	1.93.	27.04		5,535	ILS	-	-	ILS	
51.	Virtue Intelligent Network Co., Ltd., Shanghai	1.288.	50.00		180,000,000	CNY	22,784	(7,216)	CNY	e)
52.	Vivento Interim Services GmbH, Bonn			49.02	51,000	EUR	(1,351)	(1,246)	EUR	e)
53.	Yemen Public Payphone Company Ltd., Sana'a	1.114.	10.00		2,960,000	USD	-	-	USD	
53.	Yemen Public Payphone Company Ltd., Sana'a	1.169.	15.00		2,960,000	USD	-	-	USD	
54.	eValue 2nd Fund GmbH, Berlin	1.61.	33.33		25,000	EUR	-	-	EUR	
55.	iesy Holdings GmbH, Oberursel (Taunus)	1.340.	35.00		1,000,000	EUR	-	-	EUR	
56.	solute holding GmbH & Co. KG, Hanover	1.37.	25.10		1,000,000	EUR	13,000	260	EUR	e)

- a) Net income/loss taking into account profit and loss transfer agreements as of Dec. 31, 2015
 b) Shareholders' equity and net income/loss (IFRS) as of Dec. 31, 2015
 c) Shareholders' equity and net income/loss (IFRS) for shortened financial year 2015
 d) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards as of Dec. 31, 2016
 e) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards as of Dec. 31, 2015
 f) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards for shortened financial year 2015
 g) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards as of Mar. 31, 2015
 h) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards as of Feb. 28, 2015
 i) Shareholders' equity and net income/loss as per annual financial statements prepared in accordance with the respective national accounting standards as of Dec. 31, 2014
 j) In liquidation
 k) Deutsche Telekom AG is a shareholder with unlimited liability
 l) Shareholders' equity/net income/loss based on consolidated IFRS figures as of Dec. 31, 2015.

RESPONSIBILITY STATEMENT

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report of Deutsche Telekom AG, which is combined with

the Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Bonn, February 14, 2017

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Srini Gopalan

Dr. Christian P. Illek

Dr. Thomas Kremer

Claudia Nemat

INDEPENDENT AUDITOR'S REPORT

To Deutsche Telekom Aktiengesellschaft, Bonn

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit Opinion on the Annual Financial Statements

We have audited the annual financial statements of Deutsche Telekom Aktiengesellschaft, Bonn, which comprise the balance sheet as at December 31, 2016, and the income statement for the financial year from January 1, to December 31, 2016, and notes to the financial statements, including the accounting and measurement methods presented therein.

According to § (Article) 322 Abs. (paragraph) 3 Satz (sentence) 1 zweiter Halbsatz (second half sentence) HGB ("Handelsgesetzbuch": German Commercial Code), we state that, in our opinion, based on the findings of our audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting as at December 31, 2016, as well as the results of operations for the financial year from January 1, to December 31, 2016.

According to § 322 Abs. 3 Satz 1 erster Halbsatz HGB, we state that our audit has not led to any reservations with respect to the propriety of the annual financial statements.

Basis for Audit Opinion on the Annual Financial Statements

We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW), and additionally considered the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards, as well as supplementary standards, are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our report. We are independent of the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other German ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, to December 31, 2016. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate audit opinion on these matters.

In our view, the key audit matters were as follows:

- 1 | Recoverability of investments in affiliated companies
- 2 | Accounting treatment of the Toll Collect Legal Dispute

Our presentation of these key audit matters has been structured as follows:

- 1 | Matter and issue
- 2 | Audit approach and findings
- 3 | Reference to further information

1 | Recoverability of investments in affiliated companies

1 | Shares in affiliated companies amounting to EUR 72.5 billion (70% of total assets) are reported in the annual financial statements of Deutsche Telekom AG as of December 31, 2016. As of the balance sheet date, Deutsche Telekom AG tested its equity investments for impairment. Expert opinions from accounting firms were obtained for calculating the fair values of investments with carrying amounts of EUR 42.3 billion; Deutsche Telekom AG adopted the results of these opinions as its own. For all other material investments, Deutsche Telekom AG conducted its own business and equity valuations for the purpose of calculating the fair values. Based on the expert opinions obtained, the Company's valuations and other documentation, there was no need to recognize impairment losses in the 2016 financial year. The fair values of the investments in subsidiaries were in each case calculated as the present value of the expected future cash flows using discounted cash flow models on the basis of the budget projections prepared by management. The results of these measurements depend in particular on management's estimates of future cash inflows and the respective discount rates used. The measurements are therefore subject to uncertainties. Against this background and due to its significance for Deutsche Telekom AG's financial position and financial performance, this matter was of particular importance during our audit.

2 | We assessed the usability of the valuations conducted by the external experts as of December 31, 2016. We also gained an understanding of the raw data underlying the expert opinions, the assumptions made, the methods used and how consistent these were in comparison to prior periods. Our analysis did not lead to any restrictions with regard to the usability of the expert opinions obtained for the annual financial statements.

In terms of the valuations that Deutsche Telekom AG conducted itself, we assessed that the fair values had been properly calculated using DCF methods in accordance with the relevant measurement standards. We reviewed whether the underlying future cash inflows and the costs of capital used

form, as a whole, an appropriate basis. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as the management's detailed explanations regarding key planning value drivers. With the knowledge that even relatively small changes in the discount rate applied can in some cases have material effects on values, we also focused our testing on the parameters used to determine the discount rate applied, and evaluated the measurement model. In our view, the measurement inputs and assumptions used by management were properly derived for conducting impairment tests.

- 3 | The Company's disclosures pertaining to financial assets and their impairment are contained in the section entitled "Summary of accounting policies" and note 1 "Non-current assets" in the notes to the annual financial statements.

2 | Accounting treatment of the Toll Collect Legal Dispute

- 1 | Deutsche Telekom AG is a party in court and out-of-court proceedings with authorities, competitors and other parties. The determination of whether or not a provision should be recognized to cover the risks stemming from legal disputes, and if so, in what amount, is subject to a high degree of uncertainty. In our view, the following action brought by the Federal Republic of Germany against, among others, Deutsche Telekom AG is of particular importance due primarily to the high monetary value of the asserted claims.

The Federal Republic of Germany has initiated in the year 2004 an arbitration proceedings in connection with the establishment and operation of a toll system. This arbitration is, among others, against Deutsche Telekom AG and its investment Toll Collect GbR ("Toll Collect Legal Dispute"). Claims for damages are asserted for lost toll proceeds and contractual penalties due to breaches of contract. Deutsche Telekom AG recognized a provision for the risks stemming from the legal dispute under other provisions in its annual financial statements.

- 2 | As part of our audit, we assessed the process established by the Deutsche Telekom AG to ensure that a legal dispute is reported, its risks are assessed, and the dispute is accounted for. This assessment also included a substantive review of the material legal risks, including the Toll Collect Legal Dispute. Our assessment took into account the knowledge gained in the course of our regular meetings with Deutsche Telekom AG's legal department as well as from the assessments provided to us in writing on the outcomes of the respective proceedings. Furthermore, an external legal opinion on the Toll Collect Legal Dispute was obtained as of the balance sheet date that upholds Deutsche Telekom AG's risk assessment. We assessed and deem appropriate the presentation of the legal dispute and the associated risk provision in the annual financial statements.
- 3 | The aforementioned legal dispute is disclosed in the "Other disclosures" chapter under note 30 "Guarantees and Commitments" in the notes to the annual financial statements.

Other Information

Management is responsible for the other information. The other information comprises

- the Corporate Governance Report according to section 3.10 of the German Corporate Governance Code,
- the Corporate Governance Statement pursuant to § 289a HGB as well as
- other parts of the annual report of Deutsche Telekom Aktiengesellschaft, Bonn, for the financial year ended on December 31, 2016, which were not subject of our audit.

Our audit opinion on the annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation of the annual financial statements, which comply with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. Furthermore, management is responsible for such internal control as management determines in accordance with (German) principles of proper accounting is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless this conflicts with legal and actual circumstances.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the annual financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements

promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW), under additional consideration of the ISA, will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW), under additional consideration of the ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or the management report or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets and financial position as well as the results of operations of the Company in accordance with (German) principles of proper accounting.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit

matters. We describe these matters in our report on the audit of the annual financial statements unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Management Report

Audit Opinion on the Management Report

We have audited the management report of Deutsche Telekom Aktiengesellschaft, Bonn, which is combined with the Group's management report, for the financial year from January 1, to December 31, 2016.

In our opinion, based on the findings of our audit, the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, the management report is consistent with the annual financial statements, complies with legal requirements and suitably presents the opportunities and risks of future development.

Our audit has not led to any reservations with respect to the propriety of the management report.

Basis for Audit Opinion on the Management Report

We conducted our audit of the management report in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of management reports promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Management Report

Management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position, is consistent with the annual financial statements, complies with legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for such policies and procedures (systems) as management determines are necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient and appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the management report.

Auditor's Responsibilities for the Audit of the Management Report

Our objective is to obtain reasonable assurance about whether the management report as a whole provides a suitable view of the Company's position as well as, in all material respects, is consistent with the annual financial statements as well as the findings of our audit, complies with legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the management report.

As part of an audit, we examine the management report in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of management reports promulgated by the IDW. In this connection, we draw attention to the following:

- The audit of the management report is integrated into the audit of the annual financial statements.
- We obtain an understanding of the policies and procedures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these policies and procedures (systems).
- We perform audit procedures on the prospective information presented by management in the management report. Based on appropriate and sufficient audit evidence, we hereby, in particular, evaluate the material assumptions used by management as a basis for the prospective information and assess the reasonableness of these assumptions as well as the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information or the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.
- We are also not issuing a separate audit opinion on individual disclosures in the management report; our audit opinion covers the management report as a whole.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Thomas Tandetzki.

Frankfurt am Main, February 14, 2017

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Harald Kayser
Wirtschaftsprüfer
(German Public Auditor)

sgd. Thomas Tandetzki
Wirtschaftsprüfer
(German Public Auditor)

FURTHER INFORMATION

- 65 List of abbreviations
- 67 Contacts

LIST OF ABBREVIATIONS

AG	Aktiengesellschaft (stock corporation under German law)	IDW ERS HFA	Accounting standard (draft) prepared by the Expert Committee of the Institute of Public Auditors in Germany (IDW)
AktG	Aktiengesetz (German Stock Corporation Act)	IDW RS HFA	Accounting standard prepared by the Expert Committee of the Institute of Public Auditors in Germany (IDW)
Art.	Article	IFRS	International Financial Reporting Standard
BilMoG	Bilanzrechtsmodernisierungsgesetz (Accounting Directive Implementation Act)	Inc.	Incorporated
BilRUG	Bilanzrichtlinie-Umsetzungsgesetz (Accounting Directive Implementation Act)	IT	Information technology
CEO	Chief Executive Officer	KfW	KfW Bankengruppe, Frankfurt/Main
CTA	Contractual Trust Arrangement	KG	Kommanditgesellschaft (limited partnership under German law)
e.g.	for example	KGaA	Kommanditgesellschaft auf Aktien (limited partnership under German law)
e. V.	eingetragener Verein (registered association under German law)	KStG	Körperschaftsteuergesetz (German Corporate Income Tax Act)
eG	eingetragene Genossenschaft (registered cooperative under German law)	Ltd.	Limited
EGHGB	Einführungsgesetz zum Handelsgesetzbuch (Introductory Act of the German Commercial Code)	mbH	mit beschränkter Haftung (limited liability)
EUR	Euro	No.	Number
Federal Agency	Bundesanstalt für Post und Telekommunikation Deutsche Bundespost (Federal Posts and Telecommunications Agency)	PBeaKK	Postbeamtenkrankenkasse (Civil Service Health Insurance Fund)
GAAP	Generally accepted accounting principles	PostPersRG	Postpersonalrechtsgesetz (German Act on the Legal Provisions for the Former Deutsche Bundespost Staff)
GBP	Pound sterling	PTNeuOG	Postneuordnungsgesetz (German Posts and Telecommunications Reorganization Act)
GbR	Gesellschaft bürgerlichen Rechts (non-trading partnership under German law)	SE	Societas Europea
GG	Grundgesetz (German Basic Law)	T-Systems	T-Systems International GmbH, Frankfurt/Main
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company under German law)	Telekom Deutschland	Telekom Deutschland GmbH, Bonn
GmbH & Co. KG	Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (limited company under German law)	USD	U.S. dollar
HGB	Handelsgesetzbuch (German Commercial Code)	VAP	Versorgungsanstalt der Deutschen Bundespost (special pension fund of Deutsche Bundespost)
HR	Human Resources	ver.di	Vereinte Dienstleistungsgewerkschaft (service industry trade union)
HRB	Handelsregister, Abteilung B (Commercial register, section B)	VVaG	Versicherungsverein auf Gegenseitigkeit (mutual insurance association)
i. L.	in liquidation	WpHG	Wertpapierhandelsgesetz (German Securities Trading Act)

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is available at: www.telekom.com

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The German version of this report is legally binding.

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KNr. 642 100 019 A – English

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