

## 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 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 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.

	H1 2009	Special factors in H1 2009	H1 2009 without special factors
	millions of €	millions of €	millions of €
Net revenue	32,140	-	32,140
Cost of sales	(17,652)	(61) <sup>a</sup>	(17,591)
<b>Gross profit (loss)</b>	<b>14,488</b>	<b>(61)</b>	<b>14,549</b>
Selling expenses	(8,055)	(3) <sup>b</sup>	(8,052)
General and administrative expenses	(2,605)	(46) <sup>c</sup>	(2,559)
Other operating income	640	29 <sup>d</sup>	611
Other operating expenses	(2,212)	(1,838) <sup>e</sup>	(374)
<b>Profit (loss) from operations (EBIT)</b>	<b>2,256</b>	<b>(1,919)</b>	<b>4,175</b>
Profit (loss) from financial activities	(1,757)	(137) <sup>f</sup>	(1,620)
<b>Profit (loss) before income taxes</b>	<b>499</b>	<b>(2,056)</b>	<b>2,555</b>
Income taxes	(827)	80 <sup>g</sup>	(907)
<b>Profit (loss)</b>	<b>(328)</b>	<b>(1,976)</b>	<b>1,648</b>
<b>Profit (loss) attributable to</b>	<b>(328)</b>	<b>(1,976)</b>	<b>1,648</b>
Owners of the parent (net profit (loss))	(603)	(2,014)	1,411
Non-controlling interests	275	38	237
Profit (loss) from operations (EBIT)	2,256	(1,919)	4,175
Depreciation, amortization and impairment losses	(7,713)	(1,818)	(5,895)
<b>EBITDA</b>	<b>9,969</b>	<b>(101)</b>	<b>10,070</b>
<b>EBITDA margin</b>	<b>(%) 31.0</b>	<b>-</b>	<b>31.3</b>
Personnel costs	(6,953)	(34) <sup>h</sup>	(6,919)
Personnel cost ratio	(%) 21.6	-	21.5

<sup>a</sup> Mainly expenses for staff-related measures at Hellenic Telecommunications Organization S.A. (OTE) and in Germany in the Broadband/Fixed Network operating segment, as well as non staff-related restructuring in the Systems Solutions operating segment. This is offset by proceeds from the involvement of the Hellenic Republic in an early retirement program of OTE in the Broadband/Fixed Network operating segment.

<sup>b</sup> Mainly expenses for staff-related measures at OTE and other staff-related measures in the Broadband/Fixed Network operating segment, as well as expenses for non staff-related restructuring. This is offset by proceeds from the involvement of the Hellenic Republic in an early retirement program of OTE in the Broadband/Fixed Network operating segment.

<sup>c</sup> Mainly expenses for staff-related measures and non staff-related restructuring. This is offset by proceeds from the involvement of the Hellenic Republic in an early retirement program of OTE in the Broadband/Fixed Network operating segment.

<sup>d</sup> Mainly gains on the disposal of CAP Customer Advantage Program GmbH in the Broadband/Fixed Network operating segment and T-Systems Traffic GmbH in the Systems Solutions operating segment.

<sup>e</sup> Mainly impairment loss recognized on the goodwill of the cash generating unit T-Mobile UK in the Mobile Communications Europe operating segment.

<sup>f</sup> Mainly expenses for interest added back to provisions for staff-related measures.

<sup>g</sup> Tax effects from special factors on profit before income taxes.

<sup>h</sup> Mainly expenses for staff-related measures at OTE, other staff-related measures in the Broadband/Fixed Network operating segment, and for staff-related measures in the Systems Solutions operating segment. This is offset by proceeds from the involvement of the Hellenic Republic in an early retirement program of OTE in the Broadband/Fixed Network operating segment.

	<b>H1 2008</b>	Special factors in H1 2008	H1 2008 without special factors	FY 2008 without special factors
	<b>millions of €</b>	millions of €	millions of €	millions of €
Net revenue	30,103		30,103	61,666
Cost of sales	(16,664)	(253) <sup>a</sup>	(16,411)	(33,655)
<b>Gross profit (loss)</b>	<b>13,439</b>	<b>(253)</b>	<b>13,692</b>	<b>28,011</b>
Selling expenses	(7,519)	(109) <sup>b</sup>	(7,410)	(15,467)
General and administrative expenses	(2,333)	(60) <sup>b</sup>	(2,273)	(4,597)
Other operating income	1,013	484 <sup>c</sup>	529	1,461
Other operating expenses	(434)	(87) <sup>d</sup>	(347)	(588)
<b>Profit (loss) from operations (EBIT)</b>	<b>4,166</b>	<b>(25)</b>	<b>4,191</b>	<b>8,820</b>
Profit (loss) from financial activities	(1,653)	(64) <sup>e</sup>	(1,589)	(2,936)
<b>Profit (loss) before income taxes</b>	<b>2,513</b>	<b>(89)</b>	<b>2,602</b>	<b>5,884</b>
Income taxes	(906)	22 <sup>f</sup>	(928)	(1,889)
<b>Profit (loss)</b>	<b>1,607</b>	<b>(67)</b>	<b>1,674</b>	<b>3,995</b>
<b>Profit (loss) attributable to</b>	<b>1,607</b>	<b>(67)</b>	<b>1,674</b>	<b>3,995</b>
Owners of the parent (net profit (loss))	1,318	(65)	1,383	3,426
Non-controlling interests	289	(2)	291	569
Profit (loss) from operations (EBIT)	4,166	(25)	4,191	8,820
Depreciation, amortization and impairment losses	(5,355)	(10)	(5,345)	(10,639)
<b>EBITDA</b>	<b>9,521</b>	<b>(15)</b>	<b>9,536</b>	<b>19,459</b>
<b>EBITDA margin</b> (%)	<b>31.6</b>		<b>31.7</b>	<b>31.6</b>
Personnel costs	(6,777)	(226) <sup>g</sup>	(6,551)	(13,024)
Personnel cost ratio (%)	22.5		21.8	21.1

<sup>a</sup> Mainly expenses for staff-related measures in the Broadband/Fixed Network operating segment and non-staff-related restructuring expenses in the Systems Solutions operating segment.

<sup>b</sup> Expenses for staff-related measures, non-staff-related restructuring and other expenses.

<sup>c</sup> Mainly gains on the disposal of T-Systems Media&Broadcast in the Systems Solutions operating segment.

<sup>d</sup> Mainly costs from the sale of Vivento business units in the Group Headquarters & Shared Services operating segment and expenses for staff-related measures.

<sup>e</sup> Mainly expenses for interest added back to provisions for staff-related measures.

<sup>f</sup> Tax effects from special factors on profit before income taxes.

<sup>g</sup> In particular expenses for voluntary redundancy and severance payments.

### 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.

	<b>Q2</b> <b>2009</b> millions of €	Q2 2008 millions of €	<b>H1</b> <b>2009</b> millions of €	H1 2008 millions of €	FY 2008 millions of €
<b>Cash generated from operations</b>	<b>4,215</b>	<b>4,375</b>	<b>7,811</b>	<b>8,143</b>	<b>17,625</b>
Interest received (paid)	(703)	(693)	(1,333)	(1,130)	(2,257)
<b>Net cash from operating activities</b>	<b>3,512</b>	<b>3,682</b>	<b>6,478</b>	<b>7,013</b>	<b>15,368</b>
Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment	(2,211)	(1,837)	(4,822)	(3,629)	(8,707)
<b>Free cash flow before proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment</b>	<b>1,301</b>	<b>1,845</b>	<b>1,656</b>	<b>3,384</b>	<b>6,661</b>
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	103	118	164	208	372
<b>Free cash flow before dividend payments</b>	<b>1,404</b>	<b>1,963</b>	<b>1,820</b>	<b>3,592</b>	<b>7,033</b>

**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, derivative financial liabilities 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  $\leq$  1 year). In addition, all derivative financial assets and other financial assets are deducted from gross debt. Other financial assets include all cash collateral paid for negative fair values of derivatives 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.**

	June 30, 2009 millions of €	Dec. 31, 2008 millions of €	June 30, 2008 millions of €
Bonds	43,157	34,302	32,249
Liabilities to banks	4,806	4,222	7,415
Liabilities to non-banks from promissory notes	1,029	887	738
Derivative financial liabilities	752	1,053	1,339
Lease liabilities	1,965	2,009	2,056
Other financial liabilities	1,075	974	452
<b>Gross debt</b>	<b>52,784</b>	<b>43,447</b>	<b>44,249</b>
Cash and cash equivalents	5,836	3,026	1,954
Available-for-sale/held-for-trading financial assets	562	101	104
Derivative financial assets	937	1,598	292
Other financial assets	483	564	1,340
<b>Net debt</b>	<b>44,966</b>	<b>38,158</b>	<b>40,559</b>