Historic Numbers under IFRS.

New Group Structure.

Footnotes.

1	Net revenue	In general	Mainly differing recognition of revenue from provisioning/activation charges (T-Com, T-Online, T-Mobile). Other differences result from leases (T-Com) and the valuation of long-term construction contracts and multiple-element arrangements (T-Systems). See also comments on total revenue of business areas and the introduction to this report.
2	Profit/loss from operations	In general	Profit/loss from operations and EBIT are identical under IFRS. The difference under German GAAP in other taxes. See notes on EBIT (9).
3	Financial result	In general	**Results from sales of shares** Under IFRS; results from sales of shares are no longer shown under operating profit, but under financial result. **Leasing** Accounting and reporting regulations concerning finance leases as well as sale and leaseback transactions differ. Under IFRS, the interest cost for lease liabilities is shown under net financial interest/expense. **Interest effect of provisions for pensions and personnel costs** The German GAAP/IFRS reconciliation effects mainly result from the difference in accounting and reporting regulations concerning pension accruals. Under IFRS, the interest cost for pension accruals is shown under net financial income/expense.
		FY 2003	Results from sales of shares € +0.6 billion Reclassification of interest effect of provisions for pensions and personnel costs € -0.5 billion Other adjustments to financial result € -0.4 billion
		FY 2004	Results from sales of shares € +1.2 billion Leasing € -0.1 billion Reclassification of interest effect of provisions for pensions and personnel costs € -0.2 billion Other effects € -0.3 billion
4	Income before income taxes	In general	See notes EBITDA (10), Depreciation, amortization, write-downs, and impairment losses (11), and financial result (3).
5	Income taxes	In general	**Deferred taxes** The differences in the definition of deferred taxes under IFRS and German GAAP relate in particular to Deutsche Telekom AG's "contribution goodwill", tax loss carryforwards, and general recognition and measurement differences between IFRS and German GAAP. This leads to an additional recognition of deferred tax assets of € 9.1 billion in the opening balance sheet and deferred tax liabilities of € 7.9 billion, mainly due to the realization of hidden reserves relating to U.S. mobile communications licenses. The deferred tax assets on the "contribution goodwill" are reversed on a pro rata basis in line with the scheduled amortization of the goodwill, and the deferred tax assets on the loss carryforwards are reversed in line with the offsetting of loss carryfowards with taxable income. The deferred taxes recognized on measurement differences primarily relate to deferred tax liabilities on measurement differences between IFRS and German GAAP in connection with the realized hidden reserves for U.S. mobile communications licenses. Since U.S. mobile communications licenses are no longer amortized under IFRS, the deferred tax liabilities in 2003 are not released. The impairment recognized under IFRS in 2004 and the reversal of the write-up of these licenses under German GAAP resulted in the corresponding release of the deferred tax liabilities.
6	Net profit/loss	In general	See notes EBITDA (10), Depreciation, amortization, write-downs, and impairment losses (11), Financial result (3), and income taxes (5).
7	Income applicable to minority shareholders	In general	The differences shown here relate to the proportion of the German GAAP / IFRS differences in net profit/loss (6) that is accounted for by minority interest (predominantly: T-Online and MATÁV)
8	Consolidated net profit/loss	In general	See notes on individual components of the net income/loss.
9	EBIT	In general	See notes EBITDA (10) and Depreciation, amortization, write-downs, and impairment losses (11).
10	EBITDA	In general	**Recognition of internally generated software** Recognizing internally generated software, which is not permissible under German GAAP, increases shareholders' equity under IFRS in all of the periods presented. In the periods following the recognition, the net profit under IFRS remains largely unaffected.

		In general	**Results from sales of shares** Under IFRS; results from sales of shares are no longer shown under EBITDA, but under financial result. **Other taxes** Under IFRS, other taxes are included in EBITDA. **Interest effect of provisions for pensions and personnel costs** Under IFRS, the interest components of the measurement of provisions is shown under the financial result, which leads to an increase in EBITDA. **Additional minimum liability (AML)** Reversal of the interest effect of the additional minimum liability (AML), recognized under German GAAP, as AML is not recognized under IFRS. **Reversal of recognition of interest on borrowings** The fact that Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs results in adjustments having to be made. Under German GAAP, borrowing costs accounted for during the construction period were recognized. Not recognizing borrowing costs reduces shareholders' equity under IFRS in all periods. **Leasing** Whereas under German GAAP, the ongoing lease expenses are recognized in the income statement, under IFRS the scheduled depreciation on the assets is expensed and the interest component of the lease liability is shown as interest expense. **Reversal of accrual for contingent losses, mobile communications joint venture** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. Note however the nonscheduled write-down on the license in New York under IFRS. **Reversal of write-up on FCC licenses** The write-up of U.S. mobile communications licenses made under German GAAP corrected previous amortization of these licenses. As FCC licenses are not amortized under IFRS due to the indefinite useful life, there is no need for the write-up either.
		FY 2003	Recognition of internally generated software € +0.2 billion Results from sales of shares € -0.6 billion Other taxes € -0.2 billion Reclassification of interest effect of provisions for pensions and personnel costs € +0.5 billion Provisions for pensions, mainly additional minimum liability € +0.4 billion
		FY 2004	Recognition of internally generated software € +0.3 billion Results from sales of shares € -1.2 billion Other taxes € -0.2 billion Reclassification of interest effect of provisions for pensions and personnel costs € +0.2 billion Pension accruals € +0.1 billion Revenue recognition € -0.1 billion Reversal of recognition of interest on borrowings € -0.1 billion Leasing € +0.1 billion Reversal of accrual for contingent losses, mobile communications joint venture € +0.5 billion Reversal of write-up on FCC licenses € -2.4 billion
11	Depreciation, amortization, write-downs, and impairment losses	In general	**No amortization of goodwill** Goodwill is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. **Mobile communications licenses** The U.S. mobile communications licenses are no longer amortized under IFRS due to their unlimited useful life. In contrast to German GAAP, UMTS licenses are not amortized from the time of acquisition under IFRS, but from the time the UMTS network is put into commercial operation. The amortization of UMTS licenses charged under German GAAP before the UMTS network was put into operation is therefore no longer charged under IFRS. In Austria the UMTS network was put into operation in December 2003, in Germany in Q2 04 and in the UK in Q3 04. The UMTS newtorks have not yet been put into operation in the Netherlands and the Czech Republic.

		In general	**Impairment** The impairment tests required under IFRS found that the goodwill of T-Mobile-UK in 2004 and T-Mobile USA in 2003 needed to be corrected. It was also found that the goodwill of MATÁV needed to be corrected in 2003 and Slovak Telekom in 2004. **Impairment resulting from the wind-up of the network joint venture** The wind-up of the network joint venture between T-Mobile USA and Cingular Wireless resulted in an impairment, mainly relating to the transfer of a 10MHz license in New York to Cingular Wireless in 2007. **Reversal of recognition of interest on borrowings** The fact that Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs results in adjustments having to be made. Under German GAAP, borrowing costs accounted for during the construction period were recognized. Not recognizing borrowing costs reduces shareholders' equity under IFRS in all periods. The lower amortization than under German GAAP increases the net profit. **Recognition of internally generated software** The recognition of intenally generated assets leads to additional depreciation and amortization. **Amortization of leases** Whereas under German GAAP, the ongoing lease expenses are recognized in the income statement, under IFRS the scheduled depreciation on the assets is expensed.
		FY 2003	No amortization of goodwill € +2.5 billion Impairment, MATÁV € -0.2 billion Impairment, T-Mobile USA € -0.8 billion Different amortization of mobile communications licenses € +1.1 billion Reversal of recognition of interest on borrowings € +0.2 billion Recognition of internally generated software € -0.2 billion Amortization of leases € -0.2 billion
		FY 2004	No amortization of goodwill € +2.5 billion Impairment, T-Mobile UK € -2.2 billion Impairment, Slovak Telecom € -0.2 billion License impairment, New York € -1.3 billion Different amortization of mobile communications licenses € +0.6 billion Non-recognition of interest on borrowings under IFRS € +0.2 billion Recognition of internally generated software € -0.3 billion Amortization of leases € -0.1 billion
12	Capex	In general	Increase in capex due to recognition of restoration obligations and finance lease and the recognition of internally generated software.
13	Free cash flow before dividend payment	In general	The difference in free cash flow is mainly the result of reclassifications between cash flows from operating, financing and investing activities. These reclassifications relate to changes in cash and cash equivalents resulting from the ABS program, interest on borrowings, leases and other issues.
		FY 2003	ABS (reclassification to cash flows from investing and financing activities) € +372 million Leases (reclassification to cash flows from financing activities) € +150 million
		FY 2004	ABS (reclassification from cash flows from investing and financing activities) € -143 million Finance leases (mainly reclassification to cash flows from financing activities) € +207 million
14	Net financial liabilities	In general	**Lease liabilities** In the case of a finance lease, the assets are measured at the lower of the fair value of the leased property and the present value of the minimum lease payments in the lessee's balance sheet. At the same time, a lease liability is recognized. As a result, Deutsche Telekom's net financial liabilities increase.

		In general	**Liabilities arising from ABS transactions** As part of asset-backed securities (ABS) transactions, financial assets, in this case trade receivables, are sold to a special-purpose entity (SPE). The special purpose entity then raises money on the capital market secured with the purchased receivables. Under IFRS, SPEs must generally be consolidated by the economic beneficiary. In comparison with German GAAP, this leads to an increase in net financial liabilities under IFRS. **Other IFRS differences** The other differences primarily consist of the more extensive incorporation of derivatives as well as the cash collaterals included in other financial assets with regard to ABS transactions.	
		FY 2003	Leasing ABS Other	€ +2.4 billion € +1.2 billion € +0.5 billion
		FY 2004	Leasing ABS Other	€ +2.5 billion € +1.6 billion € +0.3 billion

Special factors

15	Cost of sales	In general	See notes on individual quarters.	
		FY 2003	Reversal of the interest effect of the additional minimum liability (AML), recognized under German GAAP, as AML is not recognized under IFRS	€ +0.1 billion
		Q1 04	No adjustment	
		Q2 04	Impairment resulting from the wind-up of the network joint venture	€ -1.4 billion
		Q3 04	No adjustment	
		Q4 04	Reduction of the write-down charged in Q2 04 resulting from the wind-up of the network joint venture	€ +0.1 billion
		FY 2004	Impairment resulting from the wind-up of the network joint venture	€ -1.3 billion
16	Selling costs	FY 2003	Reversal of the interest effect of the additional minimum liability (AML), recognized under German GAAP, as AML is not recognized under IFRS	€ +0.1 billion
		FY 2004	No adjustment	
17	General and administrative costs	FY 2003	Reversal of the interest effect of the additional minimum liability (AML), recognized under German GAAP, as AML is not recognized under IFRS and reclassification of adjustment of discount rate for civil servant health insurance fund	€ +0.2 billion
		FY 2004	No adjustment	
18	Other operating income	In general	**Reversal of write-up on FCC licenses** The write-up of U.S. mobile communications licenses made under German GAAP were not made under IFRS. **Results from sales of shares** Under IFRS; results from sales of shares (here in particular shares in SES, MTS and Eutelsat) are no longer shown under EBITDA, but under financial result.	
		FY 2003	Results from sales of shares	€ -0.6 billion
		Q1 04	No adjustment	
		Q2 04	Reversal of write-up on FCC licenses Results from sales of shares	€ -1.8 billion € -0.1 billion
		Q3 04	Reversal of write-up on FCC licenses	€ -0.6 billion
		Q4 04	Results from sales of shares	€ -1.1 billion
		FY 2004	Reversal of write-up on FCC licenses Results from sales of shares	€ -2.4 billion € -1.2 billion

19	Other operating expenses	In general	See notes on individual quarters.	
		FY 2003	Mainly reversal of AML interest effect, as AML not recognized under IFRS, and impairment of goodwill at MATÁV and T-Mobile USA under IFRS	€ -1.0 billion
		Q1 04	No adjustment	
		Q2 04	Reversal of the accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless	€ +0.6 billion
		Q3 04	Write-down of FCC licenses at Slovak Telecom and T-Mobile UK under IFRS	€ -2.4 billion
		Q4 04	Discontinuation of the reduction under German GAAP of the accrual for contingent losses recognized in Q2 04 relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless.	€ -0.1 billion
		FY 2004	Mainly write-downs of FCC licenses at Slovak Telecom and T-Mobile UK under IFRS	€ -2.4 billion
			Reversal of the accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless	€ +0.5 billion
20	Financial result	In general	**Results from sales of shares** Under IFRS; results from sales of shares are no longer shown under EBITDA, but under financial result.	
			Provisions Under IFRS, the interest components of the measurement of accruals and liabilities are shown under financial result.	
		FY 2003	Results from sales of shares	€ +0.8 billion
			Provisions (civil servant health insurance fund)	€ -0.2 billion
		Q1 04	No adjustment	
		Q2 04	Results from sales of shares (SES)	€ +0.1 billion
		Q3 04	No adjustment	
		Q4 04	Results from sales of shares (SES, MTS and Eutelsat)	€ +1.1 billion
		FY 2004	Results from sales of shares (SES, MTS and Eutelsat)	€ +1.2 billion
21	Income before income taxes	In general	See notes on individual issues in the income statement items within income before income taxes.	
22	Income taxes	In general	See notes on individual quarters.	
		FY 2003	Lower tax income under IFRS relating to the conversion of T-Mobile International AG into a limited partnership under German law (AG & Co. KG)	€ -0.3 billion
			Non-recurrence of the tax income from the reversal of the AML interest effect	€ -0.1 billion
			Tax income under IFRS from the additional to accruals for the civil servant health insurance fund	€ +0.1 billion
			Higher tax expense under IFRS resulting from the sale of the remaining cable companies	€ -0.3 billion

		Q1 04	No adjustment	
		Q2 04	Non-recurrence of deferred taxes relating to the write-up under German GAAP of FCC licenses at T-Mobile USA Deferred taxes relating to the write-down under IFRS of FCC licenses at T-Mobile USA	€ +0.4 billion € +0.5 billion
		Q3 04	Non-recurrence of deferred taxes relating to the write-up under German GAAP resulting from the wind-up of the network joint venture	€ +0.2 billion
		Q4 04	No adjustment	
		FY 2004	Non-recurrence of deferred taxes relating to the write-up under German GAAP of FCC licenses at T-Mobile USA Deferred taxes relating to the write-down under IFRS resulting from the wind-up of the network joint venture	€ +0.6 billion € +0.5 billion
23	Income applicable to minority shareholders	In general	No change	
24	Consolidated net profit/loss	In general	See notes on individual issues in the income statement items within consolidated net profit/loss.	
25	EBIT	In general	**Reversal of accrual for contingent losses, mobile communications joint venture** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. **Results from sales of shares** Under IFRS; results from sales of shares are no longer shown under EBITDA, but under financial result. **Reversal of write-up on FCC licenses** The write-up of U.S. mobile communications licenses made under German GAAP were not made under IFRS.	
		FY 2003	Reversal of AML interest effect, as AML is not recognized under IFRS. Reclassification of addition to accrual due to the adjustment of the discount rate applied for the civil servant health insurance fund Results from sales of shares Write-down of FCC licenses at Slovak Telecom and MATÁV and T-Mobile USA	€ +0.3 billion € +0.2 billion € -0.6 billion € -1.0 billion
		Q1 04	No adjustment	
		Q2 04	Reversal of accrual for contingent losses, mobile communications joint venture Impairment resulting from the wind-up of the network joint venture Results from sales of shares (SES) Reversal of write-up on FCC licenses	€ +0.6 billion € -1.4 billion € -0.1 billion € -1.8 billion
		Q3 04	Write-down of FCC licenses at Slovak Telecom and T-Mobile UK under IFRS Reversal of write-up on FCC licenses	€ -2.4 billion € -0.6 billion
		Q4 04	Reduction of the write-down charged in Q2 04 resulting from the wind-up of the network joint venture Results from sales of shares (SES, MTS and Eutelsat) Discontinuation of the reduction under German GAAP of the accrual for contingent losses recognized in Q2 04 relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless.	€ +0.1 billion € -1.1 billion € -0.1 billion
		FY 2004	Impairment resulting from the wind-up of the network joint venture Reversal of accrual for contingent losses, mobile communications joint venture Results from sales of shares (SES, MTS and Eutelsat) Write-down of FCC licenses at Slovak Telecom and T-Mobile UK under IFRS Reversal of write-up on FCC licenses	€ -1.3 billion € +0.5 billion € -1.2 billion € -2.4 billion € -2.4 billion

26	EBITDA	In general	**Reversal of accrual for contingent losses, mobile communications joint venture** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. **Results from sales of shares** Under IFRS; results from sales of shares are no longer shown under EBIT, but under financial result. **Reversal of write-up on FCC licenses** The write-up of U.S. mobile communications licenses made under German GAAP were not made under IFRS.	
		FY 2003	Reversal of AML interest effect, as AML is not recognized under IFRS. Reclassification of addition to accrual due to the adjustment of the discount rate applied for the civil servant health insurance fund Results from sales of shares	€ +0.3 billion € +0.2 billion € -0.6 billion
		Q1 04	No adjustment	
		Q2 04	Reversal of accrual for contingent losses, mobile communications joint venture Results from sales of shares (SES) Reversal of write-up on FCC licenses	€ +0.6 billion € -0.1 billion € -1.8 billion
		Q3 04	Reversal of write-up on FCC licenses	€ -0.6 billion
		Q4 04	Results from sales of shares (SES, MTS and Eutelsat) Discontinuation of the reduction under German GAAP of the accrual for contingent losses recognized in Q2 04 relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless.	€ -1,1 billion € -0.1 billion
		FY 2004	Reversal of accrual for contingent losses, mobile communications joint venture Results from sales of shares (SES, MTS and Eutelsat) Reversal of write-up on FCC licenses	€ +0.5 billion € -1.2 billion € -2.4 billion
27	Depreciation, amortization, write-downs, and impairment losses	In general	See notes on individual quarters.	
		FY 2003	Write-down of FCC licenses at Slovak Telecom and MATÁV and T-Mobile USA	€ -1.0 billion
		Q1 04	No adjustment	
		Q2 04	Impairment resulting from the wind-up of the network joint venture	€ -1.4 billion
		Q3 04	Write-down of FCC licenses at Slovak Telecom and T-Mobile UK under IFRS	€ -2.4 billion
		Q4 04	Reduction of the write-down charged in Q2 04 resulting from the wind-up of the network joint venture	€ +0.1 billion
		FY 2004	Impairment resulting from the wind-up of the network joint venture Write-down of goodwill at Slovak Telecom and T-Mobile UK	€ -1.3 billion € -2.4 billion

28	Total revenue	In general	The main differences between German GAAP and IFRS result from the following issues: **Up-front fees (decrease)** Up-front fees are accrued over the average useful life (duration of the customer relationship), which reduces the revenue at the beginning of the contractual relationship. Deferred revenues are released in the subsequent periods over the duration of the customer relationship. **Service numbers (decrease)** Some revenues in the area of value-added services (e.g. 0190 premium rate services) may only be recognized net. Accordingly, T-Com only recognizes an agency commission. This reduces revenue (no effect on EBITDA). **Leases (decrease)** Current forms of rentals are treated as leases under IFRS. Classification as finance leases generates the following effects on revenue: The proportion of revenue classified as a finance component is recognized in net interest. The revenue of the entire duration of the customer relationship is recognized in the year the contract is concluded as a discounted one-time amount, minus the finance component.	
		FY 2003	Up-front charges of which net figures for serives numbers Leases	€ -103 million € -77 million € -44 million
		FY 2004	Up-front charges of which net figures for serives numbers Leases	€ -186 million € -90 million € -49 million
29	Net revenue	In general	See notes on total revenue (28).	
30	EBITDA	In general	Other taxes have already been deducted in the deviations between German GAAP and IFRS. The main differences between German GAAP and IFRS result from the following issues: **Pension accruals (increase)** The timing of additions to pension accruals under IFRS is different from that under German GAAP as a result of measurement differences. This currently leads to an improvement in results. The interest cost relating to the annual additions to pension accruals is shown under personnel costs under German GAAP; under IFRS, it is shown under net interest (reclassification). **ABS transaction (decrease/increase)** As part of asset-backed securities (ABS) transactions, financial assets, in this case trade receivables, are sold to a special-purpose entity (SPE). The SPE then raises money on the capital market secured with the purchased receivables – this applies in particular to T-Com. Under IFRS, SPEs must generally be consolidated by the economic beneficiary. While the fees to by paid to the special purpose entity are shown as program fees under other operating expenses under German GAAP, consolidation of the special purpose entity leads to the elimination of this expense item. The interest expense to be paid by the special purpose entity for the capital market liability corresponds to a great extent to this expense item. This is recognized under interest expense under IFRS, not other operating expenses as under German GAAP. For this reason, these expenses are not included in the calculation of EBITDA. **Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. This reduces the cost base which burdens EBITDA. For T-Com, this relates in particular to internally generated software. **Leases (decrease)** Noncurrent assets (in particular routers) are no longer capitalized under IFRS; their acquisition costs are expensed.	

		FY 2003	EBITDA effect due to up-front fees	€ +20 million
			Pension accruals	€ +480 million
			ABS transaction	€ -58 million
			Recognition of internally generated software	€ +29 million
			Leases	€ -104 million
			Other	€ -114 million
		FY 2004	EBITDA effect due to up-front fees	€ -68 million
			Pension provisions and other employee benefits	€ +197 million
			ABS transaction	€ +26 million
			Recognition of internally generated software	€ +27 million
			Leases	€ -111 million
			Other	€ -94 million
31	Special factors affecting EBITDA	In general	The main differences between German GAAP and IFRS result from the following issues:	
		FY 2003	Pension provisions and other employee benefits	€ -204 million
			Sale of cable companies	€ +70 million
32	Adj. EBITDA	In general	Adjusted EBITDA is the result of the subtraction of special factors affecting EBITDA (31) from EBITDA (30).	
33	Depreciation, amortization, write-downs, and impairment losses	In general	The main differences between German GAAP and IFRS result from the following issues: Discontinuation of amortization of capitalized interest on borrowings as interest not capitalized under IFRS Discontinuation of amortization of assets from leases Recognition of internally generated software leads to additional depreciation and amortization	
		FY 2003	Non-amortization of recognized interest on borrowings	€ +152 million
			Recognition of internally generated software	€ -42 million
			Discontinuation of amortization of assets from leases	€ +59 million
			Other	€ 44 million
		FY 2004	Non-amortization of recognized interest on borrowings	€ +87 million
			Discontinuation of amortization of assets from leases	€ +70 million
			Recognition of internally generated software	€ -44 million
			Other	€ +109 million
34	Financial result	In general	The main differences between German GAAP and IFRS result from the following issues: **Pension accruals** The interest cost relating to the annual additions to pension accruals is shown under personnel costs under German GAAP; under IFRS, it is shown under net interest (reclassification). **Leases (decrease)** Current forms of rentals are treated as leases under IFRS. Classification as finance leases generates the following effects on revenue: The proportion of revenue classified as a finance component is recognized in net interest.	
		FY 2003	Pension provisions and other employee benefits	€ -185 million
			Leases	€ +26 million
		FY 2004	Pension provisions and other employee benefits	€ -137 million
			Leases	€ +17 million
35	Income before income taxes	In general	See notes on EBITDA (30).	
36	Capex	In general	There are no significant differences between capex under German GAAP and IFRS at T-Com.	

37	Total revenue	In general	**Up-front charges** Higher revenue under IFRS, as the effects of the broadband campaign (provisioning charge) are deferred under IFRS and have only a pro rata negative effect on revenue. Under German GAAP, the negative revenue impact of the provisioning charge is recognized in full immediately.	
		FY 2004	Up-front charges	€ +38 million
38	Net revenue	In general	See notes total revenue (37)	
39	EBITDA	In general	**Up-front charges** Higher revenue under IFRS, as the effects of the broadband campaign (provisioning charge) are deferred under IFRS and have only a pro rata negative effect on revenue. Under German GAAP, the negative revenue impact of the provisioning charge is recognized in full immediately. **Recognition of internally generated assets, mainly software** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. For T-Online, this relates in particular to internally generated software.	
		FY 2004	Up-front charges Recognition of internally generated assets, mainly software	€ +38 million € +11 million
40	Special factors affecting EBITDA	In general	There are no significant effects.	
41	Adj. EBITDA	In general	See notes on EBITDA (39)/Special factors affecting EBITDA (40).	
42	Depreciation, amortization, write-downs, and impairment losses	In general	**No amortization of goodwill** The goodwill of equity-accounted investments is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. The impairment tests did not determine any need for adjustments. **Recognition of intenally generated software leads to additional depreciation and amortization**	
		FY 2003	No amortization of goodwill	€ +344 million
		FY 2004	No amortization of goodwill Recognition of intenally generated software leads to additional depreciation and amortization	€ +362 million € -14 million
43	Financial result	In general	**Lack of write-up of goodwill of comdirect bank** The lower financial result under IFRS is mainly a result of a goodwill write-up under German GAAP for the associated company comdirect bank. Under IFRS there is no write-up impacting the financial result. **No amortization of goodwill** The goodwill of equity-accounted investments is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. The impairment tests did not determine any need for adjustments.	
		FY 2003	Lack of write-up of goodwill of comdirect bank No amortization of goodwill	€ -62 million € +9 million
		FY 2004	No amortization of goodwill	€ +14 million

44	Income before income taxes	In general	**No amortization of goodwill** The goodwill of equity-accounted investments is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. The impairment tests did not determine any need for adjustments. **Lack of write-up of goodwill of comdirect bank** The lower financial result under IFRS is mainly a result of a goodwill write-up under German GAAP for the associated company comdirect bank. Under IFRS there is no write-up impacting the financial result. **Up-front charges** Higher revenue under IFRS, as the effects of the broadband campaign (provisioning charge) are deferred under IFRS and have only a pro rata negative effect on revenue. Under German GAAP, the negative revenue impact of the provisioning charge is recognized in full immediately.	
		FY 2003	No amortization of goodwill Lack of write-up of goodwill of comdirect bank	€ +344 million € -62 million
		FY 2004	No amortization of goodwill Up-front charges	€ +362 million € +38 million
45	Capex	In general	Recognition of internally generated intangible assets.	

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46	Total revenue	In general	The difference between revenue under IFRS and German GAAP is mainly a result of the change in the recognition of activation charges. Whereas activation charges under German GAAP were recognized in full at the beginning of the contract and thus parallel to the cash-in, under IFRS they are spread over the term of the contract. This leads to a spread of revenue recognition over time. The effects are mainly from Germany (FY 04: € +41 million) and the United States (FY 04: € -88 million).
47	Net revenue	In general	See notes on total revenue (46).
48	EBITDA	In general	**Reversal of write-up on FCC licenses (decrease)** The write-up of U.S. mobile communications licenses made under German GAAP corrected previous amortization of these licenses. As FCC licenses are not amortized under IFRS due to the indefinite useful life, there is no need for the write-up either. **R eversal of accrual for contingent losses, mobile communications joint venture (increase)** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. Note however the nonscheduled write-down on the license in New York under IFRS. **Sale of shares in MTS (decrease)** The proceeds from the sale of shares in MTS are shown under net financial income/expense under IFRS and are therefore no longer relevant to EBITDA. These proceeds were shown under “other operating income” under German GAAP. **Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. This reduces the cost base which burdens EBITDA. For T-Mobile, this relates in particular to internally generated software. **ABS transactions (increase)** While the fees to by paid to the special purpose entity are shown as program fees under other operating expenses under German GAAP, consolidation of the special purpose entity leads to the elimination of this expense item under IFRS. The interest expense to be paid by the special purpose entity for the capital market liability corresponds to a great extent to this expense item. This is recognized under interest expense under IFRS, not other operating expenses as under German GAAP. For this reason, these expenses are not included in the calculation of EBITDA.

		In general	**Other taxes (decrease)** Other taxes are now included in as costs EBITDA in order to make the derivation of EBITDA from the income statement easier than before. At T-Mobile these consist mainly of real estate taxes. Main effects:	
		FY 2003	Sales of shares in MTS Other taxes Revenue recognition Recognition of internally generated software	€ -352 million € -94 million € -55 million € +117 million
		Q1 04	No significant effects	
		Q2 04	Reversal of write-up on FCC licenses Reversal of accrual for contingent losses, mobile communications joint venture	€ -1,807 million € +602 million
		Q3 04	Reversal of write-up on FCC licenses	€ -641 million
		Q4 04	Sales of shares in MTS Adjustment of accrual for contingent losses, mobile communications joint venture	€ -941 million € -73 million
		FY 2004	Reversal of write-up on FCC licenses Sales of shares in MTS Reversal of accrual for contingent losses, mobile communications joint venture Other taxes Recognition of internally generated software Revenue recognition ABS transactions	€ -2,448 million € -941 million € +529 million € -98 million € +148 million € -50 million € +47 million
49	Special factors affecting EBITDA	In general	**Reversal of write-up on FCC licenses (decrease)** The write-up of U.S. mobile communications licenses made under German GAAP were not made under IFRS. **Reversal of accrual for contingent losses, mobile communications joint venture (increase)** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. Note however the nonscheduled write-down on the license in New York under IFRS. **Sale of shares in MTS (decrease)** The proceeds from the sale of shares in MTS are shown under net financial income/expense under IFRS and are therefore not relevant to EBITDA, in contrast to German GAAP. These proceeds were shown under "other operating income" under German GAAP. Main effects:	
		FY 2003	Sales of shares in MTS	€ -352 million
		Q1 04	No effects	
		Q2 04	Reversal of write-up on FCC license Reversal of accrual for contingent losses, mobile communications joint venture	€ -1,807 million € +602 million
		Q3 04	Reversal of write-up on FCC license	€ -641 million
		Q4 04	Sales of shares in MTS Reversal of accrual for contingent losses, mobile communications joint venture	€ -941 million € -73 million
		FY 2004	Reversal of write-up on FCC license Reclassification of proceeds from the sale of shares in MTS Reversal of accrual for contingent losses, mobile communications joint venture	€ -2,448 million € -941 million € +529 million
50	Adj. EBITDA	In general	Adjusted EBITDA is the result of the subtraction of special factors affecting EBITDA (49) from EBITDA (48).	

51	Depreciation, amortization, write-downs, and impairment losses	In general	**No amortization of goodwill (decrease)** The goodwill of subsidiaries, mainly in the UK, the United States, the Netherlands and Austria is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. **Different amortization of mobile communications licenses (decrease)** The U.S. mobile communications licenses are no longer amortized under IFRS due to their indefinite useful life. In contrast to German GAAP, UMTS licenses are not amortized from the time of acquisition under IFRS, but from the time the UMTS network is put into commercial operation. The amortization of UMTS licenses charged under German GAAP before the UMTS network was put into operation therefore has to be reversed under IFRS. In Austria the UMTS network was put into operation in December 2003, in Germany in Q2 04 and in the UK in Q3 04. The UMTS newtorks have not yet been put into operation in the Netherlands and the Czech Republic. **Impairment of goodwill, T-Mobile UK and T-Mobile USA (increase)** The impairment tests required under IFRS found that the goodwill of T-Mobile-UK in 2004 and T-Mobile USA in 2003 needed to be adjusted. **Impairment resulting from the wind-up of the network joint venture (increase)** The wind-up of the network joint venture between T-Mobile USA and Cingular Wireless resulted in an impairment, mainly relating to the transfer of a 10MHz license in New York to Cingular Wireless in 2007. Main effects:	
		FY 2003	No amortization of goodwill Different amortization of mobile communications licenses Impairment, T-Mobile USA	€ +1,434 million € +1,113 million € -789 million
		Q1 04	No amortization of goodwill Different amortization of mobile communications licenses	€ +348 million € +265 million
		Q2 04	Impairment resulting from the wind-up of the network joint venture No amortization of goodwill Different amortization of mobile communications licenses	€ -1,353 million € +356 million € +188 million
		Q3 04	Impairment, T-Mobile UK Non-amortization of goodwill Different amortization of mobile communications licenses	€ -2,225 million € +353 million € +71 million
		Q4 04	No amortization of goodwill Different amortization of mobile communications licenses Impairment resulting from the wind-up of the network joint venture	€ +341 million € +102 million € +92 million
		FY 2004	Goodwill impairment, T-Mobile UK No amortization of goodwill Impairment resulting from the wind-up of the network joint venture Different amortization of mobile communications licenses	€ -2,225 million € +1,398 million € -1,261 million € +626 million
52	Financial result	In general	**No amortization of goodwill (decrease)** The goodwill of equity-accounted investments is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS. The impairment tests did not determine any need for adjustments. **Sale of shares in MTS (decrease)** The proceeds from the sale of shares in MTS are shown under net financial income/expense under IFRS and are therefore no longer relevant to EBITDA, in contrast to German GAAP. These proceeds were shown under “other operating income” under German GAAP. Main effects:	
		FY 2003	Sales of shares in MTS No amortization of goodwill	€ +352 million € +78 million
		Q4 04	Sales of shares in MTS	€ +941 million
		FY 2004	Sales of shares in MTS No amortization of goodwill	€ +941 million € +75 million

53	Income before income taxes	In general	The difference between the results from income before income taxes under IFRS and German GAAP consists of the sum of the effects on EBITDA, depreciation, amortization, write-downs, and impairment losses, and on net financial income/expense, and other taxes.
54	Capex	In general	**Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. For T-Mobile, this relates in particular to internally generated software. **Restoration obligations (increase)** In line with the recognition of the provision for restoration obligations, the present value of the discounted future settlement amount is recognized under ifrs as a component of the acquisition costs aktiviert. Interest is then added to the provision in subsequent years; the expense in curred is recognized as interest expense. At the same time, the asset in question is depreciated over its useful life or the term of the obligation.

T-Mobile Deutschland

55	Total revenue	In general	The spread of revenue recognition for activation revenues over the term of the contracts has a positive impact at T-Mobile Deutschland, as around 613,000 fewer customers were recorded in 2004 than in 2003.
56	EBITDA and adjusted EBITDA	In general	There are no significant changes to the special factors relevant to EBITDA at T-Mobile Deutschland between IFRS and German GAAP. The same therefore applies to adjusted EBITDA as to unadjusted EBITDA. **ABS transactions (increase)** While the fees to by paid to the special purpose entity are shown as program fees under other operating expenses under German GAAP, consolidation of the special purpose entity leads to the elimination of this expense item under IFRS. The interest expense to be paid by the special purpose entity for the capital market liability corresponds to a great extent to this expense item. This is recognized under interest expense under IFRS, not other operating expenses as under German GAAP. For this reason, these expenses are not included in the calculation of EBITDA. **Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. This reduces the cost base which burdens EBITDA. For T-Mobile, this relates in particular to internally generated software.
57	Capex	In general	**Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. For T-Mobile, this relates in particular to internally generated software. **Restoration obligations (increase)** In line with the recognition of the provision for restoration obligations, the present value of the discounted future settlement amount is recognized under ifrs as a component of the acquisition costs aktiviert. Interest is then added to the provision in subsequent years; the expense in curred is recognized as interest expense. At the same time, the asset in question is depreciated over its useful life or the term of the obligation.

T-Mobile UK

58		In general	There are no significant differences between revenue, EBITDA and capex under German GAAP and IFRS at T-Mobile UK. The proceeds of € 75 million subsequent to the sale of shares in Virgin Mobile are not proceeds of the sale itself and therefore remain relevant to EBITDA under IFRS and are not reclassified to net financial income/expense.

59	Total revenue	In general	The spread of revenue recognition for activation revenues over the term of the contracts has a negative impact at T-Mobile USA, as almost one million more customers were recorded in 2004 than in 2003.	
60	EBITDA	In general	**Reversal of write-up on FCC licenses (decrease)** The write-up of U.S. mobile communications licenses made under German GAAP corrected previous amortization of these licenses. As FCC licenses were not amortized under IFRS due to the indefinite useful life, there is no need for the write-up either. **Reversal of accrual for contingent losses, mobile communications joint venture (increase)** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. Note however the nonscheduled write-down on the license in New York under IFRS. **Straight line leasing (decrease)** The change in the recognition of lease expenses leads to an increase in lease expenses for the years 2003 and 2004. If lease increases have been agreed for future periods, they should be spread over the full term of the agreement on a straight line basis. **Other taxes (decrease)** Other taxes are now included in as costs EBITDA in order to make the derivation of EBITDA from the income statement easier than before. At T-Mobile these consist mainly of real estate taxes. Main effects:	
		FY 2003	Straight line leasing Other taxes	€ -62 million € -93 million
		Q1 04	No significant effects	
		Q2 04	Reversal of write-up on FCC licenses Reversal of accrual for contingent losses, mobile communications joint venture	€ -1,807 million € +602 million
		Q3 04	Reversal of write-up on FCC licenses	€ -641 million
		Q4 04	Reversal of accrual for contingent losses, mobile communications joint venture	€ -73 million
		FY 2004	Reversal of write-up on FCC licenses Reversal of accrual for contingent losses, mobile communications joint venture Straight line leasing Other taxes	€ -2,448 million € +529 million € -79 million € -92 million
61	Special factors affecting EBITDA	In general	**Reversal of write-up on FCC licenses (decrease)** The write-up of U.S. mobile communications licenses made under German GAAP corrected previous amortization of these licenses. As FCC licenses are not amortized under IFRS due to the indefinite useful life, there is no need for the write-up either. **Reversal of accrual for contingent losses, mobile communications joint venture (increase)** The accrual for contingent losses relating to the wind-up of the mobile communications joint venture between T-Mobile USA and Cingular Wireless is not recognized under IFRS. Note however the nonscheduled write-down on the license in New York under IFRS.	
		FY 2003/ Q1 04	No effects	
		Q2 04	Reversal of write-up on FCC licenses Reversal of accrual for contingent losses, mobile communications joint venture	€ -1,807 million € +602 million
		Q3 04	Reversal of write-up on FCC licenses	€ -641 million
		Q4 04	Reversal of accrual for contingent losses, mobile communications joint venture	€ +73 million
		FY 2004	Reversal of write-up on FCC licenses Reversal of accrual for contingent losses, mobile communications joint venture	€ -2,448 million € +529 million

62	Adj. EBITDA	In general	Adjusted EBITDA is the result of the subtraction of special factors affecting EBITDA (61) from EBITDA (60).
63	Capex	In general	**Recognition of internally generated assets, mainly software (increase)** The costs for internally generated assets are no longer charge to expense in full when incurred; they are capitalized as assets and depreciated over the useful life. For T-Mobile, this relates in particular to internally generated software. **Restoration obligations (increase)** In line with the recognition of the provision for restoration obligations, the present value of the discounted future settlement amount is recognized under ifrs as a component of the acquisition costs aktiviert. Interest is then added to the provision in subsequent years; the expense in curred is recognized as interest expense. At the same time, the asset in question is depreciated over its useful life or the term of the obligation.

T-Mobile Netherlands

64	Total revenue	In general	There are no significant differences between revenue, EBITDA and capex under German GAAP and IFRS at T-Mobile Netherlands.

T-Mobile Austria

65		In general	There are no significant differences between revenue, EBITDA and capex under German GAAP and IFRS at T-Mobile Austria.

T-Mobile CZ

66		In general	There are no significant differences between revenue, EBITDA and capex under German GAAP and IFRS at T-Mobile CZ.

67	Total revenue	In general	**Revenue recognition** The differences between German GAAP and IFRS relate mainly to the valuation of long-term construction contracts and multiple-element arrangements. **Valuation of construction contracts** Under the provisions of German GAAP, revenues relating to construction contracts are not recognized until the work has been accepted by the customer. Under IFRS, however, revenues and costs can be recognized during the course of the project in line with its progress. The progress of the project is measured in terms of costs incurred to date as a proportion the estimated total costs for completion of the contract. In general, the use of the percentage of completion method under IFRS leads to earlier recognition of the results of the contract. **Valuation of multiple-element arrangements** IFRS includes special accounting provisions for multiple-element arrangements that do not exist under German GAAP. As such, it may be necessary to recognize revenue for individual elements of a contract at a later date or at a different value under IFRS than under German GAAP. If an individual element has no independent value for the customer and has no reliably measurable “fair value”, the element must be combined with other elements for accounting purposes. Under IFRS, revenue is only recognized once the work for the combined elements has been completed.
		FY 2003	Valuation of construction contracts € -61 million Valuation of multiple-element arrangements € -97 million
		FY 2004	Valuation of construction contracts € -86 million Valuation of multiple-element arrangements € -145 million
68	Net revenue	In general	See notes on total revenue (67).
69	EBITDA	In general	**Revenue recognition** Multiple-element arrangements, construction contracts **Finance leases** Whereas under German GAAP, the ongoing lease expenses are recognized in the income statement, under IFRS the scheduled depreciation on the assets is expensed and the interest component of the lease liability is shown as interest expense. This results in the interest expense as well as depreciation and amortization correct under IFRS as an EBITDA reconciliation effect between German GAAP and IFRS (positive reconciliation effect). **Pension accruals** Under IFRS, the interest cost of pension accruals is shown under the financial result, which leads to an increase in EBITDA. **Provisions for restoration obligations** Provisions for restoration obligations that did not fulfill strict recognition criteria under IFRS had to be reversed. When the planned restructuring measures is implemented, the expense anticipated by the recognition of the provision is realized under IFRS with a time lag (negative reconciliation effect).
		FY 2003	Finance leases € +138 million Valuation of construction contracts € -31 million Provisions for restoration obligations € -115 million Valuation of multiple-element arrangements € -31 million Pension accruals € +70 million
		FY 2004	Finance leases € +138 million Valuation of construction contracts € -11 million Provisions for restoration obligations € -118 million Valuation of multiple-element arrangements € -17 million Pension accruals € +39 million
70	Special factors affecting EBITDA	In general	Differing special factors under German GAAP and IFRS are mainly the result of deconsolidation effects due to other disposals of equity or goodwill.
		FY 2003	Differing deconsolidation effects € 70 million
71	Adjusted EBITDA	In general	Adjusted EBITDA is the result of the subtraction of special factors affecting EBITDA (70) from EBITDA (69).

72	Depreciation, amortization, write-downs, and impairment losses	In general	Valuation difference between German GAAP/IFRS relates mainly to the recognition of finance leases (see above) and the prohibition of regular amortization under IFRS. **No amortization of goodwill** Goodwill is not amortized under IFRS, in contrast to German GAAP. Instead, any need for adjustments to goodwill is determined exclusively by means of impairment tests. The amortization of goodwill charged under German GAAP is therefore no longer charged under IFRS.	
		FY 2003	Amortization of finance leases No amortization of goodwill	€ -174 million € +656 million
		FY 2004	Amortization of finance leases No amortization of goodwill	€ -130 million € +603 million
73	EBIT	In general	EBIT is the result of the subtraction of Depreciation, amortization, write-downs, and impairment losses (72) from EBITDA (69).	
74	Financial result	In general	The German GAAP/IFRS reconciliation effects mainly result from the difference in accounting and reporting regulations concerning finance leases and pension accruals. Under IFRS, the interest cost for lease liabilities and pension accruals is shown under net financial income/expense.	
		FY 2003	Finance leases Pension accruals	€ -18 million € -25 million
		FY 2004	Finance leases Pension accruals	€ -13 million € -27 million
75	Income before income taxes	In general	The valuation differences result from the differing accounting regulations for finance leases, valuation of construction contracts, recognition of restructuring accruals, valuation of multiple-element arrangements, differing valuation of pension accruals and the lack of goodwill amortization under IFRS.	
		FY 2003	Finance leases Valuation of construction contracts Provisions for restoration obligations Valuation of multiple-element arrangements Pension accruals No amortization of goodwill Differing deconsolidation effects	€ -53 million € -31 million € -115 million € -31 million € +45 million € +656 million € +70 million
		FY 2004	Finance leases Valuation of construction contracts Provisions for restoration obligations Valuation of multiple-element arrangements: Pension accruals No amortization of goodwill	€ +60 million € -11 million € -182 million € -17 million € +12 million € +603 million
76	Capex	In general	Differences are mainly the result of the recognition of assets as part of the presentation of finance leases and the recognition of internally generated software.	

77	Total revenue	In general	No significant difference	
78	Net revenue	In general	No significant difference	
79	EBITDA	In general	**Valuation and reclassification to financial result for pension accruals and accrual for subsidies to the civil servant health insurance fund (PBKK)** Under IFRS, the interest cost of pension accruals is shown under the financial result and not under personnel costs. Reversal of AML interest effect, as AML is not recognized under IFRS. Reclassification of addition to accrual due to the adjustment of the discount rate applied for PBKK from profit/loss from operations, because shown under financial result under IFRS. **Leasing – valuation and reclassification to financial result** The tax treatment of leases is generally used for the classification of leases in consolidated financial statements under German GAAP. A considerably larger number of leases tend to be classified as finance leases under IFRS. While in an operating lease it is the lessor that recognizes the asset, it is the lessee that recognizes the asset in a finance lease. Deutsche Telekom has entered into sale and leaseback transactions in connection with its real estate portfolio. Under German GAAP, these transactions were usually treated as a sale of the real estate that was subsequently leased back, whereas under IFRS the buildings must be classified as finance leases and the land as operating leases. Under IFRS, this results in the recognition of interest expense and a depreciation charge for the buildings and the recognition of rental expense for the land; the disposal gain must be spread over the term of the lease. Under German GAAP, gains or losses from the sale of real estate are recorded, as is rental expense. **Financial instruments and currency translation** The changes in EBITDA between German GAAP and IFRS relate to reclassifications from other operating income / expense to the financial result. Reclassifications include gains and losses from the valuation of foreign currency accounts (including bonds issued, foreign currency derivatives). **Reclassification of gains on the disposal of the shares to financial result** Under IFRS; results from sales of shares are no longer shown under operating profit, but under financial result. **Change in recognition of provisions under IFRS** In the other provisions, it is primarily the restructuring provisions that increase shareholders' equity in all of the periods presented because the recognition of restructuring provisions under IFRS is subject to more detailed and stricter criteria than under German GAAP. Furthermore, accruals, in particular for contingent losses, recognized under German GAAP are not carried under IFRS.	
		FY 2003	Mainly: Pension accruals and accrual for subsidy to PBKK Financial instruments and currency translation Gains on the disposal of shares and change in the recognition of accruals	 € +125 million € -65 million € +103 million
		FY04	Mainly: Pension accruals, leasing and accrual for subsidies to PBKK and change in recognition of accruals Financial instruments and currency translation Gains on the disposal of the shares	 € +223 million € -22 million € -258 million
80	of which Vivento	In general	Mainly effects from the change in the recognition of accruals for contingent losses under IFRS.	
81	Special factors affecting EBITDA	FY 2003	Mainly: Gains on the disposal of shares and change in the recognition of accruals	 € +67 million
		FY 2004	Mainly: Gains on the disposal of shares and change in the recognition of accruals	 € -307 million

82	Adj. EBITDA	FY 2003	Mainly: Pension accruals and accrual for subsidy to PBKK € +125 million Change in recognition of accruals € +36 million Financial instruments and currency translation € -65 million
		FY 2004	Mainly: Pension accruals, leasing and accrual for PBKK and change in recognition of accruals € +272 million Financial instruments and currency translation € -22 million
83	of which Vivento	In general	Mainly effects from the change in the recognition of accruals for contingent losses under IFRS.
84	Depreciation, amortization, write-downs, and impairment losses	In general	Mainly: Depreciation and amortization reduced by leases, recognition of internally generated software and restoration obligations; Depreciation and amortization increased by non-recognition uner IFRS of nonscheduled; write-down charged under German GAAP and non-capitalization of interest of borrowings.
85	Financial result	In general	Mainly gains on the disposal of shares, interest cost on pension accruals, accruals on subsidies to the BPKK, as well as leases, currency translation adjustment effects and measurement of financial instruments.
86	Income before income taxes	In general	See notes EBITDA (107), Depreciation, amortization, write-downs, and impairment losses (112), and financial result (113).
87	Capex	In general	Mainly the change in the recognition of leases and restoration obligations.

Balance Sheet

88	Trade receivables and other receivables	In general	The IFRS adjustments consist mainly of different consolidation regulations for special purpose entities with which Deutsche Telekom carries out ABS transactions (in 2003 € +1.7 and in 2004 € +1.5 billion). See notes on Current financial liabilities (97), Liabilities arising from ABS transactions (123). A further increase in trade receivables is the result of revenue recognition for long-term construction contracts using the percentage of completion method (in 2003 € + 0.3 and in 2004 € + 0.1 billion).
89	Other current financial assets	In general	The IFRS adjustments relate mainly to the fair value valuation of derivative financial instruments in accordance with IAS 39 (in 2003 € + 0.3 and in 2004 € + 0.2 billion).
90	Inventories	In general	The reduction in the carrying amount of inventories is mainly a result of the application of the percentage of completion method are part of long-term construction contracts (in 2003 € -0.2 billion).
91	Other current assets	In general	Under German GAAP, when funds are borrowed, the difference between the payment amount and the repayment amount (discount) is recognized as a deferred tax asset, whereas no discount is recognized under IFRS. The non-recognition of the discount leads to a reduction of other current and noncurrent assets (current: in both 2003 and in 2004 € -0.1 billion; noncurrent: in 2003 € -0.2 and in 2004 € -0.1 billion).
92	Intangible assets	In general	The adjustments for intangible assets are the result of differing valuation methods for goodwill (in 2003 € -3.5 and in 2004 € -3.1 billion), mobile communications licenses (in 2003 € +13.1 and in 2004 € +9.8 billion) and the recognition of internally generated software (in both 2003 and 2004 € +0.6 billion).

93	Property, plant, and equipment	In general	A considerable proportion of the changes in carrying amounts for property, plant, and equipment (in 2003 € +1.7 and in 2004 € +1.6 billion) is attributable to leasing issues. The tax treatment of leases is generally used for the classification of leases in consolidated financial statements under German GAAP. Under IFRS, the classification of leased assets is defined in IAS 17. A considerably larger number of leases tend to be classified as finance leases under IFRS. While in an operating lease it is the lessor that recognizes the asset, it is the lessee that recognizes the asset in a finance lease. Deutsche Telekom has entered into sale and leaseback transactions in connection with its real estate portfolio. Under German GAAP, these transactions were usually treated as a sale of the real estate that was subsequently leased back, whereas under IFRS the buildings must be classified as finance leases and the land as operating leases. The recognition of provisions for restoration obligations continues to contribute to the increase in the carrying amount of property, plant, and equipment (in both 2003 and in 2004 € +0.2 billion). In line with the recognition of the provision for restoration obligations, under IFRS, the amount of the probable future obligation must be recognized as part of the cost of the respective asset. In addition, adjustments to the valuation of depreciation and the reversal of write-ups lead to an increase in the carrying amount of property, plant, and equipment (in 2003 € +0.4 and in 2004 € +0.5 billion). Furthermore, the fact that Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs results in adjustments having to be made. Under German GAAP, borrowing costs accounted for during the construction period were recognized. The non-recognition of interest of borrowings reduces the carrying amount of property, plant, and equipment (in 2003 € -0.6 and in 2004 € -0.5 billion).
94	Other noncurrent financial assets	In general	In accordance with IAS 39, investments in not fully consolidated subsidiaries must be measured at their fair value. According to German GAAP, these assets are measured at amortized cost or, if appropriate, at the lower fair value. Differing valuation methods between IFRS and German GAAP lead to an increase in the carrying amount of other noncurrent financial assets under IFRS (in 2003 € +0.3 and in 2004 € +0.9 billion). Furthermore, cash securities in conjunction with ABS transactions also increase this item (in both 2003 and in 2004 € +0.2 billion).
95	Deferred tax assets	In general	Deutsche Telekom did not apply GAS 10 in its consolidated financial statements under German GAAP up to December 31, 2004. The differences in the definition of deferred taxes under IFRS and German GAAP relate in particular to Deutsche Telekom AG's "contribution goodwill", tax loss carryforwards, and general recognition and measurement differences between IFRS and German GAAP. As a result of the privatization of Deutsche Telekom AG, goodwill was recognized in the tax accounts ("contribution goodwill"), yet no goodwill is to be capitalized in Deutsche Telekom AG's consolidated balance sheets under IFRS. Deutsche Telekom recognizes deferred taxes on this temporary difference in accordance with IAS 12 that will be reversed on a pro rata basis through goodwill amortization. Furthermore, under IFRS – in contrast to German GAAP – deferred tax assets are recognized on future expected tax reductions from the deduction of tax loss carryforwards. Taking the forecast development of earnings into account, it is sufficiently certain that the recognized deferred tax assets from loss carryforwards will be realized.
96	Other noncurrent assets	In general	The change in the carrying amount of other noncurrent assets is mainly due to the difference in revenue recognition between German GAAP and IFRS as part of the recording of up-front fees and incremental costs. Deferred tax assets relating to expenses from the provision of services amounted to € 0.3 billion in both 2003 and 2004.

97	Current financial liabilities	In general	The positive adjustment effect in current financial liabilities relates mainly to the fair value valuation of derivative financial instruments in accordance with IAS 39 (in 2003 € +0.1 and in 2004 € +0.7 billion). The increase in the carrying amount of financial liabilities is mainly due to the fact that many more leases are classified as finance leases under IFRS than under German GAAP (€ +1.9 billion in 2003 and € +2.0 billion in 2004). This leads to the recognition of lease liabilities amounting to the fair value of the future lease payments. Lease payments that are due within one year are shown under current financial liabilities (in both 2003 and in 2004 € +0.1 billion). Deutsche Telekom has entered into sale and leaseback transactions in connection with its real estate portfolio. Under German GAAP, these transactions were usually treated as a sale of the real estate that was subsequently leased back, whereas under IFRS the buildings must be classified as finance leases and the land as operating leases. Furthermore, the consolidation of special purpose entities with which Deutsche Telekom carries out ABS transactions and which have to be fully consolidated under IFRS leads to an increase in current financial liabilities of € 0.1 billion in 2003 and € 0.3 billion in 2004. As part of asset-backed securities (ABS) transactions, mostly financial assets are sold to a special-purpose entity (SPE), please refer to notes on Liabilities arising from ABS transactions (123). The effective interest rate method for valuing financial liabilities has the effect of reducing this item. When valuing financial liabilities incurred in foreign currencies "unrealized" currency gains that reduce the carrying amount also have to be recognized under IFRS, in contrast to German GAAP (in 2003 € -0.3 billion).
98	Current provisions	In general	In the other provisions, it is primarily the restructuring provisions that decrease the carrying amount of provisions because the recognition of restructuring provisions under IFRS is subject to more detailed and stricter criteria than under German GAAP. Furthermore, provisions for future internal expenses that may be recognized under German GAAP are not carried under IFRS.
99	Noncurrent financial liabilities	In general	The increase of noncurrent financial liabilities is mainly due to lease liabilities (in 2003 € +1.8 billion and in 2004 € +1.9 billion) and liabilities arising from ABS transactions (in both 2003 and 2004 € +1.1 billion). Please refer to notes on Current financial liabilities (97).
100	Pension provisions and other employee benefits	In general	Provisions must be recognized for pension obligations under both German GAAP and IFRS. Under German commercial law, Deutsche Telekom's pension obligations were calculated in accordance with the provisions of SFAS 87. Differences between the carrying amounts under IFRS and SFAS 87 arise in particular from the different treatment of actuarial gains and losses and the fact that the additional minimum liability is not recognized under IFRS.
101	Other noncurrent provisions	In general	For adjustment effects of other noncurrent provisions, please refer to notes on Other current provisions (98). The increase in provisions for restoration obligations in particular leads to additional effects in the area of noncurrent provisions. The discounting of noncurrent provisions under IFRS has a counteracting effect of reducing the carrying amount.
102	Deferred tax liabilities	In general	Deferred tax liabilities relate mainly to valuation differences between IFRS and German GAAP in connection with realized hidden reserves for U.S. mobile communications licenses; other recognition and valuation differences between IFRS and German GAAP also lead to deferred tax liabilities.

103	Other noncurrent liabilities	In general	The change in the carrying amount of other current and noncurrent liabilities is mainly due to the difference in revenue recognition between German GAAP and IFRS as part of the recording of up-front fees (current: in 2004 € +0.1 billion; noncurrent: in 2003 € +1.4 and in 2004 € +1.6 billion).
104	Capital reserves	In general	Under IFRS, share issue costs are offset against the premium. Under German GAAP they were expensed.
105	Retained earnings incl. carryforwards	In general	At the date of transition to IFRS (January 1, 2003), Deutsche Telekom exercised the option of offsetting foreign currency reserves against retained earnings. This have a positive effect on accumulated other net profit and a negative effect on retained earnings.
106	Accumulated other net profit	In general	At the date of transition to IFRS, Deutsche Telekom exercised the option of offsetting foreign currency reserves against retained earnings. This have a positive effect on accumulated other net profit and a negative effect on retained earnings.
107	Consolidated net profit/loss	In general	Consolidated net profit changed as a result of the effects of the transition to IFRS.
108	Minority interest	In general	Minority interest must be recognized under shareholders' equity under IFRS. Differences in recognition and valuation between IFRS and German GAAP have an effect on the valuation of minority interest.

Equity reconciliation

109	Goodwill and mobile communications licenses	In general	In contrast to German GAAP, under IFRS U.S. mobile communications licenses are not amortized on account of their indefinite useful life but instead are reviewed for impairment once a year ("impairment-only approach"). The impairment test is not performed separately for individual assets, however, but at the level of the cash-generating unit T-Mobile USA. Since goodwill is also allocated to the cash-generating unit T-Mobile USA under IFRS, this goodwill must be initially written down under IAS 36 in case of an impairment. For this reason, the amortization and impairment of the U.S. mobile communications licenses charged in accordance with German GAAP as of January 1, 2003 and the write-up recognized in 2004 were reversed. The impairments tests carried out for the cash-generating units once annually and, if a triggering event exists, during the year, led to the following impairment of goodwill: The impairment test performed in accordance with IFRS resulted in an impairment of the T-Mobile USA cash-generating unit as of January 1, 2003 and December 31, 2003 which was recognized through a reduction in the goodwill carrying amount. As part of the winding up of the U.S. mobile communications joint venture with Cingular Wireless in 2004 and the ensuing transfer of mobile communications licenses, these assets were partially written down. The impairment test of the cash-generating unit T-Mobile UK, which is part of the T-Mobile division, resulted in an impairment under IFRS as of January 1, 2003 and December 31, 2004. The impairment loss of T-Mobile UK's UMTS license recognized in the individual measurement under German GAAP was reversed under IFRS as of January 1, 2003. The impairment test of the cash-generating unit T-Mobile Netherlands, which is part of the T-Mobile division, resulted in an impairment under IFRS as of January 1, 2003 which was recognized through a reduction in the goodwill carrying amount. The impairment test of the cash-generating unit MATÁV, which is part of the T-Com division, resulted in impairment under IFRS as of January 1, 2003 and December 31, 2003; the impairment test of the Slovak Telecom cash-generating unit, which is part of the T-Com division, resulted in impairment under IFRS as of December 31, 2004. These impairments were recognized through a goodwill write-down. In connection with UMTS licenses, adjustments have to be made on account of the fact that under German GAAP amortization begins at the date of acquisition, while under IFRS the date on which the network starts operating is relevant for the start of amortization. The reversal of the amortizations already charged under German GAAP increases shareholders' equity under IFRS on all of the dates presented.
110	Software	In general	Recognizing internally generated software, which is not permissible under German GAAP, increases shareholders' equity under IFRS in all of the periods presented. In the periods following the recognition, the net profit under IFRS remains largely unaffected.

111	Interest on borrowings	In general	The fact that Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs results in adjustments having to be made. Under German GAAP, borrowing costs accounted for during the construction period were recognized. Not recognizing borrowing costs reduces shareholders' equity under IFRS in all periods. The lower amortization than under German GAAP increases the net profit.
112	Measurement of investments in companies not fully consolidated and not accounted for in the consolidated financial statements under the equity method	In general	Investments in companies not fully consolidated and not accounted for in the consolidated financial statements under the equity method must be measured at fair value according to IAS 39. As a rule, the resulting unrealized gains and losses are recognized directly in equity. According to German GAAP, these assets are measured at amortized cost or, if appropriate, at the lower fair value. As a result of the different accounting policies used under IFRS and German GAAP, the IFRS shareholders' equity increases in all of the periods presented.
113	Leasing	In general	The tax treatment of leases is generally used for the classification of leases in consolidated financial statements under German GAAP. Under IFRS, the classification of leased assets is defined in IAS 17. A considerably larger number of leases tend to be classified as finance leases under IFRS. While in an operating lease it is the lessor that recognizes the asset, it is the lessee that recognizes the asset in a finance lease. Deutsche Telekom has entered into sale and leaseback transactions in connection with its real estate portfolio. Under German GAAP, these transactions were usually treated as a sale of the real estate that was subsequently leased back, whereas under IFRS the buildings must be classified as finance leases and the land as operating leases. Under IFRS, this results in the recognition of interest expense and a depreciation charge for the buildings and the recognition of rental expense for the land; the disposal gain must be spread over the term of the lease. Under German GAAP, gains or losses from the sale of real estate are recorded, as is rental expense. This reduces shareholders‘ equity and the net profit under IFRS in all of the periods presented.
114	Provisions	In general	Provisions must be recognized for pension obligations under both German GAAP and IFRS. Under German commercial law, Deutsche Telekom's pension obligations were calculated in accordance with the provisions of SFAS 87. Differences between the carrying amounts under IFRS and SFAS 87 arise in particular from the different treatment of actuarial gains and losses and the fact that the additional minimum liability is not recognized under IFRS. This reduces shareholders' equity in the opening consolidated balance sheet under IFRS and increases it at the two other reporting dates presented. The net profit increases in the two periods presented. In the other provisions, it is primarily the restructuring provisions that increase shareholders' equity in all of the periods presented because the recognition of restructuring provisions under IFRS is subject to more detailed and stricter criteria than under German GAAP. Furthermore, provisions for future internal expenses that may be recognized under German GAAP are not carried under IFRS.
115	Deferred revenue	In general	The main difference between German GAAP and IFRS is the way up-front fees are recognized. Under German GAAP, the up-front fees are recognized as revenue on the date on which the line is activated. Under IFRS, on the other hand, the up-front fees and the incremental costs are accrued over the average duration of the customer relationship. This reduces shareholders' equity in all of the periods presented. The net profit remains largely unaffected.
116	Other IFRS adjustments	In general	Other IFRS adjustments relate, for example, to the different accounting principles regarding asset-backed securities (ABS) transactions, long-term construction contracts (percentage-of-completion method), derivatives and measurement of property, plant, and equipment. All in all this increased shareholders' equity in all of the periods presented. The net profit remains largely unaffected.

117	Deferred taxes	In general	Deutsche Telekom did not apply GAS 10 in its consolidated financial statements under German GAAP up to December 31, 2004. The differences in the definition of deferred taxes under IFRS and German GAAP relate in particular to Deutsche Telekom AG's "contribution goodwill", tax loss carryforwards, and general recognition and measurement differences between IFRS and German GAAP. As a result of the privatization of Deutsche Telekom AG, goodwill was recognized in the tax accounts ("contribution goodwill"), yet no goodwill is to be capitalized in Deutsche Telekom AG's consolidated balance sheets under IFRS. Deutsche Telekom recognizes deferred taxes on this temporary difference in accordance with IAS 12 that will be reversed on a pro rata basis through goodwill amortization. The recognition of deferred taxes on goodwill increases shareholders' equity under IFRS in all of the periods presented; the net profit decreases in all of the periods presented. Furthermore, under IFRS – in contrast to German GAAP – deferred tax assets are recognized on future expected tax reductions from the deduction of tax loss carryforwards. Taking the forecast development of earnings into account, it is sufficiently certain that the recognized deferred tax assets from loss carryforwards will be realized. The recognition of these deferred tax assets increases shareholders' equity and reduces the net profit under IFRS in all of the periods presented. The deferred taxes recognized on measurement differences primarily relate to deferred tax liabilities on measurement differences between IFRS and German GAAP in connection with the realized hidden reserves for U.S. mobile communications licenses. The recognition of these deferred tax liabilities reduces shareholders' equity under IFRS. Since these licenses are not amortized, the deferred tax liabilities are initially not released. The impairment recognized under IFRS in 2004 and the reversal of the write-up of these licenses under German GAAP resulted in the corresponding release of the deferred tax liabilities and, consequently, in an increase in net profit under IFRS.

Statement of cash flows

118	Internally generated software	In general	Under German GAAP, expenses for internally generated software are recognized as operational expenses. As such, the expenditures are shown under cash flows from operating activities. Under IFRS, these expenses are recognized as internally generated intangible assets. These expenditures therefore lead to an increase in assets and are shown under cash flows from investing activities.
119	ABS	In general	Under IFRS, an increase of both financial liabilities and trade receivables (please refer to notes on Trade receivables and other receivables (88)). Changes under this item are shown accordingly under cash flow from financing activities/working capital and therefore cash flow from operating activities. The effects of retained discounts and fractions are no longer shown under cash flows from operating activities, but under financial liabilities/financial receivables and shown under cash flows from investing/financing activities.
120	Leasing	In general	Agreements that are classified as finance leases under IFRS in contrast to German GAAP lead to the recognition of the leased property by the lessee, combined with a corresponding entry under lease liabilities. The lease figures represent interest and repayment figures for the lessee. These repayment figures are shown under cash flows from financing activities. In the case of an operating lease under German GAAP, these (operational) lease payments were assigned to cash flows from operating activities. In cases where Deutsche Telekom is the lessor of a finance lease under IFRS, the payments received (from the lessee) represent repayments of financial receivables and as such are shown under cash flows from investing activities.
121	Interest on borrowings	In general	In the case of a finance lease, the assets are measured at the lower of the fair value of the leased property and the present value of the minimum lease payments in the lessee's balance sheet. At the same time, a lease liability is recognized. As a result, Deutsche Telekom's net financial liabilities increase.

Net financial liabilities

122	Lease liabilities	In general	In the case of a finance lease, the assets are measured at the fair value of the leased property and the present value of the minimum lease payments in the lessee's balance sheet. At the same time, a lease liability is recognized. As a result, Deutsche Telekom's net financial liabilities increase.
123	Liabilities arising from ABS transactions	In general	As part of asset-backed securities (ABS) transactions, mostly financial assets are sold to a special-purpose entity (SPE). The SPE itself than raises money on the capital market secured with the purchased receivables. Under IFRS, SPEs must generally be consolidated by the economic beneficiary. In total, there are three SPEs arising from ABS transactions that have to be consolidated by Deutsche Telekom. The capital market liabilities recognized by the SPEs increase Deutsche Telekom's net debt.
124	Other IFRS differences	In general	The other differences primarily consist of the more extensive incorporation of derivatives as well as the cash collaterals included in other financial assets with regard to ABS transactions.