Reconciliation of pro forma figures.

Consolidated income statement and effects of special factors.[a]

	2007	Special factors	2007 excluding special factors	2006	Special factors	2006 excluding special factors	2005	Special factors	2005 excluding special factors
Net revenue	62,516		62,516	61,347		61,347	59,604		59,604
Cost of sales	(35,337)	(1.252)[b]	(34,085)	(34,755)	(1.400)[j]	(33,355)	(31,862)	(535)[p]	(31,327)
Gross profit (loss)	**27,179**	**(1,252)**	**28,431**	**26,592**	**(1,400)**	**27,992**	**27,742**	**(535)**	**28,277**
Selling expenses	(16,644)	(498)[c]	(16,146)	(16,410)	(790)[k]	(15,620)	(14,683)	(276)[q]	(14,407)
General and administrative expenses	(5,133)	(701)[d]	(4,432)	(5,264)	(841)[l]	(4,423)	(4,210)	(262)[r]	(3,948)
Other operating income	1,645	419[e]	1,226	1,257	20	1,237	2,408	824[s]	1,584
Other operating expenses	(1,761)	(769)[f]	(992)	(888)	(145)[m]	(743)	(3,635)	(2.297)[t]	(1,338)
Profit (loss) from operations (EBIT)	**5,286**	**(2,801)**	**8,087**	**5,287**	**(3,156)**	**8,443**	**7,622**	**(2,546)**	**10,168**
Profit (loss) from financial activities	(2,834)	(9)[g]	(2,825)	(2,683)	196[n]	(2,879)	(1,403)	1,059[u]	(2,462)
Profit (loss) before income taxes	**2,452**	**(2,810)**	**5,262**	**2,604**	**(2,960)**	**5,564**	**6,219**	**(1,487)**	**7,706**
Income taxes	(1,374)	364[h]	(1,738)	970	2,259[h]	(1,289)	(198)	2,377[o]	(2,575)
Profit after income taxes	**1,078**	**(2,446)**	**3,524**	**3,574**	**(701)**	**4,275**	**6,021**	**890**	**5,131**
Profit (loss) attributable to minority interests	509	(12)	521	409	(16)	425	432	(31)	463
Net profit	569	(2,434)	3,003	3,165	(685)	3,850	5,589	921	4,668
Profit (loss) from operations (EBIT)	5,286	(2,801)	8,087	5,287	(3,156)	8,443	7,622	(2,546)	10,168
Depreciation, amortization and impairment losses	(11,611)	(372)[i]	11,239	(11,034)	(43)	(10,991)	(12,497)	(1.936)[w]	(10,561)
EBITDA	16,897	(2,429)	19,326	16,321	(3,113)	19,434	20,119	(610)	20,729
EBITDA margin (%)	**27.0**		**30.9**	**26.6**		**31.7**	**33.8**		**34.8**

a EBITDA for the operating segments 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 operating segments and the Group as a whole. In the reporting period as well as the comparable prior-year period, Deutsche Telekom's net profit/loss as well as the EBITDA of the Group and of the segments were affected by a number of special factors. 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. 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. To compare the earnings performance of profit-oriented units of different sizes, EBITDA margin and the adjusted EBITDA margin 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 in 2007:

b Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.8 billion), Business Customers (EUR -0.3 billion), and Mobile Communications Europe (EUR -0.1 billion).

c Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.4 billion) and Business Customers (EUR -0.1 billion).

d Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.1 billion), Business Customers (EUR -0.1 billion) and Group Headquarters & Shared Services (EUR -0.5 billion).

e Gain on the disposal of T-Online France and T-Online Spain in the Broadband/Fixed Network segment (EUR 0.4 billion).

f Expenses from the reduction of goodwill at T-Mobile Netherlands in connection with to the subsequent recognition of tax loss carryforwards in the Mobile Communications Europe segment (EUR -0.3 billion) and costs from the sale of Vivento business units in the Group Headquarters & Shared Services segment (EUR -0,4 billion).

g Primarily expenses from interest added back to provisions for staff-related measures (early retirement arrangements and partial retirement arrangements) (EUR -50 million). These were partially offset by income from the disposal of the remaining shares in Sireo at Group Headquarters & Shared Services (EUR 18 million) as well as income attributable to other periods from associates and joint ventures accounted for using the equity method in the Broadband/Fixed Network segment (EUR 31 million).

h Mainly tax benefits from expenses for staff-related measures (EUR 0.7 billion). This also includes a tax benefit from the recognition of previously unrecognized taxes relating to loss carryforwards at T-Mobile Netherlands (EUR 0.3 billion) as well as an offsetting tax expense from the measurement of deferred tax items in response to the changes in the rates of taxation in connection with the 2008 corporate tax reform (EUR -0.7 billion).

i Mainly expenses from the reduction of goodwill at T-Mobile Netherlands in connection with to the subsequent recognition of tax loss carryforwards in the Mobile Communications Europe segment (EUR -0.3 billion).

Special factors in 2006:

j Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.8 billion) and Business Customers (EUR -0.5 billion).

k Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.5 billion) and Business Customers (EUR -0.2 billion).

l Expenditures for staff-related and restructuring measures, mainly in the segments Broadband/Fixed Network (EUR -0.1 billion), Business Customers (EUR -0.1 billion) and Group Headquarters & Shared Services (EUR -0.6 billion).

m Expenditures for staff-related and restructuring measures, primarily at Group Headquarters & Shared Services (EUR -0.1 billion).

n Retroactive income from the sale of Celcom at Group Headquarters & Shared Services (EUR 0.2 billion).

o Positive tax effects from the recognition of previously unrecognized deferred tax assets relating to loss carryforwards at T-Mobile USA (EUR 1.3 billion) and from expenditures for staff-related and restructuring measures (EUR 1.2 billion) are offset by negative tax effects, mainly from valuation allowances on deferred tax assets relating to loss carryforwards at T-Mobile in Austria and at Broadband/Fixed Network in France and Spain (EUR -0.2 billion).

Special factors in 2005:

p Expenditures for staff-related measures, mainly in the segments Broadband/Fixed Network (EUR -0.4 billion), Business Customers (EUR -0.1 billion) and Group Headquarters & Shared Services (EUR -0.1 billion).

q Expenditures for staff-related measures, mainly in the Broadband/Fixed Network segment (EUR -0.2 billion) and other segments (EUR -0.1 billion).

r Expenditures for staff-related measures, mainly in the segments Broadband/Fixed Network (EUR -0.1 billion) and Business Customers (EUR -0.1 billion).

s Primarily income from the reversal of provisions in connection with the Civil Service Health Insurance Fund (EUR 0.8 billion).

t Goodwill impairment losses at T-Mobile UK (EUR -1.9 billion), additions to out-of-court settlement payments at Group Headquarters & Shared Services (EUR -0.1 billion) and in particular expenditures for staff-related and restructuring measures (EUR -0.3 billion).

u Gains on disposal, mainly from the sale of MTS (EUR 1.0 billion; Mobile Communications Europe) and comdirect bank (EUR 0.1 billion; Broadband/Fixed Network).

v Positive tax effects from the reversal of impairment losses on deferred tax assets in connection with loss carryforwards at T-Mobile USA (EUR 2.2 billion) and from expenses for staff-related measures (EUR 0.5 billion) are offset by negative tax effects from the reversal of provisions for the Civil Service Health Insurance Fund (EUR -0.3 billion; Group Headquarters & Shared Services).

w Primarily goodwill impairment losses at T-Mobile UK (EUR -1.9 billion).

Reconciliation of gross and net debt.[a]

	Dec. 31, 2007 millions of €	Dec. 31, 2006 millions of €	Dec. 31, 2005 millions of €
Bonds	32,294	36,288	37,255
Liabilities to banks	4,260	2,348	2,227
Promissory notes	690	680	645
Liabilities from derivatives	977	562	678
Lease liabilities	2,139	2,293	2,373
Liabilities arising from ABS transactions	-	1,139	1,363
Other financial liabilities	502	377	106
Gross debt	**40,862**	**43,687**	**44,647**
Cash and cash equivalents	2,200	2,765	4,975
Available-for-sale/held-for-trading financial assets	75	122	148
Derivatives	433	359	445
Other financial assets	918	886	440
Net debt	**37,236**	**39,555**	**38,639**

a Deutsche Telekom considers "net debt" to be an important measure for investors, analysts, and rating agencies. Although many of Deutsche Telekom's competitors use this measure, its definition may vary from one company to another.

Financial flexibility.

	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Gearing			
Net-debt			
Shareholders' equity	0.8	0.8	0.8
Relative debt			
Net debt			
EBITDA (adjusted for spezial factors)	1.9	2.0	1.9

Reconciliation of free cash flow and condensed consolidated statement of cash flows.

	2007	2006	2005
Net cash from operating activities[a]	**13,714**	**14,222**	**15,058**
Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment	(8,015)	(11,806)	(9,269)
Free cash flow before proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment[a]	**5,699**	**2,416**	**5,789**
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	761	567	366
Adjustment[b]	121	-	-
Free cash flow (before dividend payments)[c]	**6,581**	**2,983**	**6,155**
Net cash used in investing activities[a]	**(8,054)**	**(14,305)**	**(10,118)**
Net cash used in financing activities	**(6,125)**	**(2,061)**	**(8,039)**
Effect of exchange rate changes on cash and cash equivalents	(100)	(66)	69
Net decrease in cash and cash equivalents	(565)	(2,210)	(3,030)
Cash and cash equivalents	2,200	2,765	4,975

a Current finance lease receivables were previously reported in net cash from operating activities. From January 1, 2007, they are reported in net cash from/used in investing activities. Prior-year figures have been adjusted accordingly.

b Cash outflows for parts of Centrica PLC taken over by T-Systems UK as part of an asset deal.

c Since the beginning of the 2007 financial year, Deutsche Telekom has defined free cash flow as cash generated from operations less interest paid and net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment. Prior-year figures have been adjusted accordingly. Deutsche Telekom is of the opinion that the "free cash flow (before dividend payments)" indicator is used by investors as a measure to assess the Group's net cash from operating activities after deduction of cash outflows for intangible assets (excluding goodwill) and property, plant and equipment, in particular with regard to subsidiaries, associates and joint ventures, and the repayment of liabilities. "Free cash flow (before dividend payments)" should not be used to determine the financial position of the Group. There is only limited comparability between Deutsche Telekom's definition of free cash flow and methods of calculating this measure and similarly designated measures and disclosures of other companies.