JANUARY 1 TO SEPTEMBER 30, 2015

INTERIM GROUP REPORT

LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

		Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
REVENUE AND EARNINGS								
Net revenue		17,099	15,648	9.3 %	51,369	45,656	12.5 %	62,658
Of which: domestic	%	36.4	39.7		36.4	40.5		39.9
Of which: international	%	63.6	60.3		63.6	59.5		60.1
Profit from operations (EBIT)		1,785	1,358	31.4 %	5,057	6,276	(19.4) %	7,247
Net profit (loss)		809	506	59.9 %	2,308	3,034	(23.9) %	2,924
Net profit (loss) (adjusted for special factors)		1,040	800	30.0 %	3,154	2,023	55.9 %	2,422
EBITDA		4,581	4,007	14.3 %	13,275	14,062	(5.6) %	17,821
EBITDA (adjusted for special factors)		5,165	4,575	12.9 %	14,765	13,125	12.5 %	17,569
EBITDA margin (adjusted for special factors)	%	30.2	29.2		28.7	28.7		28.0
Earnings per share basic/diluted	€	0.18	0.11	63.6 %	0.51	0.68	(25.0) %	0.65
STATEMENT OF FINANCIAL POSITION								
Total assets					135,229	125,009	8.2 %	129,360
Shareholders' equity					36,508	33,977	7.4 %	34,066
Equity ratio	%				27.0	27.2		26.3
Net debt					47,868	41,809	14.5 %	42,500
CASH FLOWS								
Net cash from operating activities		3,946	3,570	10.5 %	11,125	9,719	14.5 %	13,393
Cash capex		(2,813)	(2,584)	(8.9) %	(11,572)	(8,727)	(32.6) %	(11,844)
Free cash flow (before dividend payments and spectrum investment)		1,308	1,125	16.3 %	3,548	3,157	12.4 %	4,140
Net cash used in investing activities		(2,714)	(2,188)	(24.0) %	(9,475)	(7,224)	(31.2) %	(10,761)
Net cash (used in) from financing activities		(1,417)	1,265	n. a.	(4,947)	(3,485)	(42.0) %	(3,434)

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS

millions

	Sept. 30, 2015	Dec. 31, 2014	Change Sept. 30, 2015/ Dec. 31, 2014 %	Sept. 30, 2014	Change Sept. 30, 2015/ Sept. 30, 2014 %
Mobile customers	157.4	150.5	4.6 %	149.1	5.6 %
Fixed-network lines	29.2	29.8	(2.0) %	30.0	(2.7) %
Broadband lines [a]	17.7	17.4	1.7 %	17.2	2.9 %

[a] Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the glossary of the 2014 Annual Report (page 277 et seq.).

CONTENTS

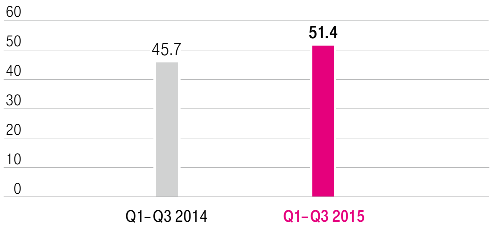
TO OUR SHAREHOLDERS

DEVELOPMENTS IN THE GROUP

NET REVENUE

- Net revenue increased substantially by 12.5 percent. Our United States operating segment in particular contributed to this growth, driven by exchange rate effects and continued strong customer additions.
- Thanks to the positive trend in mobile business in our home market in Germany, revenues in our Germany operating segment increased by 1.4 percent overall.
- In our Europe operating segment, revenue was slightly down by 1.7 percent against the prior-year level, primarily as a result of competition and regulation.
- On a like-for-like basis, i.e., excluding exchange rate effects and effects from changes in the composition of the Group, net revenue increased by EUR 2.1 billion or 4.2 percent.

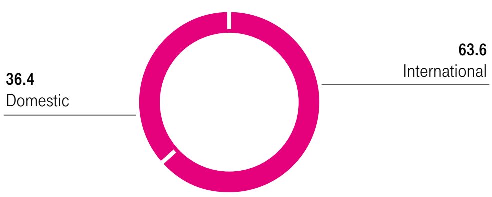
Net revenue
billions of €



PROPORTION OF NET REVENUE GENERATED INTERNATIONALLY

- The proportion of net revenue generated internationally increased to 63.6 percent, compared with 59.5 percent in the first three quarters of 2014.
- The proportion of net revenue generated by our United States operating segment increased substantially by 6.9 percentage points, such that it made the largest contribution to net revenue.
- By contrast, the proportions contributed by our Germany, Europe, and Systems Solutions operating segments as well as the Group Headquarters & Group Services segment shrank.

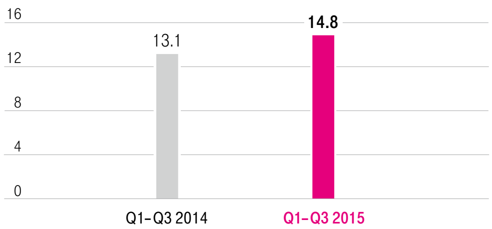
Proportion of net revenue generated internationally
%



ADJUSTED EBITDA

- Adjusted EBITDA also grew substantially by 12.5 percent.
- Our United States operating segment made the biggest contribution, increasing by around EUR 1.6 billion. The trend was accompanied by positive exchange rate effects totaling around EUR 0.7 billion.
- Increased employee-related expenses in connection with the network upgrade and build-out in Germany and due to the larger customer base in the United States, as well as operational EBITDA decreases in some European countries reduced adjusted EBITDA. The negative effects were partially offset by our comprehensive cost management.
- The adjusted EBITDA margin of 28.7 percent was at the prior-year level. The operating segments with the strongest margins are still Germany with 40.1 percent and Europe with 34.2 percent.

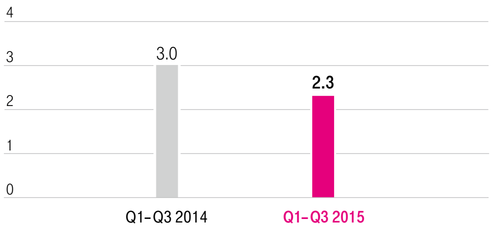
Adjusted EBITDA
billions of €



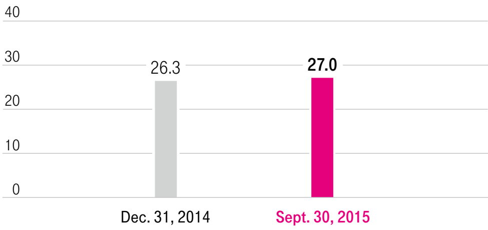
NET PROFIT

- Net profit decreased by EUR 0.7 billion to EUR 2.3 billion.
- This decline is primarily attributable to income of EUR 2.1 billion recorded in the prior year – EUR 1.7 billion resulting from divestitures in connection with the sale of the Scout24 group and EUR 0.4 billion from a spectrum transaction between T-Mobile US and Verizon Communications. It was also attributable to the increase of EUR 0.4 billion in depreciation and amortization compared with the prior-year period, primarily due to the roll-out of the LTE network as part of T-Mobile US' network modernization program.
- The decrease was partially offset by a EUR 0.1 billion lower tax expense and a EUR 0.2 billion lower loss from financial activities.

Net profit
billions of €



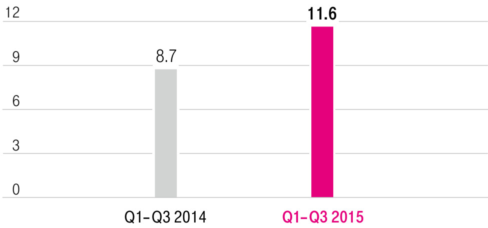
Equity ratio
%



EQUITY RATIO

- Total assets increased by EUR 5.9 billion compared with the end of 2014, mainly due to exchange rate effects.
- Shareholders' equity increased by EUR 2.4 billion compared with December 31, 2014 to EUR 36.5 billion.
- This increase was attributable in particular to a profit (EUR 2.4 billion) and to currency translation effects, which were recognized directly in equity (EUR 1.5 billion).
- Dividend payments to our shareholders for the 2014 financial year (EUR 2.3 billion) had a decreasing effect. The capital increase carried out to grant our shareholders the option of converting their dividend entitlements into shares, increased our equity by EUR 1.1 billion. The cash dividend paid out to our shareholders amounted to around EUR 1.2 billion.
- The acquisition of the remaining shares in Slovak Telekom for EUR 0.9 billion also had a decreasing effect.

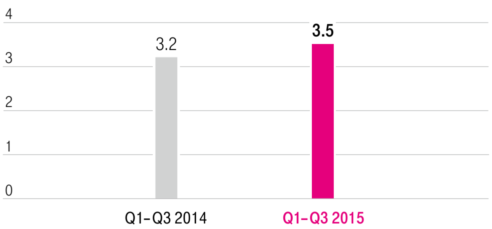
Cash capex
billions of €



CASH CAPEX

- Cash capex (including spectrum investment) increased to EUR 11.6 billion.
- This was mainly due to spectrum acquired for EUR 3.8 billion, primarily in the United States and in Germany. In the prior-year period, a total of EUR 2.0 billion had been invested in mobile spectrum (primarily in the United States, the Czech Republic, and Slovakia).
- Adjusted for the effects of spectrum acquisition, cash capex was up on the prior-year level by EUR 1.0 billion. In the United States and Germany operating segments, cash capex increased as a result of the investments made in connection with the network build-out and the network modernization.

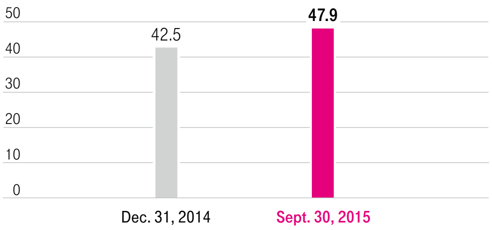
Free cash flow
(before dividend payments and spectrum investment)
billions of €



FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)

- Free cash flow increased from EUR 3.2 billion to EUR 3.5 billion.
- This was attributable to a year-on-year increase of EUR 1.4 billion in net cash from operating activities, driven mainly by the positive business development of the United States operating segment.
- The year-on-year increase of EUR 1.0 billion in cash capex (before spectrum investment) had an offsetting effect.

Net debt
billions of €



NET DEBT

- Net debt increased by EUR 5.4 billion compared with the end of 2014.
- The acquisition of mobile spectrum (EUR 3.8 billion), dividend payments – including to non-controlling interests – (EUR 1.3 billion), the acquisition of the remaining shares in Slovak Telekom (EUR 0.9 billion), exchange rate effects (EUR 1.3 billion), and a large number of other effects increased net debt.
- Free cash flow of EUR 3.5 billion reduced net debt.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 10 et seq.

DEUTSCHE TELEKOM AT A GLANCE

In the first nine months of 2015, Deutsche Telekom remained on course for growth: Net revenue increased by 12.5 percent to around EUR 51.4 billion, mainly driven by the strong U.S. business, which increased by around 35 percent thanks to continued substantial gains in market share and positive exchange rate effects. Revenue generated in the Germany operating segment grew slightly by 1.4 percent. Our Systems Solutions operating segment remained more or less on a par with the prior-year level, while revenue in our Europe operating segment declined slightly.

Driven by the strong revenue growth, adjusted EBITDA also increased by 12.5 percent to EUR 14.8 billion. As with revenue, the U.S. business was the main driver for adjusted EBITDA, increasing by 55.7 percent. In the Germany and Europe operating segments, adjusted EBITDA decreased slightly. In Germany this decrease was primarily due to higher employee-related expenses in connection with the network upgrade and build-out, while in Europe it was mainly attributable to the revenue decline.

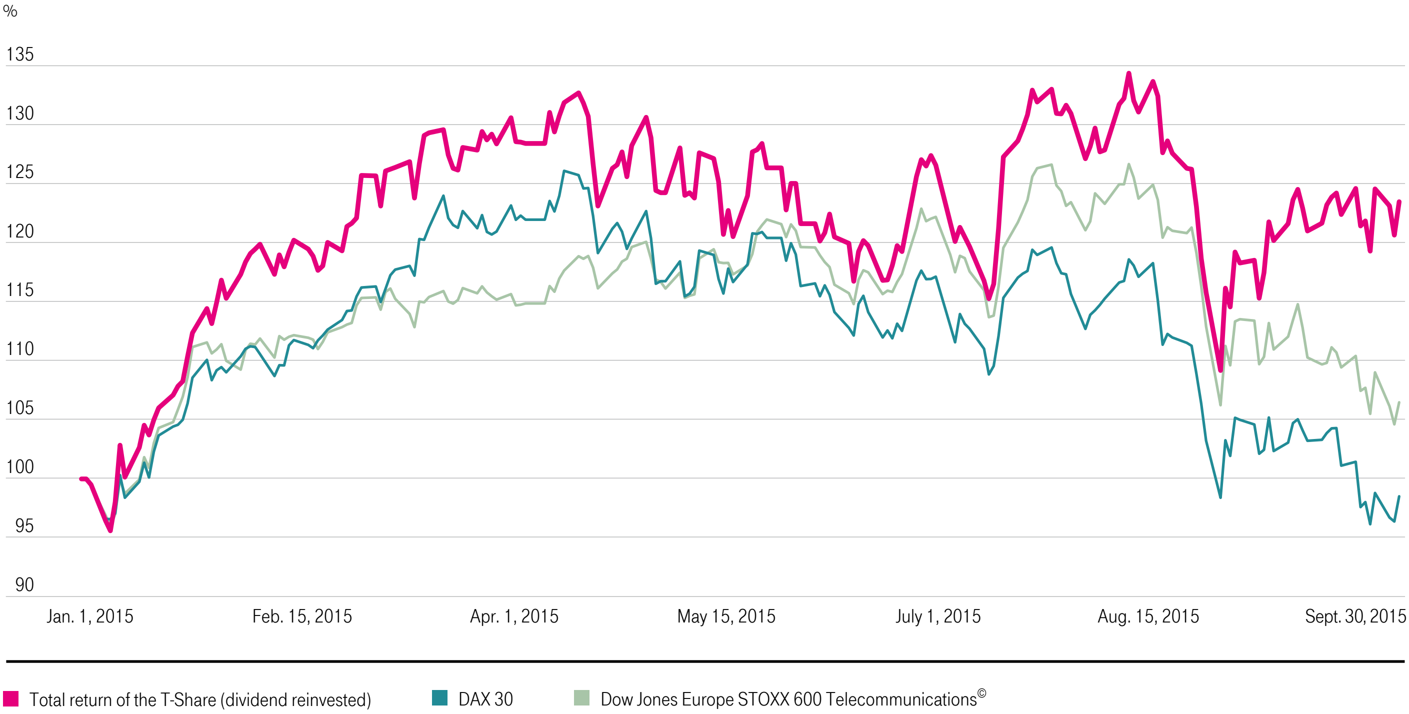
Cash outflows for investments in intangible assets and property, plant and equipment (cash capex) were up EUR 2.8 billion on the prior-year period at around EUR 11.6 billion. This reflects, on the one hand, higher investments for the network build-out, especially in the United States and in Germany, and, on the other, increased cash outflows for the acquisition of mobile spectrum, which stood at around EUR 3.8 billion in the first nine months of this year, which is around EUR 1.8 billion higher than in the prior-year period. Even excluding spectrum investment, capital expenditure increased by EUR 1.0 billion year-on-year. Nevertheless free cash flow increased by 12.4 percent to around EUR 3.5 billion.

In the first three quarters of 2015, net profit stood at EUR 2.3 billion, around EUR 0.7 billion down on the same period in the prior year. This decrease was mainly attributable to income of EUR 1.7 billion recorded in the prior year from divestitures in connection with the disposal of the Scout24 group. Adjusted for special factors, net profit increased by around EUR 1.1 billion to a total of EUR 3.2 billion.

In view of the business development in the first nine months of 2015, Deutsche Telekom confirms its guidance for the full year. For further information, please refer to the section “Forecast,” page 32.

THE T-SHARE

Total return of the T-Share in the first three quarters of 2015



T-Share performance

		Q1–Q3 2015	Q1–Q3 2014	FY 2014
XETRA CLOSING PRICES				
Share price on the last trading day	€	15.89	12.00	13.25
Year high	€	17.60	13.15	13.71
Year low	€	12.63	11.05	10.35
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	6.1	4.8	5.1
Dow Jones Euro STOXX 50©	%	2.5	1.8	2.1
Dow Jones Europe STOXX 600 Telecommunications©	%	14.4	11.9	12.6
Market capitalization	billions of €	73.2	54.4	60.1
Number of shares issued	millions	4,607	4,536	4,536

Historical performance of the T-Share as of September 30, 2015
%

	Since the beginning of the year	1 year	3 years	5 years
Total return of the T-Share (dividend reinvested)	23.6	36.4	91.3	111.5
DAX 30	(1.5)	2.0	33.9	55.1
Dow Jones Europe STOXX 600 Telecommunications©	6.5	14.1	51.5	58.2

After a promising first half of the year, with almost double-digit growth, the mood on the international stock exchanges grew somber in the third quarter of 2015. The index performance was beset by concerns about the development of the global economy – especially the trend in China – and possible interest rate rises by central banks. The DAX 30 and the Dow Jones Euro STOXX 50© more or less stagnated and closed the third quarter down 1.5 percent and up 0.5 percent respectively. The Nikkei fared similarly, closing the first nine months down 0.4 percent. The trend in the United States was much weaker, with the Dow Jones recording a decrease of 8.6 percent.

Against this background telecommunications securities, which are classified as less cyclical, performed well. The Dow Jones Europe STOXX 600 Telecommunications© increased by 6.5 percent in the first three quarters of 2015.

Once again, the Deutsche Telekom share clearly outperformed the already relatively strong telecommunications stocks as a whole. As of September 30, 2015, growth stood at 23.6 percent on a total return basis.

HIGHLIGHTS IN THE THIRD QUARTER OF 2015

CORPORATE TRANSACTIONS

On August 12/13, 2015, we concluded an agreement with Ströer on the sale of our online platform t-online.de and our digital marketing company InteractiveMedia. The transaction took the form of a capital increase of Ströer in return for the non-cash contribution of the two companies. In return, we received newly issued shares in Ströer worth around EUR 0.3 billion. This corresponds to a stake of around 11.6 percent, allowing us to continue profiting from any growth in value. The transaction was completed on November 2, 2015 following approval by the Federal Cartel Office and the fulfillment of additional closing conditions.

INVESTMENTS IN NETWORKS AND SPECTRUM

Since the start of September 2015, we are represented with 4G/LTE in all our European mobile markets: Telekom Albania kicked off with the market launch of 4G+ with speeds of up to 225 Mbit/s, initially in seven major cities. For the launch of LTE services, Telekom Albania acquired frequencies of two lots of 20 MHz in the 2.6 GHz range for around EUR 3 million in May 2015.

EXPANSION OF BRAND PRESENCE

Our subsidiaries in the F.Y.R.O. Macedonia, Makedonski Telekom and T-Mobile Macedonia, became one company as of July 1, 2015. For this purpose, T-Mobile Macedonia was merged into Makedonski Telekom. Furthermore, our Albanian subsidiary Albanian Mobile Communications (AMC) was renamed Telekom Albania in July 2015. With Albania, the 12th country in our European footprint has now turned “magenta” and taken on the identity and values of the Deutsche Telekom brand – innovation, competence and simplicity.

PARTNERSHIPS

In September 2015, we won important new partners from the book trade for our e-reader tolino. As an international partner, Libris Blz. will offer tolino in its bookshops in the Netherlands and via its webshops. In Germany, we were able to expand our tolino alliance to include Mayersche, the biggest regional bookshop in North Rhine-Westphalia, and the Osiander chain in the South of Germany.

In September 2015 we entered into a new strategic partnership with Inmarsat, a provider for satellite communications. Together we intend to develop the European Aviation Network so that, in the future, we can offer passengers in European airspace broadband Internet access on board. This will be based on the intelligent combination of an innovative LTE network on the ground that is developed and operated by us, and communication via the new Inmarsat S-band satellite. Lufthansa will be the first European airline to use the new access options and conduct test flights to help develop the European Aviation Network.

At the start of July 2015, we entered into a major partnership with Readly, a service provider that gives customers access to more than 1,100 national and international magazines in a single app. Readly's magazine flat rate can be subscribed to directly as an add-on option to our mobile contracts. The partnership with Readly is another important step in our strategy of offering attractive services through partnerships.

NEW PRODUCTS

The new service One Number will in future allow our business customers in Germany to decide for themselves which phone number – mobile or fixed-network – is displayed when they call. This option will allow employees to make calls under their fixed-network number even while they are on the move or when working from home. One Number can be easily activated and deactivated, configured and customized, either online or using an app.

The new Enterprise Mobility Management Suite (EMM Suite) from T-Systems offers companies a comprehensive solution not only for configuring mobile devices, but also for managing applications and data securely. This enables employees, for example, to securely access company resources, and read, edit and share data from their mobile devices. The application is provided from the cloud, including hosting in Telekom-certified data centers in Germany.

AWARDS

In the readers' choice awards of the "connect" trade magazine we took the top spot in six categories: 86,000 readers voted us best fixed-network and mobile network operator, for example. Our second brand "congstar" was awarded best mobile provider, and T-Mobile Austria best mobile network operator in Austria. In another test by "connect," our IPTV offering Entertain also performed well again – in particular our many years of experience in operating IPTV services is paying off in terms of good picture quality and service. We were named "Best in Test" by P3 Communications in three European countries: Cosmote, the mobile subsidiary of our Greek subsidiary OTE, was distinguished for its voice and data service. In Croatia, we scored the highest number of points in the independent test, and Slovak Telekom won the distinction for the second time this year.

We received two accolades for our leading role in the machine-to-machine (M2M) market: in July 2015 from the analyst company Analysys Mason in the annual M2M Scorecard ranking, and from Gartner in its Magic Quadrant. Furthermore, in September 2015, T-Systems was named "Best in Class" twice by the analysts from PAC – once for its operation and management of the technical basis of SAP applications (Hosting category) and once for its expertise in SAP application management.

In September 2015, our Europe-wide commitment to the best customer experience received international recognition at the UK Customer Experience Awards. For our ICCA program (International Customer Contact Analysis), which covers all key customer contact channels, we won first place in the International Business category.

INTERIM GROUP MANAGEMENT REPORT

GROUP STRUCTURE, STRATEGY, AND MANAGEMENT

With regard to our Group structure, strategy, and management, please refer to the notes in the 2014 combined management report (2014 Annual Report, page 67 et seq.). No significant changes were recorded in this area from the Group's point of view.

THE ECONOMIC ENVIRONMENT

This section provides additional information on and explains recent changes to the economic situation as described in the combined management report for the 2014 financial year, focusing on macroeconomic developments in the first nine months of 2015, the outlook, the currently prevailing economic risks, the telecommunications market, and the regulatory environment. The overall economic outlook is subject to the precondition that there are no major unexpected occurrences in the forecast period.

MACROECONOMIC DEVELOPMENT

Global economic growth was weaker in the first three quarters of 2015 than in the prior-year period. The declining growth rates are primarily attributable to emerging and developing economies. By contrast, growth in industrial nations benefited from the moderate recovery in the eurozone, lower oil prices, and an expansive monetary policy, and increased slightly.

In our core markets, economic growth rates recorded positive trends again in the first nine months of 2015. In Germany, this development is driven by the continued positive trend in private consumption and by growing exports. GDP grew by 1.9 percent year-on-year in the third quarter. The German labor market is in a robust state with unemployment currently standing at 6.2 percent. The U.S. economy recorded growth of 2.2 percent. The economic trend in the United States is determined to a large extent by a strong labor market and the low-interest policy of the U.S. Federal Reserve.

In the countries of our Europe operating segment, growth rates in the majority of economies recorded positive trends again in the first nine months of 2015. The situation on the labor market has also further improved in most countries. Greece continues to experience difficulties in emulating the growth seen in Europe as a whole. The uncertainty that has prevailed for many months over whether or not Greece will remain part of the eurozone has had a substantial negative impact on the Greek economy. Unemployment in Greece remains at an exceedingly high level of 25.5 percent.

OUTLOOK

In its fall forecast, the International Monetary Fund (IMF) expects global economic growth of 3.1 percent in 2015. For 2016, the IMF forecasts growth in the global economy of 3.6 percent. This acceleration will be driven by industrial nations (2.2 percent) and emerging and developing economies (4.5 percent) alike. Greater uncertainty prevails in the Asian economies. We continue to expect a stable economic trend in our European core markets. The German economy is also experiencing a modest upturn, primarily on the back of consumer spending and exports. The Greek economy is not expected to recover until after 2016 – despite efforts at reforms and the agreement reached with the European institutions.

OVERALL ECONOMIC RISKS

The European economy has recently profited from low oil prices, an expansive monetary policy, and relatively low euro exchange rates. However, a renewed intensification of the sovereign debt crisis with a potential impact on banks and financial markets remains the greatest economic risk for our European footprint countries in particular. The controversy over an extension of the bail-out packages for Greece in the third quarter of 2015 suggest that the fragile situation in Greece has the potential to escalate into another crisis.

TELECOMMUNICATIONS MARKET

Consolidation pressure remains high in the European telecommunications industry. This is primarily due to declining revenues, among other factors, due to growing competition. At the same time, high investments are needed for the network build-out. In light of this, the failed consolidation plan in Denmark has given rise to further uncertainty in the industry: In September 2015, Telenor and TeliaSonera canceled their merger plans after the parties were unable to agree suitable terms with the EU Commission. It remains to be seen what signal effect this decision will have on current and future consolidation plans in the European Union. In the United Kingdom, BT intends to acquire the EE joint venture, and Hutchison 3G to take over O_2 UK. These transactions are currently being scrutinized by the Competition and Markets Authority in the United Kingdom and by the EU Commission's Directorate General for Competition. Furthermore, in August 2015, Vimpelcom and Hutchison announced their interest in establishing a joint venture on the Italian mobile market.

European General Data Protection Regulation. Part of the digital single market strategy is the reform of data protection through the General Data Protection Regulation which is currently being negotiated. The European Commission, the EU Council and the European Parliament had scheduled nine rounds of negotiations, with the aim of reaching an agreement by the end of 2015. As the negotiations currently stand, key points are still under discussion.

Judgment of the European Court of Justice on Safe Harbor. In its judgment of October 6, 2015, the European Court of Justice (ECJ) ruled that the transfer of data between the European Union and the United States on the basis of the Safe Harbor Agreement in its current form is not permissible. It states that the level of protection for personal data in the United States is inadequate because the data of European customers is not sufficiently protected from access by U.S. security agencies. According to the judgment, legal protection in the United States for the affected European citizens is limited and can only be guaranteed effectively to some extent. The data protection authorities now have to develop a binding position on how data transfers to the United States on the basis of standard contractual clauses and binding corporate rules will be treated in the future.

REGULATION

Final Federal Network Agency rulings on interconnection charges in Germany published. On April 1 and April 24, 2015, the Federal Network Agency published its final rulings on fixed-network and mobile termination rates, thereby finally setting the charges that had already been provisionally approved as of December 1, 2014.

AWARDING OF FREQUENCIES

Below we describe the most important current developments regarding the awarding of frequencies:

- On May 27, 2015, the Federal Network Agency in **Germany** began the auction of the 0.9 and 1.8 GHz frequency rights from the GSM licenses of German network operators as well as of further spectrum from the 0.7 GHz (Digital Dividend II) and 1.5 GHz ranges. Following 16 days and 181 rounds of bidding, the process came to a close on June 19, 2015. Telekom Deutschland reached its spectrum targets and acquired 100 MHz of the available 270 MHz in the four bands for a price of just under EUR 1.8 billion.

- In **Albania**, Telekom Albania – formerly AMC – a subsidiary of our Greek subsidiary OTE, applied for the renewal of its GSM license with frequencies in the 0.9 and 1.8 GHz ranges, which expired in August 2014. Since all requirements were met, the renewal of the license was approved in January 2015. Furthermore, in April 2015, the Albanian regulatory authority AKEP started a process for awarding frequencies in the 1.8 GHz range, in which Telekom Albania successfully participated. In May 2015, AKEP then awarded frequencies in the 2.6 GHz range. In this process, Telekom Albania acquired two lots of 20 MHz for the equivalent of around EUR 3 million. It used the acquired spectrum to successfully launch 4G/LTE services on the market in September 2015.

- In **Poland**, the regulator UKE began the process for awarding frequencies from the 0.8 and 2.6 GHz ranges in the form of a simultaneous multi-round auction on February 10, 2015. Because there was no foreseeable end to the bidding phase by September 2015, the Polish Ministry for Administration and Digitization decided to change the rules to allow the auction to be completed. Under the new rules, the previous bidding process was continued until October 9, 2015. On October 15, 2015, a final auction round was held with sealed bids. T-Mobile Polska was the highest bidder with bids totaling around EUR 0.5 billion for one lot of 2 x 5 MHz frequency blocks in the 0.8 GHz range and for three lots of 2 x 5 MHz blocks in the 2.6 GHz range. It was also the second highest bidder for another 2 x 5 MHz blocks in each of the two ranges. On October 19, 2015, the regulatory authority offered T-Mobile Polska the frequency blocks it had successfully bid on for purchase and inquired whether it was also willing to purchase the two blocks for which it was the second highest bidder. T-Mobile Polska accepted the blocks it had acquired as the highest bidder on October 26, 2015 and also signaled its willingness to purchase the two blocks for which it had been the second highest bidder. Although the award process is set to be completed by the end of the year, later legal disputes over the process and its result cannot be ruled out due to the change in the auction rules.

- There were further delays in the preparations for the frequency auction in **Montenegro**, where the publication of a draft version of the award rules is now expected by the end of 2015, and a decision on the final terms and conditions and the start of the bidding phase are expected for the first half of 2016.

- On April 8, 2015, the **U.S.** telecommunications regulator, the Federal Communications Commission (FCC), officially assigned to T-Mobile US the AWS-3 spectrum it had acquired at auction for EUR 1.6 billion in January 2015.

- In **Hungary** the regulatory authority NMHH announced its intention to issue new regulations on usage rights of spectrum in the 3.4 to 3.6 and 3.6 to 3.8 GHz ranges. The frequencies for digital mobile communications are expected to be released and auctioned by the end of this year.

DEVELOPMENT OF BUSINESS IN THE GROUP

RESULTS OF OPERATIONS OF THE GROUP

NET REVENUE

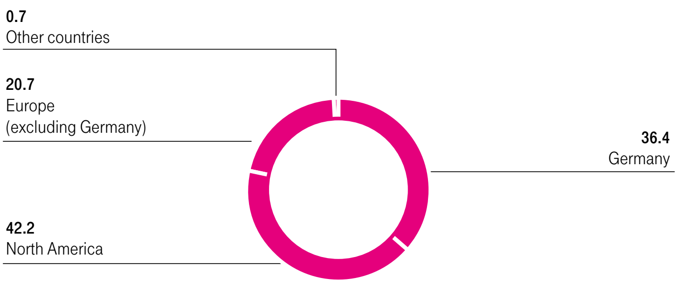
In the first nine months of the 2015 financial year, we generated net revenue of EUR 51.4 billion, clearly up EUR 5.7 billion or 12.5 percent on the same period in the prior year. In addition to exchange rate effects, our United States operating segment in particular contributed to this revenue trend thanks to continued strong customer additions as a result of its Un-carrier initiatives. Our Germany operating segment held its own, particularly in the mobile market, recording an overall increase of 1.4 percent. In our Europe operating segment, we recorded a moderate revenue decline of 1.7 percent. Despite the consistent focus on growth areas in our national companies, revenue decreased due to competition-induced price reductions, in particular in mobile communications, and regulatory decisions. Revenue generated by our Systems Solutions operating segment was almost unchanged against the prior year, despite the realignment of the business model and the general downward trend in prices for IT and communications services.

Excluding the positive exchange rate effects of EUR 3.6 billion in total – in particular from the translation of U.S. dollars into euros – and positive effects from changes in the composition of the Group of EUR 0.1 billion, revenue increased by EUR 2.1 billion or 4.2 percent year-on-year. For details on the revenue trends in our Germany, United States, Europe, and Systems Solutions operating segments as well as in the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments," page 16 et seq.

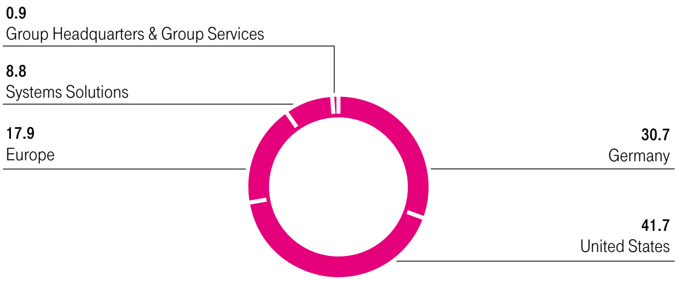
Contribution of the segments to net revenue
millions of €

	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
NET REVENUE	**16,842**	**17,428**	**17,099**	**15,648**	**9.3 %**	**51,369**	**45,656**	**12.5 %**	**62,658**
Germany	5,589	5,580	5,593	5,587	0.1 %	16,762	16,534	1.4 %	22,257
United States	6,905	7,443	7,059	5,554	27.1 %	21,407	15,898	34.7 %	22,408
Europe	3,106	3,136	3,198	3,317	(3.6) %	9,440	9,605	(1.7) %	12,972
Systems Solutions	2,001	2,166	2,115	2,068	2.3 %	6,282	6,307	(0.4) %	8,601
Group Headquarters & Group Services	565	584	555	596	(6.9) %	1,704	1,828	(6.8) %	2,516
Intersegment revenue	(1,324)	(1,481)	(1,421)	(1,474)	3.6 %	(4,226)	(4,516)	6.4 %	(6,096)

Breakdown of revenue by regions
%



Contribution of the segments to net revenue[a]
%



[a] For more information on net revenue, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 46.

At 41.7 percent, our United States operating segment provided the largest contribution to net revenue of the Group. This was a substantial increase of 6.9 percentage points compared with the prior-year period, due in particular to ongoing strong customer additions. By contrast, the contribution by our Germany, Europe, and Systems Solutions operating segments and the Group Headquarters & Group Services segment decreased. The proportion of net revenue generated internationally continued to increase, rising from 59.5 percent in the prior-year period to 63.6 percent.

EBITDA, ADJUSTED EBITDA

Our **EBITDA** decreased year-on-year by EUR 0.8 billion to EUR 13.3 billion, mainly due to income of EUR 1.7 billion from the divestitures of the Scout24 group recognized as a special factor in the prior year, and to a spectrum transaction of EUR 0.4 billion concluded between T-Mobile US and Verizon Communications. Negative special factors amounting to EUR 1.5 billion were included in EBITDA in the first three quarters of 2015. They mainly comprised expenses incurred in connection with staff-related measures and non-staff related restructuring expenses of EUR 1.1 billion, which on a netted basis were EUR 0.3 billion higher than in the prior-year period. Furthermore, expenses of around EUR 0.4 billion from the decommissioning of the MetroPCS CDMA network had a negative effect in the first nine months of 2015. In the prior-year period, these expenses amounted to EUR 0.1 billion.

Excluding special factors, **adjusted EBITDA** increased year-on-year by EUR 1.6 billion to EUR 14.8 billion in the first nine months of 2015. Our United States operating segment in particular contributed to this trend, with a EUR 1.6 billion increase in its contribution to adjusted EBITDA. Total exchange rate effects of EUR 0.7 billion, especially from the translation of U.S. dollars into euros, had a positive effect on the development of adjusted EBITDA. The agreement to settle an ongoing complaints procedure under anti-trust law resulted in income of EUR 175 million in the Group Headquarters & Group Services segment. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section "Development of business in the operating segments," page 16 et seq.

Contribution of the segments to adjusted Group EBITDA
millions of €

	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	**4,574**	**5,026**	**5,165**	**4,575**	**12.9%**	**14,765**	**13,125**	**12.5%**	**17,569**
Germany	2,211	2,224	2,269	2,324	(2.4)%	6,704	6,810	(1.6)%	8,810
United States	1,225	1,652	1,702	1,014	67.9%	4,579	2,941	55.7%	4,296
Europe	1,008	1,069	1,148	1,184	(3.0)%	3,225	3,309	(2.5)%	4,432
Systems Solutions	154	214	185	197	(6.1)%	553	623	(11.2)%	835
Group Headquarters & Group Services	(22)	(76)	(133)	(145)	8.3%	(231)	(423)	45.4%	(667)
Reconciliation	(2)	(57)	(6)	1	n. a.	(65)	(135)	51.9%	(137)

EBIT

Compared with the first nine months of the prior year, Group EBIT decreased substantially by EUR 1.2 billion to EUR 5.1 billion, primarily due to income recorded in the prior year from divestitures in connection with the disposal of the Scout24 group. A EUR 0.4 billion increase in depreciation and amortization compared with the prior-year period, mainly attributable to the roll-out of the 4G/LTE network as part of T-Mobile US' network modernization program, also had a negative impact on the development of EBIT.

PROFIT BEFORE INCOME TAXES

Profit before income taxes decreased significantly by EUR 1.0 billion year-on-year to EUR 3.2 billion as a result of the aforementioned effects. Loss from financial activities decreased by EUR 0.2 billion year-on-year, mainly due to dividend payments of EUR 0.4 billion received from the EE joint venture. The dividend payments recognized in profit or loss related to the reclassification in December 2014 of our stake in the joint venture as non-current assets and disposal groups held for sale. Remeasurement effects resulting primarily from the subsequent measurement of embedded derivatives of T-Mobile US had an offsetting effect. These remeasurement losses were largely attributable to the rise in T-Mobile US' the share price.

NET PROFIT

Net profit decreased by EUR 0.7 billion to EUR 2.3 billion. The tax expense for the current financial year amounted to EUR 0.8 billion, down EUR 0.1 billion compared with the same period in the prior year. For further information, please refer to the interim consolidated financial statements, page 45. Profit attributable to non-controlling interests decreased compared with the prior-year period by EUR 0.1 billion. The aforementioned remeasurement loss recorded in the United States operating segment was one of the factors negatively impacting on profit/loss from financial activities at T-Mobile US and, consequently, on profit attributable to non-controlling interests. The acquisition of the remaining shares in T-Mobile Czech Republic in February 2014 and in Slovak Telekom in May 2015 also had a decreasing effect.

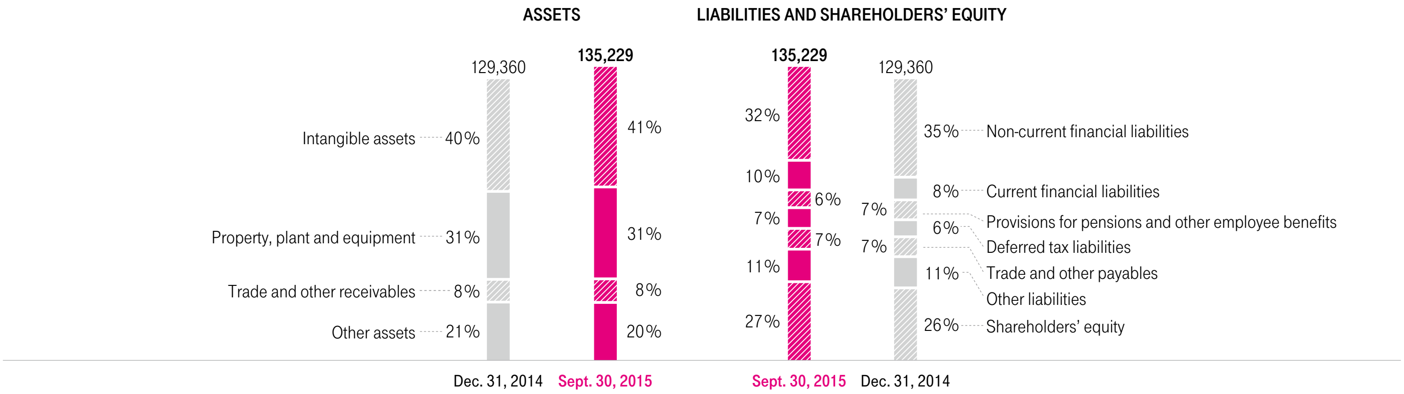
Number of employees (at the reporting date)

	Sept. 30, 2015	Dec. 31, 2014
Germany	69,663	68,754
United States	42,600	39,683
Europe	50,077	51,982
Systems Solutions	46,299	47,762
Group Headquarters & Group Services	17,686	19,631
NUMBER OF EMPLOYEES IN THE GROUP	**226,325**	**227,811**
Of which: civil servants (in Germany, with an active service relationship)	18,864	19,881

The Group's headcount decreased slightly by 0.7 percent compared with the end of 2014. Our segments showed countervailing trends to some extent. In the Germany operating segment, we increased the headcount by 1.3 percent compared with the end of 2014 as staff were taken on primarily for the build-out and upgrade of the networks. The total number of employees in our United States operating segment increased by 7.4 percent in the first nine months of 2015, as compared with December 31, 2014, due to an increase in retail, customer support and administrative employees to support the growing T-Mobile US customer base. In our Europe operating segment, staff levels decreased by 3.7 percent compared with December 31, 2014, due in particular to efficiency enhancement measures in several countries in our operating segment. Headcount in our Systems Solutions operating segment declined by 3.1 percent, largely due to staff restructuring measures in Germany and abroad. The number of employees in the Group Headquarters & Group Services segment was down 9.9 percent compared with the end of 2014, mainly due to the continued staff restructuring program including the placement of employees within the Group.

FINANCIAL POSITION OF THE GROUP

Structure of the consolidated statement of financial position
millions of €



Total assets increased by EUR 5.9 billion compared with December 31, 2014, primarily influenced by the following factors:

Intangible assets increased by EUR 4.5 billion to EUR 56.0 billion, mainly due to additions totaling EUR 6.2 billion. This includes among other things EUR 2.3 billion for the purchase of mobile licenses by T-Mobile US, in particular in the auction organized by the U.S. Federal Communications Commission (FCC) and completed in January 2015. The 100 MHz spectrum acquired in the frequency auction completed in Germany in June 2015 for EUR 1.8 billion also contributed to the increase. Exchange rate effects of EUR 2.1 billion, in particular from the translation of U.S. dollars into euros, also increased the carrying amount of intangible assets. Amortization of EUR 3.0 billion as well as the reclassification of assets worth EUR 0.8 billion to non-current assets and disposal groups held for sale had an offsetting effect.

Property, plant and equipment increased by EUR 2.6 billion compared to December 31, 2014 to EUR 42.2 billion. Additions of EUR 7.4 billion had an increasing effect on the carrying amount. This includes EUR 0.8 billion of capitalized higher-priced mobile devices. These relate to the business model JUMP! On Demand introduced at T-Mobile US in June 2015 under which customers no longer purchase the device but lease it. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount by EUR 0.8 billion. It was reduced by depreciation of EUR 5.2 billion and disposals of EUR 0.3 billion, as well as the reclassification of assets worth EUR 0.2 billion to non-current assets and disposal groups held for sale.

Trade and other receivables decreased by EUR 0.2 billion to EUR 10.3 billion. Factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables resulted in a EUR 0.8 billion reduction in receivables. The new business model JUMP! On Demand introduced at T-Mobile US also reduced receivables: Under this model, trade receivables no longer include the receivable from the sale of the device when a contract is concluded with a customer, but rather only the monthly lease installment for the device. Exchange rate effects from the translation of U.S. dollars into euros in particular had an offsetting effect.

Other assets as of September 30, 2015 included the following significant effects: The EUR 1.3 billion increase in the carrying amounts of **non-current assets and disposal groups held for sale** resulted mainly from two transactions agreed in the third quarter of 2015 for the exchange of mobile licenses with AT&T and Verizon Communications to improve T-Mobile US' mobile network coverage. These transactions increased the carrying amounts by EUR 0.6 billion and EUR 0.2 billion respectively. Currency effects of EUR 0.3 billion from the translation of pounds sterling into euros related to the reclassification in December 2014 of our stake in the EE joint venture also had an increasing effect on the carrying amount. **Inventories** increased by EUR 0.3 billion, mainly due to increased stock levels of terminal equipment (in particular higher-priced smartphones) at T-Mobile US and exchange rate effects from the translation of U.S. dollars into euros. The carrying amount of **investments accounted for using the equity method** decreased by EUR 0.2 billion compared with December 31, 2014, mainly in connection with the shares held in Scout24 AG: A dividend payment received in the second quarter of 2015 reduced the carrying amount of the investment by EUR 0.1 billion.

Our current and non-current **financial liabilities** increased by EUR 1.9 billion compared with the end of 2014 to EUR 57.1 billion in total. For the main effects on financial liabilities, please refer to net cash used in financing activities on pages 45 and 46 of the interim consolidated financial statements.

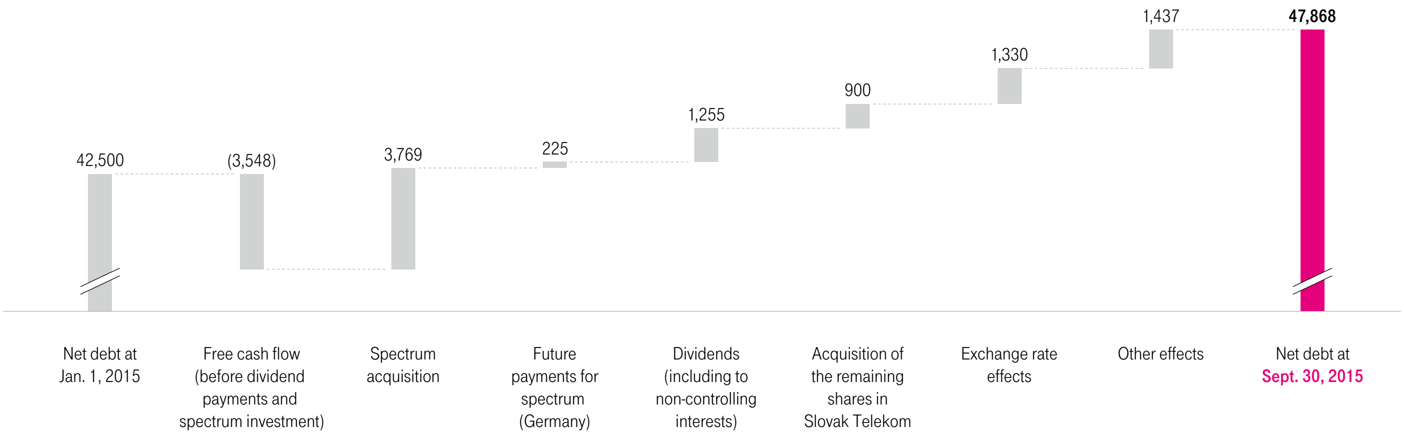
The EUR 0.2 billion decrease in **provisions for pensions and other employee benefits** to EUR 8.3 billion was mainly due to interest rate adjustments which resulted in an actuarial gain to be recognized of EUR 0.2 billion.

Deferred tax liabilities increased by EUR 1.1 billion to EUR 8.8 billion, especially due to exchange rate effects from the translation of U.S. dollars into euros.

Trade and other payables increased by EUR 0.2 billion compared with the end of 2014 to EUR 9.8 billion. The increase is mainly attributable to exchange rate effects from the translation of U.S. dollars into euros. The seasonal reduction in procurement volumes reduced trade and other payables in almost all countries of our Europe operating segment.

Shareholders' equity increased by EUR 2.4 billion compared with December 31, 2014 to EUR 36.5 billion, due to profit after taxes of EUR 2.4 billion, currency translation effects recognized directly in equity of EUR 1.5 billion, the recognition of actuarial gains (after taxes) of EUR 0.1 billion, and the measurement of hedging instruments directly in equity of EUR 0.4 billion. In addition, in connection with the option granted to our shareholders to have their dividend entitlements converted into shares, a capital increase of EUR 1.1 billion was carried out involving the contribution of the dividend entitlements. Dividend payments for the 2014 financial year to Deutsche Telekom AG shareholders of EUR 2.3 billion and to non-controlling interests of EUR 0.1 billion had an offsetting effect. Furthermore, shareholders' equity was also reduced by the acquisition of the remaining shares in Slovak Telekom for EUR 0.9 billion.

Changes in net debt
millions of €



Other effects of EUR 1.4 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information," page 56 et seq.

Free cash flow (before dividend payments and spectrum investment)
millions of €

	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
CASH GENERATED FROM OPERATIONS	**4,288**	**4,521**	**4,479**	**4,240**	**5.6%**	**13,288**	**11,931**	**11.4%**	**15,911**
Interest received (paid)	(980)	(650)	(533)	(670)	20.4%	(2,163)	(2,212)	2.2%	(2,518)
NET CASH FROM OPERATING ACTIVITIES	**3,308**	**3,871**	**3,946**	**3,570**	**10.5%**	**11,125**	**9,719**	**14.5%**	**13,393**
Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(2,530)	(2,575)	(2,698)	(2,493)	(8.2)%	(7,803)	(6,755)	(15.5)%	(9,534)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	87	79	60	48	25.0%	226	193	17.1%	281
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)	**865**	**1,375**	**1,308**	**1,125**	**16.3%**	**3,548**	**3,157**	**12.4%**	**4,140**

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment increased by EUR 0.4 billion year-on-year. On the one hand, net cash from operating activities increased by EUR 1.4 billion. On the other hand, cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment also increased by EUR 1.0 billion.

The increase in net cash from operating activities was mainly attributable to the positive business development of the United States operating segment. The agreement to settle an ongoing complaints procedure under anti-trust law also resulted in a cash inflow of EUR 175 million. Also during the reporting period, factoring agreements were concluded concerning monthly revolving sales of current trade receivables. Factoring agreements resulted in positive effects of EUR 0.6 billion on net cash from operating activities in the first nine months of 2015. This primarily related to a factoring agreement that was terminated in 2014 and renewed in 2015. The effect from factoring agreements in the prior-year period totaled EUR 0.5 billion. The dividend payment received for the first time from the Scout24 group of EUR 0.1 billion and a year-on-year increase of EUR 0.1 billion in the dividend payments from the EE joint venture also increased net cash from operating activities.

The increase in cash capex (excluding goodwill and before spectrum investment) compared with the prior-year period was mainly attributable to the United States and Germany operating segments, where cash capex increased as a result of the investments made in connection with the network build-out and the network modernization.

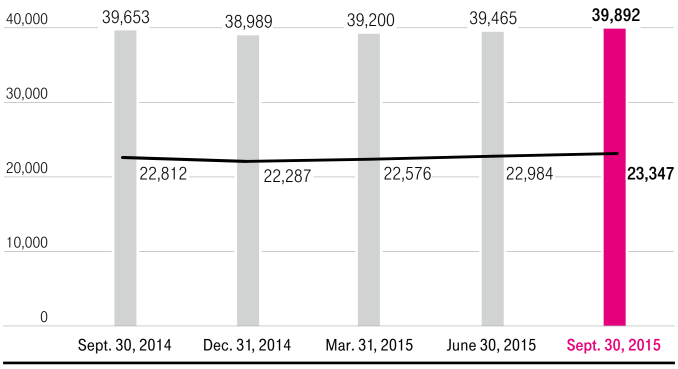
For further information on the statement of cash flows, please refer to the interim consolidated financial statements, pages 45 and 46.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

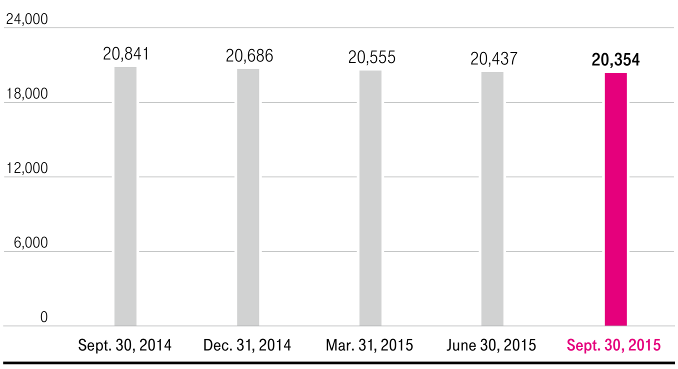
CUSTOMER DEVELOPMENT

Mobile customers
thousands

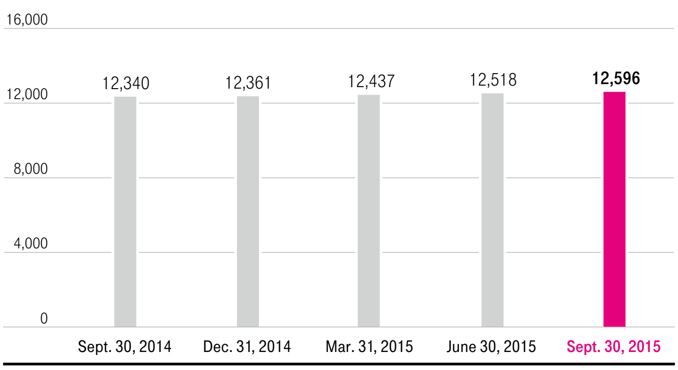


— Contract customers

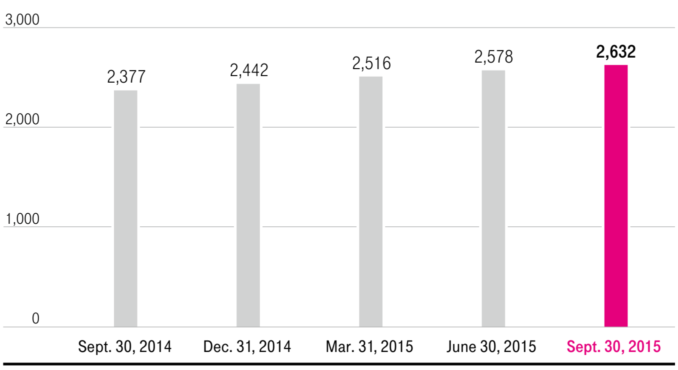
Fixed-network lines
thousands



Broadband lines
thousands



Television (IPTV, satellite)[a]
thousands



[a] Customers connected.

thousands

	Sept. 30, 2015	June 30, 2015	Change Sept. 30, 2015/ June 30, 2015 %	Dec. 31, 2014	Change Sept. 30, 2015/ Dec. 31, 2014 %	Sept. 30, 2014	Change Sept. 30, 2015/ Sept. 30, 2014 %
TOTAL							
Mobile customers	39,892	39,465	1.1 %	38,989	2.3 %	39,653	0.6 %
Contract customers	23,347	22,984	1.6 %	22,287	4.8 %	22,812	2.3 %
Prepay customers	16,545	16,482	0.4 %	16,701	(0.9) %	16,841	(1.8) %
Fixed-network lines	20,354	20,437	(0.4) %	20,686	(1.6) %	20,841	(2.3) %
Of which: retail IP-based	6,354	5,763	10.3 %	4,383	45.0 %	3,744	69.7 %
Broadband lines	12,596	12,518	0.6 %	12,361	1.9 %	12,340	2.1 %
Of which: optical fiber	2,613	2,365	10.5 %	1,799	45.2 %	1,608	62.5 %
Television (IPTV, satellite)	2,632	2,578	2.1 %	2,442	7.8 %	2,377	10.7 %
Unbundled local loop lines (ULLs)	8,231	8,432	(2.4) %	8,801	(6.5) %	8,954	(8.1) %
Wholesale unbundled lines	2,752	2,541	8.3 %	2,153	27.8 %	1,971	39.6 %
Of which: optical fiber	1,222	1,045	16.9 %	718	70.2 %	586	n. a.
Wholesale bundled lines	246	268	(8.2) %	305	(19.3) %	323	(23.8) %
OF WHICH: CONSUMERS							
Mobile customers	28,870	28,845	0.1 %	29,068	(0.7) %	30,039	(3.9) %
Contract customers	16,933	16,625	1.9 %	16,040	5.6 %	16,651	1.7 %
Prepay customers	11,937	12,219	(2.3) %	13,027	(8.4) %	13,388	(10.8) %
Fixed-network lines	16,003	16,068	(0.4) %	16,260	(1.6) %	16,392	(2.4) %
Of which: retail IP-based	5,653	5,161	9.5 %	3,974	42.2 %	3,404	66.1 %
Broadband lines	10,162	10,093	0.7 %	9,938	2.3 %	9,919	2.4 %
Of which: optical fiber	2,262	2,046	10.6 %	1,547	46.2 %	1,376	64.4 %
Television (IPTV, satellite)	2,441	2,387	2.3 %	2,254	8.3 %	2,190	11.5 %
OF WHICH: BUSINESS CUSTOMERS							
Mobile customers	11,022	10,620	3.8 %	9,921	11.1 %	9,614	14.6 %
Contract customers [a]	6,414	6,358	0.9 %	6,247	2.7 %	6,161	4.1 %
Prepay customers (M2M)	4,608	4,262	8.1 %	3,674	25.4 %	3,453	33.4 %
Fixed-network lines	3,340	3,352	(0.4) %	3,402	(1.8) %	3,419	(2.3) %
Of which: retail IP-based	667	572	16.6 %	387	72.4 %	319	n. a.
Broadband lines	2,092	2,088	0.2 %	2,096	(0.2) %	2,097	(0.2) %
Of which: optical fiber	343	312	9.9 %	248	38.3 %	229	49.8 %
Television (IPTV, satellite)	189	189	0.0 %	186	1.6 %	185	2.2 %

[a] As of January 1, 2015, figures without internal framework agreements (approximately 61 thousand SIM cards). Prior-year figures have not been adjusted.

Total

In Germany, we defended our position as market leader in the fixed network and in mobile communications in terms of service revenues. This success is attributable to our high-performance networks. We offer best customer experience with multi-award-winning network quality – in the fixed network as in mobile communications – and with a broad product portfolio.

In September 2014, we launched MagentaEINS – our first integrated product comprising fixed-network and mobile components, for which we have won 1.6 million customers so far.

With our “network of the future,” we provide state-of-the-art connection technology. By 2018, we want to convert our entire network to IP technology. To date, we have migrated 8.6 million retail and wholesale lines to IP, which corresponds to a migration rate of 37 percent.

In mobile communications, we won another 1,060 thousand contract customers in the first three quarters of 2015. There was a positive development in the contract customer base in the consumer and also in the business customer segment, thanks to demand for integrated mobile rate plans with data volumes.

We continued to record strong demand for our fiber-optic products: For example, the number of these lines rose by 1,318 thousand in the first three quarters of 2015 to a total of 3.8 million. With the progress in fiber-optic roll-out and innovative vectoring technology, we will drive forward the marketing of substantially higher bandwidths. With our contingent model and its future refinement, we are creating incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines (ULLs) – to higher-quality fiber-optic wholesale lines.

Our partnerships in the housing sector were also successful: Around 136 thousand apartments were connected to our network in total, 17 thousand of them in the first nine months of 2015.

Mobile communications

Mobile telephony and data services. Our excellent network quality and the new product portfolio for high-value contract customers and new customers provide fresh impetus. Since the end of 2014, we have won a total of 1,060 thousand new contract customers. We recorded 459 thousand branded contract customer additions under the Telekom and “congstar” brands. At the end of the third quarter of 2015, Telekom Deutschland Multibrand GmbH, which was established on January 15, 2015 and entails the marketing partnership for the use of the Turkcell brand in Germany, reported 339 thousand mobile customers. The reseller business (service providers) recorded just 262 thousand net additions, as Turkcell customers had been transferred to Telekom Deutschland Multibrand GmbH in the first quarter of 2015. This entailed a transfer of Turkcell customers from the prepay to the contract customer segment. The number of prepay customers decreased by 156 thousand since the end of 2014, though the growth in business customers partly compensated for the significant loss in the number of consumers.

With 903 thousand mobile customer net additions in the first three quarters of 2015, growth in contract customers more than offset the decline in prepay customers. A total of 270 thousand customers used a mobile broadband connection.

Smartphones accounted for 81.5 percent of mobile devices. They were primarily Android and iOS devices (iPhones) – with high-priced devices in particular demand.

Fixed network

Telephony, Internet, and television. Due to the persistently challenging development in the fixed-network market, primarily owing to aggressive pricing offers of competitors, we are pursuing new paths in marketing with integrated offers and a focus on television and fiber-optic lines. The success bears us out: The number of broadband lines increased by 235 thousand compared with the end of 2014. In total, 20.9 percent of our broadband customers are television customers, an increase of 1.1 percentage points compared with December 31, 2014. In the traditional fixed network, the number of lines decreased by 332 thousand. In terms of line losses per quarter, the overall trend is positive.

We have been marketing the MagentaZuhause rate plans, our new product portfolio for the fixed network based on IP technology and rate plan-specific bandwidths, since October 2014. A total of 109 thousand customers, the majority of whom live in rural areas, have already subscribed to MagentaZuhause Hybrid, our new product launched in Germany in March 2015 which combines fixed-network and mobile technology in a single router.

Consumers

Connected life across all screens. We added 893 thousand mobile contract customers in the first nine months of 2015, with 291 thousand of these net additions under the Telekom and “congstar” brands. The high acceptance of the MagentaMobil rate plans launched in September 2014 and the AllnetFlat rate plans at “congstar” resulted in this customer growth. As of the end of the third quarter of 2015, the new company Telekom Deutschland Multibrand GmbH had a contract customer base of 339 thousand. Reseller business (service providers) has increased by 262 thousand since the start of the year. The number of prepay customers declined by 1,090 thousand, primarily as a result of customers switching to low-cost contracts. Overall, the number of mobile customers decreased slightly by 0.7 percent compared with the end of 2014.

We migrated 1.7 million customers to IP-based retail lines in the first three quarters of 2015. We won 187 thousand new television customers compared with the end of 2014. Of the 10.2 million broadband lines, around 2.3 million customers use a fiber-optic line – 715 thousand of which were added in the first three quarters of 2015 alone. The line losses in the fixed network totaled 257 thousand, i.e., more than 50 percent less than in the prior-year period.

Business Customers

Connected work with innovative solutions. The positive trend in the Business Customers segment from the prior year continued: Since the beginning of the year, we have recorded 1,101 thousand mobile customer additions, 167 thousand of whom were high-value contract customers. In mobile Internet, customers are increasingly opting for plans with higher bandwidths, in conjunction with higher-quality terminal equipment. We added 934 thousand new M2M SIM cards in a very aggressively priced market. This growth was due to the increased use of SIM cards, especially in the automotive and logistics industries. The number of fixed-network lines decreased slightly compared with the end of 2014 to 3.3 million. Broadband lines remained at the level of 2.1 million recorded at the end of 2014, with the number of fiber-optic customers increasing by 38.3 percent.

Products in the area of connected work developed positively, demand grew in particular for IT cloud products. We also recorded further growth in our rate plans “DeutschlandLAN – Complete Solution for your Office.”

Wholesale

The number of lines in the wholesale sector remained stable overall compared with the end of 2014 at 11.2 million. At the end of the third quarter of 2015, fiber-optic lines accounted for 10.9 percent of all lines – 4.5 percentage points more than at the end of 2014. The increased growth in our wholesale unbundled lines by 599 thousand or 27.8 percent compared with the end of 2014 was primarily attributable to the strong demand in connection with the contingent model. However, the number of bundled wholesale lines declined by 59 thousand. This trend is likely to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth or to their own infrastructure. The number of unbundled local loop lines decreased by 570 thousand or 6.5 percent compared with year-end 2014. This decrease is due first to the move to higher-quality fiber-optic wholesale lines, second to customers switching to cable operators, and third to wholesale customers migrating their retail customers to their own fiber-optic lines and to some extent also to mobile-based lines.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
TOTAL REVENUE		5,589	5,580	5,593	5,587	0.1 %	16,762	16,534	1.4 %	22,257
Consumers		3,024	3,034	3,015	3,029	(0.5) %	9,073	8,875	2.2 %	11,970
Business Customers		1,440	1,425	1,447	1,430	1.2 %	4,312	4,252	1.4 %	5,726
Wholesale		928	932	954	934	2.1 %	2,814	2,828	(0.5) %	3,775
Value-Added Services		60	55	54	59	(8.5) %	169	179	(5.6) %	242
Other		137	134	123	135	(8.9) %	394	400	(1.5) %	544
Profit from operations (EBIT)		1,190	1,156	1,227	1,279	(4.1) %	3,573	3,767	(5.1) %	4,663
EBIT margin	%	21.3	20.7	21.9	22.9		21.3	22.8		21.0
Depreciation, amortization and impairment losses		(935)	(946)	(919)	(957)	4.0 %	(2,800)	(2,891)	3.1 %	(3,893)
EBITDA		2,125	2,102	2,146	2,236	(4.0) %	6,373	6,658	(4.3) %	8,556
Special factors affecting EBITDA		(86)	(122)	(123)	(88)	(39.8) %	(331)	(152)	n. a.	(254)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2,211	2,224	2,269	2,324	(2.4) %	6,704	6,810	(1.6) %	8,810
EBITDA margin (adjusted for special factors)	%	39.6	39.9	40.8	41.6		40.1	41.2		39.6
CASH CAPEX		(949)	(2,622)	(1,073)	(1,009)	(6.3) %	(4,644)	(2,732)	(70.0) %	(3,807)

Total revenue

Revenue increased by 1.4 percent in the first three quarters of 2015 compared with the prior-year period. This development was mainly driven by revenue from mobile business, which grew by 7.0 percent, especially in non-contract terminal equipment business, and the ongoing positive revenue trend recorded for our second brand "congstar." Increased television, IT, and terminal equipment revenues had a positive impact on the fixed-network revenue trend, although they were not sufficient to fully compensate for the revenue decline in other areas. Revenue in the fixed-network business thus decreased by 2.3 percent.

Revenue from **Consumers** increased by 2.2 percent compared with the prior-year period. Traditional fixed-network business continued to be dominated by volume- and price-related reductions in revenue, which was down by 2.9 percent compared with the prior-year period. A positive development here is the sustained revenue growth in the broadband business of 0.7 percent in the third quarter of 2015. The 8.6 percent revenue growth in the mobile business more than compensated for the losses in the fixed-network business. The revenue growth in mobile business was primarily driven by increased terminal equipment revenue from the marketing of smartphones. Our mobile service revenues grew slightly by 0.8 percent in the first nine months of 2015. Data revenues increased by 7.0 percent compared with the prior-year period. By contrast, prepay revenues, especially from our Telekom brand, had a negative effect.

Revenue from **Business Customers** increased by 1.4 percent, mainly due to the increase of 3.6 percent in mobile revenues. This increase was primarily driven by terminal equipment revenues. The effect was offset by declining fixed-network revenues in traditional voice telephony, which were not fully compensated by the positive trend in IT revenues.

Wholesale revenue declined slightly by 0.5 percent in the first nine months of 2015, mainly due to lower volumes of minutes and regulation-induced reductions in prices for interconnection calls (from December 1, 2014), as well as falling numbers of unbundled local loop lines. This revenue decline was partially offset by the positive trend in unbundled lines, mainly due to the contingent model.

Revenue from **Value-Added Services** decreased by 5.6 percent, primarily as a result of expiring business models such as public phones and directory inquiries as well as decreased use of premium rate numbers.

EBITDA, adjusted EBITDA

EBITDA adjusted for special factors decreased slightly by 1.6 percent year-on-year in the first three quarters of 2015 to EUR 6.7 billion. The decline is mainly due to collectively agreed pay increases and to the increased headcount required for the network upgrade and build-out. With an adjusted EBITDA margin of 40.1 percent, we are at our expected target level for the entire year of 40 percent. EBITDA in the reporting period amounted to EUR 6.4 billion, a decrease of 4.3 percent on the prior-year period, due in particular to higher special factors for expenses in connection with our staff restructuring.

EBIT

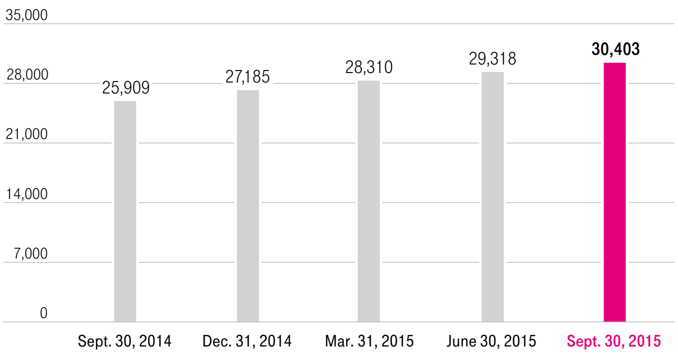
Profit from operations decreased by 5.1 percent to EUR 3.6 billion compared with the first nine months of the prior year. This was mainly attributable to higher expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses. Offsetting effects resulted from a 3.1 percent decrease in depreciation and amortization.

Cash capex

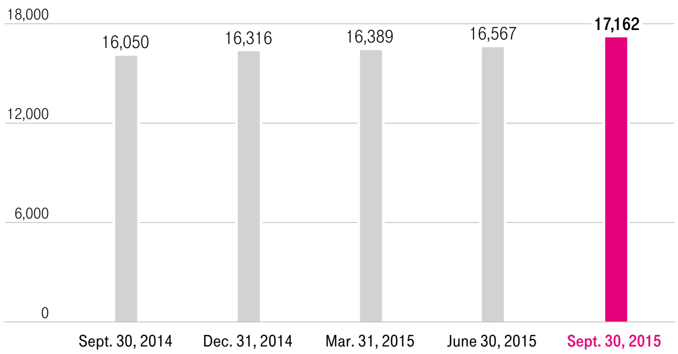
Cash capex increased by EUR 1.9 billion year-on-year, due in particular to the spectrum auction in June 2015. Excluding spectrum investment, our cash capex rose by EUR 0.3 billion compared with the prior-year period. During 2015, we again made significant investments in the vectoring/fiber-optic cable roll-out, our IP transformation, and our LTE infrastructure as part of our integrated network strategy.

UNITED STATES
CUSTOMER DEVELOPMENT

Branded postpaid customers
thousands



Branded prepay customers
thousands



thousands

	Sept. 30, 2015	June 30, 2015	Change Sept. 30, 2015/ June 30, 2015 %	Dec. 31, 2014	Change Sept. 30, 2015/ Dec. 31, 2014 %	Sept. 30, 2014	Change Sept. 30, 2015/ Sept. 30, 2014 %
UNITED STATES							
Mobile customers	61,220	58,908	3.9 %	55,018	11.3 %	52,890	15.7 %
Branded customers	47,565	45,885	3.7 %	43,501	9.3 %	41,959	13.4 %
Branded postpaid	30,403	29,318	3.7 %	27,185	11.8 %	25,909	17.3 %
Branded prepay	17,162	16,567	3.6 %	16,316	5.2 %	16,050	6.9 %
Wholesale customers	13,655	13,023	4.9 %	11,517	18.6 %	10,931	24.9 %
M2M	5,034	4,529	11.2 %	4,421	13.9 %	4,269	17.9 %
MVNOs	8,621	8,494	1.5 %	7,096	21.5 %	6,662	29.4 %

At September 30, 2015, the United States operating segment (T-Mobile US) had 61.2 million customers compared to 55.0 million customers at December 31, 2014. This increase in net customers of 6.2 million for the nine months ended September 30, 2015 was consistent with 6.2 million net customer additions for the nine months ended September 30, 2014 due to the factors described below.

Branded customers. The branded postpaid net customer additions remained strong driven by customer response to T-Mobile US' Un-carrier initiatives, ongoing network improvements, and promotional activities. Branded postpaid net customer additions were 3,218 thousand for the nine months ended September 30, 2015, compared to 3,610 thousand branded postpaid net customer additions for the nine months ended September 30, 2014. The decrease in branded postpaid net customer additions was attributable to higher deactivations from ongoing competitive activity in the marketplace and lower gross customer additions compared to the nine months ended September 30, 2014, which included the introduction of Un-carrier 4.0 Contract Freedom, where T-Mobile US offered to reimburse the early termination fees from other carriers when customers switch to T-Mobile US, and certain attractive family rate plan promotions, which have resulted in continued customer growth.

Branded prepay net customer additions were 846 thousand for the nine months ended September 30, 2015, compared to 978 thousand branded prepay net customer additions for the nine months ended September 30, 2014. The lower level of branded prepay net customer additions was primarily driven by higher deactivations resulting from ongoing competitive activity in the marketplace and a growing customer base, as well as more qualified branded prepay customers upgrading to branded postpaid plans due to attractive family rate plan promotions. This decrease was partially offset by higher gross customer additions driven by the success of certain promotional activities.

Wholesale customers. Wholesale net customer additions were 2,138 thousand for the nine months ended September 30, 2015, compared to wholesale net customer additions of 1,618 thousand for the nine months ended September 30, 2014. The increase was primarily attributable to higher gross customer additions, partially offset by higher deactivations.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
TOTAL REVENUE		6,905	7,443	7,059	5,554	27.1 %	21,407	15,898	34.7 %	22,408
Profit from operations (EBIT)		273	728	537	123	n. a.	1,538	984	56.3 %	1,405
EBIT margin	%	4.0	9.8	7.6	2.2		7.2	6.2		6.3
Depreciation, amortization and impairment losses		(838)	(853)	(931)	(746)	(24.8) %	(2,622)	(2,091)	(25.4) %	(2,839)
EBITDA		1,111	1,581	1,468	869	68.9 %	4,160	3,075	35.3 %	4,244
Special factors affecting EBITDA		(114)	(71)	(234)	(145)	(61.4) %	(419)	134	n. a.	(52)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		1,225	1,652	1,702	1,014	67.9 %	4,579	2,941	55.7 %	4,296
EBITDA margin (adjusted for special factors)	%	17.7	22.1	24.1	18.3		21.4	18.5		19.2
CASH CAPEX		(2,729)	(1,230)	(1,103)	(870)	(26.8) %	(5,062)	(3,957)	(27.9) %	(5,072)

Total revenue

Total revenue for our United States operating segment of EUR 21.4 billion in the first nine months of 2015 increased by 34.7 percent compared to EUR 15.9 billion in the first nine months of 2014 mainly due to fluctuations in the currency exchange rate. In U.S. dollars, T-Mobile US' total revenues increased by 10.7 percent in the first nine months of 2015 due primarily to service revenue growth resulting from increases in the customer base from the continued success of T-Mobile US' Un-carrier initiatives and strong customer response to promotional activities targeting families. In addition, equipment revenues increased driven by growth in the number of devices sold from higher branded gross customer additions and higher device upgrade volumes. The increase was partially offset by a reduction of total revenues from the non-cash net revenue deferral for T-Mobile US' Data Stash program, giving customers the option to roll their unused high-speed data automatically each month into a personal Data Stash. Additionally, while equipment revenues increased, customers leasing higher-end devices as a result of JUMP! On Demand contributed to lower average revenue per device sold.

EBITDA, adjusted EBITDA, adjusted EBITDA margin

Adjusted EBITDA increased by 55.7 percent to EUR 4.6 billion compared to EUR 2.9 billion in the first nine months of 2014. In U.S. dollars, adjusted EBITDA increased by 27.6 percent in the first nine months of 2015. Adjusted EBITDA was positively impacted by increased branded postpaid and prepay service revenues resulting from the continued success of Un-carrier initiatives and strong customer response to promotional activities. Additionally, synergies realized from the decommissioning of the MetroPCS CDMA network contributed to the increase during the first nine months of 2015. These effects were partially offset by higher employee-related costs, an increased loss on equipment sales, higher promotional costs, and a reduction of revenues from the impact of Data Stash. Adjusted EBITDA in the first nine months of 2015 excludes EUR 0.4 billion special factors primarily relating to the decommissioning of the MetroPCS CDMA network and stock-based compensation costs. The adjusted EBITDA margin increased year-on-year due to the factors described above.

EBIT

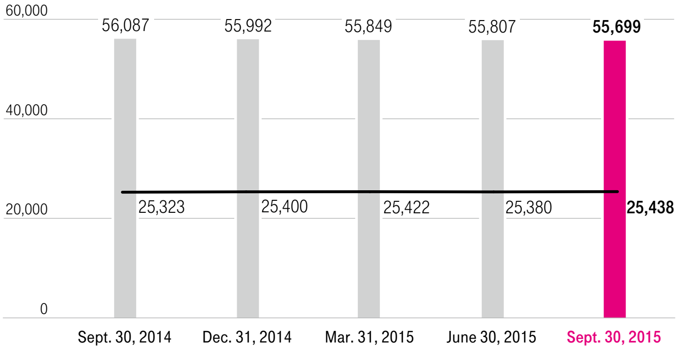
EBIT increased by 56.3 percent to EUR 1.5 billion compared to EUR 1.0 billion in the first nine months of 2014. This was driven by higher adjusted EBITDA partially offset by higher depreciation expense and the recognition of costs associated with the decommissioning of the MetroPCS CDMA network. The build-out of the T-Mobile US 4G/LTE network and the launch of the JUMP! On Demand program resulted in increased depreciation for the first nine months of 2015. These increases were partially offset by accelerated depreciation in 2014 related to our modernization of the network.

Cash capex

Cash capex increased to EUR 5.1 billion in the first nine months of 2015 compared to EUR 4.0 billion in the first nine months of 2014 due primarily to the build-out of the 4G/LTE network. Additionally, in the first nine months of 2015, T-Mobile US purchased AWS and 700 MHz A-Block spectrum licenses totaling EUR 2.2 billion, of which the majority was related to the AWS spectrum licenses acquired through the U.S. FCC auction in January 2015.

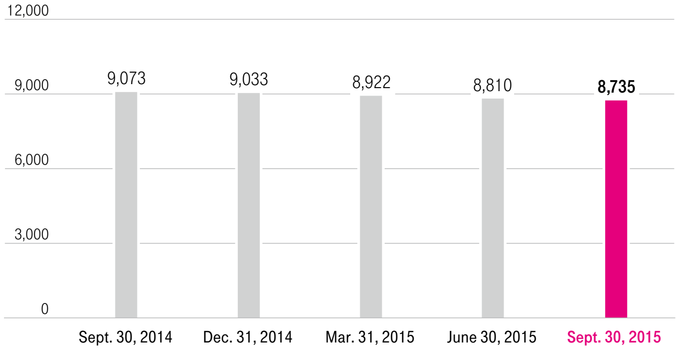
EUROPE
CUSTOMER DEVELOPMENT

Mobile customers
thousands

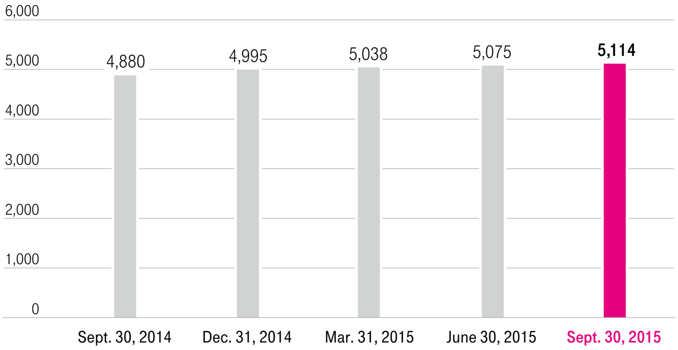


Contract customers

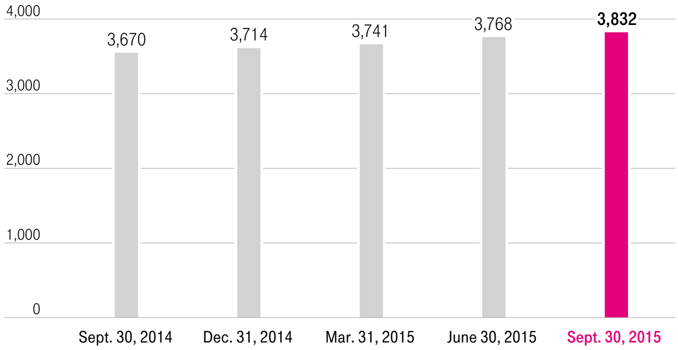
Fixed-network lines
thousands



Retail broadband lines
thousands



Television (IPTV, satellite, cable)
thousands



thousands

		Sept. 30, 2015	June 30, 2015	Change Sept. 30, 2015/ June 30, 2015 %	Dec. 31, 2014	Change Sept. 30, 2015/ Dec. 31, 2014 %	Sept. 30, 2014	Change Sept. 30, 2015/ Sept. 30, 2014 %
EUROPE, TOTAL	Mobile customers	55,699	55,807	(0.2)%	55,992	(0.5)%	56,087	(0.7)%
	Fixed-network lines	8,735	8,810	(0.9)%	9,033	(3.3)%	9,073	(3.7)%
	Of which: IP-based	3,944	3,779	4.4%	3,486	13.1%	3,169	24.5%
	Retail broadband lines	5,114	5,075	0.8%	4,995	2.4%	4,880	4.8%
	Television (IPTV, satellite, cable)	3,832	3,768	1.7%	3,714	3.2%	3,670	4.4%
	Unbundled local loop lines (ULLs)/ wholesale PSTN	2,241	2,257	(0.7)%	2,325	(3.6)%	2,323	(3.5)%
	Wholesale bundled lines	121	126	(4.0)%	140	(13.6)%	154	(21.4)%
	Wholesale unbundled lines	181	167	8.4%	144	25.7%	136	33.1%
GREECE	Mobile customers	7,428	7,387	0.6%	7,280	2.0%	7,336	1.3%
	Fixed-network lines	2,577	2,591	(0.5)%	2,624	(1.8)%	2,645	(2.6)%
	Broadband lines	1,480	1,448	2.2%	1,388	6.6%	1,357	9.1%
ROMANIA	Mobile customers	5,905	6,015	(1.8)%	6,047	(2.3)%	5,945	(0.7)%
	Fixed-network lines	2,117	2,153	(1.7)%	2,239	(5.4)%	2,272	(6.8)%
	Broadband lines	1,181	1,186	(0.4)%	1,199	(1.5)%	1,196	(1.3)%
HUNGARY [a]	Mobile customers	4,935	4,938	(0.1)%	4,964	(0.6)%	4,933	0.0%
	Fixed-network lines	1,614	1,606	0.5%	1,645	(1.9)%	1,611	0.2%
	Broadband lines	1,002	991	1.1%	969	3.4%	953	5.1%
POLAND [a]	Mobile customers	15,696	15,827	(0.8)%	15,702	0.0%	15,728	(0.2)%
	Fixed-network lines	17	18	(5.6)%	n. a.	n. a.	n. a.	n. a.
	Broadband lines	13	13	0.0%	n. a.	n. a.	n. a.	n. a.
CZECH REPUBLIC [a]	Mobile customers	5,981	5,996	(0.3)%	6,000	(0.3)%	5,993	(0.2)%
	Fixed-network lines	147	152	(3.3)%	131	12.2%	132	11.4%
	Broadband lines	138	143	(3.5)%	131	5.3%	132	4.5%
CROATIA	Mobile customers	2,323	2,241	3.7%	2,252	3.2%	2,332	(0.4)%
	Fixed-network lines	1,020	1,038	(1.7)%	1,076	(5.2)%	1,094	(6.8)%
	Broadband lines	733	733	0.0%	725	1.1%	683	7.3%
NETHERLANDS	Mobile customers	3,686	3,689	(0.1)%	3,900	(5.5)%	3,964	(7.0)%
SLOVAKIA	Mobile customers	2,204	2,196	0.4%	2,220	(0.7)%	2,228	(1.1)%
	Fixed-network lines	858	864	(0.7)%	894	(4.0)%	898	(4.5)%
	Broadband lines	587	578	1.6%	559	5.0%	546	7.5%
AUSTRIA	Mobile customers	3,962	3,934	0.7%	4,020	(1.4)%	4,022	(1.5)%
OTHER [a, b]	Mobile customers	3,579	3,585	(0.2)%	3,607	(0.8)%	3,604	(0.7)%
	Fixed-network lines	385	389	(1.0)%	423	(9.0)%	421	(8.6)%
	Broadband lines	289	291	(0.7)%	307	(5.9)%	303	(4.6)%

[a] As of January 1, 2015, the entities of the GTS Central Europe group in Poland and the Czech Republic were integrated in the respective national companies. The integration in Hungary became effective as of April 1, 2015.
[b] Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as the lines of the GTS Central Europe group in Romania.

Total
In the first nine months of 2015, the telecommunications markets in the countries of our Europe operating segment continued to be subject to intense competition. Nevertheless, mobile customer numbers remained more or less stable, with our TV and broadband lines even increasing slightly. This is down to our strategy of investing in higher bandwidths, for both mobile and fixed-network communications. Above all the build-out and marketing of lines based on fiber-optic technology is becoming increasingly relevant for our customers, with TV business profiting in particular. As part of our pan-European network strategy, we were able to steadily increase the number of IP lines – primarily through the successful migration from traditional PSTN lines to IP technology in many countries of our Europe operating segment.

Mobile communications
Mobile telephony and data services. As of the end of the third quarter of 2015, we had a total mobile customer base of 55.7 million. Despite persistently intense competition on the European mobile markets, we performed well and the customer base remained more or less on a par with the level at the end of the prior year. We are positioning ourselves in the relevant markets as a quality provider with the best service – and in many countries also as the provider with the best mobile network. Part of our network strategy is to systematically build out our mobile networks with 4G/LTE technology. Since the third quarter of 2015, we have also been marketing LTE to our customers in Albania, and are thus now represented with 4G/LTE technology in all of our national companies. Thanks to our investments in our 4G/LTE network, we can provide our customers with fast mobile broadband as well as more extended network coverage. For example, we had reached 95 percent of the population in Hungary with LTE by the end of the third quarter. In Croatia, we cover more than 90 percent. By 2018, we also want to achieve network coverage of between 75 and 95 percent in other countries.

Thanks to the high speed of our networks in combination with innovative bundled products and an attractive terminal equipment portfolio, we recorded moderate growth, especially in the high-value contract customer business. As a result, the contract customer share of the total customer base increased to 46 percent. The main reason for this is the positive development in business customer operations. As a result of our strategy of focusing on high-value contract customer business, the prepay customer base declined by 1.1 percent as of the end of the third quarter of 2015 compared with year-end 2014.

Fixed network
Telephony, Internet, and television. Our investments in TV broadcasting rights in many countries of our operating segment gave a substantial boost to demand for our TV products, also thanks to some exclusive content. Our customer numbers grew by 3.2 percent to 3.8 million. Compared with the first nine months of 2014, they increased by as much as 4.4 percent. The majority of the 162 thousand net additions in total were customers in Greece, Hungary, and Slovakia.

As an integrated telecommunications provider, we want to drive forward the convergence of fixed-network and mobile technology and, in all our integrated countries, we already offer our customers fixed-mobile convergence (FMC) products. By the end of the third quarter of 2015, we had launched our new rate model Magenta1 on the market in four national companies (Slovakia, Romania, Hungary, and the F.Y.R.O. Macedonia). The technical basis for FMC products is a simplified and standardized network, which we are creating by migrating all of our national companies with a fixed-network architecture to IP technology. This is proving successful: As of September 30, 2015, we recorded more than 3.9 million IP-based lines – an increase of 13.1 percent compared with the end of 2014. Following the successful completion of IP migration in Slovakia and the F.Y.R.O. Macedonia last year, Croatia and Montenegro will now follow by the end of 2015. We are well on track in this regard, with migration rates of 98 percent and 96 percent respectively after the first nine months of the year. At segment level, IP-based lines accounted for 45.2 percent of all lines. Around 8.7 million customers in our Europe operating segment used a fixed-network line as of the end of the third quarter of 2015. The decline of 3.3 percent against the end of 2014 was primarily attributable to line losses in traditional telephony (PSTN).

The number of retail broadband lines continued to grow apace, increasing by 2.4 percent to 5.1 million, driven mainly by DSL business, especially in Greece, where VDSL technology is enjoying dynamic growth. But the number of broadband lines also increased in Hungary and Slovakia. We are making good progress in the roll-out of fiber-optic technology. Network coverage in our operating segment increased to 18 percent of households as of September 30, 2015. By 2018, we want 50 percent of households – in our integrated national companies – to have access to a 100 Mbit/s service with FTTx.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
TOTAL REVENUE	3,106	3,136	3,198	3,317	(3.6)%	9,440	9,605	(1.7)%	12,972
Greece	692	704	721	727	(0.8)%	2,117	2,115	0.1%	2,869
Romania	241	241	239	247	(3.2)%	721	750	(3.9)%	1,002
Hungary [a]	393	380	369	370	(0.3)%	1,142	1,098	4.0%	1,492
Poland [a]	382	385	391	388	0.8%	1,158	1,103	5.0%	1,492
Czech Republic [a]	226	231	242	211	14.7%	699	642	8.9%	862
Croatia	211	222	249	243	2.5%	682	674	1.2%	905
Netherlands	346	362	346	376	(8.0)%	1,054	1,148	(8.2)%	1,551
Slovakia	187	185	199	195	2.1%	571	584	(2.2)%	768
Austria	197	205	207	210	(1.4)%	609	603	1.0%	815
Other [a, b]	279	271	300	413	(27.4)%	850	1,050	(19.0)%	1,442
Profit from operations (EBIT)	320	385	459	497	(7.6)%	1,164	1,314	(11.4)%	1,704
EBIT margin %	10.3	12.3	14.4	15.0		12.3	13.7		13.1
Depreciation, amortization and impairment losses	(633)	(622)	(638)	(645)	1.1%	(1,893)	(1,914)	1.1%	(2,597)
EBITDA	953	1,007	1,097	1,142	(3.9)%	3,057	3,228	(5.3)%	4,301
Special factors affecting EBITDA	(55)	(62)	(51)	(42)	(21.4)%	(168)	(81)	n. a.	(131)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	1,008	1,069	1,148	1,184	(3.0)%	3,225	3,309	(2.5)%	4,432
Greece	263	267	297	303	(2.0)%	827	845	(2.1)%	1,138
Romania	55	49	48	60	(20.0)%	152	196	(22.4)%	266
Hungary [a]	106	135	132	129	2.3%	373	346	7.8%	445
Poland [a]	130	145	164	149	10.1%	439	424	3.5%	579
Czech Republic [a]	89	96	100	93	7.5%	285	276	3.3%	362
Croatia	81	90	102	101	1.0%	273	269	1.5%	365
Netherlands	133	124	125	161	(22.4)%	382	459	(16.8)%	630
Slovakia	73	76	83	80	3.8%	232	234	(0.9)%	310
Austria	65	66	64	67	(4.5)%	195	171	14.0%	211
Other [a, b]	13	19	35	41	(14.6)%	67	89	(24.7)%	125
EBITDA margin (adjusted for special factors) %	32.5	34.1	35.9	35.7		34.2	34.5		34.2
CASH CAPEX	(494)	(299)	(398)	(457)	12.9%	(1,191)	(1,464)	18.6%	(2,101)

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

[a] As of January 1, 2015, the entities of the GTS Central Europe group in Poland and the Czech Republic were integrated in the respective national companies. The integration in Hungary became effective as of April 1, 2015.

[b] Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), the ICSS/GNF business of the Local Business Units, GNF (Global Network Factory), GTS Central Europe group in Romania, Europe Headquarters, and Group Technology.

Total revenue

Our Europe operating segment generated total revenue of EUR 9.4 billion in the first nine months of 2015, a year-on-year decrease of 1.7 percent. In organic terms, i.e., assuming full inclusion of the GTS Central Europe group in the prior-year period as well as constant exchange rates, segment revenue decreased by 3.1 percent.

Decisions by regulatory authorities continue to have a substantial impact on our segment revenue. Reduced mobile termination rates and in particular roaming regulations in most countries of our operating segment accounted for almost half of our organic revenue decline. In addition, revenue continued to come under pressure from persistently intense competition in the telecommunications markets in the countries of our operating segment. Given our strategy of gradually withdrawing from the Voice Hubbing business (termination of international calls), there was a negative trend in wholesale business. Excluding Voice Hubbing revenues and regulatory effects, our organic revenue remained stable year-on-year.

Thanks to the consistent focus on growth areas in the national companies in Europe, we partially compensated the negative revenue effects at segment level. As of September 30, 2015, growth areas accounted for as much as 29 percent of segment revenue. It became clear that mobile data business continues to grow from quarter to quarter: Compared with the prior-year period, it increased by 11 percent to EUR 1.3 billion, with all countries of our operating segment contributing, in particular the Netherlands, Greece, Hungary, and Austria. The majority of revenue from mobile data business was attributable to consumers. Attractive rate plans combined with a broad portfolio of terminal equipment resulted in a substantial further increase in the usage of data services, especially among contract customers. The upward trend of the past few quarters also continued in broadband and TV business: In the first nine months of 2015, broadband/TV revenue increased by 8 percent, such that it now accounts for a quarter of fixed-network revenue. Greece, the Czech Republic, and Hungary, in particular, contributed to this growth. In addition to the acquisition of the GTS Central Europe group in the prior year, our expanded product and service portfolio also resulted in higher revenue in B2B/ICT business with business customers compared with the prior year, especially in the Czech Republic and Croatia. The energy resale business in Hungary also recorded year-on-year revenue growth.

In addition to the growth areas, revenues from sales of terminal equipment also improved, increasing by 3.9 percent. This is attributable in part to the alternative model launched in some countries of our Europe operating segment, whereby the customer concludes separate contracts for the service and the device.

In terms of organic segment revenue by country, business in the Netherlands was hit hardest by absolute revenue declines in the first nine months of 2015 – due in part to volume- and price-driven declines in voice telephony and in part to regulation in roaming business. Romania also recorded revenue losses, which were attributable, on the one hand, to the reduction in mobile termination rates in the second quarter of 2014, and, on the other, to volume- and price-driven decreases in revenue from fixed-network voice telephony. Slovakia was primarily affected by market-related declines in revenue. In Poland and the Czech Republic, revenues mainly came under pressure from lower mobile termination rates imposed by regulation. Increased revenues, primarily in Hungary, Croatia, and Austria, however, had a positive impact on the revenue trend – as did the positive contribution to revenue in the fixed-network business in Greece.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 3.2 billion in the reporting period, a year-on-year decrease of 2.5 percent. Assuming full inclusion of the GTS Central Europe group in the prior-year period and constant exchange rates, adjusted EBITDA declined by 3.7 percent. Overall, the decrease in organic revenue at segment level primarily had a negative impact on the development of adjusted EBITDA. Furthermore, changes in legislation, taxes and duties, national austerity programs, and regulatory decisions put additional pressure on our earnings.

As far as earnings by country are concerned, the decreases in adjusted EBITDA were primarily attributable to the Netherlands and Romania, following a decline in revenue. By contrast, increases in adjusted EBITDA generated primarily in Hungary, Austria, and Croatia had a positive impact on the development of adjusted EBITDA at segment level.

With efficiency enhancement measures, we were able to reduce indirect costs in a targeted way and thereby partially counteract the negative effect of the revenue decline. Lower personnel costs and savings in costs for purchased goods and services in particular made a positive contribution to this trend. The decrease in direct costs also had a positive effect on adjusted EBITDA at segment level.

EBITDA was affected by net special factors of EUR 0.2 billion. They mainly included expenses for staff-related measures and the expense to settle a claim for damages against Slovak Telekom in the first quarter of 2015. For further information on the proceedings, please refer to the section “Risks and opportunities,” pages 33 and 34. As a result, our EBITDA decreased by EUR 0.2 billion to EUR 3.1 billion.

Development of operations in selected countries

With the aim of becoming the leading European telecommunications provider, we are pursuing the strategy of developing the majority of our national companies into integrated all-IP players that provide best customer experience – regardless of their respective market position. To this end, we are establishing a production model with the help of a pan-European, fully IP-based network infrastructure, best network access, and optimized processes and customer interfaces. Most of our national companies already operate in both fixed-network and mobile communications. In addition, our companies in the Netherlands and Austria continue to focus on mobile business as “mobile attackers.” They position themselves as the provider with the greatest focus on customer needs and in this way occupy a niche as mobile-only providers. We present the following national companies by way of example:

Greece. Revenue we generated in Greece totaled EUR 2.1 billion in the first nine months of 2015, which was on a par with the prior-year level. Even after reaching an agreement with the European institutions and despite efforts to introduce reforms, Greece's economic situation remains strained. The positive contribution from the fixed-network business offset the decline in revenue from the mobile business. There was a significantly positive trend in fixed-network revenue as a result of revenue increases in broadband and TV business. Our attractive TV content was very well received by customers. In connection with the focus on rolling out DSL lines, we also recorded brisk growth in the number of broadband customers. The B2B/ICT business with business customers also made a positive contribution. Overall, we managed to offset the decline in revenue from voice services, which are particularly adversely affected by line losses in traditional telephony.

Mobile business decreased year-on-year by 2.2 percent. Double-digit revenue growth in the data business partially offset the declines in voice revenues arising from the increasing popularity of flat rates and the associated low pricing. Text messaging revenues in the prepay segment also decreased year-on-year – increasingly due to the subscription to text messaging rate options and lower usage.

In the first nine months of 2015, adjusted EBITDA in Greece stood at EUR 827 million, down 2.1 percent against the prior-year period. Apart from the fact that revenue remained unchanged against the prior-year level, higher direct costs attributable in part to higher expenses for terminal equipment and in part to regulation-induced increases in interconnection costs were not completely offset by lower indirect costs.

Hungary. In the first nine months of 2015, revenue increased by 4.0 percent year-on-year to EUR 1.1 billion. Adjusted for exchange rates, revenue increased by 3.8 percent. This growth is largely attributable to the positive trend in fixed-network business, especially due to the 11.8 percent increase in revenue from broadband and TV business. The proportion of total fixed-network revenue accounted for by broadband/TV business increased by 4 percentage points year-on-year. In line with our strategy of rolling out a pan-European network in our integrated national companies, the marketing of IP-based broadband lines was stepped up. As a result, the number of broadband lines, for example, increased year-on-year, especially for VDSL lines. TV business also profited from this, attracting customers with its innovative TV services across all screens. The energy resale business also recorded year-on-year revenue growth. In addition, the B2B/ICT business with business customers also made a positive contribution to revenue, enabling us to more than offset the overall decline in voice revenue in traditional telephony.

Mobile business also had a positive effect on total revenue. The upward trend in mobile data business continued in the third consecutive quarter, resulting in a year-on-year increase of some 15 percent. This development is, among other factors, the result of our high-speed mobile network, the huge reach, and the successful marketing of innovative products, which is reflected both in usage behavior and by the fact that smartphones accounted for a high proportion of all terminal devices sold. This can also be seen in terminal equipment sales, which made a positive revenue contribution to total mobile revenues, such that we were able to fully offset the mainly regulation-induced decline in service revenues.

Adjusted EBITDA amounted to EUR 373 million in the first nine months of the year, representing a year-on-year increase of 7.8 percent, mainly due to the positive effects from increased revenue. This offset increased direct costs, especially for purchased goods and services.

Austria. In Austria, we generated revenue of EUR 609 million in the first nine months of 2015, a year-on-year increase of 1.0 percent. This is due on the one hand to the positive trend in voice revenues. On the other hand, revenues from mobile data business once again increased substantially, especially from contract customers, such that the proportion of total revenues accounted for by data revenues increased compared with the prior-year period. This increase was mainly due to the successful launch of the new rate plan model last year, followed by ongoing high demand for smartphones. Both factors resulted in a sharp increase in the usage of data services. We were thus able to offset the declines resulting from the regulation-induced reduction in roaming charges.

Adjusted EBITDA increased by 14.0 percent year-on-year in the first three quarters of 2015 to EUR 195 million. In addition to positive effects from the increase in revenues, lower indirect costs due in particular to personnel costs contributed to this result. Savings in direct costs also made a positive contribution to adjusted EBITDA, primarily as a result of lower costs for purchased goods and services.

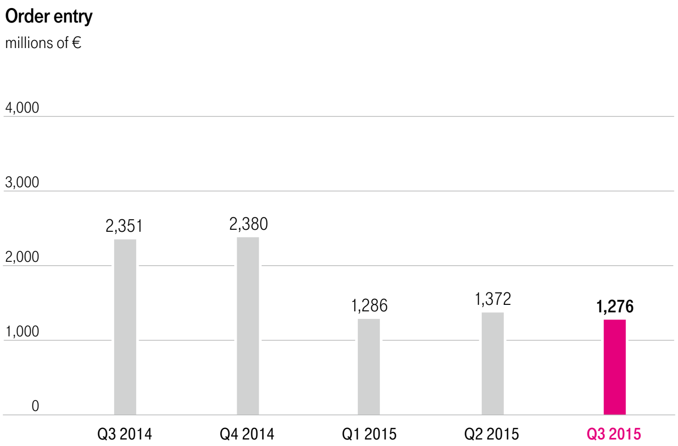
EBIT

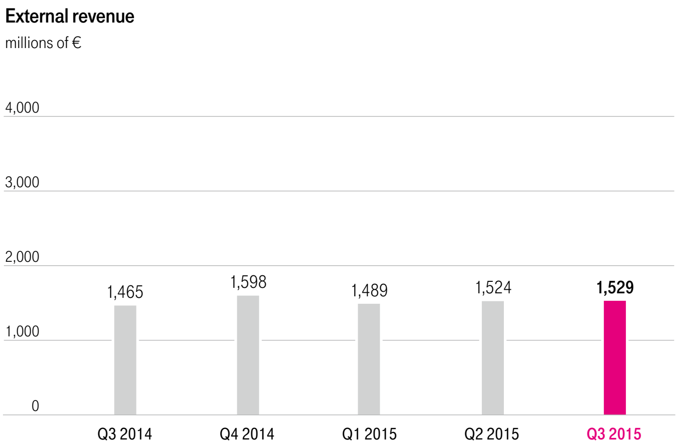
EBIT in our Europe operating segment totaled EUR 1.2 billion in the first nine months of 2015, down 11.4 percent year-on-year, mainly due to the decline in EBITDA. A moderate decrease in the level of depreciation and amortization had a positive impact on the EBIT trend.

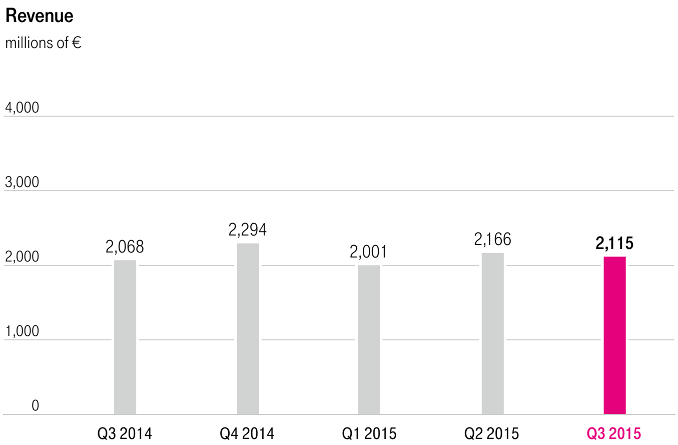
Cash capex

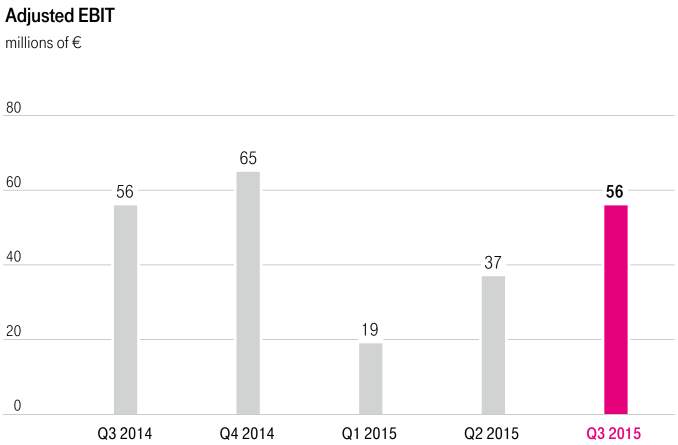
In the first nine months of 2015, our Europe operating segment reported cash capex of EUR 1.2 billion, i.e., down by 18.6 percent, mainly due to the acquisition of mobile licenses in the Czech Republic, Poland, and Slovakia in the prior year. We acquired spectrum in the first three quarters of 2015, e.g., in Albania, but to a lesser extent.

SYSTEMS SOLUTIONS
SELECTED KPIs









		Sept. 30, 2015	June 30, 2015	Change Sept. 30, 2015/ June 30, 2015 %	Dec. 31, 2014	Change Sept. 30, 2015/ Dec. 31, 2014 %	Sept. 30, 2014	Change Sept. 30, 2015/ Sept. 30, 2014 %
ORDER ENTRY	millions of €	3,934	2,658	n. a.	7,456	n. a.	5,076	(22.5) %
COMPUTING & DESKTOP SERVICES								
Number of servers managed and serviced	units	62,521	61,768	1.2 %	61,654	1.4 %	61,619	1.5 %
Number of workstations managed and serviced	millions	1.67	1.64	1.8 %	1.58	5.7 %	1.57	6.4 %
SYSTEMS INTEGRATION								
Hours billed	millions	4.0	2.7	n. a.	6.1	n. a.	4.7	(14.9) %
Utilization rate	%	80.9	82.3	(1.4) %p	83.8	(2.9) %p	83.5	(2.6) %p

Development of business

In the first nine months of 2015, T-Systems concluded new contracts in Germany and abroad; nevertheless, order entry decreased by 22.5 percent year-on-year. This is due on the one hand to the large-scale contract won in the prior-year period to set up and operate a satellite-based toll collection system for trucks in Belgium and to other major contracts in the automotive sector. And on the other hand, the decline can be attributed to the realignment of the business model with the aim of ensuring sustained profitable growth. In this connection, we tightened up the profitability criteria for the acceptance of new orders: In the future, we will offer services with a persistently low level of profitability via specialized partners or discontinue them completely if demand is not lucrative enough. Strengthened by the realignment, our standard solutions from the growth area of cloud computing in particular won out over strong competition. For our customers, this means that they can access an ever greater range of services from the cloud and at the same time profit from our expertise in transformation services for bringing our customers to the cloud securely.

Another key component in the expansion of our cloud business is strategic partnerships. This means we offer our partners' services from our data centers in Germany in order to meet our customers' needs. The aspects of security and high availability play a key role for T-Systems and our customers.

To meet the requirements from the new deals, we are continuously modernizing and consolidating our ICT resources. The number of servers managed and serviced increased by 1.5 percent compared with the prior-year period as a result of the further expansion of the growth areas. At the data centers, technical advances made it possible to set up ever larger and higher-performance units, which had a positive impact on our cost efficiency. The number of workstations managed and serviced increased by 6.4 percent to 1.67 million compared with the prior-year period.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
TOTAL REVENUE		2,001	2,166	2,115	2,068	2.3 %	6,282	6,307	(0.4) %	8,601
Loss from operations (EBIT)		(65)	(230)	(92)	(97)	5.2 %	(387)	(287)	(34.8) %	(422)
Special factors affecting EBIT		(84)	(267)	(148)	(153)	3.3 %	(499)	(349)	(43.0) %	(549)
EBIT (adjusted for special factors)		19	37	56	56	0.0 %	112	62	80.6 %	127
EBIT margin (adjusted for special factors)	%	0.9	1.7	2.6	2.7		1.8	1.0		1.5
Depreciation, amortization and impairment losses		(145)	(225)	(135)	(141)	4.3 %	(505)	(567)	10.9 %	(717)
EBITDA		80	(5)	43	44	(2.3) %	118	280	(57.9) %	295
Special factors affecting EBITDA		(74)	(219)	(142)	(153)	7.2 %	(435)	(343)	(26.8) %	(540)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		154	214	185	197	(6.1) %	553	623	(11.2) %	835
EBITDA margin (adjusted for special factors)	%	7.7	9.9	8.7	9.5		8.8	9.9		9.7
CASH CAPEX		(252)	(279)	(288)	(319)	9.7 %	(819)	(826)	0.8 %	(1,171)

Total revenue
Total revenue in our Systems Solutions operating segment in the reporting period amounted to EUR 6.3 billion, the same level as in the prior year. The increase in the Market Unit largely offset the planned decline in revenue in the Telekom IT business area.

Revenues of the Market Unit, i.e., essentially business with external customers, were up 3.0 percent compared with the prior-year period to EUR 5.2 billion, with international revenue in particular increasing. The general downward price trend in ICT business was more than offset by the revenue from new contracts. Furthermore, exchange rate effects had a positive impact on the Market Unit's revenue.

In the Telekom IT business unit, which mainly pools the Group's domestic internal IT projects, revenue was down 13.9 percent to EUR 1.1 billion against the prior-year period. The decrease in revenue primarily reflects the lower internal revenues from the licensing of the Group-wide ERP system and, in particular, the Group's planned savings in IT costs.

EBITDA, adjusted EBITDA
Adjusted EBITDA in our Systems Solutions operating segment decreased by EUR 70 million or 11.2 percent in the reporting period due to a substantially lower contribution from Telekom IT. Adjusted EBITDA of the Market Unit continued to rise, enabling this unit to make a 15.8 percent higher contribution to earnings than in the previous year. The reasons for this include improved customer profitability and the effects resulting from cost-cutting and efficiency enhancement measures. These positive effects were partially impaired by necessary expenses in connection with the realignment of the business model with the aim of ensuring sustainably profitable growth. The adjusted EBITDA margin of our Systems Solutions operating segment decreased from 9.9 percent in the prior-year period to 8.8 percent.

EBITDA decreased by 57.9 percent year-on-year to EUR 118 million due to the effects described under adjusted EBITDA. Special factors were higher than in the prior year, mainly due to restructuring programs, the settlement of differences, and the optimization of transactions.

EBIT, adjusted EBIT
Adjusted EBIT improved by EUR 50 million for the first nine months of 2015 against the prior-year period. The key factors were the effects described under adjusted EBITDA and lower depreciation, amortization and impairment losses, especially in connection with the licensing of the Group-wide ERP system. The adjusted EBIT margin improved from 1.0 percent in the prior-year period to 1.8 percent.

Cash capex
Cash capex totaled EUR 0.8 billion in the reporting period. Our level of investment remains high and is attributable to the realignment of the business model, which we are developing further in line with the increasing digitization of enterprises. For this reason, we are investing in intelligent network solutions such as connected car, healthcare, and energy, as well as in cutting-edge digital innovation areas like cloud computing and cyber security. Enhanced efficiency, for example as a result of the standardization of the ICT platforms, had an offsetting effect.

GROUP HEADQUARTERS & GROUP SERVICES
Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments. For more information, please refer to the section "Group structure" in the 2014 Annual Report, page 67 et seq.

millions of €

	Q1 2015	Q2 2015	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
TOTAL REVENUE	565	584	555	596	(6.9) %	1,704	1,828	(6.8) %	2,516
Profit (loss) from operations (EBIT)	(252)	(231)	(341)	(447)	23.7 %	(824)	492	n. a.	(109)
Depreciation, amortization and impairment losses	(144)	(138)	(174)	(163)	(6.7) %	(456)	(464)	1.7 %	(671)
EBITDA	(108)	(93)	(167)	(284)	41.2 %	(368)	956	n. a.	562
Special factors affecting EBITDA	(86)	(17)	(34)	(139)	75.5 %	(137)	1,379	n. a.	1,229
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(22)	(76)	(133)	(145)	8.3 %	(231)	(423)	45.4 %	(667)
CASH CAPEX	(96)	(65)	(69)	(94)	26.6 %	(230)	(240)	4.2 %	(381)

Total revenue
Total revenue in our Group Headquarters & Group Services segment decreased in the reporting period by 6.8 percent year-on-year. Intragroup revenue decreased due to efficiency enhancement measures, especially the continued efforts to optimize the use of land and buildings. The revenue decline is also due to the revenue lost in connection with the sale of 70 percent of the shares in the Scout24 group which was consummated in early February 2014, and to the set-up of the new Group Innovation unit.

EBITDA, adjusted EBITDA
Adjusted EBITDA at Group Headquarters & Group Services improved by EUR 192 million year-on-year in the reporting period, mainly due to income of EUR 175 million resulting from an agreement to settle an ongoing complaints procedure under anti-trust law in the first quarter of 2015. Furthermore, lower personnel costs as a result of the continued staff restructuring as well as increased income from real estate sales had a positive impact on earnings. This was offset by efficiency gains achieved through continued cost management and passed on to the Group's operating segments, as well as by the non-recurrence of the contribution to earnings by the Scout24 group.

Overall, EBITDA was negatively impacted by special factors amounting to EUR 137 million, especially for staff-related measures. In the prior-year period, income from divestitures in connection with the disposal of the Scout24 group had been a decisive special factor.

EBIT
The year-on-year decline in EBIT is primarily attributable to income from divestitures in connection with the disposal of the Scout24 group in the prior year.

Cash capex
Cash capex decreased year-on-year by EUR 10 million, largely due to the purchase of fewer licenses. This was offset by the procurement of more vehicles.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2015)

Share buy-back. The Board of Management of Deutsche Telekom decided on September 29, 2015 to exercise the authorization to purchase shares in the Company granted by the shareholders' meeting on May 24, 2012 and to purchase 950,000 shares through the stock exchange. The shares bought back are to be used in particular as part of our compensation plan to service the share matching plan. The share buy-back program was completed on October 1, 2015. On September 30, 2015 and October 1, 2015, a total of 950,000 shares were acquired for a total price of EUR 14.8 million with an average purchase price of EUR 15.57 per share. As a result, treasury shares of EUR 2.4 million will be openly deducted from issued capital (imputed value of EUR 2.56 per share) and the retained earnings of the Group decreased by around EUR 12.4 million.

Scout24 AG initial public offering (IPO). In connection with the IPO of Scout24 AG on October 1, 2015, we sold around half of our shares in the company at EUR 30.00 per share, for which we received around EUR 0.4 billion.

For information on the **regulation of the European Commission concerning the single market for electronic communications** adopted on October 27, 2015, please refer to the section "Risks and opportunities," pages 33 and 34.

Sale of our online platform t-online.de and our digital marketing company InteractiveMedia. The sale agreed with Ströer in return for new issues of Ströer shares was completed on November 2, 2015 following approval by the Federal Cartel Office and the meeting of additional closing conditions.

For information on the **frequency auction in Poland** in October 2015, please refer to the section "The economic environment," pages 9 and 10.

For information on developments in the legal proceedings for **claims by partnering publishers of telephone directories** and **claims for damages due to price squeeze**, please refer to the section "Risks and opportunities," pages 33 and 34.

FORECAST

The statements in this section reflect the current views of our management. The following section explains the current main findings on changes to the development of forecasts published in the 2014 combined management report (2014 Annual Report, page 134 et seq.). Accordingly, other statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

CHANGES FROM THE 2014 ANNUAL REPORT

In the 2014 Annual Report, Deutsche Telekom forecast adjusted EBITDA for the 2015 financial year of around EUR 18.3 billion. This expected figure did not include income of EUR 175 million from an agreement to settle an ongoing complaints procedure under anti-trust law or the new business model JUMP! On Demand at T-Mobile US which also had a positive effect on our adjusted EBITDA. As part of this business model, customers of T-Mobile US have also been offered a terminal equipment lease model since June 2015, in addition to the options for purchasing terminal equipment by installments. In addition, the U.S. dollar exchange rate, which has risen sharply so far this year continues to have a substantial positive effect on the development of our adjusted EBITDA. Excluding the aforementioned effects on adjusted EBITDA, we continue to confirm our guidance for 2015.

We therefore also confirm our free cash flow forecast of around EUR 4.3 billion for 2015.

RISKS AND OPPORTUNITIES

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2014 financial year (2014 Annual Report, page 146 et seq.). Readers are also referred to the Disclaimer at the end of this report.

ECONOMIC RISKS, EUROPE

The political situation in Greece has stabilized following the fundamental agreement between the European institutions and the Greek government. A Greek exit from the eurozone was avoided. Furthermore, the stability of the Greek government increased following new elections in September 2015. However, the adopted reform implementation program still poses an economic risk, for example from the increase in VAT and the corporate and real estate tax rates, since these go hand in hand with a reduction in disposable or investable income.

LITIGATION

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings, a further hearing took place in June 2015, which will continue in January 2016. Deutsche Telekom has recognized appropriate provisions for risks in the statement of financial position since 2014.

Claims for damages concerning the provision of subscriber data. The Federal Court of Justice rejected Dr. Harisch's complaint against non-allowance of appeal in a ruling dated April 14, 2015. The claim of approximately EUR 612 million plus interest has therefore been dismissed with final and binding effect. In the appeal proceedings brought by telegate AG in relation to its claim for damages of approximately EUR 86 million plus interest, the Düsseldorf Higher Regional Court dismissed telegate AG's appeal in a ruling dated April 22, 2015 and disallowed a further appeal. telegate AG filed a complaint against the non-allowance of appeal with the Federal Court of Justice in May 2015.

Claims by partnering publishers of telephone directories. In February and March 2015, the Frankfurt/Main Regional Court dismissed another 20 claims by partnering publishers of telephone directories. This brings the number of claims dismissed in the first instance to 22 out of 81. Two of these rulings have in the meantime become final and legally binding. The complainants have filed appeals against the other rulings with the Frankfurt Higher Regional Court. The remaining amount in dispute now totals approximately EUR 467 million plus interest. Deutsche Telekom AG, DeTeMedien GmbH and the majority of the partnering publishers of telephone directories concluded an agreement to settle their disputes on October 22, 2015. Deutsche Telekom has recognized appropriate provisions for risks in the statement of financial position since 2014.

Claims for damages due to price squeeze. In the proceedings brought by EWE Tel GmbH against Telekom Deutschland GmbH, the Düsseldorf Higher Regional Court, in its ruling dated January 29, 2014, overturned the first-instance ruling of the Cologne Regional Court dated January 17, 2013, especially with regard to the extent of the claims barred under the statute of limitations, and referred the case back to the Cologne Regional Court disallowing any appeal due to the amount of the damages. In a ruling dated June 16, 2015, the Federal Court of Justice rejected the complaints lodged by the parties against the non-allowance of appeal. In October 2015, the parties concluded an agreement to settle the dispute.

Auction of LTE frequencies. In 2010, the Federal Network Agency auctioned off additional frequencies in the 0.8 GHz, 1.8 GHz, 2.0 GHz and 2.6 GHz ranges, with all four German mobile network operators participating in the auction. Several companies appealed against the rulings of the Federal Network Agency with regard to the auction. The decision of the Cologne Administrative Court on September 3, 2014 to dismiss the recently pending action brought by a telecommunications company, is now final and legally binding.

Reduction of the Company's contribution to the civil service pension of the former Deutsche Bundespost. In the ruling dated October 2, 2015, the competent administrative court dismissed the claim of Deutsche Telekom AG for a reduction in the payment obligation and allowed for appeal.

PROCEEDINGS CONCLUDED IN 2015

Claim for compensation against Slovak Telekom. In March 2015, the parties agreed on a settlement of the dispute. The settled dispute concerned the lawsuit filed against Slovak Telekom based on the accusation that the legal predecessor of Slovak Telekom had ceased broadcast of an international radio program contrary to the underlying contract. The settlement was confirmed by the responsible court in Bratislava in May 2015; the proceedings are therefore terminated with final and binding effect. In July 2015, Deutsche Telekom was able to realize its contractual claims to a refund of the amount paid by Slovak Telekom for the settlement, in accordance with the amount of its shareholding in Slovak Telekom at the time.

ANTI-TRUST PROCEEDINGS

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. Following the European Commission's decision of October 15, 2014 to impose fines, both Orange Slovensko and SWAN filed action against Slovak Telekom with the civil court in Bratislava in August 2015, claiming compensation for damages of EUR 232 million and EUR 50 million respectively, plus interest. These claims seek compensation for damages alleged to have been incurred through Slovak Telekom's abuse of its dominant market position, as determined by the EU Commission. Both Slovak Telekom and Deutsche Telekom appealed against the decision before the Court of the European Union in December 2014. Slovak Telekom is currently examining the merits of the claims. It is currently not possible to estimate the potential financial impact with sufficient certainty.

REGULATION

As part of a strategy for the digital single market, the European Commission announced its upcoming European regulation initiatives in early May 2015. These include, for example, a complete **reworking of the applicable EU legal framework for telecommunications**, introduced in fall of this year with a public consultation. The process comprises a review of the current ex-ante regulation for network access, a reform of service regulation whose aims include more equal treatment of telecommunications services and Internet-based (communications) services, as well as a renewed initiative to create a more harmonized framework for the awarding of mobile spectrum. Furthermore, the Commission announced a review of the role of Internet platforms in the digital economy with a view to potential legislative measures. The review is set to begin at the end of 2015. All these initiatives offer the opportunity to achieve more balanced competitive conditions between telecommunications and Internet companies in the area of regulation. It is not possible at present to conclusively assess the specific opportunities and risks arising from these initiatives.

On October 27, 2015, the EU Regulation concerning the single market for electronic communications, which contains provisions on net neutrality and international roaming, was adopted by the EU Parliament and the European Council.

- Net neutrality. The regulation concerning the single market for electronic communications allows for the provision of "specialized services" with assured quality, and Internet access services on a shared IP network. However, the permissibility of special services is linked to the fact that an assured quality is required for the provision of the service. Equal treatment of all data traffic will be established as a principle, with exceptions to traffic management being permitted in limited cases, for instance to ensure the objectively different technical requirements of different service categories and to prevent potential overloads in the network. Zero-rating, i.e., not charging for certain amounts of data traffic in connection with volume-based rate plans, remains permissible, with corresponding offers being subject to control by the Federal Network Agency. The regulation provides regulatory authorities with extensive powers to monitor and intervene, and includes provisions on fines.

- International roaming. With regard to international roaming, the regulation on the single market for electronic communications provides for an initial reduction of roaming rates as of April 30, 2016 to the level of national rates plus a strictly limited surcharge. From June 15, 2017, surcharges for roaming services within the EU will then be eliminated entirely (Roam like at Home), unless permitted under a still to be specified fair usage policy. The deadline of June 15, 2017 will be postponed if it is not possible to first bring in line the corresponding wholesale regulations at EU level in time. The introduction of Roam Like at Home, will give rise to corresponding revenue losses as well as substantial implementation costs.

At EU level, work on the new Payment Service Directive 2 is largely complete; it will replace Payment Service Directive 1 from 2007. As it currently stands, billing models for voice and non-voice services will cap the amounts that can be charged for third-party services through telephone bills. The Directive is expected to enter into force in the second half of 2015 and to have a two-year deadline for enforcement in the member states. Depending on the transposition into national law, this will lead to restrictions in business models for billing third-party services and to costs for implementing compliance with the thresholds.

Application for further vectoring roll-out. On February 23, 2015, we applied to the Federal Network Agency to be exempted from the obligation to give competitors access to the main distribution frames for the activation of VDSL lines. If the authority approves this request, we can create the necessary conditions to provide approximately 6 million more households with speeds of up to 100 Mbit/s. Going forward, transmission rates of up to 250 Mbit/s (super vectoring) will even be possible. In total, around 80 percent of households would be able to benefit from high-speed lines by the end of 2018. We expect the regulatory process to be completed before the end of the fourth quarter of 2015. However, the regulatory requirements for concrete implementation will not be met until the reference offer has been adjusted, which is expected to take place in the third quarter of 2016.

In its draft remedies decision for the bitstream market dated April 29, 2015, the Federal Network Agency provides for ex-ante regulation for layer 2 bitstream access products in addition to the current ex-post regulation for layer 3 bitstream access products. We plan to offer a layer 2 bitstream access product as of January 1, 2016. If the Federal Network Agency were to set out narrow and rigid ex-ante regulation of layer 2 bitstream access products, this would give rise to the risk that innovative price models such as contingent models would no longer be attractive for us.

Federal Network Agency proceedings on MagentaZuhause Hybrid. On July 6, 2015, 1&1 Telecom GmbH applied to the Federal Network Agency to be provided with a wholesale service that would enable the replication of our MagentaZuhause Hybrid product. This also includes access to LTE capacities used in connection with the hybrid product. Alternatively, they also requested a prohibition on the marketing of our retail product until a corresponding wholesale service is made available. Although there are good arguments on our side when we claim that competitors can replicate our hybrid product without a wholesale service to be provided by Telekom Deutschland, we cannot rule out the regulatory risk of the Federal Network Agency approving 1&1's request at least to some extent.

ASSESSMENT OF THE AGGREGATE RISK POSITION

At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

millions of €

	Sept. 30, 2015	Dec. 31, 2014	Change	Change %	Sept. 30, 2014
ASSETS					
CURRENT ASSETS	**27,747**	**29,798**	**(2,051)**	**(6.9)%**	**22,121**
Cash and cash equivalents	4,510	7,523	(3,013)	(40.1)%	7,250
Trade and other receivables	10,289	10,454	(165)	(1.6)%	9,059
Current recoverable income taxes	117	84	33	39.3%	76
Other financial assets	2,386	2,976	(590)	(19.8)%	2,708
Inventories	1,775	1,503	272	18.1%	1,275
Other assets	1,461	1,380	81	5.9%	1,501
Non-current assets and disposal groups held for sale	7,209	5,878	1,331	22.6%	252
NON-CURRENT ASSETS	**107,482**	**99,562**	**7,920**	**8.0%**	**102,888**
Intangible assets	56,049	51,565	4,484	8.7%	50,152
Property, plant and equipment	42,173	39,616	2,557	6.5%	38,746
Investments accounted for using the equity method	424	617	(193)	(31.3)%	6,581
Other financial assets	3,097	2,284	813	35.6%	1,859
Deferred tax assets	5,315	5,169	146	2.8%	5,060
Other assets	424	311	113	36.3%	490
TOTAL ASSETS	**135,229**	**129,360**	**5,869**	**4.5%**	**125,009**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	**31,734**	**28,198**	**3,536**	**12.5%**	**26,860**
Financial liabilities	13,685	10,558	3,127	29.6%	10,961
Trade and other payables	9,846	9,681	165	1.7%	8,012
Income tax liabilities	230	276	(46)	(16.7)%	242
Other provisions	3,180	3,517	(337)	(9.6)%	3,231
Other liabilities	4,751	4,160	591	14.2%	4,414
Liabilities directly associated with non-current assets and disposal groups held for sale	42	6	36	n. a.	–
NON-CURRENT LIABILITIES	**66,987**	**67,096**	**(109)**	**(0.2)%**	**64,172**
Financial liabilities	43,402	44,669	(1,267)	(2.8)%	42,398
Provisions for pensions and other employee benefits	8,281	8,465	(184)	(2.2)%	8,128
Other provisions	2,518	2,373	145	6.1%	2,133
Deferred tax liabilities	8,787	7,712	1,075	13.9%	7,550
Other liabilities	3,999	3,877	122	3.1%	3,963
LIABILITIES	**98,721**	**95,294**	**3,427**	**3.6%**	**91,032**
SHAREHOLDERS' EQUITY	**36,508**	**34,066**	**2,442**	**7.2%**	**33,977**
Issued capital	11,793	11,611	182	1.6%	11,611
Treasury shares	(53)	(53)	0	0.0%	(54)
	11,740	**11,558**	**182**	**1.6%**	**11,557**
Capital reserves	52,408	51,778	630	1.2%	51,760
Retained earnings including carryforwards	(38,986)	(39,783)	797	2.0%	(39,415)
Total other comprehensive income	(506)	(1,838)	1,332	72.5%	(1,356)
Total other comprehensive income directly associated with non-current assets and disposal groups held for sale	1,109	798	311	39.0%	–
Net profit (loss)	2,308	2,924	(616)	(21.1)%	3,034
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	**28,073**	**25,437**	**2,636**	**10.4%**	**25,580**
Non-controlling interests	8,435	8,629	(194)	(2.2)%	8,397
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**135,229**	**129,360**	**5,869**	**4.5%**	**125,009**

CONSOLIDATED INCOME STATEMENT

millions of €

	Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
NET REVENUE	**17,099**	**15,648**	**9.3 %**	**51,369**	**45,656**	**12.5 %**	**62,658**
Cost of sales	(10,006)	(9,602)	(4.2) %	(31,096)	(27,741)	(12.1) %	(38,539)
GROSS PROFIT	**7,093**	**6,046**	**17.3 %**	**20,273**	**17,915**	**13.2 %**	**24,119**
Selling expenses	(4,080)	(3,390)	(20.4) %	(11,772)	(10,008)	(17.6) %	(13,898)
General and administrative expenses	(1,288)	(1,170)	(10.1) %	(3,827)	(3,464)	(10.5) %	(4,721)
Other operating income	233	278	(16.2) %	967	2,888	(66.5) %	3,231
Other operating expenses	(173)	(406)	57.4 %	(584)	(1,055)	44.6 %	(1,484)
PROFIT FROM OPERATIONS	**1,785**	**1,358**	**31.4 %**	**5,057**	**6,276**	**(19.4) %**	**7,247**
Finance costs	(579)	(610)	5.1 %	(1,756)	(1,784)	1.6 %	(2,340)
Interest income	43	58	(25.9) %	164	209	(21.5) %	325
Interest expense	(622)	(668)	6.9 %	(1,920)	(1,993)	3.7 %	(2,665)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(18)	(11)	(63.6) %	(7)	(32)	78.1 %	(198)
Other financial income (expense)	(60)	(82)	26.8 %	(101)	(250)	59.6 %	(359)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**(657)**	**(703)**	**6.5 %**	**(1,864)**	**(2,066)**	**9.8 %**	**(2,897)**
PROFIT BEFORE INCOME TAXES	**1,128**	**655**	**72.2 %**	**3,193**	**4,210**	**(24.2) %**	**4,350**
Income taxes	(260)	(113)	n. a.	(777)	(924)	15.9 %	(1,106)
PROFIT (LOSS)	**868**	**542**	**60.1 %**	**2,416**	**3,286**	**(26.5) %**	**3,244**
PROFIT (LOSS) ATTRIBUTABLE TO							
Owners of the parent (net profit (loss))	809	506	59.9 %	2,308	3,034	(23.9) %	2,924
Non-controlling interests	59	36	63.9 %	108	252	(57.1) %	320
INCLUDED IN CONSOLIDATED INCOME STATEMENT							
Personnel costs	(3,857)	(3,612)	(6.8) %	(11,791)	(10,855)	(8.6) %	(14,683)
Depreciation, amortization and impairment losses	(2,796)	(2,649)	(5.5) %	(8,218)	(7,786)	(5.5) %	(10,574)
Of which: amortization and impairment of intangible assets	(1,015)	(967)	(5.0) %	(3,030)	(2,810)	(7.8) %	(3,863)
Of which: depreciation and impairment of property, plant and equipment	(1,781)	(1,682)	(5.9) %	(5,188)	(4,976)	(4.3) %	(6,711)

EARNINGS PER SHARE

		Q3 2015	Q3 2014	Change %	Q1–Q3 2015	Q1–Q3 2014	Change %	FY 2014
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	809	506	59.9 %	2,308	3,034	(23.9) %	2,924
Weighted average number of ordinary shares (basic/diluted)	millions	4,543	4,464	1.8 %	4,543	4,464	1.8 %	4,476
EARNINGS PER SHARE BASIC/DILUTED	€	**0.18**	**0.11**	**63.6 %**	**0.51**	**0.68**	**(25.0) %**	**0.65**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

	Q3 2015	Q3 2014	Change	Q1–Q3 2015	Q1–Q3 2014	Change	FY 2014
PROFIT (LOSS)	**868**	**542**	**326**	**2,416**	**3,286**	**(870)**	**3,244**
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	(228)	(433)	205	197	(1,047)	1,244	(1,581)
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	(29)
Income taxes relating to components of other comprehensive income	68	131	(63)	(63)	317	(380)	477
	(160)	**(302)**	**142**	**134**	**(730)**	**864**	**(1,133)**
Items reclassified to the income statement retrospectively, if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	0	0	0	4	(3)	7	(4)
Change in other comprehensive income (not recognized in income statement)	(312)	1,212	(1,524)	1,541	1,504	37	1,849
Available-for-sale financial assets							
Recognition of other comprehensive income in income statement	(1)	0	(1)	(1)	0	(1)	(1)
Change in other comprehensive income (not recognized in income statement)	13	(8)	21	17	(5)	22	41
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	127	(179)	306	(212)	(233)	21	(267)
Change in other comprehensive income (not recognized in income statement)	(52)	211	(263)	600	92	508	265
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(3)	(1)	(2)	0	3	(3)	0
Income taxes relating to components of other comprehensive income	(22)	(11)	(11)	(119)	44	(163)	3
	(250)	**1,224**	**(1,474)**	**1,830**	**1,402**	**428**	**1,886**
OTHER COMPREHENSIVE INCOME	**(410)**	**922**	**(1,332)**	**1,964**	**672**	**1,292**	**753**
TOTAL COMPREHENSIVE INCOME	**458**	**1,464**	**(1,006)**	**4,380**	**3,958**	**422**	**3,997**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent	409	1,101	(692)	3,887	3,347	540	3,184
Non-controlling interests	49	363	(314)	493	611	(118)	813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

millions of €

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards	Net profit (loss)
BALANCE AT JANUARY 1, 2014	**11,395**	**(54)**	**51,428**	**(37,437)**	**930**
Changes in the composition of the Group					
Transactions with owners			(523)		
Unappropriated profit (loss) carried forward				930	(930)
Dividends				(2,215)	
Capital increase at Deutsche Telekom AG	216		805		
Capital increase from share-based payment			50		
Profit (loss)					3,034
Other comprehensive income				(717)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				24	
BALANCE AT SEPTEMBER 30, 2014	**11,611**	**(54)**	**51,760**	**(39,415)**	**3,034**
BALANCE AT JANUARY 1, 2015	**11,611**	**(53)**	**51,778**	**(39,783)**	**2,924**
Changes in the composition of the Group					
Transactions with owners			(396)		
Unappropriated profit (loss) carried forward				2,924	(2,924)
Dividends				(2,257)	
Capital increase at Deutsche Telekom AG	182		906		
Capital increase from share-based payment			120		
Share buy-back/shares held in a trust deposit					
Profit (loss)					2,308
Other comprehensive income				132	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				(2)	
BALANCE AT SEPTEMBER 30, 2015	**11,793**	**(53)**	**52,408**	**(38,986)**	**2,308**

Issued capital and reserves attributable to owners of the parent								
Total other comprehensive income								
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments	Investments accounted for using the equity method	Taxes	Total	Non-controlling interests	Total shareholders' equity
(2,603)	**(39)**	**38**	**343**	**(12)**	**(110)**	**23,879**	**8,184**	**32,063**
						0	1	1
21						(502)	(341)	(843)
						0	–	0
						(2,215)	(82)	(2,297)
						1,021	–	1,021
						50	24	74
						3,034	252	3,286
1,129		(5)	(141)	3	44	313	359	672
						3,347	**611**	**3,958**
	(24)					0	–	0
(1,453)	**(63)**	**33**	**202**	**(9)**	**(66)**	**25,580**	**8,397**	**33,977**
(1,247)	**(62)**	**79**	**340**	**(42)**	**(108)**	**25,437**	**8,629**	**34,066**
						0		0
196	(2)					(202)	(650)	(852)
						0		0
						(2,257)	(98)	(2,355)
						1,088		1,088
						120	61	181
						0		0
						2,308	108	2,416
1,162		16	388		(119)	1,579	385	1,964
						3,887	**493**	**4,380**
	2					0		0
111	**(62)**	**95**	**728**	**(42)**	**(227)**	**28,073**	**8,435**	**36,508**

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

	Q3 2015	Q3 2014	Q1–Q3 2015	Q1–Q3 2014	FY 2014
PROFIT (LOSS)	**868**	**542**	**2,416**	**3,286**	**3,244**
Depreciation, amortization and impairment losses	2,796	2,649	8,218	7,786	10,574
Income tax expense (benefit)	260	113	777	924	1,106
Interest income and interest expense	579	610	1,756	1,784	2,340
Other financial (income) expense	60	82	101	250	359
Share of (profit) loss of associates and joint ventures accounted for using the equity method	18	11	7	32	198
(Profit) loss on the disposal of fully consolidated subsidiaries	0	43	1	(1,666)	(1,674)
Other non-cash transactions	41	30	157	114	166
(Gain) loss from the disposal of intangible assets and property, plant and equipment	48	(6)	23	(411)	(436)
Change in assets carried as working capital	(787)	(462)	(705)	(1,274)	(2,275)
Change in provisions	252	286	(124)	(37)	382
Change in other liabilities carried as working capital	445	455	471	1,343	2,207
Income taxes received (paid)	(187)	(187)	(487)	(516)	(679)
Dividends received	86	74	576	316	344
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	0	101	0	55
CASH GENERATED FROM OPERATIONS	**4,479**	**4,240**	**13,288**	**11,931**	**15,911**
Interest paid	(676)	(798)	(2,828)	(2,816)	(3,390)
Interest received	143	128	665	604	872
NET CASH FROM OPERATING ACTIVITIES	**3,946**	**3,570**	**11,125**	**9,719**	**13,393**
Cash outflows for investments in					
Intangible assets	(759)	(668)	(5,593)	(3,622)	(4,658)
Property, plant and equipment	(2,054)	(1,916)	(5,979)	(5,105)	(7,186)
Non-current financial assets	(73)	(32)	(186)	(480)	(806)
Payments to acquire control of subsidiaries and associates	(18)	(20)	(27)	(621)	(606)
Proceeds from disposal of					
Intangible assets	1	6	2	11	16
Property, plant and equipment	59	42	224	182	265
Non-current financial assets	9	25	45	54	74
Proceeds from the loss of control of subsidiaries and associates	0	(49)	(8)	1,540	1,540
Net change in short-term investments and marketable securities and receivables	119	420	2,047	809	591
Other	2	4	0	8	9
NET CASH USED IN INVESTING ACTIVITIES	**(2,714)**	**(2,188)**	**(9,475)**	**(7,224)**	**(10,761)**
Proceeds from issue of current financial liabilities	13,115	5,072	27,961	9,328	12,785
Repayment of current financial liabilities	(15,060)	(6,580)	(31,599)	(13,367)	(17,089)
Proceeds from issue of non-current financial liabilities	599	3,020	1,199	3,079	4,275
Repayment of non-current financial liabilities	0	(195)	(157)	(208)	(1,042)
Dividends (including to non-controlling interests)	(24)	(4)	(1,255)	(1,289)	(1,290)
Repayment of lease liabilities	(53)	(43)	(149)	(121)	(164)
Stock options of other T-Mobile US shareholders (previous MetroPCS programs)	6	2	41	17	17
Acquisition of non-controlling interests	–	–	(900)	(828)	(828)
T-Mobile US share buy-back	–	–	–	–	(53)
OTE share buy-back	–	(5)	–	(64)	(69)
Cash inflows from the assignment of OTE stock options	–	–	–	26	26
Other	0	(2)	(88)	(58)	(2)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,417)**	**1,265**	**(4,947)**	**(3,485)**	**(3,434)**
Effect of exchange rate changes on cash and cash equivalents	23	220	305	238	323
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	(22)	–	(21)	32	32
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(184)**	**2,867**	**(3,013)**	**(720)**	**(447)**
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	**4,694**	**4,383**	**7,523**	**7,970**	**7,970**
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	**4,510**	**7,250**	**4,510**	**7,250**	**7,523**

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

In accordance with § 37x (3) of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), Deutsche Telekom AG's quarterly financial report comprises interim consolidated financial statements and an interim management report for the Group. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the WpHG.

STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the period ended September 30, 2015 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2014. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2014 for the accounting policies applied for the Group's financial reporting (2014 Annual Report, page 182 et seq.).

INITIAL APPLICATION OF NEW STANDARDS AND INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2015 FINANCIAL YEAR

In May 2013, the IASB issued IFRIC Interpretation 21 "Levies." The core issue in the Interpretation is the question of when to recognize a liability to pay a levy imposed by public authorities. The IFRIC clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the obligation to pay the levy in accordance with the relevant legislation. However, an "economic compulsion" to continue to operate in a future period under the going concern assumption expressly does not constitute an obligating event. The new requirements were endorsed by the European Union in June 2014 and are effective for the first time within the European Union retrospectively for financial years beginning on or after June 17, 2014. The amendments do not have a material impact on the presentation of Deutsche Telekom's results of operations, financial position, or cash flows.

In December 2013, the IASB issued "Annual Improvements to IFRSs 2011–2013 Cycle," which amended four standards. The improvements primarily aim to provide clarifications. The amendments were endorsed by the European Union in December 2014 and are effective prospectively in the European Union for financial years beginning on or after January 1, 2015. The amendments do not have a material impact on the presentation of Deutsche Telekom's results of operations, financial position, or cash flows.

For more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements on page 182 et seq. of the 2014 Annual Report.

CHANGES IN THE COMPOSITION OF THE GROUP AND TRANSACTIONS WITH OWNERS

PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP IN THE FIRST THREE QUARTERS OF 2015

Deutsche Telekom acquired and disposed of entities in the previous financial year. This imposes certain limits on the comparability of the interim consolidated financial statements and the disclosures under segment reporting.

The presented effects in the Europe operating segment resulted in part from the consummation on May 30, 2014 of Deutsche Telekom's acquisition of 100 percent of the shares in Consortium 1 S.à.r.l., Luxembourg, and hence in the GTS Central Europe group. In addition, on January 2, 2014, Deutsche Telekom sold Euronet Communications B.V., The Hague, Netherlands, which up to that date had been part of the Europe operating segment.

The presented effects in the Group Headquarters & Group Services segment resulted from the sale of the shares in the Scout24 group in the first quarter of 2014.

The following table shows the effect of changes in the composition of the Group on the consolidated income statement and segment reporting.

millions of €

	Total Q1–Q3 2015	Q1–Q3 2014 Total	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconcili-ation	Pro-forma [a]	Organic change Q1–Q3 2015
Net revenue	51,369	45,656			127		(27)		45,756	5,613
Cost of sales	(31,096)	(27,741)			(63)		4		(27,800)	(3,296)
GROSS PROFIT (LOSS)	**20,273**	**17,915**	**0**	**0**	**64**	**0**	**(23)**	**0**	**17,956**	**2,317**
Selling expenses	(11,772)	(10,008)			(2)		12		(9,998)	(1,774)
General and administrative expenses	(3,827)	(3,464)			(23)		3		(3,484)	(343)
Other operating income	967	2,888			1		(1,709)		1,180	(213)
Other operating expenses	(584)	(1,055)			(40)		(1)		(1,096)	512
PROFIT (LOSS) FROM OPERATIONS	**5,057**	**6,276**	**0**	**0**	**0**	**0**	**(1,718)**	**0**	**4,558**	**499**
Finance costs	(1,756)	(1,784)			(9)		(1)		(1,794)	38
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(7)	(32)			0		0		(32)	25
Other financial income (expense)	(101)	(250)			0		0		(250)	149
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**(1,864)**	**(2,066)**	**0**	**0**	**(9)**	**0**	**(1)**	**0**	**(2,076)**	**212**
PROFIT (LOSS) BEFORE INCOME TAXES	**3,193**	**4,210**	**0**	**0**	**(9)**	**0**	**(1,719)**	**0**	**2,482**	**711**
Income taxes	(777)	(924)			(1)		(40)		(965)	188
PROFIT (LOSS)	**2,416**	**3,286**	**0**	**0**	**(10)**	**0**	**(1,759)**	**0**	**1,517**	**899**

[a] Based on the composition of the Group in the current reporting period.

SALE OF T-ONLINE.DE AND INTERACTIVEMEDIA

On August 12/13, 2015, Deutsche Telekom concluded an agreement with Ströer for the sale of the online platform t-online.de and the digital marketing company InteractiveMedia. The transaction took the form of a capital increase of Ströer in return for the non-cash contribution of the two companies. In return, Deutsche Telekom received newly issued shares in Ströer worth some EUR 0.3 billion, corresponding to a stake of 11.6 percent. The transaction was completed on November 2, 2015 following approval by the Federal Cartel Office and the fulfillment of additional closing conditions. The investment in Ströer will be included in Deutsche Telekom's consolidated financial statements using the equity method.

ACQUISITION OF THE REMAINING SHARES IN SLOVAK TELEKOM

On June 18, 2015, Deutsche Telekom acquired the 49-percent stake in Slovak Telekom that it did not previously hold for a purchase price of EUR 0.9 billion. The acquisition of these remaining shares make it possible to simplify the financial and governance structure at Slovak Telekom. In addition, the transaction results in reduced dividend payments to non-controlling interests. For the effects on shareholders' equity, please refer to the section "Shareholders' equity," page 44.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

INVENTORIES

Inventories increased by EUR 0.3 billion compared to December 31, 2014 to EUR 1.8 billion. This was due in particular to increased stock levels of terminal equipment (above all higher-priced smartphones) at T-Mobile US and exchange rate effects from the translation of U.S. dollars into euros.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The increase of EUR 1.3 billion in the carrying amounts of non-current assets and disposal groups held for sale to EUR 7.2 billion resulted in part from the following effects: two transactions agreed in the third quarter of 2015 for the exchange of mobile licenses with AT&T and Verizon Communications to improve T-Mobile US' mobile network coverage increased the carrying amount by EUR 0.6 billion and EUR 0.2 billion respectively. Currency effects of EUR 0.3 billion from the translation of pounds sterling into euros related to the reclassification in December 2014 of the stake in the EE joint venture also had an increasing effect on the carrying amount. The shares sold in connection with the IPO of Scout24 AG in October 2015 and the sale of the online platform t-online.de and the digital marketing company InteractiveMedia consummated in November 2015 increased the carrying amount by EUR 0.1 billion overall as of September 30, 2015. In addition, as part of the intended sale of the remaining T-Mobile US portfolio of cell towers, assets of EUR 0.1 billion were reclassified from property, plant and equipment to non-current assets and disposal groups held for sale as of June 30, 2015.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets increased by EUR 4.5 billion to EUR 56.0 billion, mainly due to additions totaling EUR 6.2 billion. This includes among other factors EUR 2.3 billion for the purchase of mobile licenses by T-Mobile US, in particular in the auction organized by the U.S. Federal Communications Commission (FCC) and completed in January 2015. The 100 MHz spectrum acquired in the frequency auction completed in Germany in June 2015 for EUR 1.8 billion also contributed to the increase. Exchange rate effects of EUR 2.1 billion, in particular from the translation of U.S. dollars into euros, also increased the carrying amount of intangible assets. Amortization of EUR 3.0 billion as well as the reclassification of assets worth EUR 0.8 billion to non-current assets and disposal groups held for sale had an offsetting effect.

Property, plant and equipment increased by EUR 2.6 billion compared to December 31, 2014 to EUR 42.2 billion. Additions of EUR 7.4 billion had an increasing effect on the carrying amount. This includes EUR 0.8 billion of capitalized higher-priced mobile devices. These relate to a newly introduced business model at T-Mobile US under which customers no longer purchase the device but lease it. Exchange rate effects, primarily from the translation of U.S. dollars into euros, increased the carrying amount by EUR 0.8 billion. It was reduced by depreciation of EUR 5.2 billion and disposals of EUR 0.3 billion, as well as the reclassification of assets worth EUR 0.2 billion to non-current assets and disposal groups held for sale.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The carrying amount of investments accounted for using the equity method decreased by EUR 0.2 billion compared with December 31, 2014 to EUR 0.4 billion, mainly in connection with the shares held in Scout24 AG. A dividend payment received in the second quarter of 2015 reduced the carrying amount of the investment by EUR 0.1 billion. The reclassification as of September 30, 2015 of the shares sold in connection with the IPO of Scout24 AG in October 2015 to non-current assets and disposal groups held for sale, also reduced the carrying amount by EUR 0.1 billion.

FINANCIAL LIABILITIES

Financial liabilities increased by EUR 1.9 billion to a total of EUR 57.1 billion compared with the end of 2014.

The following table shows the composition and maturity structure of financial liabilities as of September 30, 2015:

millions of €

	Sept. 30, 2015	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	45,136	7,717	12,936	24,483
Liabilities to banks	4,076	1,598	1,096	1,382
Finance lease liabilities	1,778	259	775	744
Liabilities to non-banks from promissory notes	926	412	239	275
Other interest-bearing liabilities	2,776	2,166	443	167
Other non-interest-bearing liabilities	1,581	1,488	91	2
Derivative financial liabilities	814	45	377	392
FINANCIAL LIABILITIES	**57,087**	**13,685**	**15,957**	**27,445**

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits decreased by EUR 0.2 billion to EUR 8.3 billion, mainly due to interest rate adjustments which resulted in an actuarial gain to be recognized of EUR 0.2 billion.

SHAREHOLDERS' EQUITY

The resolution on the dividend payout of EUR 0.50 per share for the 2014 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom AG shares. In June 2015, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.1 billion were contributed in the form of shares from authorized capital and thus did not have an impact on cash flows. Deutsche Telekom AG carried out an increase in issued capital of EUR 0.2 billion against contribution of dividend entitlements for this purpose in June 2015. This increased capital reserves by EUR 0.9 billion, the number of shares by 71.1 million.

The amounts shown under transactions with owners primarily result from the acquisition of the remaining shares in Slovak Telekom.

millions of €

	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Transactions with owners	**(202)**	**(650)**	**(852)**
Acquisition of the remaining shares in Slovak Telekom	(128)	(772)	(900)
Other effects	(74)	122	48

The Board of Management of Deutsche Telekom decided on September 29, 2015 to exercise the authorization to purchase shares in the Company granted by the shareholders' meeting on May 24, 2012 and to purchase 950,000 shares up to a purchase price of EUR 15.0 million (excluding transaction costs) through the stock exchange. The shares bought back are to be used in particular as part of the compensation plan to service the share matching plan. The number of treasury shares consequently increased by 90,000 as of September 30, 2015 to 440,472. As a result, treasury shares of EUR 0.2 million were openly deducted from issued capital (imputed value of EUR 2.56 per share) and the retained earnings of the Group decreased by around EUR 1.2 million. For more information on the share buy-back completed on October 1, 2015, please refer to the section "Events after the reporting period," page 53.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

OTHER OPERATING INCOME

millions of €

	Q1–Q3 2015	Q1–Q3 2014
Income from reimbursements	202	337
Income from the disposal of non-current assets	106	504
Income from insurance compensation	41	55
Income from divestitures	–	1,708
Income from the reversal of impairment losses on non-current financial assets in accordance with IFRS 5	13	17
Miscellaneous other operating income	605	267
	967	**2,888**

Income from divestitures decreased by EUR 1.7 billion compared with the prior-year period. Income from divestitures in the prior year was attributable to the sale of the Scout24 group consummated in the first quarter of 2014. The EUR 0.4 billion decline in income from the disposal of non-current assets was mainly due to a spectrum transaction completed in the prior-year period between T-Mobile US and Verizon Communications. Miscellaneous other operating income includes income of EUR 175 million resulting from an agreement to settle an ongoing complaints procedure under anti-trust law. A large number of smaller individual items are also included in this item.

OTHER OPERATING EXPENSES

millions of €

	Q1–Q3 2015	Q1–Q3 2014
Losses on the disposal of non-current assets	(129)	(96)
Impairment losses	(100)	(48)
Losses from divestitures	–	(41)
Miscellaneous other operating expenses	(355)	(870)
	(584)	**(1,055)**

Miscellaneous other operating expenses include a large number of individual items accounting for marginal amounts.

PROFIT/LOSS FROM FINANCIAL ACTIVITIES

Other financial income/expense includes the dividend payments of EUR 0.4 billion received from the EE joint venture. The dividend payments recognized in profit or loss related to the reclassification in December 2014 of the stake held in the joint venture as non-current assets and disposal groups held for sale. Remeasurement losses resulting from the subsequent measurement of embedded derivatives contained in the Mandatory Convertible Preferred Stocks of T-Mobile US and from the subsequent measurement of embedded options in bonds issued by T-Mobile US had an offsetting effect.

INCOME TAXES

In the first three quarters of 2015, a tax expense of EUR 0.8 billion was recorded. The comparatively low tax rate is partly a consequence of tax refunds for prior years in Germany, Europe, and the United States. In addition, the tax rate is reduced by the sale of stakes in two German shareholdings. The proceeds from the sale are subject to low taxation.

OTHER DISCLOSURES

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses increased by EUR 0.4 billion year-on-year to EUR 8.2 billion. This was primarily due to the roll-out of the 4G/LTE network in connection with T-Mobile US' network modernization program, which resulted in an increased depreciation and amortization base.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash from operating activities

Net cash from operating activities increased by EUR 1.4 billion year-on-year to EUR 11.1 billion, mainly thanks to the positive business development of the United States operating segment. The agreement to settle an ongoing complaints procedure under anti-trust law also resulted in a cash inflow of EUR 175 million. During the reporting period, factoring agreements were concluded concerning monthly revolving sales of current trade receivables. Factoring agreements resulted in positive effects of EUR 0.6 billion on net cash from operating activities in the first three quarters of 2015. This primarily related to a factoring agreement that was terminated in 2014 and renewed in 2015. The effect from factoring agreements in the prior-year period totaled EUR 0.5 billion. The dividend payment received for the first time from the Scout24 group of EUR 0.1 billion and a year-on-year increase of EUR 0.1 billion in the dividend payments from the EE joint venture also increased net cash from operating activities. Changes in the terms and conditions of interest derivatives resulted in cash inflows of EUR 0.1 billion in the reporting period.

Net cash used in investing activities

millions of €

	Q1–Q3 2015	Q1–Q3 2014
Cash capex		
Germany operating segment	(4,644)	(2,732)
United States operating segment	(5,062)	(3,957)
Europe operating segment	(1,191)	(1,464)
Systems Solutions operating segment	(819)	(826)
Group Headquarters & Group Services	(230)	(240)
Reconciliation	374	492
	(11,572)	**(8,727)**
Net cash flows for collateral deposited for hedging transactions	1,558	648
Proceeds from the disposal of property, plant and equipment	224	182
Proceeds from the loss of control of subsidiaries and associates [a]	(8)	1,540
Acquisition of the GTS Central Europe group	–	(539)
Government bonds, net	164	57
Other	159	(385)
	(9,475)	**(7,224)**

[a] Includes cash inflows in the first three quarters of 2014 of EUR 1.6 billion from the sale of 70 percent of the shares in the Scout24 group.

Cash capex increased by EUR 2.8 billion to EUR 11.6 billion. In the reporting period, mobile licenses were acquired for a total of EUR 3.8 billion, primarily in the United States and Germany operating segments. In the prior-year period, the United States and Europe operating segments had acquired mobile licenses for EUR 2.0 billion. In addition, cash capex increased primarily in the United States operating segment in connection with the network modernization, including 4G/LTE network roll-out, and in the Germany operating segment due to the investments made as part of the integrated network strategy in the vectoring/fiber-optic cable build-out, in the IP transformation, and in the LTE infrastructure.

Net cash used in financing activities

millions of €

	Q1–Q3 2015	Q1–Q3 2014
Commercial paper, net	2,576	1,456
Loans taken out with the EIB	1,199	–
T-Mobile US stock options	41	17
Repayment of bonds	(3,764)	(3,794)
Dividends (including to non-controlling interests)	(1,255)	(1,289)
Acquisition of the remaining shares in Slovak Telekom	(900)	–
Repayment of financial liabilities from financed capex and opex	(814)	(618)
Repayment of EIB loans	(412)	–
Net cash flows for collateral deposited for hedging transactions	(289)	136
Cash deposits from the EE joint venture, net	(226)	(214)
Promissory notes, net	(179)	(1,219)
Money market loans, net	(160)	–
Repayment of lease liabilities	(149)	(121)
Issuance of bonds	–	3,019
Acquisition of the remaining shares in T-Mobile Czech Republic	–	(828)
Other	(615)	(30)
	(4,947)	**(3,485)**

Non-cash transactions in the consolidated statement of cash flows

In June 2015, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.1 billion did not have an effect on net cash used in financing activities when fulfilled; rather, they were substituted by shares issued from authorized capital (please refer to the notes on "Shareholders' equity," page 44). The remaining dividend entitlements of Deutsche Telekom AG shareholders had an effect on cash flows of EUR 1.2 billion when fulfilled. In the previous year, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.0 billion did not have an impact on cash flows, while dividend entitlements of EUR 1.2 billion did have an effect on cash flows.

For the first three quarters of 2015, Deutsche Telekom chose financing options totaling EUR 0.7 billion under which the payments for trade payables from operating and investing activities become due at a later point in time mainly by involving banks in the process (Q1–Q3 2014: EUR 0.5 billion). These payables are now shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash used in/from financing activities.

In the first three quarters of 2015, Deutsche Telekom leased network equipment for a total of EUR 0.4 billion, which is recognized as a finance lease. This lease is now also shown under financial liabilities in the statement of financial position. Future repayments of the liabilities will be recognized in net cash from/used in financing activities.

Consideration for the acquisition of broadcasting rights will be paid by Deutsche Telekom in accordance with the terms of the contract on its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.1 billion were recognized in the first three quarters of 2015 for future consideration for acquired broadcasting rights (Q1–Q3 2014: EUR 0.2 billion). As soon as the payments have been made, they are disclosed under net cash used in/from financing activities.

SEGMENT REPORTING

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first three quarters of 2015 and 2014.

For details on the development of operations in the operating segments and the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" in the interim Group management report, page 16 et seq.

Segment information in the first three quarters
millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets [a, b]	Segment liabilities [a, b]	Investments accounted for using the equity method [a]
Germany	Q1–Q3 2015	15,748	1,014	16,762	3,573	(2,793)	(7)	31,990	25,052	19
	Q1–Q3 2014	15,529	1,005	16,534	3,767	(2,888)	(3)	29,980	23,148	19
United States	Q1–Q3 2015	21,406	1	21,407	1,538	(2,623)	1	55,349	39,785	211
	Q1–Q3 2014	15,896	2	15,898	984	(2,081)	(10)	49,784	35,724	197
Europe	Q1–Q3 2015	9,213	227	9,440	1,164	(1,891)	(2)	30,102	12,539	59
	Q1–Q3 2014	9,314	291	9,605	1,314	(1,913)	(1)	31,215	13,520	52
Systems Solutions	Q1–Q3 2015	4,542	1,740	6,282	(387)	(479)	(26)	8,930	6,065	17
	Q1–Q3 2014	4,390	1,917	6,307	(287)	(564)	(3)	8,788	5,962	14
Group Headquarters & Group Services	Q1–Q3 2015	460	1,244	1,704	(824)	(390)	(66)	43,889	50,387	119
	Q1–Q3 2014	527	1,301	1,828	492	(434)	(30)	41,358	48,702	335
TOTAL	**Q1–Q3 2015**	**51,369**	**4,226**	**55,595**	**5,064**	**(8,176)**	**(100)**	**170,260**	**133,828**	**425**
	Q1–Q3 2014	**45,656**	**4,516**	**50,172**	**6,270**	**(7,880)**	**(47)**	**161,125**	**127,056**	**617**
Reconciliation	Q1–Q3 2015	–	(4,226)	(4,226)	(7)	58	–	(35,031)	(35,107)	(1)
	Q1–Q3 2014	–	(4,516)	(4,516)	6	141	–	(31,765)	(31,762)	–
GROUP	**Q1–Q3 2015**	**51,369**	**–**	**51,369**	**5,057**	**(8,118)**	**(100)**	**135,229**	**98,721**	**424**
	Q1–Q3 2014	**45,656**	**–**	**45,656**	**6,276**	**(7,739)**	**(47)**	**129,360**	**95,294**	**617**

[a] Figures relate to the reporting dates of September 30, 2015 and December 31, 2014, respectively.
[b] In line with internal reporting, the carrying amounts for investments have not been disclosed in segment reporting at segment level since January 1, 2015. Three holding companies have been reallocated as of July 1, 2015 from the Segment Group Headquarters & Group Services segment into the Europe operating segment in connection with the build-out of the pan-European all-IP network. The comparatives were adjusted as of December 31, 2014.

CONTINGENT LIABILITIES

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2014 financial year.

Claim for compensation against Slovak Telekom. In March 2015, the parties agreed on a settlement of the dispute. The settled dispute concerned the lawsuit filed against Slovak Telekom based on the accusation that the legal predecessor of Slovak Telekom had ceased broadcast of an international radio program contrary to the underlying contract. The settlement was confirmed by the responsible court in Bratislava in May 2015; the proceedings are therefore terminated with final and binding effect. In July 2015, Deutsche Telekom was able to realize its contractual claims to a refund of the amount paid by Slovak Telekom for the settlement, in accordance with the amount of its shareholding in Slovak Telekom at the time.

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. Following the European Commission's decision of October 15, 2014 to impose fines, both Orange Slovensko and SWAN filed action against Slovak Telekom with the civil court in Bratislava in August 2015, claiming compensation for damages of EUR 232 million and EUR 50 million respectively, plus interest. These claims seek compensation for damages alleged to have been incurred through Slovak Telekom's abuse of its dominant market position, as determined by the EU Commission. Both Slovak Telekom and Deutsche Telekom appealed against the decision before the Court of the European Union in December 2014. Slovak Telekom is currently examining the merits of the claims. It is currently not possible to estimate the potential financial impact with sufficient certainty.

FUTURE OBLIGATIONS FROM OPERATING LEASES AND OTHER FINANCIAL OBLIGATIONS

The following table provides an overview of Deutsche Telekom's obligations from operating leases and other financial obligations as of September 30, 2015:

millions of €

	Sept. 30, 2015
Future obligations from operating leases	19,877
Purchase commitments regarding property, plant and equipment	2,161
Purchase commitments regarding intangible assets	687
Firm purchase commitments for inventories	6,717
Other purchase commitments and similar obligations	10,373
Payment obligations to the Civil Service Pension Fund	4,447
Purchase commitments for interests in other companies	–
Miscellaneous other obligations	1,025
	45,287

DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, amounts recognized, and fair values by class and measurement category
millions of €

			Amounts recognized in the statement of financial position in accordance with IAS 39			
	Category in accordance with IAS 39	Carrying amounts Sept. 30, 2015	Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
ASSETS						
Cash and cash equivalents	LaR	4,510	4,510			
Trade receivables	LaR	9,828	9,828			
Originated loans and receivables	LaR/n. a.	2,565	2,356			
Of which: collateral paid	LaR	68	68			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	10	10			
Available-for-sale financial assets	AfS	577		152	425	
Derivative financial assets						
Derivatives without a hedging relationship	FAHfT	1,100				1,100
Of which: termination rights embedded in bonds issued	FAHfT	125				125
Derivatives with a hedging relationship	n. a.	1,230			902	328
LIABILITIES AND SHAREHOLDERS' EQUITY						
Trade payables	FLAC	9,799	9,799			
Bonds and other securitized liabilities	FLAC	45,136	45,136			
Liabilities to banks	FLAC	4,076	4,076			
Liabilities to non-banks from promissory notes	FLAC	926	926			
Other interest-bearing liabilities	FLAC	2,776	2,776			
Of which: collateral received	FLAC	1,720	1,720			
Other non-interest-bearing liabilities	FLAC	1,581	1,581			
Finance lease liabilities	n. a.	1,778				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHfT	707				707
Of which: conversion rights embedded in Mandatory Convertible Preferred Stock	FLHfT	317				317
Derivatives with a hedging relationship	n. a.	107			92	15
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	16,694	16,694			
Held-to-maturity investments	HtM	10	10			
Available-for-sale financial assets	AfS	577		152	425	
Financial assets held for trading	FAHfT	1,100				1,100
Financial liabilities measured at amortized cost	FLAC	64,294	64,294			
Financial liabilities held for trading	FLHfT	707				707

[a] The exemption provisions under IFRS 7.29a were applied for information on specific fair values.

Trade receivables include receivables amounting to EUR 1.4 billion (December 31, 2014: EUR 1.6 billion) due in more than one year. The fair value generally equates to the carrying amount. The available-for-sale financial assets measured at cost relate to equity instruments for which there is no quoted market price in an active market and the fair value of which cannot be reliably measured.

Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Sept. 30, 2015[a]	Category in accordance with IAS 39	Carrying amounts Dec. 31, 2014	Amounts recognized in the statement of financial position in accordance with IAS 39				Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Dec. 31, 2014[a]
				Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss		
	–	LaR	7,523	7,523					–
	–	LaR	10,262	10,262					–
209	2,601	LaR/n. a.	3,224	2,997				227	3,256
	–	LaR	527	527					–
	–	HtM	10	10					–
	425	AfS	683		122	561			561
	1,100	FAHfT	835				835		835
	125	FAHfT	183				183		183
	1,230	n. a.	508			286	222		508
	–	FLAC	9,631	9,631					–
	48,800	FLAC	44,219	44,219					49,402
	4,121	FLAC	3,676	3,676					3,788
	1,040	FLAC	946	946					1,106
	2,826	FLAC	1,775	1,775					1,836
	–	FLAC	486	486					–
	–	FLAC	2,055	2,055					–
1,778	2,059	n. a.	1,461					1,461	1,869
	707	FLHfT	664				664		664
	317	FLHfT							–
	107	n. a.	431			423	8		431
	2,392	LaR	20,782	20,782					3,029
	–	HtM	10	10					–
	425	AfS	683		122	561			561
	1,100	FAHfT	835				835		835
	56,787	FLAC	62,302	62,302					56,132
	707	FLHfT	664				664		664

Financial instruments measured at fair value
millions of €

	Sept. 30, 2015				Dec. 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Available-for-sale financial assets (AfS)	182		243	**425**	348	5	208	**561**
Financial assets held for trading (FAHfT)		975	125	**1,100**		652	183	**835**
Derivative financial assets with a hedging relationship		1,230		**1,230**		508		**508**
LIABILITIES AND SHAREHOLDERS' EQUITY								
Financial liabilities held for trading (FLHfT)		390	317	**707**		664		**664**
Derivative financial liabilities with a hedging relationship		107		**107**		431		**431**

Of the available-for-sale financial assets (AfS) presented under other non-derivative financial assets, the instruments presented in Level 1 and Level 2 constitute separate classes. In Level 1, EUR 182 million (December 31, 2014: EUR 348 million) is recognized, which largely relates to listed government bonds, the fair values of which are the price quotations at the reporting date.

Development of the carrying amounts of the financial assets and financial liabilities assigned to Level 3
millions of €

	Available-for-sale financial assets (AfS)	Financial assets held for trading (FAHfT): Early redemption options embedded in bonds	Financial liabilities held for trading (FLHfT): Conversion rights embedded in Mandatory Convertible Preferred Stock
Carrying amount as of January 1, 2015	**208**	**183**	**0**
Additions (including first-time categorization as Level 3)	29	–	–
Value decreases recognized in profit/loss	0	(174)	(323)
Value increases recognized in profit/loss	–	106	–
Value decreases recognized directly in equity	(1)	–	–
Value increases recognized directly in equity	18	–	–
Disposals	(11)	–	–
Currency translation effects recognized directly in equity	–	10	6
CARRYING AMOUNT AS OF SEPTEMBER 30, 2015	**243**	**125**	**(317)**

The available-for-sale financial assets assigned to Level 3 that are carried under other non-derivative financial assets are equity investments with a carrying amount of EUR 243 million measured using the best information available at the reporting date. As a rule, we consider transactions involving shares in the respective companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The closeness of the transaction in question to the reporting date and the question of whether the transaction was at arm's length are relevant for the decision on which information will ultimately be used for the measurement. In the case of investments with a carrying amount of EUR 227 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why in our view the share prices agreed in the transactions were to be used without adjustment for the measurement as of the current reporting date. In the case of investments with a carrying amount of EUR 16 million, no arm's length transactions involving shares in these companies took place sufficiently close to the reporting date. For this reason, these were measured on the basis of arm's length transactions involving shares in comparable companies that were executed sufficiently close to the reporting date. Here, multiples to the reference variables of net revenue (ranging between 0.52 and 3.5) and EBIT (ranging between 6.6 and 39.75) were used, usually the respective median. If the value of the respective 2/3-quantile (1/3-quantile) had been used as a multiple with no change in the reference variables, the fair value of the investments at the reporting date would have been EUR 5 million higher (EUR 6 million lower). If the reference variables had been 10 percent higher (lower) with no change in the multiples, the fair value of the investments at the reporting date would have been EUR 1 million higher (EUR 1 million lower). In the reporting period, net expense of less than EUR 1 million was recognized in other financial income/expense for unrealized losses for the investments in the portfolio at the reporting date. For practical reasons, the investments are not remeasured annually unless the periodic individual analysis of the financial position and results of operations of the companies indicates significant changes in the fair values. Please refer to the table on the left for the development of the carrying amounts in the reporting period. No plans existed as of the reporting date to sell these investments.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 on the basis of the amount of the trading volume for the relevant instrument. Issues denominated in euros or U.S. dollars with relatively large nominal amounts are routinely to be classified as Level 1, the rest routinely as Level 2. The fair values of the instruments assigned to Level 1 equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of the instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

The fair values of liabilities to banks, liabilities to non-banks from promissory notes, other interest-bearing liabilities, and finance lease liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Deutsche Telekom would receive or have to pay if the financial instrument were transferred at the reporting date. Interest rates of contractual partners relevant as of the reporting date are used in this respect. The middle rates applicable as of the reporting date are used as exchange rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

The financial assets held for trading assigned to Level 3 that are carried under other derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 125 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available routinely and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights were measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers were used for the measurement because we believe that these provide a more reliable estimate for these unobservable inputs at the reporting date than current market interest rate volatilities. The absolute figure used for the interest rate volatility at the current reporting date was between 1.4 and 1.9 percent. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. The spreads used at the current reporting date were between 4.3 and 6.0 percent for the maturities of the bonds and between 3.1 and 3.7 percent for shorter terms. In our opinion, 10 percent constituted the best estimate for the mean reversion, another unobservable input. If 10 percent higher (lower) interest rate volatilities in absolute terms had been used for the measurement at the reporting date, with otherwise unchanged parameters the fair value of the options from T-Mobile US' perspective would have been EUR 26 million higher (EUR 29 million lower) when translated into euros. If spreads of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters the fair value of the options from T-Mobile US' perspective would have been EUR 62 million lower (EUR 118 million higher) when translated into euros. If a mean reversion of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters the fair value of the options from T-Mobile US' perspective would have been EUR 8 million lower (EUR 8 million higher) when translated into euros. In the reporting period, a net expense of EUR 68 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. Please refer to the table on page 50 for the development of the carrying amounts in the reporting period. The value increases recognized in profit or loss in the reporting period are mainly attributable to a historically higher absolute interest rate volatility. The value reductions recognized in profit or loss in the reporting period are mainly due to an increase in the interest rate level.

The financial liabilities held for trading assigned to Level 3 that are presented under financial liabilities with a carrying amount of EUR 317 million when translated into euros relate to stock options embedded in the Mandatory Convertible Preferred Stock issued by T-Mobile US. The Mandatory Convertible Preferred Stock will be converted into a variable number of shares of T-Mobile US on the maturity date in 2017 and, in accordance with IFRS, is accounted for as debt rather than equity. The entire instrument is split into a debt instrument (bond) measured at amortized cost and an embedded derivative measured at fair value through profit or loss. In addition to conversion on the maturity date, this derivative also includes the early conversion rights granted to investors. An observable market price is available regularly and at the reporting date for the Mandatory Convertible Preferred Stock as an entire instrument, but not for the options embedded therein. The conversion rights were measured using an option pricing model. The market price of the entire instrument and its individual components is largely dependent on T-Mobile US' share price performance and the market interest rates. If the share price of T-Mobile US had been 10 percent higher (lower) at the reporting date, with otherwise unchanged parameters the fair value of the options from T-Mobile US' perspective would have been EUR 109 million lower (EUR 78 million higher) when translated into euros. If a market interest rate of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters the fair value of the options from T-Mobile US' perspective would have been EUR 19 million lower (EUR 14 million higher) when translated into euros. In the reporting period, a net expense of EUR 323 million when translated into euros was recognized in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. Please refer to the table on page 50 for the development of the carrying amount in the reporting period. As of December 31, 2014, the value of the derivative was still slightly positive from Deutsche Telekom's perspective (carrying amount less than EUR 1 million), which is why it had to be disclosed as an asset. The change in the market price in the reporting period is largely attributable to the rise in T-Mobile US' share price.

Since the aforementioned termination and conversion rights embedded in bonds and Mandatory Convertible Preferred Stock issued by T-Mobile US are not subject to a credit risk, they constitute a separate class of financial instruments.

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 1,720 million (December 31, 2014: EUR 486 million). The credit risk was thus reduced by EUR 1,709 million because on the reporting date the collateral received is offset by corresponding net derivative positions in this amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 2,205 million as of the reporting date (December 31, 2014: EUR 1,160 million) had a maximum credit risk of EUR 64 million as of September 30, 2015 (December 31, 2014: EUR 52 million). There is no danger of default on embedded derivatives held. When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 68 million (December 31, 2014: EUR 527 million) to counterparties pursuant to collateral agreements. The net amounts are normally recalculated every bank working day and offset against each other. The cash collateral paid is offset by corresponding net derivative positions of EUR 68 million at the reporting date, which is why it was not exposed to any credit risks in this amount. The collateral paid is reported under originated loans and receivables within other financial assets. On account of its close connection to the corresponding derivatives, the collateral paid constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts.

RELATED-PARTY DISCLOSURES

There were no significant changes at September 30, 2015 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2014, with the exception of the matters described in the following.

Net funds of EUR 0.2 billion that had been invested by the EE joint venture were repaid to the company by Deutsche Telekom by September 30, 2015.

The Federal Republic of Germany (Federal Republic) and KfW Bankengruppe requested their dividend entitlements for the 2014 financial year relating to shares held in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. In this connection, 13,905 thousand shares were transferred to the Federal Republic and 12,761 thousand shares to KfW Bankengruppe in June 2015. As of September 30, 2015, the Federal Republic held a share of 14.3 percent and KfW Bankengruppe a share of 17.5 percent in Deutsche Telekom AG.

EXECUTIVE BODIES

Changes in the composition of the Board of Management

On February 25, 2015, the Supervisory Board appointed Dr. Christian P. Illek as Member of the Board of Management responsible for Human Resources and Labor Director of Deutsche Telekom AG, effective from April 1, 2015.

Changes in the composition of the Supervisory Board

Dr. h. c. Bernhard Walter, former Chairman of the Board of Managing Directors at Dresdner Bank, passed away on January 11, 2015. Ines Kolmsee, entrepreneur at Smart Hydro Power GmbH, was court-appointed to the Supervisory Board of Deutsche Telekom AG with effect from January 31, 2015. She resigned her position effective midnight April 8, 2015. Prof. Michael Kaschke was court-appointed to the Supervisory Board with effect from April 22, 2015 and then elected to the Supervisory Board by the shareholders' meeting on May 21, 2015.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2015)

Share buy-back. The Board of Management of Deutsche Telekom decided on September 29, 2015 to exercise the authorization to purchase shares in the Company granted by the shareholders' meeting on May 24, 2012 and to purchase 950,000 shares through the stock exchange. The shares bought back are to be used in particular as part of the compensation plan to service the share matching plan. The share buy-back program was completed on October 1, 2015. On September 30, 2015 and October 1, 2015, a total of 950,000 shares were acquired as part of Deutsche Telekom AG's share buy-back program for a total price of EUR 14.8 million with an average purchase price of EUR 15.57 per share. As a result, treasury shares of EUR 2.4 million will be openly deducted from issued capital (imputed value of EUR 2.56 per share) and the retained earnings of the Group decreased by around EUR 12.4 million. For more information on the share buy-back, please refer to the section "Shareholders' equity," page 44.

Scout24 AG initial public offering (IPO). In connection with the IPO of Scout24 AG on October 1, 2015, Deutsche Telekom sold around half of its shares in the company at EUR 30.00 per share, for which it received around EUR 0.4 billion. In future, Deutsche Telekom will be represented on the supervisory board of Scout24 AG. The remaining shares will be included in Deutsche Telekom's consolidated financial statements using the equity method.

Sale of the online platform t-online.de and the digital marketing company InteractiveMedia. The sale agreed between Deutsche Telekom and Ströer in return for new issues of Ströer shares was completed on November 2, 2015 following approval by the Federal Cartel Office and the meeting of additional closing conditions.

Frequency auction in Poland. A final auction round was held in Poland on October 15, 2015 with sealed bids for spectrum to be awarded in the 0.8 and 2.6 GHz ranges. T-Mobile Polska was the highest bidder with bids totaling around EUR 0.5 billion for one lot of 2 x 5 MHz frequency blocks in the 0.8 GHz range and for three lots of 2 x 5 MHz blocks in the 2.6 GHz range. It was also the second highest bidder for another 2 x 5 MHz blocks in each of the two ranges. On October 19, 2015, the regulatory authority offered T-Mobile Polska the frequency blocks it had successfully bid on for purchase and inquired whether it was also willing to purchase the two blocks for which it was the second highest bidder. T-Mobile Polska accepted the blocks it had acquired as the highest bidder on October 26, 2015 and also signaled its willingness to purchase the two blocks for which it had been the second highest bidder.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, November 5, 2015

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Dr. Christian P. Illek

Dr. Thomas Kremer

Claudia Nemat

REVIEW REPORT

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2015, which are part of the quarterly financial report pursuant to § 37x (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Review Engagements, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt/Main, November 5, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser Wirtschaftsprüfer	Thomas Tandetzki Wirtschaftsprüfer

ADDITIONAL INFORMATION

RECONCILIATION OF PRO FORMA FIGURES

SPECIAL FACTORS

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are presented for the reporting period, the prior-year period, and the full 2014 financial year:

millions of €

	EBITDA Q1–Q3 2015	EBIT Q1–Q3 2015	EBITDA Q1–Q3 2014	EBIT Q1–Q3 2014	EBITDA FY 2014	EBIT FY 2014
EBITDA/EBIT	**13,275**	**5,057**	**14,062**	**6,276**	**17,821**	**7,247**
GERMANY	**(331)**	**(331)**	**(152)**	**(152)**	**(254)**	**(254)**
Staff-related measures	(242)	(242)	(138)	(138)	(223)	(223)
Non-staff-related restructuring	(19)	(19)	(7)	(7)	(9)	(9)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	(70)	(70)	(7)	(7)	(22)	(22)
UNITED STATES	**(419)**	**(419)**	**134**	**134**	**(52)**	**(52)**
Staff-related measures	(46)	(46)	(110)	(110)	(133)	(133)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	(379)	(379)	240	240	78	78
Impairment losses	–	0	–	0	–	0
Other	6	6	4	4	3	3
EUROPE	**(168)**	**(168)**	**(81)**	**(81)**	**(131)**	**(153)**
Staff-related measures	(153)	(153)	(57)	(57)	(91)	(91)
Non-staff-related restructuring	(5)	(5)	3	3	(9)	(9)
Effects of deconsolidations, disposals and acquisitions	36	36	(1)	(1)	(5)	(5)
Impairment losses	–	0	–	0	–	(22)
Other	(46)	(46)	(26)	(26)	(26)	(26)
SYSTEMS SOLUTIONS	**(435)**	**(499)**	**(343)**	**(349)**	**(540)**	**(549)**
Staff-related measures	(224)	(224)	(159)	(159)	(286)	(286)
Non-staff-related restructuring	(202)	(205)	(139)	(145)	(205)	(212)
Effects of deconsolidations, disposals and acquisitions	(6)	(6)	(23)	(23)	(23)	(23)
Other	(3)	(64)	(22)	(22)	(26)	(28)
GROUP HEADQUARTERS & GROUP SERVICES	**(137)**	**(153)**	**1,379**	**1,379**	**1,229**	**1,200**
Staff-related measures	(120)	(120)	(96)	(96)	(174)	(174)
Non-staff-related restructuring	(44)	(44)	(26)	(26)	(54)	(54)
Effects of deconsolidations, disposals and acquisitions	4	4	1,660	1,660	1,631	1,631
Impairment losses	–	0	–	0	–	(29)
Other	23	7	(159)	(159)	(174)	(174)
GROUP RECONCILIATION	**0**	**0**	**0**	**0**	**0**	**0**
Staff-related measures	(2)	0	0	0	0	0
Non-staff-related restructuring	1	0	(1)	(1)	0	0
Effects of deconsolidations, disposals and acquisitions	1	0	0	0	0	0
Other	0	0	1	1	0	0
TOTAL SPECIAL FACTORS	**(1,490)**	**(1,570)**	**937**	**931**	**252**	**192**
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	**14,765**	**6,627**	**13,125**	**5,345**	**17,569**	**7,055**
Profit (loss) from financial activities (adjusted for special factors)		(1,846)		(1,995)		(2,784)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		**4,781**		**3,350**		**4,271**
Income taxes (adjusted for special factors)		(1,382)		(1,075)		(1,474)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		**3,399**		**2,275**		**2,797**
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		3,154		2,023		2,422
Non-controlling interests (adjusted for special factors)		245		252		375

GROSS AND NET DEBT

Deutsche Telekom considers net debt to be an important performance indicator for investors, analysts, and rating agencies.

millions of €

	Sept. 30, 2015	Dec. 31, 2014	Change	Change %	Sept. 30, 2014
Financial liabilities (current)	13,685	10,558	3,127	29.6 %	10,961
Financial liabilities (non-current)	43,402	44,669	(1,267)	(2.8) %	42,398
FINANCIAL LIABILITIES	**57,087**	**55,227**	**1,860**	**3.4 %**	**53,359**
Accrued interest	(856)	(1,097)	241	22.0 %	(915)
Other	(798)	(1,038)	240	23.1 %	(1,171)
GROSS DEBT	**55,433**	**53,092**	**2,341**	**4.4 %**	**51,273**
Cash and cash equivalents	4,510	7,523	(3,013)	(40.1) %	7,250
Available-for-sale/held-for-trading financial assets	124	289	(165)	(57.1) %	245
Derivative financial assets	2,330	1,343	987	73.5 %	922
Other financial assets	601	1,437	(836)	(58.2) %	1,047
NET DEBT	**47,868**	**42,500**	**5,368**	**12.6 %**	**41,809**

GLOSSARY

For definitions, please refer to the 2014 Annual Report and the glossary therein (page 277 et seq.).

DISCLAIMER

This Report (particularly the section “Forecast”) contains forward-looking statements that reflect the current views of Deutsche Telekom’s management with respect to future events. They are generally identified by the words “expect,” “anticipate,” “believe,” “intend,” “estimate,” “aim,” “goal,” “plan,” “will,” “seek,” “outlook,” or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA, or other performance measures. Forward-looking statements are based on current plans, estimates, and projections. You should consider them with caution.

Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom’s control. They include, for instance, the progress of Deutsche Telekom’s workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation, and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom’s actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to account for new information or future events or any other aspects.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents non-GAAP financial performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted EBIT margin, adjusted net profit/loss, free cash flow, gross debt, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

FINANCIAL CALENDAR[a]

November 5, 2015	February 25, 2016	May 4, 2016
Publication of the Interim Group Report as of September 30, 2015	Publication of the 2015 Annual Report	Publication of the Interim Group Report as of March 31, 2016
May 25, 2016	**August 11, 2016**	**November 10, 2016**
2016 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2016	Publication of the Interim Group Report as of September 30, 2016

[a] For more dates, an updated schedule, and information on webcasts, please go to www.telekom.com.

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This Interim Group Report can be downloaded from the Investor Relations site on the Internet at:
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Our Annual Report is available online at:
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The English version of the Interim Group Report for January 1 to September 30, 2015 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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