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 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.

The underlying concept involves the elimination of special factors that affect operational business activities and thus impair the comparability of EBITDA, net profit/loss and other financial measures of the Group and the strategic business areas with corresponding figures for prior periods. 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 the unadjusted financial measures, the adjusted values are calculated by adding (expenses) 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 outline the way in which Deutsche Telekom derives the financial measures EBITDA and EBITDA adjusted for special factors for the entire Group from profit/loss from operations (EBIT) in accordance with IFRS. The reconciliations are presented for the reporting period, the comparative prior-year period and for the previous full year.

Reconciliation of the consolidated income statement

	Q1 2007 millions of €	Special factors in Q1 2007 millions of €	Q1 2007 without special factors millions of €	Q1 2006[a] millions of €	Special factors in Q1 2006 millions of €	Q1 2006[a] without special factors millions of €	FY 2006 without special factors millions of €
Net revenue	15,453		15,453	14,842		14,842	61,347
Cost of sales	(8,620)	(8)[b]	(8,612)	(7,821)	(59)[i]	(7,762)	(33,355)
Gross profit	**6,833**	**(8)**	**6,841**	**7,021**	**(59)**	**7,080**	**27,992**
Selling expenses	(3,973)	6[c]	(3,979)	(3,774)	(8)[j]	(3,766)	(15,620)
General and administrative expenses	(1,065)	16[d]	(1,081)	(1,077)	(7)[k]	(1,070)	(4,423)
Other operating income	386		386	350		350	1,237
Other operating expenses	(386)	(153)[e]	(233)	(202)	(18)[l]	(184)	(743)
EBIT (profit (loss) from operations)	**1,795**	**(139)**	**1,934**	**2,318**	**(92)**	**2,410**	**8,443**
Profit (loss) from financial activities	(749)	(17)[f]	(732)	(550)	196[m]	(746)	(2,879)
Profit (loss) before income taxes	**1,046**	**(156)**	**1,202**	**1,768**	**104**	**1,664**	**5,564**
Income taxes	(471)	52[g]	(523)	(570)	12[n]	(582)	(1,289)
Profit (loss) after income taxes	**575**	**(104)**	**679**	**1,198**	**116**	**1,082**	**4,275**
Profit attributable to minority interests	116		116	108		108	425
Net profit	459	(104)	563	1,090	116	974	3,850
EBIT (profit (loss) from operations)	1,795	(139)	1,934	2,318	(92)	2,410	8,443
Depreciation, amortization and impairment losses	(2,748)	0	(2,748)	(2,570)	(10)[o]	(2,560)	(10,991)
EBITDA	**4,543**	**(139)**	**4,682**	**4,888**	**(82)**	**4,970**	**19,434**
EBITDA margin (%)	**29.4**	**n.a.**	**30.3**	**32.9**	**n.a.**	**33.5**	**31.7**
Personnel costs	(3,479)	18[h]	(3,497)	(3,439)	(19)[p]	(3,420)	(13,690)
Personnel cost ratio (%)	22.5		22.6	23.2		23.0	22.3

[a] Prior-year figures have been adjusted due to adoption of IAS 19.93A.

Special factors in the first quarter of 2007.

[b] Mainly expenses for staff-related measures in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services, and offsetting income from the reversal of provisions in connection with early retirement arrangements for civil servants.

[c] Mainly income from the reversal of provisions in connection with early retirement arrangements for civil servants as well as offsetting expenses for staff-related measures, in particular in the Broadband/Fixed Network business area.

[d] Mainly income from the reversal of provisions in connection with early retirement arrangements for civil servants.

[e] Mainly costs from the sale of Vivento business units at Group Headquarters & Shared Services.

[f] Expenses from interest added back to provisions in connection with early retirement arrangements for civil servants and from interest added back to provisions for partial retirement arrangements.

[g] Tax effects from special factors on profit before income taxes.

[h] Income from the reversal of provisions in connection with early retirement arrangements for civil servants and offsetting expenses for staff-related measures (voluntary redundancy payments), mainly in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services.

Special factors in the first quarter of 2006.

[i] Mainly expenses incurred in prior periods as a result of recognizing customer acquisition costs in the income statement and expenses for staff-related measures in the Broadband/Fixed Network business area. In addition, staff and non staff-related restructuring expenses in the Business Customers business area.

[j] Mainly expenses incurred in prior periods as a result of recognizing customer acquisition costs in the income statement in the Broadband/Fixed Network business area.

[k] Expenses for staff-related measures in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services.

[l] Mainly expenses resulting from the impairment loss on the goodwill of Slovak Telekom in the Broadband/Fixed Network and Mobile Communications business areas and non staff-related restructuring expenses in the Business Customers business area, as well as expenses for staff-related measures at Group Headquarters & Shared Services.

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

[n] Tax effects from special factors on profit before income taxes.

[o] Impairment loss on the goodwill of Slovak Telekom in the Broadband/Fixed Network and Mobile Communications business areas.

[p] Expenses for staff-related measures (voluntary redundancy payments and partial retirement arrangements), mainly in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services.

Free cash flow in the Group.

Since the beginning of the 2007 financial year, Deutsche Telekom has defined free cash flow as cash generated from operations less interest paid and net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment. Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment are included net in the definition of free cash flow, i.e., after deducting the proceeds from disposal of intangible assets (excluding goodwill) and of 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 payments 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. In adopting this definition, Deutsche Telekom reflects the fact that investments in new technologies and efficiency enhancements in operating activities enable tied-up capital to be released. These inflows should therefore be taken into account in assessing investment expenditure and included in free cash flow accordingly.

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.

The prior-year figures shown have been restated to reflect this definition.

Reconciliation of the Group's free cash flow

	Q1 2007 millions of €	Q1 2006 millions of €	FY 2006 millions of €
Cash generated from operations[a]	**2,543**	**3,306**	**16,981**
Interest received (paid)	(478)	(509)	(2,759)
Net cash from operating activities[a]	2,065	2,797	14,222
Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment	(2,023)	(2,044)	(11,806)
Free cash flow before proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	**42**	**753**	**2,416**
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	357	291	567
Adjustment[b]	121	-	-
Free cash flow before dividend payments	**520**	**1,044**	**2,983**

[a] Current finance lease receivables were previously reported in net cash from operating activities. From January 1, 2007, they are reported in net cash from/used in investing activities. Prior-year figures have been adjusted accordingly.
[b] Cash outflows totaling EUR 121 million for parts of Centrica PLC taken over by T-Systems UK as part of an asset deal.

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 the Group's gross and net debt

	Mar. 31, 2007 millions of €	Dec. 31, 2006 millions of €	Mar. 31, 2006 millions of €
Bonds	36,176	36,288	39,696
Liabilities to banks	3,009	2,348	2,447
Liabilities to non-banks from promissory notes	680	680	641
Liabilities from derivatives	571	562	549
Lease liabilities	2,236	2,293	2,374
Liabilities arising from ABS transactions	1,216	1,139	1,331
Other financial liabilities	425	377	185
Gross debt	**44,313**	**43,687**	**47,223**
Cash and cash equivalents	3,983	2,765	8,343
Available-for-sale/held-for-trading financial assets	94	122	123
Derivatives	350	359	395
Other financial assets	796	886	573
Net debt	**39,090**	**39,555**	**37,789**