Reconciliation of pro forma figures.

Pro forma figures include EBITDA and EBITDA adjusted for special factors, EBITDA margin, EBITDA margin adjusted for special factors, as well as free cash flow, and gross and net debt.

Pro forma figures are not governed by the International Financial Reporting Standards (IFRS) or U.S. Generally Accepted Accounting Principles (U.S. GAAP). As other companies may not compute the pro forma figures presented by Deutsche Telekom in the same way, Deutsche Telekom's pro forma figures may or may not be comparable with similarly designated disclosures by other companies.

The pro forma figures in this Interim Report should not be viewed in isolation as an alternative to profit/loss from operations, net profit/loss, net cash from operating activities or the debt reported in the consolidated balance sheet, or other Deutsche Telekom key performance indicators presented in accordance with IFRS or U.S. GAAP.

EBITDA and EBITDA adjusted for special factors.

EBITDA

EBITDA for the strategic business areas and the Group as a whole is derived from profit/loss from operations (EBIT). This measure of earnings before profit/loss attributable to minority interests, income taxes, and profit/loss from financial activities is additionally adjusted for depreciation, amortization and impairment losses to calculate EBITDA. It should be noted that Deutsche Telekom's definition of EBITDA may differ from that used by other companies.

In this definition, profit/loss from financial activities includes finance costs, the share of profit/loss of associates and joint ventures accounted for using the equity method, and other financial income/expense. As it is based on profit/loss from operations, this method of computation allows EBITDA to be derived in a uniform manner on the basis of a measure of earnings in accordance with IFRS published for the strategic business areas and the Group as a whole.

EBITDA is an important indicator used by Deutsche Telekom's senior operating decision-makers to manage Deutsche Telekom's operating activities and to measure the performance of the individual strategic business areas.

Adjusted EBITDA

Deutsche Telekom defines EBITDA adjusted for special factors as profit/loss from operations (EBIT) before depreciation, amortization, and impairment losses and before the effects of any special factors.

Deutsche Telekom uses EBITDA adjusted for special factors as an internal performance indicator for the management of its operational business activities, and to allow it to better evaluate and compare developments over several reporting periods. Further details of the effects of special factors on Group EBITDA and the EBITDA of the strategic business areas can be found in the section on "Special factors."

EBITDA margin/ adjusted EBITDA margin

To compare the earnings performance of profit-oriented units of different sizes, the EBITDA margin and the adjusted EBITDA margin (EBITDA to revenue) are presented in addition to EBITDA and adjusted EBITDA. The EBITDA margin is calculated as the ratio of EBITDA to net revenue (EBITDA divided by net revenue).

Special factors.

Deutsche Telekom's net profit/loss and EBITDA of the Group and of the strategic business areas were affected by a range of special factors in both the reporting period and the prior-year periods.

Special factors are one-time or infrequently occurring transactions which are predictably rare. The underlying concept involves the elimination of special factors that affect ordinary business activities and thus impair the comparability of EBITDA, net income/loss and other pro forma figures of the Group and the strategic business areas with previous years and with those of competitors. In addition, a statement about the future development of EBITDA and net profit is only possible to a limited extent due to such special factors. On the basis of unadjusted financial measures, the adjusted values are calculated by adding (expenditures) or deducting (income) the special factors.

Adjustments are made irrespective of whether the relevant income and expenses are reported in profit/loss from operations, profit/loss from financial activities, or in tax expense. Income and expenses directly relating to the items being adjusted are also adjusted.

The following tables show how Deutsche Telekom derives the pro forma figure EBITDA adjusted for special factors for the Group and for its strategic business areas from its profit/loss from operations (EBIT) in accordance with IFRS. The reconciliations are presented for the reporting period and the prior-year period. A four-year comparison from 2003 to 2006 is presented for the Group.

Reconciliation of Group EBITDA, 2003 to 2006

millions of €	FY 2006	FY 2005	FY 2004	FY 2003
Net revenue	**61 347**	**59 604**	**57 353**	**55 596**
Profit (loss) from operations (EBIT)	5 287	7 622	6 265	8 349
Depreciation. amortization and impairment losses	(11 034)	(12 497)	(13 127)	(10 305)
EBITDA	**16 321**	**20 119**	**19 392**	**18 654**
EBITDA margin (%)	26,6	33,8	33,8	33,6
Special factors affecting EBITDA	(3 113)	(610)	(228)	117
EBITDA adjusted for special factors	**19 434**	**20 729**	**19 620**	**18 537**
EBITDA margin adjusted for special factors (%)	31,7	34,8	34,2	33,3

Reconciliation of EBITDA in the business areas, 2006 and 2005

millions of €	Mobile Communications FY 2006	Mobile Communications FY 2005	Broadband/ Fixed Network FY 2006	Broadband/ Fixed Network FY 2005	Business Customers FY 2006	Business Customers FY 2005	Group Headquarters & Shared Services FY 2006	Group Headquarters & Shared Services FY 2005
Total revenue	32 040	29 452	24 685	26 035	12 621	12 850	3 674	3 505
Profit (loss) from operations (EBIT)	4 504	3 005	3 307	5 142	(881)	409	(2 043)	(840)
Depreciation. amortization and impairment losses	(5 358)	(6 696)	(3 869)	(4 034)	(932)	(896)	(932)	(928)
EBITDA	9 862	9 701	7 176	9 176	51	1 305	(1 111)	88
EBITDA margin (%)	30,8	32,9	29,1	35,2	0,4	10,2	(30,2)	2,5
Special factors affecting EBITDA	(40) [a]	(71) [b]	(1 576) [c]	(683) [d]	(1 179) [e]	(281) [f]	(708) [g]	423 [h]
EBITDA adjusted for special factors	9 902	9 772	8 752	9 859	1 230	1 586	(403)	(335)
EBITDA margin adjusted for special factors (%)	30,9	33,2	35,5	37,9	9,7	12,3	(11,0)	(9,6)

Footnotes:

Special factors at Mobile Communications.

a Mainly expenses for staff-related measures.
b Mainly expenses for staff-related measures.

Special factors at Broadband/Fixed Network.

c Mainly expenses for staff-related measures amounting to EUR 1.5 billion.
d Mainly expenses for staff-related measures amounting to EUR 0.6 billion and non staff-related restructuring expenses amounting to EUR 0.1 billion. €.

Special factors at Business Customers.

e Mainly expenses for staff-related measures amounting to EUR 0.7 billion and expenses for an addition to provisions for onerous contracts amounting to EUR 0.3 billion. €.
f Mainly expenses for staff-related measures amounting to EUR 0.2 billion and non staff-related restructuring expenses amounting to EUR 0.1 billion.

Special factors at Group Headquarters & Shared Services.

g Mainly expenses for staff-related measures amounting to EUR 0.7 billion.
h Mainly expenses for staff-related measures amounting to EUR 0.3 billion and other one-time expenses amounting to EUR 0.1 billion. These expenses are offset by income of EUR 0.8 billion from the reversal of a provision in connection with the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse).

In addition, a separate overview of the effects of special factors on the consolidated statement of income in the 2006 and 2005 financial years is presented below:

Reconciliation of the consolidated income statement, 2006 and 2005

millions of €		FY 2006	Special factors FY 2006	FY 2006 excluding special factors	FY 2005 [1]	Special factors FY 2005	FY 2005 excluding special factors
Net revenue		61 347		61 347	59 604		59 604
Cost of sales		(34 755)	(1,400)[a]	(33 355)	(31 862)	(535)[k]	(31 327)
Gross profit (loss) from sales		**26 592**	**(1 400)**	**27 992**	**27 742**	**(535)**	**28 277**
Selling expenses		(16 410)	(790)[b]	(15 620)	(14 683)	(276)[l]	(14 407)
General and administrative expenses		(5 264)	(841)[c]	(4 423)	(4 210)	(262)[m]	(3 948)
Other operating income		1 257	20[d]	1 237	2 408	824[n]	1 584
Other operating expenses		(888)	(145)[e]	(743)	(3 635)	(2 297)[o]	(1 338)
EBIT (profit (loss) from operations)		**5 287**	**(3 156)**	**8 443**	**7 622**	**(2 546)**	**10 168**
Profit (loss) from financial activities		(2 683)	196[f]	(2 879)	(1 403)	1 059[p]	(2 462)
Profit (loss) before income taxes		**2 604**	**(2 960)**	**5 564**	**6 219**	**(1 487)**	**7 706**
Income taxes		970	2 259[g]	(1 289)	(198)	2 377[q]	(2 575)
Profit after income taxes		**3 574**	**(701)**	**4 275**	**6 021**	**890**	**5 131**
Profit (loss) attributable to minority interests		409	(16)[h]	425	432	(31)[r]	463
Net profit		3 165	(685)	3 850	5 589	921	4 668
Earnings per share (basic and diluted) (€)		0,74	(0,15)	0,89	1,31	0,21	1,10
EBIT (profit (loss) from operations)		5 287	(3 156)	8 443	7 622	(2 546)	10 168
Depreciation, amortization and impairment losses		(11 034)	(43)[i]	(10 991)	(12 497)	(1 936)[s]	(10 561)
EBITDA		**16 321**	**(3 113)**	**19 434**	**20 119**	**(610)**	**20 729**
EBITDA margin	(%)	**26,6**		**31,7**	**33,8**		**34,8**
Personnel costs		(16 542)	(2 852)[j]	(13 690)	(14 254)	(1 210)[t]	(13 044)

[1] Prior-year comparatives have been adjusted to reflect the change in policy in accounting for actuarial gains and losses. Impact of the adoption of IAS 19.93A on other financial income/expense: Non-recurrence of amortization of actuarial losses amounting to EUR 7 million. The corresponding income tax expense amounts to EUR 2 million, impacting profit after income taxes and net profit with EUR 5 million. The change in accounting policies has no impact on the previous presentation of basic and diluted earnings per share.

Footnotes:

Special factors affecting the full year 2006.

a Mainly expenses for staff-related measures amounting to EUR 1.2 billion (of which: around EUR 0.8 billion at Broadband/Fixed Network and around EUR 0.4 billion at Business Customers).

b Expenditures for staff-related measures (of which: around EUR 0.6 billion at Broadband/Fixed Network and around EUR 0.2 billion at Business Customers).

c Expenditures for staff-related measures (of which: around EUR 0.1 billion at Broadband/Fixed Network, around EUR 0.1 billion at Business Customers, and around EUR 0.6 billion at Group Headquarters & Shared Services).

d Gains on disposal of shares at Broadband/Fixed Network and Group Headquarters & Shared Services.

e Mainly expenses for staff-related and non staff-related restructuring measures (EUR 74 million) and expenses relating to the sale of call center locations (EUR 61 million) and an impairment loss on the goodwill of Slovak Telekom at Broadband/Fixed Network and Mobile Communications totaling EUR 10 million.

f Income from the prior sale of Celcom/Malaysia (Group Headquarters & Shared Services).

g Of which around EUR 1.3 billion relating to the reversal of impairment losses on deferred tax assets in connection with loss carryforwards at T-Mobile USA. This income is offset by tax expenses of around EUR 0.2 billion resulting from impairment losses on deferred tax assets in connection with loss carryforwards at T-Online France, T-Online Spain and T-Mobile Austria. An additional tax income of EUR 1.2 billion relates to the expenses for the early retirement arrangements for civil servants (EUR 0.7 billion) and to additional expenses for staff-related and non staff-related restructuring measures (EUR 0.5billion).

h Proportion of expenses at Eastern European subsidiaries in the Broadband/Fixed Network business area applicable to minority interests.

i Impairment loss on the goodwill of Slovak Telekom at Broadband/Fixed Network and Mobile Communications totalling EUR 10 million and an impairment loss on the FCC license for New York transferred to Cingular in January 2007 at the current fair value of EUR 33 million (at Mobile Communications).

j Expense recognized in respect of staff-related measures. Of this amount, around EUR 2.4 billion relates to the "32,000 program" announced in November 2005 (of which: EUR 1.8 billion expenses for early retirement arrangements for civil servants and EUR 0.6 billion expenses for voluntary redundancy and severance payments). An additional EUR 0.4 billion relates to expenses for partial retirement (termination benefit) and staff-related measures outside Germany that are not covered by the "32,000 program."

Special factors affecting the full year 2005.

k Expenditures for staff-related measures, mainly in Broadband/Fixed Network (EUR 0.4 billion) and Business Customers (EUR 0.1 billion);

l Expenditures for staff-related measures, primarily in Broadband/Fixed Network (EUR 0.2 billion) and other strategic business areas (totaling EUR 0.1 billion).

m Expenditures for staff-related measures, primarily in Broadband/Fixed Network (EUR 0.1 billion) and Business Customers (EUR 0.1 billion), as well as Group Headquarters & Shared Services (EUR 0.1 billion).

n Primarily income from the reversal of a provision in connection with the Civil Service Health Insurance Fund (EUR 0.8 billion).

o Of this amount, around EUR 1.9 billion relates to an impairment loss on the goodwill of T-Mobile UK and around EUR 0.3 billion to expenses for staff-related and non staff-related restructuring measures.

p Gains on disposal, mainly from the sale of shares in MTS (EUR 1.0 billion) at Mobile Communications and comdirect bank and Intelsat (totaling EUR 0.1 billion) at Broadband/Fixed Network and Group Headquarters & Shared Services respectively.

q Tax benefit from the reversal of impairment losses on deferred tax assets in connection with loss carryforwards at T-Mobile USA (EUR 2.2 billion) and from expenses for staff-related measures (EUR 0.5 billion). In addition, tax expenses were recorded relating to the reversal of the provision in connection with the Civil Service Health Insurance Fund (EUR 0.3 billion) at Group Headquarters & Shared Services.

r Proportion of expenses at Eastern European subsidiaries in the Broadband/Fixed Network business area applicable to minority interests.

s Primarily goodwill impairment losses at T-Mobile UK (EUR 1.9 billion).

t Expense recognized in respect of staff-related measures. Of this amount, around EUR 0.9 billion relates to the "32,000 program" announced in November 2005 (mainly for voluntary redundancies and severance payments). An additional EUR 0.3 billion relates to expenses for partial retirement (termination benefit) and staff-related measures outside Germany that are not covered by the "32,000 program."

Free cash flow in the Group.

Deutsche Telekom defines free cash flow as cash generated from operations less interest paid and cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment.

Deutsche Telekom believes that free cash flow is used by investors as a measure to assess the Group's cash generated from operations (after deductions for interest paid and cash outflows for investments in intangible assets [excluding goodwill] and property, plant and equipment), in particular with regard to subsidiaries, associates and joint ventures, and the repayment of debt. Free cash flow should not be used to determine the financial position of the Group. A further factor to be noted is that Deutsche Telekom's definition of free cash flow and its methods of computing this measure are comparable with similarly designated measures and disclosures by other companies only to a limited extent.

Reconciliation of free cash flow in the Group over time from FY 2003 to 2006

millions of €	FY 2006	FY 2005	FY 2004	FY 2003
Cash generated from operations	16 954	17 929	20 462	19 045
Interest received (paid)	(2 759)	(2 931)	(3 742)	(3 991)
Net cash from operating activities	14 195	14 998	16 720	15 054
Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill) [1]	(11 806)	(9 269)	(6 410)	(6 362)
Free cash flow before dividend [1]	2 389	5 729	10 310	8 692

1) Before payments for the acquisition of network infrastructure and licenses in the United States totaling EUR 2.1 million in 2005 and payments for the acquisition of licenses totaling EUR 3.3 billion in 2006.

Gross and net debt in the Group

Gross debt includes not only bonds and liabilities to banks, but also liabilities to non-banks from promissory notes, lease liabilities, liabilities arising from ABS transactions (capital market liabilities), liabilities from derivatives and cash collateral received for positive fair values of derivatives, as well as other interest-bearing financial liabilities.

Net debt is calculated by deducting cash and cash equivalents as well as financial assets classified as held for trading and available for sale (due ≤ 1 year). In addition, all derivative financial instruments and other financial assets are deducted from gross debt. Other financial assets include all cash collateral paid for negative fair values of derivatives and ABS transactions, as well as other interest-bearing financial assets.

Deutsche Telekom considers net debt to be an important performance indicator for investors, analysts and rating agencies. Deutsche Telekom also uses net debt for purposes of managing and controlling debt.

Reconciliation of gross and net debt in the Group over time from Dec. 31, 2003 to Dec. 31, 2006

millions of €	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
Bonds	36 288	37 255	39 820	51 613
Liabilities to banks	2 348	2 227	3 082	3 801
Liabilities to non-banks from promissory notes	680	645	651	756
Liabilities from derivatives	562	678	1 159	1 334
Lease liabilities	2 293	2 373	2 487	2 443
Liabilities arising from ABS transactions	1 139	1 363	1 563	1 233
Other financial liabilities	377	106	79	52
Gross debt	43 687	44 647	48 841	61 232
Cash and cash equivalents	2 765	4 975	8 005	8 684
Available-for-sale/held-for-trading financial assets	122	148	120	137
Derivatives	359	445	396	475
Other financial assets	886	440	407	829
Net debt	39 555	38 639	39 913	51 107