

Notes to the consolidated statement of financial position.

1 Cash and cash equivalents.

Cash and cash equivalents have an original maturity of less than three months and mainly comprise fixed-term bank deposits. They also include small amounts of cash-in-hand and checks. Deutsche Telekom obtained cash collateral of EUR 625 million (December 31, 2009: EUR 578 million) on the basis of collateral contracts as surety for potential credit risks arising from derivative transactions.

In the reporting period, cash and cash equivalents decreased by EUR 2.2 billion to EUR 2.8 billion. This decrease was mainly attributable to dividend payments of EUR 4.0 billion, a net financing repayment of EUR 1.6 billion, the acquisition of spectrum for EUR 1.3 billion, the

acquisition of a bond for EUR 0.8 billion and the share buy-back amounting to EUR 0.4 billion. The free cash flow (before dividend payments and before spectrum investment) of EUR 6.5 billion had an offsetting effect. For further information, please refer to the consolidated statement of cash flows.

As of December 31, 2010, the Group reported cash and cash equivalents of EUR 0.5 billion (December 31, 2009: EUR 0.6 billion) held by subsidiaries in Croatia, the F.Y.R.O. Macedonia and Montenegro. These countries are subject to foreign exchange controls or other legal restrictions. As a result, the cash balances are not fully available for use by the parent or other Group companies.

2 Trade and other receivables.

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Trade receivables	6,766	6,643
Other receivables	123	114
	6,889	6,757

Of the total amount of trade and other receivables, EUR 6,849 million (December 31, 2009: EUR 6,715 million) is due within one year.

The following table shows the maturity structure of the trade receivables that are not impaired at the reporting date:

	Of which: neither impaired nor past due on the reporting date millions of €	Of which: not impaired on the reporting date and past due in the following periods					
		Less than 30 days millions of €	Between 30 and 60 days millions of €	Between 61 and 90 days millions of €	Between 91 and 180 days millions of €	Between 181 and 360 days millions of €	More than 360 days millions of €
Trade receivables							
As of Dec. 31, 2010	3,295	483	93	59	96	97	32
As of Dec. 31, 2009	3,245	814	115	77	179	205	38

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The following table shows the development of allowances on trade receivables:

	2010 millions of €	2009 millions of €
Allowances as of January 1	1,178	1,023
Currency translation adjustments	15	(11)
Additions (allowances recognized as expense)	822	676
Use	(529)	(447)
Reversal	(163)	(63)
Allowances as of December 31	1,323	1,178

The following table presents expenses for the full write-off of trade receivables as well as income from recoveries on trade receivables written off:

	2010 millions of €	2009 millions of €	2008 millions of €
Expenses for full write-off of receivables	138	327	424
Income from recoveries on receivables written off	7	39	55

All income and expenses relating to allowances and write-offs of trade receivables are reported under selling expenses.

3 Inventories.

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Raw materials and supplies	167	193
Work in process	108	48
Finished goods and merchandise	1,033	929
Advance payments	2	4
	1,310	1,174

Of the inventories reported as of December 31, 2010, write-downs of EUR 50 million (2009: EUR 33 million; 2008: EUR 53 million) on the net realizable value were recognized in profit or loss.

The carrying amount of inventories recognized as expense amounted to EUR 5,774 million (2009: EUR 6,311 million; 2008: EUR 6,188 million).

4 Non-current assets and disposal groups held for sale.

As of December 31, 2010, current assets recognized in the consolidated statement of financial position included EUR 51 million in non-current assets and disposal groups held for sale. These mainly relate to real estate of Deutsche Telekom AG (Group Headquarters & Shared Services) as a result of measures to make the use of floor space more efficient, especially in technical facilities. The non-current assets and disposal groups held for sale are not included in the other disclosures in the notes to the consolidated financial statements or presented as a reconciliation.

The decrease of EUR 6.5 billion compared with December 31, 2009 was mainly due to the merger of T-Mobile UK (Europe operating segment) and Orange UK to create a joint venture company under the name Everything Everywhere from April 1, 2010. For further details, please refer to Note 7 and the section "Business combinations and other transactions."

5 Intangible assets.

	Internally generated intangible assets	Total	Acquired concessions, industrial and similar rights and assets
	millions of €	millions of €	millions of €
Cost			
At December 31, 2008	2,220	42,940	1,180
Currency translation	(12)	(98)	3
Changes in the composition of the Group	0	2,953	425
Additions	232	713	26
Disposals	278	1,352	88
Change from non-current assets and disposal groups held for sale	(219)	(5,413)	0
Reclassifications	572	462	(16)
At December 31, 2009	2,515	40,205	1,530
Currency translation	59	1,521	12
Changes in the composition of the Group	1	232	35
Other changes	0	0	0
Additions	162	2,064	6
Disposals	334	1,067	1
Change from non-current assets and disposal groups held for sale	0	(4)	0
Reclassifications	513	1,001	9
At December 31, 2010	2,916	43,952	1,591
Accumulated amortization			
At December 31, 2008	1,310	11,421	646
Currency translation	(8)	163	2
Changes in the composition of the Group	0	(33)	0
Additions (amortization)	561	2,742	175
Additions (impairment)	0	7	7
Disposals	278	1,344	81
Change from non-current assets and disposal groups held for sale	(132)	(1,969)	0
Reclassifications	2	15	(14)
At December 31, 2009	1,455	11,002	735
Currency translation	39	150	11
Changes in the composition of the Group	0	11	0
Additions (amortization)	577	2,767	158
Additions (impairment)	0	3	0
Disposals	332	1,061	6
Change from non-current assets and disposal groups held for sale	0	0	0
Reclassifications	(14)	44	(3)
At December 31, 2010	1,725	12,916	895
Net carrying amounts			
At December 31, 2009	1,060	29,203	795
At December 31, 2010	1,191	31,036	696



Acquired intangible assets				Goodwill	Advance payments	Total
UMTS licenses	GSM licenses	FCC licenses (T-Mobile USA)	Other acquired intangible assets			
millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
13,870	1,280	17,666	8,944	29,788	872	75,820
410	2	(547)	34	246	2	138
327	198	0	2,003	0	0	2,953
0	11	31	645	2,470	676	4,091
0	0	0	1,264	18	11	1,659
(4,593)	0	(35)	(785)	(5,933)	0	(11,565)
8	0	0	470	0	(430)	604
10,022	1,491	17,115	10,047	26,553	1,109	70,382
12	13	1,308	176	702	1	2,283
4	0	8	185	4	0	237
0	0	0	0	(260)	0	(260)
8	0	14	2,036	465	829	3,520
0	0	0	1,066	19	19	1,439
0	0	(4)	0	0	0	(4)
0	71	1	920	2	(861)	655
10,046	1,575	18,442	12,298	27,447	1,059	75,374
3,865	669	0	6,241	9,162	0	21,893
109	2	0	50	250	1	406
0	0	0	(33)	0	0	(33)
767	138	0	1,662	0	0	3,303
0	0	0	0	2,345	0	2,352
0	0	0	1,263	0	0	1,622
(1,356)	0	0	(613)	(5,538)	0	(7,639)
0	0	0	29	0	0	17
3,385	809	0	6,073	6,219	1	18,677
1	7	0	131	312	(1)	500
0	0	0	11	0	0	11
605	138	0	1,866	0	0	3,344
0	0	0	3	395	1	399
0	0	0	1,055	0	1	1,394
0	0	0	0	0	0	0
0	0	0	47	0	0	30
3,991	954	0	7,076	6,926	0	21,567
6,637	682	17,115	3,974	20,334	1,108	51,705
6,055	621	18,442	5,222	20,521	1,059	53,807

The net carrying amount of the UMTS licenses of EUR 6.1 billion mainly relates to the Germany operating segment.

Deutsche Telekom had commitments for the acquisition of intangible assets in the amount of EUR 0.3 billion (December 31, 2009: EUR 0.3 billion) as of the reporting date. These are largely related to the network build-out in the United States and Germany operating segments.

The **carrying amounts of goodwill** are mainly allocated to the following operating segments and cash-generating units:

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Germany	4,016	3,587
Europe	8,683	9,282
Of which:		
PTC	1,650	1,607
T-Mobile Netherlands	1,317	1,317
T-Mobile Austria group	1,202	1,202
Hungary – Mobile communications	933	958
Greece – Mobile communications	838	964
T-Mobile Czech Republic	666	631
Hungary – Fixed network	366	373
Croatia – Fixed network	305	297
Bulgaria – Mobile communications	262	293
Slovakia – Fixed network	231	225
Croatia – Mobile communications	194	196
Slovakia – Mobile communications	168	168
Romania – Mobile communications	145	251
Greece – Fixed network	124	476
Other	282	324
United States	4,827	4,471
Systems Solutions	2,995	2,994
	20,521	20,334

In the 2010 financial year, the main changes in the carrying amounts of goodwill at cash-generating units were as follows:

Germany. The carrying amount of the Germany cash-generating unit increased by EUR 0.4 billion compared with December 31, 2009. The business combination with STRATO resulted in goodwill of EUR 0.2 billion. Furthermore, the carrying amount increased by EUR 0.2 billion following the Frankfurt/Main Higher Regional Court's ruling on a supplementary cash payment to former T-Online shareholders (relates to transaction carried out in 2006).

Europe. On the one hand, the cash-generating units **Greece – Mobile communications** and **Greece – Fixed network** were impacted by a reduction of EUR 0.3 billion in the carrying amount of put option II held by the Hellenic Republic (see For further details, please refer to Note 10). On the other, the cash-generating units **Greece – Fixed network, Romania – Mobile communications** and **Albania** had to recognize impairment losses totaling EUR 0.4 billion.

All other changes in goodwill were primarily a result of exchange rate effects.

Disclosures on impairment tests. Deutsche Telekom performed its annual impairment tests of the goodwill recognized for the cash-generating units at December 31, 2010. The following table gives an overview of the periods for which the Group has provided cash flow projections, the growth rates used as the basis for the cash flow projections, and the discount rates applied to the cash flow projections, broken down by operating segment:

	Periods used (years)	Growth rates %	Discount rates %
Germany	10	1.0	5.88
Europe	10	1.5 – 2.0	6.68 – 10.21
United States	10	2.5	7.14
Systems Solutions	10	1.5	6.95

The measurements of the cash-generating units are founded on projections that are based on financial plans that have been approved by management and are also used for internal purposes. The planning horizon reflects the assumptions for short- to mid-term market developments. Cash flows beyond the planning horizon are extrapolated using appropriate growth rates. The key assumptions on which management has based its determination of fair value less costs to sell include the following assumptions that were primarily derived from internal sources and largely reflect past experience and/or are compared with external market values: development of revenue, customer acquisition and retention costs, churn rates, capital expenditure, market share, and growth rates. Discount rates were determined on the basis of external figures derived from the market. Any significant future changes in the aforementioned assumptions would have an impact on the fair values of the cash-generating units. Any changes to these assumptions resulting from future developments in the macroeconomic situation, continued intense competition, the mobile communications taxes imposed/raised in some countries, and other potential amendments to legislation (for example in the course of state austerity programs) may have a greater, possibly negative, impact in the countries assigned to the Europe operating segment.

On the basis of information available at the reporting date and expectations with respect to the market and competitive environment, the year-end impairment tests indicated a need for impairment at the following cash-generating units:

	Goodwill impairments millions of €	Impairment of property, plant and equipment millions of €	Assigned to segment
Greece – Fixed network	287		Europe
Romania – Mobile communications	80		Europe
Romania – Fixed network	2	285	Europe
Other	26		Europe
Impairments (other operating expenses)	395	285	
Deferred taxes		(46)	
Effect on profit (loss)	395	239	
Of which: non-controlling interests		(189)	
Of which: owners of the parent (net profit (loss))	395	50	

The impairment of property, plant and equipment assigned to the cash-generating unit Romania – Fixed network as a result of impairment tests relates to land and equivalent rights, and buildings including buildings on land owned by third parties, and to technical equipment and machinery.

These impairments were primarily attributable to the unexpected scale of the economic uncertainties regarding the growth prospects of gross domestic product as a result of the financial market crisis. Furthermore, the development of disposable income deteriorated and competition in the countries in which these cash-generating units are based intensified in the second half of 2010.

If the impairment tests of goodwill at the cash-generating units where impairment losses totaling EUR 0.7 billion were recognized at year-end, had been conducted using discount rates that were 0.5 percentage points higher, the impairment losses to be recognized would have increased by EUR 0.2 billion. If, by contrast, the discount rates had been 0.5 percentage points lower, the resulting impairment losses would have been EUR 0.2 billion lower. If the growth rates used as a basis in the impairment tests had been 0.5 percentage points lower, the impairment losses would have been EUR 0.1 billion higher. In turn, impairment losses would have been EUR 0.1 billion lower if the growth rates had been 0.5 percentage points higher.

6 Property, plant and equipment.

	Land and equivalent rights, and buildings including buildings on land owned by third parties millions of €	Technical equipment and machinery millions of €	Other equipment, operating and office equipment millions of €	Advance payments and construction in progress millions of €	Total millions of €
Cost					
At December 31, 2008	16,178	94,344	6,701	3,192	120,415
Currency translation	(41)	(40)	(6)	(21)	(108)
Changes in the composition of the Group	1,779	4,492	87	695	7,053
Additions	140	2,522	436	4,278	7,376
Disposals	55	3,397	438	47	3,937
Change from non-current assets and disposal groups held for sale	437	(3,588)	(211)	(326)	(3,688)
Reclassifications	454	3,382	537	(4,977)	(604)
At December 31, 2009	18,892	97,715	7,106	2,794	126,507
Currency translation	121	830	117	67	1,135
Changes in the composition of the Group	4	11	94	(13)	96
Additions	151	2,596	455	4,038	7,240
Disposals	93	3,638	543	113	4,387
Change from non-current assets and disposal groups held for sale	(146)	(6)	(31)	(4)	(187)
Reclassifications	491	2,315	285	(3,746)	(655)
At December 31, 2010	19,420	99,823	7,483	3,023	129,749
Accumulated depreciation					
At December 31, 2008	7,193	67,161	4,497	5	78,856
Currency translation	(18)	30	(9)	0	3
Changes in the composition of the Group	2	6	0	0	8
Additions (depreciation)	762	6,498	760	0	8,020
Additions (impairment)	179	10	3	11	203
Disposals	46	3,240	341	0	3,627
Change from non-current assets and disposal groups held for sale	251	(2,427)	(100)	0	(2,276)
Reclassifications	(3)	(14)	0	0	(17)
Reversal of impairment losses	(131)	0	0	0	(131)
At December 31, 2009	8,189	68,024	4,810	16	81,039
Currency translation	57	375	69	(1)	500
Changes in the composition of the Group	1	1	65	0	67
Additions (depreciation)	814	6,098	701	2	7,615
Additions (impairment)	158	271	1	19	449
Disposals	75	3,491	457	1	4,024
Change from non-current assets and disposal groups held for sale	(109)	(6)	0	(7)	(122)
Reclassifications	39	(82)	10	3	(30)
Reversal of impairment losses	(43)	0	0	0	(43)
At December 31, 2010	9,031	71,190	5,199	31	85,451
Net carrying amounts					
At December 31, 2009	10,703	29,691	2,296	2,778	45,468
At December 31, 2010	10,389	28,633	2,284	2,992	44,298

For further details on depreciation, please refer to Note 30. For further details on impairments, please refer to Note 5.

Restoration obligations of EUR 0.2 billion were recognized as of December 31, 2010 (December 31, 2009: EUR 0.2 billion). Deutsche Telekom had commitments for the acquisition of property, plant and equipment in the amount of EUR 0.6 billion (December 31, 2009: EUR 0.9 billion) as of the reporting date.

Deutsche Telekom changed the useful lives of certain items of property, plant and equipment in the United States and Systems Solutions operating segments. This change to estimates resulted in a net increase in depreciation of EUR 0.1 billion in the 2010 financial year.

7 Investments accounted for using the equity method.

Significant investments in entities accounted for using the equity method are as follows:

Name	Dec. 31, 2010		Dec. 31, 2009	
	Deutsche Telekom share %	Net carrying amounts millions of €	Deutsche Telekom share %	Net carrying amounts millions of €
Everything Everywhere ^a	50.00	7,095	-	-
HT Mostar ^b	39.10	47	39.10	51
Toll Collect ^a	45.00	40	45.00	46
Other		60		50
		7,242		147

^a Joint venture.

^b Indirect shareholding via Hrvatski Telekom d.d., Croatia (Deutsche Telekom AG's share: 51.00%).

Aggregated key financial figures for the associates accounted for using the equity method are shown in the following overview. The data is not based on the portions attributable to the Deutsche Telekom Group, but represents the shareholdings on a 100-percent basis.

Aggregated key financial figures for the associates accounted for using the equity method.

	Dec. 31, 2010 billions of €	Dec. 31, 2009 billions of €
Total assets	0.2	0.2
Total liabilities	0.1	0.1

	2010 billions of €	2009 billions of €
Net revenue	0.2	0.2
Profit (loss)	0.0	0.0

The following table is a summary presentation of aggregated key financial figures – pro-rated according to the relevant percentage of shares held – for the joint ventures of Deutsche Telekom accounted for using the equity method:

Aggregated key financial figures for the joint ventures accounted for using the equity method.

	Everything Everywhere billions of €	Other billions of €	Total as of Dec. 31, 2010 billions of €	Total as of Dec. 31, 2009 billions of €
Total assets	9.5	0.4	9.9	0.5
Current	1.2	0.3	1.5	0.3
Non-current	8.3	0.1	8.4	0.2
Total liabilities	2.4	0.3	2.7	0.4
Current	2.0	0.3	2.3	0.3
Non-current	0.4	0.0	0.4	0.1

	Everything Everywhere billions of €	Other billions of €	Total in 2010 billions of €	Total in 2009 billions of €
Net revenue	3.1	0.2	3.3	0.2
Profit (loss)	0.0	(0.1)	(0.1)	0.0

8 Other financial assets.

	Dec. 31, 2010		Dec. 31, 2009	
	Total	Of which:	Total	Of which:
	millions of €	current millions of €	millions of €	current millions of €
Originated loans and receivables	2,628	2,124	2,003	1,509
Available-for-sale financial assets	513	79	609	74
Derivative financial assets	835	126	1,048	348
Miscellaneous assets	91	43	80	70
	4,067	2,372	3,740	2,001

Originated loans and receivables	Of which: neither impaired nor past due on the reporting date millions of €	Of which: not impaired on the reporting date and past due in the following periods					
		Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
As of Dec. 31, 2010							
Due within one year	1,960	76	11	4	21	11	12
Due after more than one year	491	-	-	-	-	-	2
As of Dec. 31, 2009							
Due within one year	1,413	26	8	3	19	18	1
Due after more than one year	482	9	-	-	-	-	3

With respect to the originated loans and receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Receivables of EUR 223 million (December 31, 2009: EUR 337 million) were used in connection with collateral agreements as surety for potential credit risks arising from derivative transactions.

The increase in short-term originated loans and receivables is mainly related to the acquisition of a bond in the amount of EUR 0.8 billion issued by the new Everything Everywhere joint venture.

The available-for-sale financial assets include unquoted equity instruments whose fair values could not be reliably measured, and which were therefore recognized at cost in the amount of EUR 335 million as of December 31, 2010 (December 31, 2009: EUR 411 million).

In the 2010 financial year, EUR 101 million (2009: EUR 8 million) in impairment losses on available-for-sale financial assets were recognized in profit or loss because the impairment was permanent or significant.

9 Other assets.

Other assets mainly comprise deferred tax assets of EUR 1.4 billion (December 31, 2009: EUR 1.2 billion).

10 Financial liabilities.

	Dec. 31, 2010				Dec. 31, 2009			
	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years	Total	Due within 1 year	Due > 1 year ≤ 5 years	Due > 5 years
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
Bonds and other securitized liabilities								
Non-convertible bonds	23,078	3,894	9,317	9,867	25,055	4,121	9,686	11,248
Commercial paper, medium term notes and similar liabilities	15,112	2,843	6,195	6,074	13,453	285	8,318	4,850
Liabilities to banks	4,190	472	3,284	434	4,718	974	2,764	980
	42,380	7,209	18,796	16,375	43,226	5,380	20,768	17,078
Lease liabilities	1,934	142	426	1,366	1,909	131	446	1,332
Liabilities to non-banks from promissory notes	1,164	–	192	972	1,057	–	177	880
Other interest-bearing liabilities	1,304	1,056	139	109	1,025	675	229	121
Other non-interest-bearing liabilities	3,193	3,176	15	2	2,995	2,908	85	2
Derivative financial liabilities	571	106	457	8	979	297	463	219
	8,166	4,480	1,229	2,457	7,965	4,011	1,400	2,554
Financial liabilities	50,546	11,689	20,025	18,832	51,191	9,391	22,168	19,632

Deutsche Telekom reached an agreement with Vivendi (France), Elektrim (Poland), and Elektrim's creditors in December 2010 regarding the various legal disputes about the interests in PTC in Poland, giving it full and undisputed ownership of PTC. Under the agreement, Deutsche Telekom will pay a total of EUR 1.4 billion to Elektrim and Vivendi upon closing. Settlement of all legal disputes between the parties was also agreed. By January 14, 2011 all legal disputes between the parties were settled once and for all. In addition to the EUR 0.8 billion shown in the prior year and included directly in equity as a result of the first-time consolidation, a further EUR 0.4 billion was recorded under other non-interest-bearing liabilities as of the reporting date. A further EUR 0.2 billion for the acquisition of the non-controlling interests is to be recognized in equity upon closing.

Under the share purchase agreement relating to the investment in the OTE group in 2009, Deutsche Telekom granted the Hellenic Republic a put option ("put option II") for an additional 10 percent of the shares. This option can be exercised at market price plus a premium initially of 20 percent for a period of twelve months from November 10, 2009, after which it can be exercised at market price plus a premium of 15 percent until December 31, 2011. Should market prices change, the carrying amount of put option II will be adjusted at each reporting date and recognized directly in equity, thus changing the goodwill. This put option is reported under other non-interest-bearing liabilities.

At December 31, 2010, Deutsche Telekom had standardized bilateral credit agreements with 21 banks for a total of EUR 12.6 billion. EUR 0.2 billion of these credit lines had been utilized by December 31, 2010. Pursuant to the credit agreements, the terms and conditions depend on Deutsche Telekom's rating. The bilateral credit agreements have an original maturity of 36 months and can, after each period of 12 months, be extended by a further 12 months to renew the maturity of 36 months. The situation on the international financial markets eased considerably in 2009 and, in particular, toward the end of 2010. From today's perspective, access to the international debt capital markets is not jeopardized. The 2010 financial year was marked by substantial new issuances. Throughout 2010, we raised EUR 3.1 billion in debt capital in various markets.

The following tables show Deutsche Telekom's contractually agreed (undiscounted) interest payments and repayments of the non-derivative financial liabilities and the derivatives with positive and negative fair values:

	Carrying amounts Dec. 31, 2010 millions of €	Cash flows in 2011		
		Fixed interest rate millions of €	Variable interest rate millions of €	Repayment millions of €
Non-derivative financial liabilities:				
Bonds, other securitized liabilities, liabilities to banks and liabilities to non-banks from promissory notes and similar liabilities	(43,544)	(2,334)	(63)	(7,897)
Finance lease liabilities	(1,400)	(105)		(168)
Other interest-bearing liabilities	(1,838)	(55)	(5)	(1,055)
Other non-interest-bearing liabilities	(3,193)			(3,176)
Derivative financial liabilities and assets:				
Derivative financial liabilities:				
- Currency derivatives without a hedging relationship	(43)			(44)
- Currency derivatives in connection with cash flow hedges	(56)			(50)
- Interest rate derivatives without a hedging relationship	(196)	49	(60)	(3)
- Interest rate derivatives in connection with fair value hedges	-			
- Interest rate derivatives in connection with cash flow hedges	(266)	(71)	36	
Derivative financial assets:				
- Currency derivatives without a hedging relationship	53			56
- Currency derivatives in connection with cash flow hedges	13			8
- Interest rate derivatives without a hedging relationship	507	46	(27)	48
- Interest rate derivatives in connection with fair value hedges	144	163	(57)	
- Interest rate derivatives in connection with cash flow hedges	118	8		



Cash flows in 2012			Cash flows in 2013 – 2015			Cash flows in 2016 – 2020			Cash flows in 2021 and thereafter		
Fixed interest rate millions of €	Variable interest rate millions of €	Repayment millions of €	Fixed interest rate millions of €	Variable interest rate millions of €	Repayment millions of €	Fixed interest rate millions of €	Variable interest rate millions of €	Repayment millions of €	Fixed interest rate millions of €	Variable interest rate millions of €	Repayment millions of €
(1,822)	(47)	(4,618)	(4,188)	(42)	(14,255)	(3,821)		(9,962)	(4,207)		(8,096)
(91)		(104)	(241)		(295)	(247)		(441)	(201)		(392)
(52)		(41)	(159)		(94)	(177)		(624)	(43)		(25)
		(8)			(7)			(1)			(1)
		(4)									
12	(17)	(106)	(26)	(8)	(75)	(2)	(2)	(1)	(1)	(4)	(3)
(141)	54		(474)	131							
		1									
		2			3						
21	(9)	34	21	(24)	359	29	(48)		108	(115)	107
163	(55)		301	(99)		36	(9)		57	(14)	
8		15	17			36		44	23		65

	Carrying amounts Dec. 31, 2009 millions of €	Cash flows in				
		2010 millions of €	2011 millions of €	2012-2014 millions of €	2015-2019 millions of €	2020 and thereafter millions of €
Non-derivative financial liabilities:						
Bonds, other securitized liabilities, liabilities to banks and liabilities to non-banks from promissory notes and similar liabilities	(44,283)	(8,015)	(8,982)	(18,506)	(16,516)	(10,052)
Finance lease liabilities	(1,423)	(234)	(202)	(537)	(771)	(644)
Other interest-bearing liabilities	(1,511)	(828)	(110)	(215)	(669)	(98)
Other non-interest-bearing liabilities	(2,995)	(2,908)	(85)		(1)	(1)
Derivative financial liabilities and assets:						
Derivative financial liabilities:						
- Currency derivatives without a hedging relationship	(46)	(45)	(2)			
- Currency derivatives in connection with cash flow hedges	(17)	(15)				
- Interest rate derivatives without a hedging relationship	(635)	(205)	(47)	(264)	(92)	(95)
- Interest rate derivatives in connection with fair value hedges	(52)	87	87	262	27	50
- Interest rate derivatives in connection with cash flow hedges	(174)	(32)	(43)	(280)	3	19
Derivative financial assets:						
- Currency derivatives without a hedging relationship	91	102	1	2		
- Currency derivatives in connection with cash flow hedges	15	11	1	1		
- Interest rate derivatives without a hedging relationship	562	90	12	276	175	
- Interest rate derivatives in connection with fair value hedges	225	112	129	250	197	340
- Interest rate derivatives in connection with cash flow hedges	155	103	(24)			

The tables showing the contractually agreed (undiscounted) interest payments and repayments do not include the financing commitment granted to Everything Everywhere (see please refer to Note 37).

All instruments held at December 31, 2010 and for which payments were already contractually agreed are included. Planning data for future, new liabilities were not included. Amounts in foreign currency were each translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the last interest rates fixed before December 31, 2010. Financial liabilities that can be repaid at any time are always assigned to the earliest possible time period. In accordance with § 2 (4) of the German Act on the Transformation of the Deutsche Bundespost Enterprises into the Legal Structure of Stock Corporation (Stock Corporation Transformation Act – Postumwandlungsgesetz), the Federal Republic is guarantor of all Deutsche Telekom AG's liabilities which were already outstanding as at January 1, 1995. At December 31, 2010, this figure was a nominal EUR 2.0 billion (December 31, 2009: EUR 1.9 billion).

11 Trade and other payables.

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Trade payables	6,737	6,294
Other liabilities	13	10
	6,750	6,304

Of the total of trade and other payables, EUR 6,745 million (December 31, 2009: EUR 6,300 million) is due within one year.

12 Provisions for pensions and other employee benefits.

Defined benefit plans.

The following table shows the composition of pension obligations:

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Defined benefit liability	6,373	6,179
Defined benefit asset	(28)	(14)
Net defined benefit liability	6,345	6,165
Pension obligations		
– Unfunded	5,996	5,804
– Funded	346	358
Obligations in accordance with Article 131 GG	3	3

The defined benefit asset is recognized under other non-current assets in the consolidated statement of financial position.

Calculation of net defined benefit liability (+)/defined benefit asset (-):

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Present value of funded obligations	977	979
Plan assets at fair value	(629)	(618)
Defined benefit obligations in excess of plan assets	348	361
Present value of unfunded obligations	6,040	5,854
Unrecognized past service cost	(43)	(50)
Defined benefit liability (+)/defined benefit asset (-) according to IAS 19.54	6,345	6,165

Assumptions for the measurement of defined benefit obligations as of December 31:

		2010 %	2009 %
Discount rate	Germany	5.16	5.25
	Switzerland (T-Systems)	3.05	3.15
	Greece (OTE S.A.)	4.56/3.71	4.56/3.89
	United Kingdom	5.40	5.70
Projected salary increase	Germany (pay-scale employees)	3.25	3.25
	Germany (non-pay-scale employees)	3.50	3.50
	Switzerland (T-Systems)	1.50	1.50
	Greece (OTE S.A.)	2.20/3.20/ 2.40/2.50	4.50/5.50
	United Kingdom	4.40	4.60
Projected pension increase	Germany (general)	1.50	1.50
	Germany (according to articles of association)	1.00	1.00
	Switzerland (T-Systems)	0.30	0.30
	Greece (OTE S.A.)	n.a.	n.a.
	United Kingdom	3.20	3.40

Pension obligations at German entities of the Group are measured using the biometrical assumptions of the 2005G tables published by Prof. Klaus Heubeck. Local actuarial tables are used in the other countries.

Assumptions for determining the pension expense for years ending December 31:

		2010 %	2009 %	2008 %
Discount rate	Germany	5.25	5.80	5.50
	Switzerland (T-Systems)	3.15	3.00	3.25
	Greece (OTE S.A.)	4.56/3.89	5.50/5.00	n.a.
	United Kingdom	5.70	5.80	5.40
Projected salary increase	Germany (pay-scale employees)	3.25	3.50	2.50
	Germany (non-pay-scale employees)	3.50	4.25	3.25
	Switzerland (T-Systems)	1.50	1.50	1.50
	Greece (OTE S.A.)	4.50/5.50	6.50/4.50	n.a.
	United Kingdom	4.60	4.20	4.20
	Return on plan assets	Germany	3.90	3.50
	Switzerland (T-Systems)	4.50	4.50	4.50
	United Kingdom	7.00	6.90	7.00
Projected pension increase	Germany (general)	1.50	2.00	1.70
	Germany (according to articles of association)	1.00	1.00	1.00
	Switzerland (T-Systems)	0.30	0.30	0.60
	Greece (OTE S.A.)	n.a.	n.a.	n.a.
	United Kingdom	3.40	3.20	3.20

Development of defined benefit obligations in the reporting year:

	2010 millions of €	2009 millions of €
Present value of the defined benefit obligations as of January 1	6,833	6,101
Reclassification in accordance with IFRS 5	-	(454)
Changes attributable to business combinations/transfers of operation/acquisitions and disposals	(10)	609
Current service cost	193	204
Interest cost	344	371
Contributions by plan participants	5	3
Actuarial losses (gains)	39	373
Total benefits actually paid	(401)	(393)
Curtailments	(2)	-
Settlements	(15)	-
Plan amendments	2	(12)
Exchange rate fluctuations for foreign-currency plans	29	31
Present value of the defined benefit obligations as of December 31	7,017	6,833

Taking the plan assets into consideration, the pension obligations were accounted for in full.

Development of plan assets at fair value in the respective reporting year:

	2010 millions of €	2009 millions of €
Plan assets at fair value as of January 1	618	952
Reclassification in accordance with IFRS 5	-	(307)
Changes attributable to business combinations/transfers of operation/acquisitions and disposals	15	0
Expected return on plan assets	27	50
Actuarial (losses) gains	7	(91)
Contributions by employer	2	45
Contributions by plan participants	5	3
Benefits actually paid through pension funds	(56)	(61)
Settlements	(12)	0
Exchange rate fluctuations for foreign-currency plans	23	27
Plan assets at fair value as of December 31	629	618

Breakdown of plan assets at fair value by investment category:

	Dec. 31, 2010 %	Dec. 31, 2009 %
Equity securities	19	19
Debt securities	65	64
Real estate	6	6
Other	10	11

The investment structure is defined, managed and regularly reviewed using asset/liability studies. The resulting target allocations for the plan assets of the respective pension plans therefore reflect the duration of the obligations, the defined benefit obligation, the minimum requirements for the policy reserve, and other factors.

At the reporting date, the plan assets include shares issued by Deutsche Telekom amounting to EUR 0.8 million (December 31, 2009: shares totaling EUR 1.0 million). No other own financial instruments were included in the years shown.

Determination of the expected return on essential plan assets:

These expectations are based on consensus forecasts for each asset class as well as on bank estimates. The forecasts are based on historical figures, economic data, interest rate forecasts, and anticipated stock market developments.

The pension expense for each period is composed of the following items and is reported in the indicated accounts of the income statement:

	Presentation in the income statement	2010 millions of €	2009 millions of €	2008 millions of €
Current service cost	Functional costs *	193	204	204
Interest cost	Other financial income (expense)	344	371	331
Expected return on plan assets	Other financial income (expense)	(27)	(50)	(52)
Past service cost	Functional costs *	9	-	-
Pension expense before curtailments/settlements		519	525	483
Curtailments	Functional costs *	(2)	-	-
Settlements	Functional costs *	(3)	-	-
Pension expense		514	525	483
Actual return on plan assets		34	(41)	50

* Including other operating expenses.

The consolidated statement of comprehensive income contains the following amounts:

	2010 millions of €	2009 millions of €	2008 millions of €
Cumulative losses (gains) recognized directly in equity as of January 1	576	115	342
Actuarial losses (gains) as shown in the consolidated statement of comprehensive income	32	461	(227)
Of which: recognition directly in equity of actuarial losses (gains) in the reporting period	32	464	(230)
Of which: change in the additional provision recognized due to a minimum funding requirement	-	(3)	3
Cumulative losses (gains) recognized directly in equity as of December 31	608	576	115
Actuarial (gains) losses resulting from pension obligations formerly attributable to the Group	(55)	13	3
	553	589	118

Expected employer contributions for the subsequent year are estimated as follows:

	2011 millions of €
Expected contributions by employer	17

Amounts for the current year and four preceding years of defined benefit obligations, plan assets, defined benefit obligations in excess of plan assets, and experience-based adjustments:

	2010 millions of €	2009 millions of €	2008 millions of €	2007 millions of €	2006 millions of €
Defined benefit obligations	7,017	6,833	6,101	6,327	7,134
Plan assets at fair value	(629)	(618)	(952)	(986)	(966)
Defined benefit obligations in excess of plan assets (funded status)	6,388	6,215	5,149	5,341	6,168

Adjustment	2010 %	2009 %	2008 %	2007 %	2006 %
Experience-based increase (decrease) of pension obligations	0.1	(0.7)	(0.1)	(0.8)	(0.4)
Experience-based increase (decrease) of plan assets	1.1	(9.9)	(0.2)	(2.5)	1.1

Defined contribution plans.

In the 2010 financial year, current contributions for defined contributions plans, which are reported as an expense in the consolidated income statement of the respective year, amounted to EUR 114 million (2009: EUR 73 million; 2008: EUR 160 million).

Civil-servant retirement arrangements at Deutsche Telekom.

An expense of EUR 676 million was recognized in the 2010 financial year (2009: EUR 684 million; 2008: EUR 762 million) for the annual contribution to the BPS-PT special pension fund amounting to 33 percent of the pensionable gross emoluments of active civil servants and the notional pensionable gross emoluments of civil servants on leave of absence. The present value of the total obligation arising from payment obligations to this special pension fund was EUR 5.9 billion as of the reporting date (December 31, 2009: EUR 6.6 billion).

13 Other provisions.

	Provisions for restructuring expenses	Other provisions for personnel costs	Provisions for restoration obligations	Provisions for litigation risks	Provisions for sales and procurement support	Miscellaneous other provisions	Total
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €
At December 31, 2008	2,251	1,875	700	472	487	956	6,741
Of which: current	695	1,466	26	170	474	606	3,437
Changes in the composition of the Group	1	83	7	48	0	12	151
Currency translation adjustments	7	4	6	1	(1)	3	20
Addition	460	1,382	156	105	456	397	2,956
Use	(1,341)	(1,477)	(38)	(68)	(481)	(288)	(3,693)
Reversal	(116)	(296)	(24)	(104)	(23)	(194)	(757)
Interest effect	131	17	67	0	0	17	232
Other changes	(54)	13	(76)	(4)	(31)	32	(120)
At December 31, 2009	1,339	1,601	798	450	407	935	5,530
Of which: current	536	1,349	39	424	407	614	3,369
Changes in the composition of the Group	1	16	1	0	0	6	24
Currency translation adjustments	(2)	19	7	0	5	11	40
Addition	191	1,510	88	126	508	430	2,853
Use	(1,031)	(1,433)	(36)	(104)	(443)	(318)	(3,365)
Reversal	(72)	(110)	(30)	(19)	(22)	(146)	(399)
Interest effect	(9)	25	46	2	0	6	70
Other changes	41	11	0	2	(1)	15	68
At December 31, 2010	458	1,639	874	457	454	939	4,821
Of which: current	281	1,360	32	427	454	639	3,193

The provisions for restructuring expenses mainly include provisions for staff restructuring. The provisions for restructuring expenses developed as follows in the financial year:

	Jan. 1, 2010 millions of €	Addition millions of €	Use millions of €	Reversal millions of €	Other changes millions of €	Dec. 31, 2010 millions of €
Early retirement	622	18	(702)	(8)	82	12
Severance and voluntary redundancy models	366	58	(191)	(55)	23	201
Partial retirement	292	113	(98)	(3)	(80)	224
Other	59	2	(40)	(6)	6	21
	1,339	191	(1,031)	(72)	31	458
Of which: current	536					281

Some of the staff restructuring measures are covered by law as, for instance, early retirement for civil servants. For civil servants employed at Deutsche Telekom, the law provides the opportunity under certain conditions to retire early from the age of 55. When the reform of civil-service law came into effect, the provisions for early retirement for civil servants were extended until December 31, 2012. Exercise of the early retirement option in 2011 and 2012, however, will be subject to a resolution by the Board of Management.

Other provisions for personnel costs include a variety of individual issues such as provisions for deferred compensation and allowances, as well as for anniversary gifts. The expenses are allocated to functional costs or to other operating expenses based on actual cost generation.

Provisions for restoration obligations include the estimated costs for dismantling and removing an asset, and restoring the site on which it is located. The estimated costs are included in the costs of the relevant asset.

The provisions for litigation risks primarily include possible settlements attributable to pending lawsuits.

Provisions for sales and procurement support include dealer commissions, subsidies for advertising expenses and reimbursements.

Miscellaneous other provisions include provisions related to the disposal of businesses and site closures, provisions for environmental damage and risks, warranty provisions as well as a variety of other items for which the individually recognized amounts are not material.

14 Other liabilities.

	Dec. 31, 2010 millions of €	Dec. 31, 2009 millions of €
Deferred revenue	1,980	2,095
Early retirement	2,325	1,819
Liabilities from other taxes	1,221	1,178
Liabilities from straight-line leases	1,080	845
Other deferred revenue	601	527
Miscellaneous other liabilities	907	1,082
	8,114	7,546

15 Shareholders' equity.

Issued capital.

As of December 31, 2010, the share capital of Deutsche Telekom totaled EUR 11,063 million. The share capital is divided into 4,321,319,206 no par value registered shares.

	2010	
	thousands	%
Federal Republic of Germany	646,575	15.0
KfW Bankengruppe	735,662	17.0
Free float	2,939,082	68.0
Of which: Blackstone Group	191,700	4.4
Of which: BlackRock	145,762	3.4
	4,321,319	100.0

Capital decrease. The shareholders' meeting resolved on May 3, 2010 to authorize the Board of Management to purchase shares in the Company by November 2, 2011, with the amount of share capital accounted for by these shares totaling up to EUR 1,116,497,918.20, provided the shares to be purchased on the basis of this authorization in conjunction with the other shares of the Company which the Company has already purchased and still possesses or are to be assigned to it under § 71d and § 71e AktG do not at any time account for more than 10 percent of the Company's share capital. Moreover, the requirements under § 71 (2) sentences 2 and 3 AktG must be complied with. Shares shall not be purchased for the purpose of trading in treasury shares. This authorization may be exercised in full or in part. The purchase can be carried out in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached. Dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG or third parties acting for the account of Deutsche Telekom AG or for the account of dependent Group companies of Deutsche Telekom AG within the meaning of § 17 AktG are also entitled to purchase the shares. The shares are purchased in compliance with the principle of equal treatment (§ 53a AktG) through the stock exchange. Shares can instead also be purchased by means of a public purchase or share exchange offer addressed to all shareholders, which, subject to a subsequently approved exclusion of the right to offer shares, must also comply with the principle of equal treatment.

A resolution of the shareholders' meeting of May 3, 2010 authorized the Board of Management to redeem Deutsche Telekom AG's shares purchased on the basis of the aforementioned authorization, without such redemption or its implementation requiring a further resolution of the shareholders' meeting. Based on this authorization, the Board of Management resolved on July 27, 2010 to implement a share buy-back program.



The buy-back program was completed on December 3, 2010. A total of 40,001 thousand shares were acquired for a total price of EUR 400 million (excluding transaction costs) with an average purchase price of EUR 9.99 per share. The Board of Management decided on December 14, 2010 to reduce the share capital of Deutsche Telekom AG accordingly and to retire the shares that had been bought back. This resulted in a decrease of EUR 102 million in issued capital (imputed value of EUR 2.56 per share) and EUR 400 million in the retained earnings of the Group. EUR 102 million was transferred to capital reserves in accordance with § 237 (5) AktG.

Voting rights. Each share entitles the holder to one vote. The voting rights are nevertheless restricted in relation to the treasury shares (around 2 million as of December 31, 2010) and the trust shares (around 19 million as of December 31, 2010). The trust shares are connected with the acquisitions of VoiceStream and Powertel (now T-Mobile USA) in 2001. As part of these acquisitions, Deutsche Telekom AG issued new shares from authorized capital to trustees for the benefit of holders of warrants, options, and conversion rights, among others. As regards the shares issued to trusts, the trustees in question waived voting rights and subscription rights and, in general, dividend rights for the duration of the trusts' existence. The shares issued to the trusts can be sold on the stock exchange on the instruction of Deutsche Telekom AG if the beneficiaries do not exercise their options or conversion rights or if these expire. The proceeds from the sale accrue to Deutsche Telekom AG. As of December 31, 2010, the number of T-Shares reserved for the stock options still outstanding was 3,042,055.

Authorized capital and contingent capital. Authorized capital and contingent capital comprised the following components as of December 31, 2010:

	Amount millions of €	No par value shares thousands	Purpose
2009 Authorized capital I *	2,176	850,000	Increase in share capital (until April 29, 2014)
2009 Authorized capital II *	38	15,000	Employee shares (until April 29, 2014)
Contingent capital II	32	12,427	Meeting preemptive rights to shares from stock options under the 2001 Stock Option Plan
Contingent capital IV	1,100	429,688	Servicing guaranteed convertible bonds or bonds with warrants issued on or before April 25, 2010

* The Supervisory Board's approval is required.

Capital reserves.

The capital reserves of the Group primarily encompass the capital reserves of Deutsche Telekom AG. Differences to the capital reserves of Deutsche Telekom AG result from the recognition at fair value of the Deutsche Telekom AG shares newly issued in the course of the acquisition of T-Mobile USA Inc., Bellevue (United States)/Powertel Inc., Bellevue (United States) instead of at their par value, which is permissible in the consolidated financial statements, and from the related treatment of the issuing costs, which are deducted from capital reserves.