

DEUTSCHE TELEKOM AG
Form 6-K
November 06, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November 2008

Commission file number 001-14540

DEUTSCHE TELEKOM AG

(Translation of Registrant's Name into English)

**Friedrich-Ebert-Allee 140,
53113 Bonn,
Germany**

(Address of Principal Executive Offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F **Form 40-F**

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes **No**

This report is deemed submitted and not filed pursuant to the rules and regulations of the Securities and Exchange Commission.

T-MOBILE USA REPORTS THIRD QUARTER 2008 RESULTS

\$1.53 billion Operating Income Before Depreciation and Amortization (OIBDA) in the third quarter of 2008, up 8% from the third quarter of 2007

670,000 net new customers added in the third quarter of 2008

Service revenues of \$4.9 billion in the third quarter of 2008, up 13% from the third quarter of 2007

Data services revenue in the third quarter of 2008, up 28% from the third quarter of 2007

T-Mobile USA s 3G network to cover more than 120 cities by the end of November

Launch of T-Mobile services in former SunCom markets during the quarter

T-Mobile G1 with Google launched on October 22nd the first phone powered by Android

BELLEVUE, Wash., November 6, 2008 T-Mobile USA, Inc. (T-Mobile USA) today reported third quarter 2008 results. At the end of the quarter, T-Mobile USA had 32.1 million customers, adding 670,000 net new customers during the third quarter, and OIBDA of \$1.53 billion, up 8% compared to the third quarter of 2007.

In the quarter, T-Mobile took giant steps forward in driving new innovations to meet the pressing needs of our customers, said Robert Dotson, President and CEO, T-Mobile USA. We introduced our customers to the T-Mobile @Home® landline replacement service at a time when saving money is a top priority for American households. We also established our new nationwide high-speed

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3G services, which will cover 120 cities by the end of November. This network introduction was accompanied by the unveiling of the T-Mobile G1 with Google, the world's first device built on the fully open Android operating platform giving consumers access to some of the most innovative mobile applications to ever come to market. These and other innovations are helping us aggressively compete as we debut new and craved-for services that truly meet customer needs and inspire greater long term loyalty to our brand.

T-Mobile USA continues to be one of the strong growth drivers for Deutsche Telekom, said René Obermann, Chief Executive Officer, Deutsche Telekom. With the introduction of its 3G network in the U.S. and the successful launch of the T-Mobile G1 with Google, T-Mobile USA is now in an excellent position to further leverage the enormous potential of mobile data in its market.

Customers

In the third quarter of 2008, T-Mobile USA added 670,000 net new customers, up from 668,000 in the second quarter of 2008, and down from 857,000 in the third quarter of 2007.

The number of net new customer additions was consistent sequentially, despite higher gross customer additions. This is primarily due to higher contract churn, as explained below. Gross customer additions were higher both sequentially and compared to the third quarter of 2007. This is a reflection of successful products such as myFavessm, FlexPaysm an innovative hybrid plan that combines elements of traditional postpaid and prepaid plans, and T-Mobile @Home, a landline replacement product that was launched at the beginning of the third quarter of 2008.

Contract customer net additions decreased in the third quarter of 2008 making up almost 44% of customer growth, down from 80% in the second quarter of 2008 and 65% in the third quarter of 2007.

Prepaid net additions were 377,000 in the third quarter of 2008, up from 143,000 in the second quarter of 2008 and 300,000 in the third quarter of 2007. The sequential increase in prepaid net customer additions was due to improved prepaid churn and higher reseller net customer additions. The majority of prepaid net additions in the third quarter of 2008 were FlexPay no-contract customers, which typically have a higher ARPU than legacy prepaid customers, as discussed below.

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myFaves continues to be very popular with our customers. At the end of the third quarter of 2008 there were over 7 million myFaves customers, up from 6.5 million at the end of the second quarter of 2008 and 3.5 million in the third quarter of 2007.

Contract customers comprised 83% of T-Mobile USA's total customer base at September 30, 2008. T-Mobile USA ended the quarter with 32.1 million customers.

Churn

Contract customer churn was 2.4% in the third quarter of 2008, up from 1.9% in the second quarter of 2008 and 2.0% in the third quarter of 2007.

The sequential increase in contract churn was primarily due to the continued impact of customers coming to the anniversary of their two-year contract that was first introduced in April 2006. The second quarter of 2008 was the first quarter these two-year contracts could have expired. Competitive pressure also contributed to the sequential increase in contract churn.

Blended churn, including both contract and prepaid customers, was 3.0% in the third quarter of 2008, up from 2.7% in the second quarter of 2008 and 2.9% in the third quarter of 2007.

OIBDA and Net Income

T-Mobile USA reported OIBDA of \$1.53 billion in the third quarter of 2008, down from \$1.58 billion in the second quarter of 2008 and up from the \$1.41 billion in the third quarter of 2007.

The sequential decrease in OIBDA was primarily due to higher customer acquisition costs, as commissions expense increased due to volumes, and higher general and administrative costs.

OIBDA margin was 31% in the third quarter of 2008, down from 32% in the second quarter of 2008 and the third quarter of 2007.

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Net income for the third quarter of 2008 was \$442 million, down from the \$452 million in the second quarter of 2008 and \$526 million in the third quarter of 2007.

Revenue

Service revenues (as defined in Note 1 to the Selected Data, below) were \$4.91 billion in the third quarter of 2008, up from \$4.85 billion in the second quarter of 2008, and \$4.33 billion in the third quarter of 2007.

The increase in service revenues year over year was primarily due to the growth in contract customers, including the impact of the SunCom Wireless acquisition.

Total revenues, including service, equipment, and other revenues were \$5.51 billion in the third quarter of 2008, slightly up from \$5.47 billion in the second quarter of 2008 and \$4.89 billion in the third quarter of 2007.

The acquisition of SunCom, and its second full quarter consolidation in T-Mobile USA's results, contributed \$192 million to total revenues in the third quarter.

ARPU

Blended Average Revenue Per User (ARPU as defined in note 1 to the Selected Data, below) was \$52 in the third quarter of 2008, consistent with \$52 in the second quarter and down from \$53 in the third quarter of 2007.

Contract ARPU was \$55 in the third quarter of 2008, consistent with the second quarter of 2008 and down from \$57 in the third quarter of 2007.

The decrease in contract ARPU year over year was primarily due to lower usage based revenues from contract customers.

Prepaid ARPU was \$24 in the third quarter of 2008, up from \$23 in the second quarter of 2008 and \$18 in the third quarter of 2007.

The increase in prepaid ARPU is due to the success of higher ARPU of FlexPay no-contract compared to legacy prepaid products.

Data services revenue (as defined in Note 1 to the Selected Data, below) was \$850 million in the third quarter of 2008, representing 17.3% of blended ARPU, or \$8.90 per customer, compared with 16.6% of blended ARPU, or \$8.60 per customer in the second quarter of 2008, and 15.4% of blended ARPU, or \$8.10 per customer in the third quarter of 2007. Data services revenue increased 28% year over year.

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Growth in messaging revenue continued to be the most significant driver of data ARPU, as customers continue to move towards purchasing plans that include messaging, including our unlimited voice and data plans. The total number of messages on the T-Mobile USA network increased to almost 49 billion in the third quarter of 2008, compared to 41 billion in the second quarter of 2008 and 21 billion in the third quarter of 2007.

Strong GPRS / EDGE access and usage through continued growth in converged device users was another significant driver for increased data revenues.

CPGA and CCPU

The average cost of acquiring a customer, Cost Per Gross Add (CPGA as defined in note 4 to the Selected Data, below) was \$290 in the third quarter of 2008, down from \$320 in the second quarter of 2008 and up from \$280 in the third quarter of 2007.

The decrease in CPGA compared to the second quarter of 2008 is primarily due to higher gross customer additions, in particular lower advertising expense per customer.

Excluding the impact of SunCom, T-Mobile USA's CPGA in the third quarter of 2008 would have been \$280, consistent with the third quarter of 2007

The average cash cost of serving customers, Cash Cost Per User (CCPU as defined in note 3 to the Selected Data, below), was \$25 per customer per month in the third quarter of 2008, consistent with the second quarter of 2008 and lower than CCPU of \$26 in the third quarter of 2007.

The decrease in CCPU in the third quarter of 2008 versus the third quarter of 2007 is primarily due to lower network costs per customer, driven by lower roaming expense per customer.

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Capital Expenditures

Cash capital expenditures (see note 7 to the Selected Data below) were \$956 million in the third quarter of 2008, compared with \$1,062 million in the second quarter of 2008 and \$500 million in the third quarter of 2007.

The year over year increase in capital expenditures is primarily due to the build out of T-Mobile USA's 3G (UMTS / HSDPA) network as well as cash payment timing differences.

T-Mobile USA continued its commitment to improve coverage in the third quarter of 2008, adding approximately 900 GSM/GPRS/EDGE new cell sites, bringing the total number of cell sites at the end of the quarter to 42,900.

T-Mobile USA ended the quarter with 14,700 3G capable cell sites (included in the 42,900 total cell sites above).

Stick Together Highlights

On September 5, 2008, T-Mobile USA launched the T-Mobile products and services in the previously branded SunCom markets, including Puerto Rico. Additionally, all major SunCom systems have been integrated into T-Mobile USA as of the end of the third quarter of 2008.

On October 17, 2008, T-Mobile USA, Inc. announced that it continues to aggressively expand its third-generation (3G) wireless broadband service in more than 120 major cities by the end of November. On October 30, 2008, T-Mobile added Washington D.C. as the latest major population center to benefit from T-Mobile's 3G service.

On September 23, T-Mobile USA announced the launch of the world's first Android-powered mobile phone in partnership with Google. Available in the fourth quarter 2008 only for T-Mobile customers in the USA, the T-Mobile G1 combines full touch-screen functionality and a QWERTY keyboard with a mobile Web experience.

In order to provide more options to customers, on October 8, T-Mobile began offering postpaid month-to-month rate plans without a requirement for customers to sign an annual contract. All postpaid rate plans including single line, FamilyTime, and myFaves are available under this new service option.

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In August, T-Mobile USA launched the feature of Family AllowancesSM which allows parents to give their family members an upfront monthly wireless allowance that works on all the phones T-Mobile offers virtually eliminating the worry of surprise overages. T-Mobile USA is the U.S. operation of Deutsche Telekom AG's (NYSE: DT) Mobile Communications Business, and is a wholly-owned subsidiary of T-Mobile International. In order to provide comparability with the results of other US wireless carriers, all financial amounts are in US dollars and are based on accounting principles generally accepted in the United States (GAAP). T-Mobile USA results are included in the consolidated results of Deutsche Telekom, but differ from the information contained herein as Deutsche Telekom reports financial results in Euros and in accordance with International Financial Reporting Standards (IFRS).

This press release includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations from the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided below following Selected Data and the financial statements.

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SELECTED DATA FOR T-MOBILE USA

| (thousands) | Q3 08 | Q2 08 | Q1 08 | YE 07 | Q4 07 | Q3 07 |
|--|---------|---------|---------|---------|---------|---------|
| Covered population ⁸ | 286,000 | 284,000 | 284,000 | 284,000 | 284,000 | 283,000 |
| Customers, end of period ² | 32,136 | 31,466 | 30,798 | 28,685 | 28,685 | 27,734 |
| Thereof contract customers | 26,539 | 26,246 | 25,721 | 23,914 | 23,914 | 23,181 |
| Thereof prepaid customers | 5,597 | 5,220 | 5,077 | 4,771 | 4,771 | 4,553 |
| Net customer additions | 670 | 668 | 981 | 3,644 | 951 | 857 |
| Acquired customers | | | 1,132 | | | |
| Minutes of use/contract customer/month | 1,140 | 1,170 | 1,150 | 1,130 | 1,120 | 1,130 |
| Contract churn | 2.40% | 1.90% | 1.70% | 1.90% | 1.80% | 2.00% |
| Blended churn | 3.00% | 2.70% | 2.60% | 2.80% | 2.80% | 2.90% |
| (\$) | | | | | | |
| ARPU (blended) ^{1, 9} | 52 | 52 | 51 | 52 | 52 | 53 |
| ARPU (contract) | 55 | 55 | 55 | 57 | 56 | 57 |
| ARPU (prepaid) | 24 | 23 | 22 | 19 | 20 | 18 |
| Cost of serving (CCPU) ³ | 25 | 25 | 25 | 25 | 25 | 26 |
| Cost per gross add (CPGA) ⁴ | 290 | 320 | 300 | 300 | 300 | 280 |
| (\$ million) | | | | | | |
| Total revenues | 5,506 | 5,470 | 5,187 | 19,288 | 5,068 | 4,894 |
| Service revenues ^{1, 9} | 4,911 | 4,854 | 4,573 | 16,892 | 4,371 | 4,332 |
| OIBDA ⁵ | 1,531 | 1,583 | 1,441 | 5,350 | 1,327 | 1,412 |
| OIBDA margin ⁶ | 31% | 32% | 31% | 31% | 30% | 32% |
| Capital expenditures ⁷ | 956 | 1,062 | 690 | 2,677 | 1,009 | 500 |
| Cell sites on-air ¹⁰ | 42,900 | 42,000 | 41,000 | 37,900 | 37,900 | 37,000 |

Since all companies do not calculate these figures in the same manner, the information contained in this press release may not be comparable to similarly titled measures reported by other companies.

1 Average Revenue Per User (ARPU) represents the average monthly service revenue we earn from our customers. ARPU is calculated by dividing service revenues for the specified period by the average customers during the period, and further dividing by the number of months in the period. We believe ARPU provides management with useful information to evaluate the recurring revenues generated from our customer base.

Service revenues include contract, prepaid, and roaming and other service revenues, and do not include equipment sales and other revenues. Data services revenues (including messaging and non-messaging revenue) is a component of service revenues. Within the consolidated financial statements below, other revenues include co-location rental income and wholesale revenues from the usage of our network in California, Nevada, and New York by AT&T customers, among other items, and are therefore not included in ARPU.

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- 2 A customer is defined as a SIM card with a unique mobile identity number which generates revenue. Contract customers and prepaid customers include FlexPaySM customers depending on the type of rate plan selected. FlexPay customers with a contract are included in contract customers, and FlexPay customers without a contract are included in prepaid customers.
- 3 The average cash cost of serving customers, or Cash Cost Per User (CCPU) is a non-GAAP financial measure and includes all network and general and administrative costs as well as the subsidy loss unrelated to customer acquisition. Subsidy loss unrelated to customer acquisition includes upgrade handset costs for existing customers offset by upgrade equipment revenues and other related direct costs. This measure is calculated as a per month average by dividing the total costs for the specified period by the average total customers during the period and further dividing by the number of months in the period. We believe that CCPU, which is a measure of the costs of serving a customer, provides relevant and useful information and is used by our management to evaluate the operating performance of our business.
- 4 Cost Per Gross Add (CPGA) is a non-GAAP financial measure and is calculated by dividing the costs of acquiring a new customer, consisting of customer acquisition costs plus the subsidy loss related to customer acquisition for the specified period, by gross customers added during the period. Subsidy loss related to customer acquisition consists primarily of the excess of handset and accessory costs over related revenues incurred to acquire new customers. We believe that CPGA, which is a measure of the cost of acquiring a customer, provides relevant and useful information and is used by our management to evaluate the operating performance of our business.
- 5 Operating Income Before Interest, Depreciation and Amortization (OIBDA) is a non-GAAP financial measure, which we define as operating income before depreciation and amortization. In a capital-intensive industry such as wireless telecommunications, we believe OIBDA, as well as the associated percentage margin calculation, to be meaningful measures of our operating performance. OIBDA should not be construed as an alternative to operating income or net income as determined in accordance with GAAP, as an alternative to cash flows from operating activities as determined in accordance with GAAP or as a measure of liquidity. We use OIBDA as an integral part of our planning and internal financial reporting processes, to evaluate the performance of our business by senior management and to compare our performance with that of many of our competitors. We believe that operating income is the financial measure calculated and presented in accordance with GAAP that is the most directly comparable to OIBDA. OIBDA is not adjusted for integration costs of SunCom.
- 6 OIBDA margin is a non-GAAP financial measure, which we define as OIBDA (as described in note 5 above) divided by total revenues less equipment sales.
- 7 Capital expenditures consist of amounts paid by T-Mobile USA for purchases of property and equipment.
- 8 The covered population statistic represents T-Mobile USA's GSM / GPRS / EDGE 1900 voice and data network coverage, combined with roaming and other agreements.
- 9 Data ARPU is defined as total data revenues from contract customers, prepaid customers, and other data revenues, divided by average total customers during the period. Wi-Fi revenues are shown as a component of data revenues. The relative fair value of data revenues from unlimited voice and data plans are included in total data revenues.
- 10 Cell sites are defined as the total number of sites in service at the end of the period, excluding small low power, low gain access sites. A site is in service when all equipment is installed and the site is integrated into the network.

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T-MOBILE USA

Condensed Consolidated Balance Sheets

*(dollars in millions)**(unaudited)*

| | September 30, 2008 | December 31, 2007 |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 160 | \$ 64 |
| Short-term affiliate loan receivable | 75 | 1,075 |
| Short-term investment | 4 | |
| Accounts receivable, net of allowances of \$390 and \$272, respectively | 2,658 | 2,617 |
| Accounts receivable from affiliates | 19 | 274 |
| Inventory | 865 | 990 |
| Current portion of net deferred tax assets | 1,035 | 994 |
| Licenses held for exchange | 5 | 1 |
| Other current assets | 623 | 538 |
| Total current assets | 5,444 | 6,553 |
| Property and equipment, net of accumulated depreciation of \$10,317 and \$9,788, respectively | 11,990 | 11,258 |
| Goodwill | 12,011 | 10,701 |
| Spectrum licenses | 15,127 | 14,645 |
| Other intangible assets, net of accumulated amortization of \$530 and \$489, respectively | 244 | 47 |
| Long term investments | 132 | |
| Other assets | 143 | 155 |
| | \$ 45,091 | \$ 43,359 |
| LIABILITIES AND STOCKHOLDER S EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 3,354 | \$ 3,790 |
| Current payables to affiliates | 1,312 | 1,127 |
| Other current liabilities | 419 | 380 |
| Total current liabilities | 5,085 | 5,297 |
| Long-term payables to affiliates | 6,625 | 6,712 |
| Deferred tax liabilities | 2,063 | 1,622 |
| Other long-term liabilities | 1,144 | 915 |
| Total long-term liabilities | 9,832 | 9,249 |
| Minority interest in equity of consolidated subsidiaries | 93 | 89 |
| Commitments and contingencies | | |
| Stockholder s equity: | | |
| Common stock | 44,470 | 44,469 |

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| | | |
|----------------------------|-----------|-----------|
| Accumulated deficit | (14,389) | (15,745) |
| Total stockholder's equity | 30,081 | 28,724 |
| | \$ 45,091 | \$ 43,359 |

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T-MOBILE USA

Condensed Consolidated Statements of Operations

*(dollars in millions)**(unaudited)*

| | Quarter Ended September 30, 2008 | Quarter Ended June 30, 2008 | Quarter Ended September 30, 2007 |
|-----------------------------------|---|--------------------------------------|---|
| Revenues: | | | |
| Contract | \$ 4,342 | \$ 4,321 | \$ 3,938 |
| Prepaid | 382 | 359 | 238 |
| Roaming and other service | 187 | 174 | 156 |
| Equipment sales | 512 | 529 | 480 |
| Other | 83 | 87 | 82 |
| Total revenues | 5,506 | 5,470 | 4,894 |
| Operating expenses: | | | |
| Network | 1,284 | 1,271 | 1,130 |
| Cost of equipment sales | 828 | 834 | 733 |
| General and administrative | 957 | 906 | 818 |
| Customer acquisition | 906 | 876 | 801 |
| Depreciation and amortization | 678 | 667 | 643 |
| Total operating expenses | 4,653 | 4,554 | 4,125 |
| Operating income | 853 | 916 | 769 |
| Other expense, net | (128) | (185) | (43) |
| Income before income taxes | 725 | 731 | 726 |
| Income tax expense | (283) | (279) | (200) |
| Net income | \$ 442 | \$ 452 | \$ 526 |

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Condensed Consolidated Statements of Cash Flows

*(dollars in millions)**(unaudited)*

| | Quarter Ended September 30, 2008 | Quarter Ended September 30, 2007 |
|---|-------------------------------------|-------------------------------------|
| Operating activities: | | |
| Net income | \$ 442 | \$ 526 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 678 | 643 |
| Income tax expense | 283 | 200 |
| Other, net | 130 | 108 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (93) | (162) |
| Inventory | (76) | (93) |
| Other current and non-current assets | (15) | (56) |
| Accounts payable and accrued liabilities | 132 | 495 |
| Net cash provided by operating activities | 1,481 | 1,661 |
| Investing activities: | | |
| Purchases of property and equipment | (956) | (500) |
| Purchases of intangible assets | (33) | (16) |
| Short-term affiliate loan receivable | (475) | (1,150) |
| Other, net | (1) | |
| Net cash used in investing activities | (1,465) | (1,666) |
| Financing activities: | | |
| Long-term debt borrowings from affiliates | (825) | |
| Long-term debt borrowings from affiliates | 750 | |
| Other, net | 1 | (1) |
| Net cash used in financing activities | (74) | (1) |
| Change in cash and cash equivalents | (58) | (6) |
| Cash and cash equivalents, beginning of period | 218 | 60 |
| Cash and cash equivalents, end of period | \$ 160 | \$ 54 |

Non-cash investing and financing activities with affiliates:

In the third quarter of 2008, T-Mobile USA remitted \$475 million to affiliates as a short term receivable. \$400 million of the cash outflow, together with \$825 million cash was used during the period as settlement of \$1,225 million debt with affiliates in line with the repayment schedule.

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Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

*(dollars in millions, except for CPGA and CCPU)**(unaudited)*

OIBDA can be reconciled to our operating income as follows:

| | Q3 2008 | Q2 2008 | Q1 2008 | YE 2007 | Q4 2007 | Q3 2007 |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| OIBDA | \$ 1,531 | \$ 1,583 | \$ 1,441 | \$ 5,350 | \$ 1,327 | \$ 1,412 |
| Depreciation and amortization | (678) | (667) | (678) | (2,609) | (681) | (643) |
| Operating income | \$ 853 | \$ 916 | \$ 763 | \$ 2,741 | \$ 646 | \$ 769 |

The following schedule reflects the CPGA calculation and provides a reconciliation of cost of acquiring customers used for the CPGA calculation to customer acquisition costs reported on our condensed consolidated statements of operations:

| | Q3 2008 | Q2 2008 | Q1 2008 | YE 2007 | Q4 2007 | Q3 2007 |
|--|------------|------------|------------|------------|------------|------------|
| Customer acquisition costs | \$ 906 | \$ 876 | \$ 861 | \$ 3,274 | \$ 901 | \$ 801 |
| Plus: Subsidy loss | | | | | | |
| Equipment sales | (512) | (529) | (534) | (2,061) | (620) | (480) |
| Cost of equipment sales | 828 | 834 | 832 | 3,120 | 879 | 733 |
| Total subsidy loss | 316 | 305 | 298 | 1,059 | 259 | 253 |
| Less: Subsidy loss unrelated to customer acquisition | (178) | (169) | (173) | (623) | (157) | (143) |
| Subsidy loss related to customer acquisition | 138 | 136 | 125 | 436 | 102 | 110 |
| Cost of acquiring customers | \$ 1,044 | \$ 1,012 | \$ 986 | \$ 3,710 | \$ 1,003 | \$ 911 |
| CPGA (\$ / new customer added) | \$ 290 | \$ 320 | \$ 300 | \$ 300 | \$ 300 | \$ 280 |

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T-MOBILE USA

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

*(dollars in millions, except for CPGA and CCPU)**(unaudited)*

The following schedule reflects the CCPU calculation and provides a reconciliation of the cost of serving customers used for the CCPU calculation to total network costs plus general and administrative costs reported on our condensed consolidated statements of operations:

| | Q3 2008 | Q2 2008 | Q1 2008 | YE 2007 | Q4 2007 | Q3 2007 |
|--|------------|------------|------------|------------|------------|------------|
| Network costs | \$ 1,284 | \$ 1,271 | \$ 1,166 | \$ 4,344 | \$ 1,125 | \$ 1,130 |
| General and administrative | 957 | 906 | 887 | 3,200 | 836 | 818 |
| Total network and general and administrative costs | 2,241 | 2,177 | 2,053 | 7,544 | 1,961 | 1,948 |
| Plus: Subsidy loss unrelated to customer acquisition | 178 | 169 | 173 | 623 | 157 | 143 |
| Total cost of serving customers | \$ 2,419 | \$ 2,346 | \$ 2,226 | \$ 8,167 | \$ 2,118 | \$ 2,091 |
| CCPU (\$ / customer per month) | \$ 25 | \$ 25 | \$ 25 | \$ 25 | \$ 25 | \$ 26 |

About T-Mobile USA:

Based in Bellevue, WA, T-Mobile USA, Inc. is the US operation of Deutsche Telekom AG's (NYSE: DT) Mobile Communications Business, and is a wholly-owned subsidiary of T-Mobile International.

T-Mobile USA's innovative wireless products and services help empower people to connect effortlessly to those who matter most. T-Mobile USA's GSM/GPRS/EDGE 1900 voice and data network, when combined with roaming and other agreements, reaches 286 million people in the U.S. In addition, T-Mobile USA operates one of the largest Wi-Fi (802.11b) wireless broadband (WLAN) networks in the country (including roaming sites), available in approximately 9,700 convenient public access locations nationwide. For more information, visit the company website at www.t-mobile.com.

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About T-Mobile International:

T-Mobile International is one of the world's leading mobile communications businesses. As part of the Deutsche Telekom AG (NYSE: DT) group, T-Mobile International concentrates on the key markets in Europe and the United States.

At the end of the third quarter of 2008, approximately 127 million mobile customers were served by the mobile communications segments of the Deutsche Telekom group, all over a common technology platform based on GSM, the world's most widely used digital wireless standard.

For more information about T-Mobile International please visit www.t-mobile.net. For further information on Deutsche Telekom, please visit www.telekom.de/investor-relations.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEUTSCHE TELEKOM AG

By: /s/ Guido Kerkhoff
Name: Guido Kerkhoff
Title: Senior Executive Vice President

Chief Accounting Officer

Date: November 6, 2008