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 International Financial Reporting Standards (IFRS). As other companies may not compute the pro forma figures presented by Deutsche Telekom by the same method, Deutsche Telekom's pro forma figures may or may not be comparable with disclosures by other companies using similar designations.

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.

EBITDA and EBITDA adjusted for special factors.

EBITDA

EBITDA for the operating segments and for 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 the 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 operating segments 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 segments.

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. For further details concerning the effects of special factors on Group EBITDA and the EBITDA of the operating segments, please refer to 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 operating segments were affected by a number of special factors in both the reporting period as well as the prior-year periods.

The underlying aim is to eliminate special factors that affect operating activities and make it more difficult to compare EBITDA, net profit/loss and other financial measures of the Group and the operating segments 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 adjusted items are also adjusted.

The following table presents a reconciliation of individual items in the consolidated income statement to the corresponding amounts as adjusted for special factors. The table also shows the method used by Deutsche Telekom to derive EBITDA and EBITDA adjusted for special factors for the entire Group from profit/loss from operations (EBIT) in accordance with IFRS. Reconciliations are presented for both the reporting period and the prior-year period.

Reconciliation of the consolidated income statement

		Q1 – Q3 2008 millions of €	Special factors in Q1 – Q3 2008 millions of €	Q1 – Q3 2008 without special factors millions of €
Net revenue		45,557		45,557
Cost of sales		(24,912)	(384)[a]	(24,528)
Gross profit (loss)		**20,645**	**(384)**	**21,029**
Selling expenses		(11,467)	(122)[b]	(11,345)
General and administrative expenses		(3,563)	(77)[b]	(3,486)
Other operating income		1,613	492[c]	1,121
Other operating expenses		(749)	(294)[d]	(455)
Profit (loss) from operations (EBIT)		**6,479**	**(385)**	**6,864**
Profit (loss) from financial activities		(2,332)	(98)[e]	(2,234)
Profit (loss) before income taxes		**4,147**	**(483)**	**4,630**
Income taxes		(1,459)	120[f]	(1,579)
Profit (loss) after income taxes		**2,688**	**(363)**	**3,051**
Profit (loss) attributable to minority interests		475	(11)	486
Net profit		2,213	(352)	2,565
Profit (loss) from operations (EBIT)		6,479	(385)	6,864
Depreciation, amortization and impairment losses		(7,936)	(10)	(7,926)
EBITDA		**14,415**	**(375)**	**14,790**
EBITDA margin	(%)	**31.6**	**-**	**32.5**
Personnel costs		(10,063)	(323)[g]	(9,740)
Personnel cost ratio	(%)	22.1		21.4

Special factors in the first three quarters of 2008.

[a] Mainly expenses for staff-related measures in the Broadband/Fixed Network operating segment and non-staff-related restructuring expenses in the Business Customers operating segment.
[b] Expenses for staff-related measures, non-staff-related restructuring and other expenses.
[c] Mainly gains on the disposal of T-Systems Media&Broadcast in the Business Customers operating segment.
[d] Mainly costs from the sale of DeTeImmobilien and Vivento business units in the Group Headquarters & Shared Services operating segment and expenses for staff-related measures.
[e] Mainly expenses for interest added back to provisions for staff-related measures.
[f] Tax effects from special factors on profit before income taxes.
[g] In particular expenses for voluntary redundancy and severance payments.

	Q1 – Q3 2007[h] millions of €	Special factors in Q1 – Q3 2007 millions of €	Q1 – Q3 2007[h] without special factors millions of €	FY 2007[h] without special factors millions of €
Net revenue	46,721		46,721	62,516
Cost of sales	(25,817)	(479)[i]	(25,338)	(34,085)
Gross profit (loss)	**20,904**	**(479)**	**21,383**	**28,431**
Selling expenses	(12,076)	(94)[j]	(11,982)	(16,146)
General and administrative expenses	(3,224)	(29)[k]	(3,195)	(4,432)
Other operating income	1,250	330[l]	920	1,226
Other operating expenses	(1,105)	(394)[m]	(711)	(992)
Profit (loss) from operations (EBIT)	**5,749**	**(666)**	**6,415**	**8,087**
Profit (loss) from financial activities	(2,238)	(4)[n]	(2,234)	(2,824)
Profit (loss) before income taxes	**3,511**	**(670)**	**4,181**	**5,263**
Income taxes	(1,765)	(194)[o]	(1,571)	(1,737)
Profit (loss) after income taxes	**1,746**	**(864)**	**2,610**	**3,526**
Profit (loss) attributable to minority interests	425	5	420	521
Net profit	1,321	(869)	2,190	3,005
Profit (loss) from operations (EBIT)	5,749	(666)	6,415	8,087
Depreciation, amortization and impairment losses	(8,527)	(226)[p]	(8,301)	(11,239)
EBITDA	**14,276**	**(440)**	**14,716**	**19,326**
EBITDA margin (%)	**30.6**	**-**	**31.5**	**30.9**
Personnel costs	(10,543)	(446)[q]	(10,097)	(13,416)
Personnel cost ratio (%)	22.6		21.6	21.5

[h] Comparative periods adjusted. Accounting change in accordance with IFRIC 12. For explanations, please refer to “Selected explanatory notes/ Accounting policies.”

Special factors in the first three quarters of 2007.

[i] Mainly expenditures for staff-related measures in the Broadband/Fixed Network business area and restructuring expenses in the Business Customers business area.

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

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

[l] Income from the sale of T-Online France and T-Online Spain in the Broadband/Fixed Network business area.

[m] Impairment of goodwill at T-Mobile Netherlands relating to the subsequent utilization of tax loss carryforwards. In addition, predominantly restructuring expenses in the Business Customers business area as well as costs from the sale of Vivento business units at Group Headquarters & Shared Services.

[n] 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. These were partially offset by income from the disposal of the remaining shares in Sireo in the Group Headquarters & Shared Services operating segment as well as income attributable to other periods from associated companies and joint ventures accounted for using the equity method in the Broadband/Fixed Network business area.

[o] Mainly tax benefits from expenses for staff-related measures. This also includes a tax benefit from the partial recognition of previously unrecognized taxes relating to loss carryforwards at T-Mobile Netherlands as well as an offsetting tax expense from the measurement of deferred tax items in response to the changes in the rates of taxation in connection with the 2008 corporate tax reform.

[p] Mainly the reduction of goodwill at T-Mobile Netherlands relating to the subsequent utilization of tax loss carryforwards.

[q] Expenses for staff-related measures in the Broadband/Fixed Network and Business Customers business areas and at Group Headquarters & Shared Services. This primarily relates to payments in connection with voluntary redundancy payments and partial retirement arrangements as well as provisions for compensation payments in connection with the collective agreement on Telekom Service. These expenses are partially offset by income from the reversal of provisions in connection with early retirement arrangements for civil servants.

Free cash flow in the Group.

Deutsche Telekom defines 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.

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. 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.

Reconciliation of the Group's free cash flow

	Third quarter of 2008			First three quarters of 2008			
	Q3 2008 millions of €	Q3 2007 millions of €	Change %	Q1 – Q3 2008 millions of €	Q1 – Q3 2007 millions of €	Change %	FY 2007 millions of €
Cash generated from operations	**4,883**	**5,620**	**(13.1)**	**13,026**	**12,236**	**6.5**	**16,169**
Interest received (paid)	(598)	(483)	(23.8)	(1,728)	(1,884)	8.3	(2,455)
Net cash from operating activities	**4,285**	**5,137**	**(16.6)**	**11,298**	**10,352**	**9.1**	**13,714**
Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment	(2,137)	(1,686)	(26.7)	(5,766)	(5,293)	(8.9)	(8,015)
Free cash flow before proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	**2,148**	**3,451**	**(37.8)**	**5,532**	**5,059**	**9.3**	**5,699**
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	48	115	(58.3)	256	657	(61.0)	761
Adjustment[a]	-	-	-	-	121	n.a.	121
Free cash flow before dividend payments	**2,196**	**3,566**	**(38.4)**	**5,788**	**5,837**	**(0.8)**	**6,581**

[a] Including 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, receivables from derivatives 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.

Reconciliation of the Group's gross and net debt

	Sept. 30, 2008 millions of €	Dec. 31, 2007 millions of €	Sept. 30, 2007 millions of €
Bonds	35,691	32,294	33,079
Liabilities to banks	4,409	4,260	2,934
Liabilities to non-banks from promissory notes	848	690	692
Liabilities from derivatives	862	977	896
Lease liabilities	2,029	2,139	2,161
Liabilities arising from ABS transactions	-	-	807
Other financial liabilities	585	502	401
Gross debt	**44,424**	**40,862**	**40,970**
Cash and cash equivalents	3,111	2,200	3,450
Available-for-sale/held-for-trading financial assets	138	75	46
Receivables from derivatives	461	433	298
Other financial assets	1,265	918	674
Net debt	**39,449**	**37,236**	**36,502**