BRIEFING FOR RESTATEMENT PRIOR TO PUBLICATION OF Q1-2013 RESULTS

1. Termination benefits (required by IAS 19)

What has changed?

a) Severance payments

Historically under the "old" IAS 19 all severance payment were provisioned when the company was "demonstrably committed", i.e. a detailed plan was announced and the worker's council had been informed.
The new IAS 19 standard distinguishes between severance offers of a company that need to be accepted by an employee and others.
The offers that need acceptance only can be provisioned once the individual agreement has been signed.
For all other severance payments, which are based on the companies' decision to terminate employments, IAS 19 did not change.

b) Partial retirement

Historically top-up payments for partial retirement were provisioned once the agreement had been signed.
The revised standard requires a ratable recognition of the provision over the remaining working period (active phase).

The result of both changes in general is that the recognition of the expenses is tentatively delayed and spread over a longer time frame.

Accounting changes have no impact on revenues or adj. EBITDA and below.

No impact on cash generated from operations or free cash flow. However individual line items in cash flow statement like working capital and impact from change in provisions will change.

Reported EBITDA and below however are affected, especially in Group, Germany, Systems Solutions and GHS.

Some changes to balance sheet in provisions and liabilities

2. Pensions (required by IAS 19)

What has changed?

a) Unrecognized past service costs

Historically unrecognized past service costs were distributed over the period until becoming a vested benefit.

As with the new standard there are no unrecognized past service costs because all past service costs have to be recorded in the moment when they occur.

b) Several smaller changes
With the new standard a couple of additional smaller adjustments to the calculation of pension costs and the pension provision were made.

Accounting changes have no impact on revenue

No impact on cash generated from operations or free cashflow. Individual line items in cash flow statement like impact from change in provisions will change.

Adj. and reported EBITDA and below however are affected. The total impact on the pension costs is limited: Impact on adj. EBITDA of approx. 0.1%.

Some changes to balance sheet in pension provision. The total impact on the pension provision is limited: Increase of approx. 0.5%.

3. Europe/Technology re-organization

What has changed?

Due to the split up of the former CTIO certain functions (Group Technology and Global Network Factory) were shifted to the segment Europe. Historically these units were in GHS.

The Telekom Global Network connects countries in Europe, North America and the Asia Pacific Region. The in-country backbone networks of local business units (LBUs) of Deutsche Telekom, where available, form an integral part of this worldwide network. The Telekom Global Network comprises a transport network platform (dark fiber, leased capacity, transmission equipment) and service network platforms, primarily IP and Voice, with the respective processes and support systems.

Accounting changes have no impact on group revenue or EBITDA.

No impact on cash generated from operations or free cashflow in the group.

Revenue, adj. and reported EBITDA and below of the Segments Europe/Technology, and GHS however are affected.