Reconciliation of pro forma figures.

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

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

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

EBITDA and EBITDA adjusted for special factors.

EBITDA

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

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

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

Adjusted EBITDA

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

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

EBITDA margin/ adjusted EBITDA margin

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

Special factors.

Deutsche Telekom's net profit/loss and EBITDA of the Group and of the strategic business areas were affected by a range of special factors in both the reporting period and the prior-year 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, profit/loss from financial activities, 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 under "Business developments" 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 prior-year period.

Reconciliation of the consolidated income statement

	Q1 – Q3 2006 millions of €	Special factors Q1 – Q3 2006 millions of €	Q1 – Q3 2006 without special factors millions of €	Q1 – Q3 2005 millions of €	Special factors Q1 – Q3 2005 millions of €	Q1 – Q3 2005 without special factors millions of €	FY 2005 without special factors millions of €
Net revenue	45,452		45,452	44,087		44,087	59,604
Cost of sales	(24,249)	(231)[a]	(24,018)	(22,910)	(43)[g]	(22,867)	(31,327)
Gross profit	**21,203**	**(231)**	**21,434**	**21,177**	**(43)**	**21,220**	**28,277**
Selling expenses	(11,665)	(88)[b]	(11,577)	(10,459)	(31)[g]	(10,428)	(14,407)
General and administrative expenses	(3,347)	(155)[c]	(3,192)	(3,095)	(61)[h]	(3,034)	(3,948)
Other operating income	862		862	833	41[i]	792	1,584
Other operating expenses	(661)	(44)[d]	(617)	(807)	(53)[j]	(754)	(1,338)
EBIT (profit (loss) from operations)	**6,392**	**(518)**	**6,910**	**7,649**	**(147)**	**7,796**	**10,168**
Profit (loss) from financial activities	(2,058)	196[e]	(2,254)	(783)	1,059[k]	(1,842)	(2,469)
Profit (loss) before income taxes	**4,334**	**(322)**	**4,656**	**6,866**	**912**	**5,954**	**7,699**
Income taxes	31	1,359[f]	(1,328)	(1,892)	42[l]	(1,934)	(2,573)
Profit after income taxes	**4,365**	**1,037**	**3,328**	**4,974**	**954**	**4,020**	**5,126**
Profit attributable to minority interests	336		336	379		379	463
Net profit	4,029	1,037	2,992	4,595	954	3,641	4,663
EBIT (profit (loss) from operations)	6,392	(518)	6,910	7,649	(147)	7,796	10,168
Depreciation, amortization and impairment losses	(7,986)	(10)	(7,976)	(7,734)		(7,734)	(10,561)
EBITDA	**14,378**	**(508)**	**14,886**	**15,383**	**(147)**	**15,530**	**20,729**
EBITDA margin (%)	**31.6**	**n.a.**	**32.8**	**34.9**	**n.a.**	**35.2**	**34.8**

Special factors in the first three quarters of 2006:

[a] Mainly expenses incurred in prior periods as a result of recognizing T-Online subscriber acquisition costs in the income statement (Broadband/Fixed Network business area) as well as expenditures for severance and voluntary redundancy payments in the Broadband/Fixed Network business area and restructuring expenses in the Business Customers strategic business area.

[b] Mainly expenditures for severance and voluntary redundancy payments in the Broadband/Fixed Network business area and restructuring expenses in the Business Customers strategic business area.

[c] Primarily expenditures for severance and voluntary redundancy payments in the Broadband/Fixed Network business area and partial retirement expenses at T-Com and at Group Headquarters & Shared Services.

[d] Mainly expenses resulting from the impairment loss on the goodwill of Slovak Telekom in the Broadband/Fixed Network and Mobile Communications buisiness areas, and restructuring expenses in the Business Customers business area.

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

[f] Tax effects from special factors on profit before income taxes and tax expense resulting from valuation allowances on deferred tax assets and tax income from the recognition of previously unrecognized deferred tax assets relating to loss carryforwards at T-Mobile USA.

Special factors in the first three quarters of 2005:

[g] Personnel and non personnel-related restructuring expenses in the Mobile Communications business area and partial retirement expenses in the business areas Broadband/Fixed Network and Business Customers.

[h] Personnel and non personnel-related restructuring expenses at Mobile Communications and Business Customers, and partial retirement expenses, severance and voluntary redundancy payments at Mobile Communications, Business Customers and Group Headquarters & Shared Services.

[i] Income from insurance refunds (Group Headquarters & Shared Services).

[j] Personnel and non personnel-related restructuring expenses at Broadband/Fixed Network, Mobile Communications and Business Customers, and partial retirement expenses, severance and voluntary redundancy payments at Group Headquarters & Shared Services. In addition, a loss was recorded on the sale of DSS in the Business Customers business area.

[k] Gains on the disposal of the companies MTS (Mobile Communications), comdirect bank (Broadband/Fixed Network) and Intelsat (Group Headquarters & Shared Services).

[l] Tax effects from special factors on profit before income taxes; primarily tax income from expenses for restructuring measures, severance and voluntary redundancy payments and partial retirement.

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 comparable with similarly designated measures and disclosures by other companies only to a limited extent.

Reconciliation of the Group's free cash flow

	Q1 – Q3 2006 millions of €	Q1 – Q3 2005 millions of €	FY 2005 millions of €
Cash generated from operations	**11,427**	**12,531**	**17,929**
Interest paid	(2,186)	(2,449)	(2,931)
Net cash from operating activities	9,241	10,082	14,998
Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill)	(5,919)	(6,601)	(9,269)
Free cash flow before dividend payments	**3,322**	**3,481**	**5,729**

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 other financial assets are deducted from gross debt. Other financial assets include all cash collateral paid for negative fair values of derivatives and ABS transactions, as well as other interest-bearing financial assets.

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

Reconciliation of the Group's gross and net debt

	Sept. 30, 2006 millions of €	Dec. 31, 2005 millions of €	Sept. 30, 2005 millions of €
Bonds	34,674	37,255	37,648
Liabilities to banks	3,188	2,227	2,366
Liabilities to non-banks from promissory notes	630	645	648
Liabilities from derivatives	504	678	817
Lease liabilities	2,274	2,373	2,427
Liabilities arising from ABS transactions	1,133	1,363	1,354
Other financial liabilities	98	106	147
Gross debt	**42,501**	**44,647**	**45,407**
Cash and cash equivalents	1,916	4,975	3,371
Available-for-sale/held-for-trading financial assets	135	148	102
Derivatives	403	445	566
Other financial assets	1,778	440	573
Net debt	**38 269**	**38 639**	**40 795**