Reconciliation of pro forma figures.

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

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

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

EBITDA and EBITDA adjusted for special factors.

EBITDA

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

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

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

Adjusted EBITDA

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

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

EBITDA margin/ adjusted EBITDA margin

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

Special factors.

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

The underlying concept involves the elimination of special factors that affect operational business activities and thus impair the comparability of EBITDA and net profit/loss with the 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.

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

The tables in the sections on the strategic business areas and under "Deutsche Telekom at a glance" outline the way in which Deutsche Telekom derives EBITDA adjusted for special factors for the Group as a whole and for the strategic business areas from profit/loss from operations in accordance with IFRS. The special factors are presented for the reporting period and the comparative prior-year period.

Special factors affecting EBITDA

Special factors affecting EBITDA in the first half of 2005 included a total of EUR 49 million of personnel and non personnel-related restructuring expenses in the Broadband/Fixed Network and Mobile Communications business areas, as well as expenses of EUR 18 million relating to severance and voluntary redundancy payments at Group Headquarters & Shared Services. Income from insurance refunds of EUR 41 million had a positive effect on Group EBITDA. In addition, intra-group expenses for staff transfers to Vivento had an EBITDA-neutral effect.

Special factors amounting to EUR 6 million were recorded in the same period last year. This total includes EUR 69 million in restructuring expenses and expenditures for severance and voluntary redundancy payments, mainly in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services, as well as an offsetting EUR 75 million in retrospective income from the sale of Virgin Mobile in the Mobile Communications business area.

Special factors not affecting EBITDA

Special factors not affecting Group EBITDA in the first half of 2005 included the gain on the disposal of the stake in Intelsat amounting to EUR 21 million. The tax-related impact of the total special factors included in EBITDA and the non-operating result was plus EUR 7 million.

These factors compare to an impairment of U.S. mobile communications licenses (EUR 1,353 million) as well as income from the disposal of shares held in SES (EUR 92 million) in the prior year. Tax effects result in tax income of EUR 551 million, mainly attributable to deferred taxes arising from the impairment of licenses.

Reconciliation of the consolidated income statement

	H1 2005 millions of €	Special factors in H1 2005 millions of €	H1 2005 without special factors millions of €	H1 2004 millions of €	Special factors in H1 2004 millions of €	H1 2004 without special factors millions of €	FY 2004 millions of €
Net revenue	29,124		29,124	28,267		28,267	57,360
Cost of sales	(15,175)	(7)[a]	(15,168)	(16,190)	(1,353)[g]	(14,837)	(31,559)
Gross profit	**13,949**	**(7)**	**13,956**	**12,077**	**(1,353)**	**13,430**	**25,801**
Selling expenses	(6,941)	(21)[b]	(6,920)	(6,279)		(6,279)	(12,837)
General and administrative expenses	(2,095)	(14)[b]	(2,081)	(2,182)		(2,182)	(4,505)
Other operating income	633	41[c]	592	834	75[h]	759	1,718
Other operating expenses	(597)	(25)[d]	(572)	(750)	(69)[i]	(681)	(3,916)
Profit from operations	**4,949**	**(26)**	**4,975**	**3,700**	**(1,347)**	**5,047**	**6,261**
Financial income (expense), net	(1,503)	21[e]	(1,524)	(1,920)	92[j]	(2,012)	(2,743)
Profit before income taxes	**3,446**	**(5)**	**3,451**	**1,780**	**(1,255)**	**3,035**	**3,518**
Income taxes	(1,249)	7[f]	(1,256)	(319)	551[k]	(870)	(1,528)
Profit after income taxes	**2,197**	**2**	**2,195**	**1,461**	**(704)**	**2,165**	**1,990**
Profit attributable to minority interests	244		244	252		252	426
Net profit	1,953	2	1,951	1,209	(704)	1,913	1,564
Profit from operations (EBIT)	4,949	(26)	4,975	3,700	(1,347)	5,047	6,261
Depreciation, amortization and impairment losses	(5,168)		(5,168)	(5,904)	(1,353)	(4,551)	(13,128)
EBITDA	**10,117**	**(26)**	**10,143**	**9,604**	**6**	**9,598**	**19,389**
EBITDA margin (%)	**34.7**		**34.8**	**34.0**		**34.0**	**33.8**

Special factors in the first half of 2005:

a Personnel and non personnel-related restructuring expenses in the Mobile Communications business area.
b Personnel-related restructuring expenses in the Mobile Communications business area.
c Income from insurance refunds.
d Personnel-related restructuring expenses in the Broadband/Fixed Network and Mobile Communications business areas as well as severance and voluntary redundancy payments at Group Headquarters & Shared Services.
e Gain on the disposal of the stake in Intelsat (Group Headquarters & Shared Services).
f Tax effects from special factors within profit before income taxes.

Special factors in the first half of 2004:

g Impairment losses on U.S. mobile communications licenses relating to the winding up of the network joint venture between T-Mobile USA and Cingular Wireless (Mobile Communications business area).
h Retrospective income from the sale of Virgin Mobile (Mobile Communications business area).
i Mainly expenditures for severance and voluntary redundancy payments in the Broadband/Fixed Network business area and at Group Headquarters & Shared Services.
j Gain on the disposal of shares in SES (Group Headquarters & Shared Services).
k Tax income from the impairment of U.S. mobile communications licenses as well as expenditures for severance and voluntary redundancy payments.

Free cash flow.

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

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

Reconciliation of the Group's free cash flow

	H1 2005 millions of €	H1 2004 millions of €	FY 2004 millions of €
Cash generated from operations	**7,419**	**9,059**	**20,462**
Interest paid	(1,604)	(1,855)	(3,742)
Net cash from operating activities	5,815	7,204	16,720
Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill)	(4,915)	(2,928)	(6,410)
Free cash flow before dividend payments	**900**	**4,276**	**10,310**

Gross and net debt.

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

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

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

Reconciliation of the Group's gross and net debt

	June 30, 2005 millions of €	Dec. 31, 2004 millions of €	June 30, 2004 millions of €
Bonds	40,732	39,458	46,559
Liabilities to banks	3,528	3,074	3,182
Liabilities to non-banks from promissory notes	653	651	755
Liabilities from derivatives	745	1,159	947
Lease liabilities	2,473	2,487	2,340
Liabilities arising from ABS transactions	1,384	1,563	1,195
Other financial liabilities	122	79	120
Gross debt	**49,637**	**48,471**	**55,098**
Cash and cash equivalents	3,910	8,005	6,305
Available-for-sale/held-for-trading financial assets	114	120	676
Derivatives	673	396	471
Other financial assets	407	407	579
Net debt	**44,533**	**39,543**	**47,067**