DEUTSCHE TELEKOM AG
Form 6-K
April 20, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2005

DEUTSCHE TELEKOM AG

(Translation of registrant s name into English)

Friedrich-Ebert-Allee 140
53113 Bonn
Germany

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ý Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7): o

Indicate by check mark whether the registrant by furnishing the information contained in this form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

This report is deemed submitted and not filed pursuant to the rules and regulations of the Securities and Exchange Commission.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES

This report contains a number of non-GAAP financial measures or financial measures with non-GAAP components, including EBIT, EBIT margin, adjusted EBT, adjusted EBIT, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income/loss, capex, free cash flow, cash contribution, gross debt, net debt, ARPU, SAC, CCPU and CPGA. In addition, certain of the information contained herein includes presentations in which most or all line items have been adjusted for special influences, and all such special influences and line items so adjusted constitute non-GAAP financial measures. Significant subjective judgment is involved in the designation of any particular influence on our financial performance as a special influence, and some of such influences may recur from period-to-period. In general, wherever the term adjusted appears in this report, it designates a non-GAAP financial measure.

These non-GAAP financial measures should not be viewed as a substitute for financial measures prepared in accordance with generally accepted accounting principles (GAAP). Our non-GAAP financial measures may not be comparable to non-GAAP measures used by other companies. Our management team often uses non-GAAP measures in the management of our business, and believes that they may be helpful to some investors in better understanding trends in our business and performance. A Glossary defining many of the non-GAAP measures used in this report is placed at the end of the Back-up Materials accompanying this report.

In addition, this report contains tables in which non-GAAP financial measures are presented together with GAAP financial measures. Some of those tables are headed German GAAP or IFRS. You are cautioned not to assume that the non-GAAP financial measures included in such tables have been prepared in accordance with GAAP. The inclusion of a non-GAAP measure in such a table merely signifies that it has been derived from underlying figures that have been prepared in accordance with GAAP.

CAUTIONARY NOTE REGARDING HISTORICAL FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

This report contains financial information that has been prepared in accordance with International Financial Reporting Standards, or IFRS.

The accounting policies applied assume that, with the exception of IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 3 Emission Rights all existing standards and interpretations currently in issue from the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) will be fully endorsed by the EU. The accounting policy for financial instruments takes account of the proposed EU revisions to IAS 39 and complies with the amended IAS 39. IFRIC 3 however is not relevant for Deutsche Telekom.

All IFRS published until the date of this report have been endorsed by the EU except for the following standards and interpretations:

IAS 19 Amendment (December 2004) Actuarial Gains and Losses, Group Plans and Disclosures .

IAS 39 Financial Instruments: Recognition and Measurement has only been partially endorsed.

IAS 39 Amendment (December 2004) Transition and Initial Recognition of Financial Assets and Financial Liabilities .

IFRS 6 Exploration for and Evaluation of Mineral Resources .

IFRIC Amendment to SIC-12: Scope of SIC-12 Consolidation Special Purpose Entities .

IFRIC 2 Members Shares in Co-operative Entities and Similar Instruments .

IFRIC 3 Emission Rights .

IFRIC 4 Determining Whether an Arrangement contains a Lease .

IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds .

Subject to EU endorsement of outstanding standards and no further changes from the IASB, this information is expected to form the basis for comparatives when reporting financial results for 2005 and for subsequent reporting periods. We cannot assure you, however, that no material changes will take place in IFRS between the date hereof and the first date on which we are required by applicable law to publish financial statements under IFRS.

Deutsche Telekom

IFRS and New Structure.

April 2005.

Investor Relations

Disclaimer 1.

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. The words anticipate , believe , estimate , expect , intend , may , plan , project and should and similar expressions are intend forward-looking statements. Forward-looking statements are based on current plans, estimates, and projections, and therefore you should not place too much reliance on them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom s control, including, without limitation, those factors set forth in Forward-Looking Statements and Risk Factors contained in Deutsche Telekom s annual report on Form 20-F. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom s actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom does not intend or assume any obligation to update these forward-looking statements.

This presentation contains a number of non-GAAP figures, such as EBITDA and EBITDA adj. for special influences, EBITDA margin, OIBDA, adj., capex, adj. net income, free Cash-Flow, and gross and net debt. These non-GAAP figures should not be viewed as a substitute for our GAAP figures. Our non-GAAP measures may not be comparable to non-GAAP measures used by other companies. To interpret the non-GAAP measures, please refer to the Backup materials accompanying this presentation and the Reconciliation to pro forma figures posted on Deutsche Telekom s investor relations website under www.deutschetelekom.com.

Investor Relations
IFRS & New Structure

Preliminary and unaudited figures April 2005

Disclaimer 2.

The Committee of European Securities Regulators recommends that selected IFRS financial information be disclosed in the reporting on the 2004 financial year. In line with this recommendation, we are presenting here the preliminary consolidated balance sheets, consolidated income statements and net debt under IFRS as well as the preliminary reconciliation of shareholders equity, net income and net debt from German GAAP (HGB) to IFRS for the 2003 and 2004 financial years. The disclosure of net debt is not based on any IFRS guidance. This measure is disclosed voluntarily. In accordance with IFRS 1, the assets and liabilities carried in the preliminary consolidated balance sheets and consolidated income statements under IFRS that are presented here are measured in line with the relevant IFRS standards, compliance with which is mandatory as of December 31, 2005, the date on which the consolidated financial statements under IFRS are prepared for the first time, to the extent that these statements were published up until December 31, 2004. Deutsche Telekom has applied IFRIC 4 since January 1, 2003. The resulting differences between the IFRS carrying amounts and the carrying amounts of the assets and liabilities in the consolidated balance sheet under German GAAP for the period ended December 31, 2002 are recognized directly in equity at the time of the transition to IFRS.

There can be no guarantee that the final consolidated balance sheets, consolidated income statements and net debt under IFRS will not deviate from the preliminary consolidated balance sheets, consolidated income statements and net debt presented here, because the IASB may make further pronouncements before the final consolidated financial statements as of December 31, 2005 are prepared. Moreover, the EU Commission has yet to endorse individual pronouncements by the IASB that have already been taken into account in the financial information presented below. We would also like to point out that the statements presented here are not a full set of consolidated financial statements under IFRS as defined by IAS 1. In this respect, there are no first-time consolidated financial statements under IFRS within the meaning of IFRS 1. Deutsche Telekom will prepare its first set of consolidated IFRS financial statements as defined by IFRS 1 for the period ended December 31, 2005. IFRS will replace German GAAP in Deutsche Telekom s external reporting from the first quarter of 2005.

It should also be noted that the figures provided for the business units are preliminary and could be subject to change.

IFRS and New Structure.

Background to the reporting changes.

DT is required to move to IFRS accounting from 2005 onwards.

Change of group structure following strategic realignment towards three strategic business units rather than four divisions.

Q1 2005 will be the first interim report under IFRS and the new group structure.

Investor Relations
IFRS & New Structure

Preliminary and unaudited figures April 2005

IFRS and New Structure.

Adifferent philosophy behind German GAAP and IFRS.

German GAAP	IFRS
Protection of debt holders	Protection of equity holders
Prudence principle	Matching principle over prudence Principle
Historical Cost Accounting	(Partial) Fair Value Accounting

IFRS.

Revenue recognition.

Activation fees

Revenue from activation fees is different to German GAAP spread over the average duration of customer relationship.

Construction contracts (percentage-of-completion method)

Under German GAAP revenue recognition is not allowed before completion of the contract. IFRS requires revenue recognition according to the stage of completion.

Multiple element arrangements

German GAAP allows revenue recognition with partial delivery. Under certain circumstances IFRS allows revenue recognition only after full delivery.

Leasing of equipment

Certain products on a rented basis are classified under IFRS as leasing. The expected contract revenue is discounted to a net present value and split in financing part and revenue part. The financing part is presented as interest income. The revenue part is presented as revenue.

IFRS.

Revenue recognition.

Impact on Equity billion (IFRS)	31.12.2004	31.12.2003	01.01.2003
Revenue recognition	-1.2	-1.1	-1.1

Impact of revenue recognition on P&L billion (IFRS)	FY 2004	FY 2003
On revenue	-0.5	-0.3
On EBITDA	-0.1	0.0
On net income	-0.1	0.0

Investor Relations
FRS & New Structure

Preliminary and unaudited figures April 2005

IFRS.

Goodwill and mobile licenses (1).

Goodwill:

No amortization of goodwill under IFRS (similar to US GAAP) (impairment-only approach).

Annual impairment test.

In contrast to US GAAP one-step impairment test.

Same approach to evaluate whether impairment is necessary, but different approach to quantify amount of impairment charge.

Transition from German GAAP to IFRS:

German GAAP goodwill as of 01.01.2003 as base (no retrospective application of IFRS 3).

Impairment test on 01.01.2003 under IFRS (as required by IFRS 1).

No further adjustments of Goodwill as required by IFRS 1 necessary at the date of transition.

IFRS.

Goodwill and mobile licenses (2).

UMTS Licenses:

- German GAAP: amortization starting at date of acquisition.
- IFRS (similar to US GAAP): amortization with start of network operation.
- Under IFRS no recognition of borrowing costs (similar to German GAAP, different to US GAAP).

Impact UMTS Licenses:

- Reversal of amortization charged under German GAAP.
- Start of amortization with start of network operation.

IFRS.

Goodwill and mobile licenses (3).

FCC Licenses (mobile licenses USA):

German GAAP: amortization.

IFRS (similar to US GAAP): impairment-only approach due to indefinite useful life.

Impact FCC Licenses:

Reversal of amortization and impairments charged under German GAAP.

Impairment test as of 1.1.2003: Reversal of impairment from strategic review 2002. Instead impairment of goodwill.

IFRS.

Goodwill and mobile licenses (4).

Impact on Equity billion (IFRS)	**31.12.2004**	**31.12.2003**	**01.01.2003**
Goodwill	-3.1	-3.5	-6.0
Mobile licenses	+9.8	+13.1	+14.0

Impact on P&L billion (IFRS)	**FY 2004**	**FY 2003**
Goodwill amortization	+0.1	+1.6
Mobile licenses amortization	-3.1	+1.1

Investor Relations
IFRS & New Structure

Preliminary and unaudited figures April 2005

IFRS.

Provisions.

Pension provisions:

No additional minimum liability under IFRS.

Different treatment of actuarial gains and losses under IFRS: recognition in shareholders equity at the date of transition (IFRS 1).

Interest costs presented in financial result, not in operating result.

Reduction of shareholders equity in the IFRS opening balance sheet and increase in the other reporting dates presented; net profit increases in the two periods presented.

Other provisions:

Recognition of restructuring provisions is subject to stricter criteria under IFRS.

Furthermore, provisions for future internal expenses that have been recognized under German GAAP should not be recognized under IFRS.

Increase of shareholders equity; net profit under IFRS remains largely unaffected.

IFRS.

Impact on Equity **billion (IFRS)**	**31.12.2004**	**31.12.2003**	**01.01.2003**
Provisions	+1.6	+1.5	+1.1

Impact of provisions on P&L **billion (IFRS)**	**FY 2004**	**FY 2003**
EBITDA (adj.)	0.0	+0.4
Net income (adj.)	-0.4	+0.1
Net Income (unadj.)	+0.1	+0.4

IFRS.

Internally generated software and borrowing costs.

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, net profit under IFRS remains largely unaffected.

Borrowing costs:

Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs. 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 net profit.

Impact on P&L billion (IFRS)	**FY 2004**	**FY 2003**
Internally generated software (EBITDA-impact)	+0.3	+0.2
Internally generated software (net profit-impact)	0.0	0.0
Borrowing costs (net profit-impact)	+0.1	+0.2

IFRS.

Deferred Taxes.

Differences between IFRS and German GAAP relate in particular to Deutsche Telekom s contribution goodwill , tax loss carryforwards and general recognition and measurement differences between IFRS and German GAAP:

Deferred tax asset: contribution goodwill recognized in tax accounts but not recognized under IFRS.

Deferred tax asset: future expected tax reductions from the deduction of tax loss carryforwards.

Deferred tax liabilities: in particular realization of hidden reserves for US mobile licenses; furthermore, net effect of all other temporary differences.

Deferred Taxes in balance sheet billion (IFRS)	**31.12.2004**	**31.12.2003**	**01.01.2003**
Deferred tax assets	8.3	9.3	10.2
Deferred tax liabilities	9.7	10.6	10.7

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IFRS & New Structure

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IFRS.

ABS.

As part of asset-backed securities (ABS) transactions, mostly financial assets are sold to a special-purpose entity (SPE). The SPE refinances itself on the capital market.

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.

Impact on net debt billion (IFRS)	**31.12.2004**	**31.12.2003**	**01.01.2003**
ABS	+1.6	+1.2	+1.2

IFRS.

Leasing.

A considerably larger number of leases tends 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 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 rental expense.

This reduces shareholders equity, net profit and increases net debt under IFRS in all of the periods presented.

IFRS.

Leasing.

Impact on net debt billion (IFRS)	**31.12.2004**	**31.12.2003**	**01.01.2003**
Leasing	+2.5	+2.4	+1.8

Impact on P&L billion (IFRS)	**FY 2004**	**FY 2003**
Leasing (EBITDA-impact)	+0.1	0.0
Leasing (net profit-impact)	-0.1	-0.3

IFRS.

Measurement of investments not fully consolidated and not accounted for in the consolidated financial statements under the equity method.

Investments 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. Net profit under IFRS remains unaffected.

IFRS.

In a nutshell.

billion	IFRS 2004	German GAAP 2004	IFRS 2003	German GAAP 2003
Revenue	57.4	57.9	55.5	55.8
Adj. EBITDA	19.6	19.4	18.6	18.3
Adj. net income	3.7	2.2	2.3	0.2
Net income	1.6	4.6	1.9	1.3
Shareholders Equity	45.9	37.9	43.8	33.8
Net debt	39.6	35.2	50.7	46.6
Free Cash Flow	10.3	10.2	8.7	8.3

Investor Relations
IFRS & New Structure

Preliminary and unaudited figures

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IFRS.

Impact on adj. EBITDA.

billion	FY 2004 Excl. special effects	FY 2003 Excl. Special effects
EBITDA (German GAAP)	**19.4**	**18.3**
Leasing (Regrouping in depreciation and net interest expense)	0.1	0.0
Interest pension provisions/PBeaKK (Regrouping into net interest expense)	0.2	0.3
Valuation pension provisions (AML)	0.1	0.2
Other taxes (under German GAAP not part of EBITDA)	-0.2	-0.2
Internally generated software	0.3	0.2
Reversal/usage of provisions for contingent losses/other accruals	-0.2	0.0
Reversal/usage of provisions for restructuring	-0.1	-0.1
ABS	0.1	0.0
Revenue recognition	-0.1	0.0
Other IFRS adjustments	0.0	-0.1
EBITDA (IFRS)	**19.6**	**18.6**
Delta IFRS German GAAP	**0.2**	**0.3**

IFRS.

Net income reconciliation 2004 and 2003.

billion	Full year 2004 Incl. SE	Full year 2004 Excl. SE	Full year 2003 Incl. SE	Full year 2003 Excl. SE
Net income under German GAAP	**4.6**	**2.2**	**1.3**	**0.2**
Income applicable to minority shareholders	0.3	0.4	0.4	0.4
Income after taxes under German GAAP	**4.9**	**2.6**	**1.6**	**0.6**
Goodwill	**0.1**	**2.6**	**1.6**	**2.6**
Reversal of scheduled amortization	2.6	2.6	2.6	2.6
Non-scheduled write-downs	-2.5	0.0	-1.0	0.0
Mobile licenses	**-3.1**	**0.6**	**1.1**	**1.1**
FCC Reversal German GAAP amortization	0.5	0.5	0.5	0.5
FCC IFRS Amortization (non-scheduled)	-1.3	0.0	0.0	0.0
FCC Reversal German GAAP write-ups	-2.4	0.0	0.0	0.0
UMTS-Amortization (scheduled)	0.1	0.1	0.6	0.6
Software	**0.0**	**0.0**	**0.0**	**0.0**
Borrowing costs	**0.1**	**0.1**	**0.2**	**0.2**
Measurement of investments not fully consolidated and not accounted for in the consolidated financial statements under the equity method	**0.0**	**0.0**	**0.0**	**0.0**
Leasing	**-0.1**	**-0.1**	**-0.3**	**-0.3**
Provisions	**0.1**	**-0.4**	**0.4**	**0.1**
Pension provisions	0.1	0.1	0.4	0.2
Other provisions	0.0	-0.5	0.0	0.0
Revenue recognition	**-0.1**	**-0.1**	**0.0**	**0.0**
Other IFRS adjustments	**0.0**	**-0.1**	**-0.2**	**-0.4**
Deferred taxes	**0.1**	**-1.0**	**-2.0**	**-1.2**
Income after taxes under IFRS	**2.0**	**4.1**	**2.4**	**2.7**
Minorities	-0.4	-0.5	-0.5	-0.5
Net income under IFRS	**1.6**	**3.7**	**1.9**	**2.3**

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IFRS & New Structure

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IFRS.

Reconciliation of Cash Flow.

million	FY 2004	FY 2003
Net cash provided by operating activities (German GAAP)	16,307	14,316
Net cash provided by operating activities (IFRS)	16,721	15,053
Net cash used for investing activities (German GAAP)	-4,318	-2,073
Net cash used for investing activities (IFRS)	-4,502	-2,249
Net cash provided by (used for) financing activities (German GAAP)	-12,652	-5,226
Net cash provided by (used for) financing activities (IFRS)	-12,882	-5,797
Net increase (decrease) in cash and cash equivalents (German GAAP)	-663	6,974
Net increase (decrease) in cash and cash equivalents (IFRS)	-663	6,974
Free Cash Flow (German GAAP)	10,180	8,285
Free Cash Flow (IFRS)	10,311	8,691

Investor Relations
IFRS & New Structure
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IFRS.

Reconciliation of equity.

billion	31.12.2004	31.12.2003	01.01.2003
Shareholders equity under German GAAP	37.9	33.8	35.4
Goodwill	-3.1	-3.5	-6.0
Mobile licenses	+9.8	+13.1	+14.0
Provisions	+1.6	+1.5	+1.1
Revenue recognition	-1.2	-1.1	-1.1
Deferred tax assets	+6.4	+7.4	+9.1
Deferred tax liabilities	-6.6	-7.8	-7.9
Other	+1,1	+0,4	+0.6
Shareholders equity under IFRS	45.9	43.8	45.2

IFRS.

Net debt.

billion	31.12.2004	31.12.2003	01.01.2003
Net debt under German GAAP	35.2	46.6	61.1
ABS	+1.6	+1.2	+1.2
Leasing	+2.5	+2.4	+1.8
Other	+0.3	+0.5	+0.2
Net debt under IFRS	39.6	50.7	64.3

Investor Relations
IFRS & New Structure
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Preliminary and unaudited Figures

New structure.

In a nutshell.

New structure.

The Strategic Business Unit Broadband/Fixed network .

FY 2004 million	T-Com [German GAAP Old]	Changes IFRS and Mobile CEE	Impact Changes SMEs, ICSS, NWS, GNF and consolid.	T-Com New IFRS	T-Online IFRS	Broadband/ Fixed Network
Total Revenue	**27,814**	**-1,561**	**-652**	**25,601**	**2,012**	**27,010**
EBITDA	10,240	-702	-34	9,504	463	9,953
EBITDA-Margin	36.8%	n.m.	n.m.	37.1%	23.0%	36.8%
Adj. EBITDA	10,466	-704	-39	9,723	464	10,173
Adj. EBITDA-Margin	37.6%	n.m.	n.m.	38.0%	23.1%	37.7%
Income (loss) before income taxes	5,525	51	-34	5,542	479	6,024
Capex	2,330	-302	-30	1,998	121	2,119
Number of employees	125,395	-3,192	-9,875	112,329	2,963	115,292

Investor Relations
IFRS & New Structure
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Preliminary and unaudited Figures

New structure.

The Strategic Business Unit Mobile.

FY 2004 million	Mobile [German GAAP Old]	Changes Mobile CEE	Changes IFRS	Mobile Communications
Total Revenue	**24,995**	**1,582**	**-50**	**26,527**
EBITDA	10,596	676	-2,809	8,463
EBITDA-Margin	42.4%	42.7%		31.9%
Adj. EBITDA	7,668	676	51	8,395
Adj. EBITDA-Margin	30.7%	42.7%		31.6%
Income (loss) before income taxes	4,636	368	-3,423	1,581
Capex	2,411	299	184	2,894
Number of employees	44,226	3,192	0	47,418

Preliminary and unaudited Figures

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New structure.

The Strategic Business Unit Business Customers.

FY 2004 million	T-Systems [German GAAP Old]	Changes IFRS	Impact Changes SMEs, NetPro, GNF, NWS, Billing S&C and consolid.	Business Customers
Total Revenue	**10,537**	**-168**	**2,588**	**12,957**
EBITDA	1,357	-48	208	1,517
EBITDA-Margin	12.9%	n.m.	n.m.	11.7%
Adj. EBITDA	1,473	-48	213	1,638
Adj. EBITDA-Margin	14.0%	n.m.	n.m.	12.6%
Income (loss) before income taxes	-211	222	170	181
Capex	720	99	49	868
Number of employees	39,880	0	12,098	51,978

Preliminary and unaudited Figures

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IFRS & New Structure
April 2005

Historic Numbers under IFRS.
New Group Structure.

Content.

About this report.

Deutsche Telekom will present its financial figures in accordance with IFRS (International Financial Reporting Standards) for the first time and under a new structure in its report on the first quarter of 2005. The new structure with the strategic business units Broadband/Fixed Network, Business Customers and Mobile Communications will supercede the previous segment reporting structure with T-Com, T-Mobile, T-Systems and T-Online.

These changes have significant effects on the presentation of Deutsche Telekom s financial figures. This report is intended to give readers the opportunity to familiarize themselves with the effects of these changes on the financial figures Deutsche Telekom has already published.

The financial figures are presented in the following two steps.

The financial figures according to German GAAP for the 2003 and 2004 financial years that have already been published and announced are presented again in accordance with IFRS (International Financial Reporting Standards). The main deviations from German GAAP arising from the new accounting rules under IFRS are explained in the separate footnote booklet.

The strategic realignment towards the three strategic business units Broadband/Fixed Network, Mobile Communications and Business Customers resulted in changes and transfers within the Group between the individual business units. These include the following effects, which are presented once again in this simplified illustration:

1. Small and medium-sized enterprises (SMEs) business will be transferred from the previous business unit T-Com to the new business unit Business Customers. NetPro, as the developer of the service platforms for SMEs, will in future be assigned to the Business Services business unit.

2. Eastern European mobile communications companies will be assigned to the Mobile Communications business unit.

3. The strategic business unit Broadband/Fixed Network consists of T-Online International AG together with the remaining parts of the T-Com division.

4. The technical platforms Global Network Factory, International Carrier Services and Solutions (ICSS) and Network Services will be transferred from the business unit T-Systems into the new business unit Broadband/Fixed Network as a result of plants to bundle the entire national and international whole-sale business at T-Com.

5. The transfer of Billing & Collection, which is responsible for customer billing, from Group Headquarters & Shared Services to the Business Customers business unit means that essential components of the Business Customers product portfolio are coordinated from within this business unit.

In presenting the reassignments in this report, Deutsche Telekom carried out a so-called change identification, which means that the figures shown for the reassigned units do not represent, for example, the revenue contribution of these units, but rather the effect of the reassignment of these units on the revenue of the business unit. This therefore generally leads to differences in the individual income statement items between the old and new units.

As with the figures shown under IFRS, the figures for these business units are preliminary figures only. Deutsche Telekom will report according to the new segment structure for the first time in the report on the first quarter of 2005.

Step 1: IFRS

Step 2: New structure

Unaudited and preliminary figures

Conversion to IFRS at Deutsche Telekom.

According to Article 4 of Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002 concerning the application of international accounting standards (Official Journal EC No. L 243 P. 1), Deutsche Telekom is required to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) for the 2005 financial year and thereafter; the opening IFRS consolidated balance sheet will be prepared for the period beginning January 1, 2003 (date of transition to IFRS in accordance with IFRS 1).

The Committee of European Securities Regulators recommends that selected IFRS financial information be disclosed in the reporting on the 2004 financial year. Deutsche Telekom therefore reported in detail on the conversion of its accounting to IFRS from the 2005 financial year and the effects of the conversion on selected financial information for the 2003 and 2004 financial years in its Group management report on the 2004 financial year. In this report, we are presenting the preliminary consolidated balance sheets, consolidated income statements, consolidated cash flow statements, and net debt under IFRS fort the 2003 and 2004 financial years. The disclosure of net debt is not based on any IFRS guidance. This measure is disclosed voluntarily.

The following financial information was prepared in compliance with IFRS published before December 31, 2004 that either must be adopted or can be adopted voluntarily in the first set of consolidated financial statements under IFRS for the period ended December 31, 2005.

There can be no guarantee that the IASB (International Accounting Standards Board) will not make further pronouncements before the final consolidated financial statements as of December 31, 2005 are prepared and that the standards used to prepare this financial information will not differ from those used to prepare the consolidated financial statements for the period ended December 31, 2005.

Moreover, the EU Commission has yet to recognize individual pronouncements by the IASB. This being the case, it is appropriate

to point out that the figures presented in this report are preliminary and subject to change.

We would also like to point out that the statements presented below are not a full set of consolidated financial statements under IFRS as defined by IAS 1. Deutsche Telekom will prepare its first set of consolidated IFRS financial statements as defined by IFRS 1 for the period ended December 31, 2005. IFRS will replace German GAAP in Deutsche Telekom s external reporting from the first quarter of 2005.

Whereas the protection of creditors and the principle of prudence were the priority under German GAAP, IFRS is oriented towards the shareholder value approach. This is particularly evident in the differing treatment of goodwill, which is no longer amortized under IFRS, but regularly tested for impairment in accordance with the fair value principle. The difference between the philosophies is also clear in the treatment of accruals: Whereas German GAAP in accordance with the principle of prudence allows the recognition of a relatively high level of accruals, IFRS prescribes far narrower preconditions for the recognition of provisions.

The principle differences in the accounting policies between German GAAP and IFRS that affect the Deutsche Telekom Group are explained below:

Deferred revenue.

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. In addition, differences in the treatment of long-term construction contracts, leases and multiple-element arrangements have an impact on revenue. In total, the differing revenue recognition leads to a revenue decrease of EUR 0.3 billion in 2003 and EUR 0.5 billion in 2004.

Goodwill and mobile communications licenses.

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). 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 were reversed. This increased the carrying amount of the U.S. mobile communications licenses at January 1, 2003 by EUR 9.9 billion.

Goodwill is not amortized under IFRS, in contrast to German GAAP, due to its indefinite useful life. Instead, goodwill is tested for impairment once annually and, if a triggering event exists, during the year.

The impairment test performed in accordance with IFRS resulted in an impairment of the T-Mobile USA of EUR 5.0 billion as of January 1, 2003 and of EUR 0.8 billion as of 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 written down by EUR 1.3 billion.

The impairment test of the unit T-Mobile UK, which is part of the T-Mobile division, resulted in an impairment under IFRS of EUR 0.6 billion as of January 1, 2003 and EUR 2.2 billion as of December 31, 2004.

The impairment test of the 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 of EUR 0.1 billion in the goodwill carrying amount.

The impairment test of the unit MATÁV, which is part of the T-Com division, resulted in impairment under IFRS of EUR 0.3 billion as of January 1, 2003 and of EUR 0.2 billion as of December 31, 2003; the impairment test of the Slovak Telecom unit, which is part of the T-Com division, resulted in impairment under IFRS of EUR 0.2 billion as of December 31, 2004. These impairments were recognized through a goodwill write-down.

UMTS licenses are amortized as before due to their defined economic life. Under IFRS, however, they may only be amortized from the time the UMTS network is put into operation, rather than from the time of their acquisition. The amortization and write-downs charged as of January 1, 2003 have therefore been reversed. This reversal led to an increase of EUR 4.1 billion in the carrying amounts of the UMTS licenses as of January 1, 2003. The UMTS licenses were put into operation in 2004; as a result, the UMTS licenses were amortized under IFRS for the first time in the 2004 financial year by EUR 0.5 billion.

The total effects from goodwill and mobile communications licenses result, in comparison with German GAAP, in a positive effect on shareholders equity of EUR 8.0 billion as of January 1, 2003, EUR 9.6 billion as of December 31, 2003 and EUR 6.7 billion as of December 31, 2004.

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.

Borrowing costs.

The fact that Deutsche Telekom does not make use of the option under IFRS to recognize borrowing costs results in adjustments. 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 in future periods.

Measurement of investments in companies not fully consolidated and not accounted for in the consolidated financial statements under the equity method

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 IFRS. As a rule, the resulting unrealized gains and losses are recognized directly in shareholders equity. According to German GAAP, these assets are valued at purchase 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.

Leasing.

A considerably larger number of leases tend to be classified as finance leases under IFRS than under German GAAP. 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 directly, as is rental expense.

This reduces shareholders equity and the net profit under IFRS in all of the periods presented.

Provisions.

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 both 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 expenses that may be recognized under German GAAP are not carried under IFRS.

Other IFRS adjustments.

Other IFRS adjustments relate, for example, to the different accounting principles regarding asset-backed securities (ABS) transactions, derivatives and the value of property, plant, and equipment. All in all this increased shareholders equity in all of the periods presented. The net profit remains largely unaffected.

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.

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.

Unaudited and preliminary figures

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.

The recognition of deferred taxes of EUR 9.1 billion as of January 1, 2003 leads to an increase in shareholders equity under IFRS; the item income tax expense in the income statement increases as a result of the amortization of deferred tax assets 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 as of January 1, 2003 by EUR 7.9 billion. 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 a decrease in income taxes.

Net debt.

In addition to the shareholders equity and net profit, the amount and the composition of the Group s net debt also changes as a result of the conversion of the accounting to IFRS. The main issues for the Deutsche Telekom Group that change net debt at the dates under review are explained below:

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 debt as of December 31, 2004 increases by around EUR 2.5 billion and as of December 31, 2003 by around EUR 2.4 billion.

Liabilities arising from ABS transactions.

As part of asset-backed securities (ABS) transactions, mostly financial assets are sold to a special-purpose entity (SPE). The SPE refinances itself on the capital market. 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 as of December 31, 2004 by around EUR 1.6 billion and as of December 31, 2003 by around EUR 1.2 billion.

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. The other differences increase net debt as of December 31, 2004 by EUR 0.3 billion and as of December 31, 2003 by around EUR 0.5 billion.

Deutsche Telekom s strategic realignment.

The telecommunications industry is characterized by technology changes and a dynamic competitive environment. Deutsche Telekom is implementing a paradigm change from a technology corporation to become a customer-centric services provider to put its business on a long-term sustainable footing.

In terms of customer perception, the technology itself is becoming less and less important. Customers are above all interested in the benefits of an application. Deutsche Telekom has set itself the goal of becoming the leading services company in its industry to be the fastest growing European telecommunications company. The focus has been on three strategic business units since the beginning of 2005:

Broadband/Fixed Network covered by T-Com and T-Online for the consumer segment

Mobile Communications by T-Mobile

Business Customers by T-Systems Business Services for medium-sized and large businesses and T-Systems Enterprise Services for multinational corporations.

The new Group structure allows Deutsche Telekom to focus clearly on the key growth areas in its industry, and thus to lay the foundations for profitable growth. At the same time, the individual strategic business units are increasingly gearing their activities to the customer segments defined by Deutsche Telekom. This is the course Deutsche Telekom has set to achieve comprehensive customer centricity, which it has made the yardstick throughout the Group internationally.

The goal is to generate added value for its customers and to cultivate profitable growth for the company:

Broadband.

In the past four years, Deutsche Telekom has developed broadband communication into a mass market in Germany. In the future, Deutsche Telekom will be able to offer its customers an even broader portfolio of information, communication and entertainment services for the home. The selection ranges from personalized Internet services to movies and TV programs via broadband access.

Mobile Communications.

Deutsche Telekom has set a similar trend in mobile communications. Up to now, this market has featured different technologies and networks GSM, UMTS and WLAN. For customers, the underlying technology is basically of no relevance whatsoever. All they want is to use top-quality mobile services at a reasonable price. T-Mobile will therefore focus its activities to an even greater extent on providing excellent services that are straightforward and easy to use, but nonetheless create considerable added value for the customer.

Business Customers.

The new structure enables T-Systems, the Group unit responsible for business customers, to take a coordinated approach to marketing, and thus refine its customer support. In the extremely complex business customer segment, the company ensures customer proximity with the principle of one-stop shopping: one contact person, regardless of whether the customer requires information technology or telecommunications services. With its service portfolio, T-Systems can provide the full spectrum of ICT products and services on an integrated basis under the business flexibility performance promise. Our business customers are therefore able to tap added value as a result of being able to shape their business activities more flexibly and efficiently.

FY 2003. Reconciliation Group and business units.

	Adjusted				Special influences				Unadjusted			
Group	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**
Net revenue	55,838	(335)	1	55,503					55,838	(335)	1	55,503
Cost of sales	(31,233)	1,886		(29,347)	(169)	147	15	(22)	(31,402)	2,033		(29,369)
Gross profit from sales	24,605	1,551		26,156	(169)	147		(22)	24,436	1,698		26,134
Selling costs	(13,420)	678		(12,742)	(85)	80	16	(5)	(13,505)	758		(12,747)
General administrative costs	(4,635)	120		(4,515)	(341)	260	17	(81)	(4,976)	380		(4,596)
Other operating income	3,402	(1,551)		1,851	1,156	(648)	18	508	4,558	(2,199)		2,359
Other operating expenses	(4,710)	3,202		(1,508)	(374)	(883)	19	(1,257)	(5,084)	2,319		(2,765)
Operating results	5,242	4,000	2	9,242	187	(1,044)		(857)	5,429	2,956	2	8,385
Financial income (expense), net	(4,120)	(758)	3	(4,878)	89	542	20	631	(4,031)	(216)	3	(4,247)
of which interest expenses	(3,776)	(104)		(3,880)	0	0		0	(3,776)	(104)		(3,880)
Income (loss) before income taxes	1,122	3,242	4	4,364	276	(502)	21	(226)	1,398	2,740	4	4,138
Income taxes	(530)	(1,104)	5	(1,634)	755	(865)	22	(110)	225	(1,969)	5	(1,744)
Income (loss) after taxes	592	2,138	6	2,730	1,031	(1,367)		(336)	1,623	771	6	2,394
Income (losses) applicable to minority shareholders	(370)	(87)	7	(457)	0	0	23	0	(370)	(87)	7	(457)
Net income (loss)	222	2,051	8	2,273	1,031	(1,367)	24	(336)	1,253	684	8	1,937
EBIT	5,404	3,838	9	9,242	187	(1,044)	25	(857)	5,591	2,794	9	8,385
EBIT margin	9.7%	7.0%pts		16.7%					10.0%	5.1%pts		15.1%
EBITDA	18,288	284	10	18,572	187	(70)	26	117	18,475	214	10	18,689
EBITDA margin	32.8%	0.7%pts		33.5%					33.1%	0.6%pts		33.7%
Depreciation and amortization	(12,884)	3,554	11	(9,330)	0	(974)	27	(974)	(12,884)	2,580	11	(10,304)
Capex	6,234	1,268	12	7,502					6,234	1,268	12	7,502
Free cash flow before dividend	8,285	406	13	8,691					8,285	406	13	8,691
Net debt (billions of)	46.6	4.1	14	50.7					46.6	4.1	14	50.7

GHS	**GHS Ger. GAAP**	**Delta IFRS**	**FN**	**GHS IFRS old**	**- Billing & collection**	**GHS IFRS new**
Total revenue	4,268	(2)	77	4,266	995	3,271
Net revenue	304	2	78	306	71	235
EBITDA	(276)	163	79	(113)	283	(396)
EBITDA margin	(6.5)%	3.8%pts		(2.6)%pts	28.4%	(12.1)%

Special factors affecting EBITDA	40	67	81	107	0	107
Adj. EBITDA	(316)	96	82	(220)	283	(503)
Adj. EBITDA margin	(7.4)%	2.2%pts		(5.2)%	28.4%	(15.4)%
Depreciation and amortization	(881)	61	84	(820)	(49)	(771)
Financial income (expense), net	(2,877)	(452)	85	(3,329)	(1)	3,328
Income (loss) before income taxes	(4,071)	(191)	86	(4,262)	233	(4,495)
Capex	416	479	87	895	33	862
Number of employees (average)	25,203	0		25,203	1,294	23,909
					to T-Systems	

Consolidation	**Consolidation Ger. GAAP**	**Delta IFRS**	**FN**	**Consolidation IFRS old**	**Delta new structure**	**Consolidation IFRS new**
Total revenue	(12,879)	(286)		(13,165)	(33)	(13,198)
Net revenue	0	0		0	0	0
EBITDA	(176)	90		(86)	69	(17)
Special factors affecting EBITDA	(28)	(11)		24	22	0
Adj. EBITDA	(148)	86		(62)	62	(17)
Depreciation and amortization	291	(242)		49	(1)	48
Financial income (expense), net	311	(235)		76	0	76
Income (loss) before income taxes	425	(386)		39	68	107
Capex	(64)	25		(39)	(70)	(109)

Unaudited and preliminary figures

Business unit
Broadband/Fixed Network

T-Online	T-Online Ger. GAAP	Delta IFRS	FN	T-Online IFRS
Total revenue	1,851	0	37	1,851
Net revenue	1,662	1	38	1,663
EBITDA	335	4	39	339
EBITDA margin	18.1%	0.2%pts		18.3%
Special factors affecting EBITDA	25	(1)	40	24
Adj. EBITDA	310	5	41	315
Adj. EBITDA margin	16.7%	0.3%pts		17.0%
Depreciation and amortization	(430)	348	42	(82)
Financial income (expense), net	200	(54)	43	146
Income (loss) before income taxes	104	299	44	403
Capex	81	9	45	90
Number of employees (average)	2,637	0		2,637
				to T-Com

T-Com	T-Com Ger. GAAP old	- IFRS figures, CEE mobile	Delta IFRS	FN	T-Com IFRS old	+ Global Network factory, ICSS and NWS	- NetPro small/ medium enterprises	Consolidation	T-Com IFRS new	+ T-Online IFRS	Consolidation	Broadband/ Fixed Network IFRS new
Total revenue	29,206	1,187	(135)	28	27,884	1,884	2,730	168	27,206	1,851	(762)	28,295
of which domestic	25,351	0	(126)		25,225			n.a.	24,599	1,682	(762)	25,519
of which international	3,855	1,187	(9)		2,659			n.a.	2,607	169	0	2,776
Net revenue	25,116		(1,420)	29	23,696	793	2,955	0	21,534	1,663	0	23,197
EBITDA	10,164	598	253	30	9,819	187	(73)	1	10,080	339	(51)	10,368
of which domestic	8,541	0	310		8,851			n.a.	9,111	385	(51)	9,445
of which international	1,623	598	(57)		968			n.a.	969	(46)	0	923
EBITDA margin	34.8%	50.4%			35.2%	9.9%	(2.7)%		37.1%	18.3%		36.6%
Special factors affecting EBITDA	(192)	0	135	31	(57)	0	17	34	(40)	24	(24)	(40)
Adj. EBITDA	10,356	598	118	32	9,876	187	(90)	(33)	10,120	315	(27)	10,408
of which domestic	8,667	0	175		8,842			n.a.	9,085	361	(27)	9,419
of which international	1,689	598	(57)		1,034			n.a.	1,035	(46)	0	989
Adj. EBITDA margin	35.5%	50.4%			35.4%	9.9%	(3.3)%		37.2%	17.0%		36.8%
Depreciation and amortization	(5,169)	(295)	213	33	(4,661)	(65)	(64)	(3)	(4,665)	(82)	0	(4,747)
Financial income (expense), net	(284)	(286)	(155)	34	(153)	(7)	78	77	(161)	146	0	(15)

Income (loss) before income taxes	4,690	17	332	35	5,005	115	(59)	75	5,254	403	(51)	5,606
Capex	2,129	229	(30)	36	1,870	17	51	3	1,839	90	65	1,994
of which domestic	1,516	0	(33)		1,483			n.a.	1,452	71	65	1,588
of which international	613	229	3		387			n.a.	387	19	0	406
Number of employees (average)	139,548	3,132	0		136,416	880	11,868	0	125,428	2,637	0	128,064
of which domestic	106,571	0	0		106,571	880	11,868	0	95,583	1,937	0	97,520
		to T-Mobile				from T-Systems	to T-Systems			from T-Online		

Unaudited and preliminary figures

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Business unit
Mobile Communications

T-MObile	T-Mobile Ger. GAAP	+ IFRS figures, CEE mobile	Delta IFRS	FN	T-Mobile IFRS
Total revenue	22,778	1,475	(55)	46	24,198
Net revenue	21,572	1,287	(55)	47	22,804
EBITDA	7,016	603	(417)	48	7,202
EBITDA margin	30.8%	40.9%			29.8%
Special factors affecting EBITDA	345	0	(345)	49	0
Adj. EBITDA	6,671	603	(72)	50	7,202
Adj. EBITDA margin	29.3%	40.9%			29.8%
Depreciation and amortization	(5,196)	(292)	1,720	51	(3,768)
Financial income (expense), net	(895)	(18)	448	52	(465)
Income (loss) before income taxes	831	293	1,845	53	2,969
Capex	3,012	222	586	54	3,820
Number of employees (average)	41,767	3,132	0		44,899
		from T-Com			

Business unit
Business
Customers

T-Systems	T-Systems Ger. GAAP old	Delta IFRS	FN	T-Systems IFRS old	- Global Network factory, ICSS and NWS	+ Billing & collection	+ NetPro small/ medium enterprises	Consolidation	Business Customers IFRS new	Enterprise Services	Business Services
Total revenue	10,614	(145)	67	10,469	1,604	1,007	4,463	(1,398)	12,937	8,235	4,702
Net revenue	7,184	(150)	68	7,034	793	71	2,955	0	9,267	4,696	4,571
EBITDA	1,412	116	69	1,528	232	283	(27)	(20)	1,532	1,383	149
EBITDA margin	13.3 %	1.3 %pts		14.6 %	14.5 %	28.1 %	(0.6)%		11.8 %	16.8 %	3.2 %
Special factors affecting EBITDA	(3)	70	70	67	0	0	(17)	0	50	(39)	89
Adj. EBITDA	1,415	46	71	1,461	232	283	(10)	(20)	1,482	1,422	60
Adj. EBITDA margin	13.3%	0.6%pts		14.0%	14.5%	28.1%	(0.2)%		11.5%	17.3%	1.3%
Depreciation and amortization	(1,499)	477	72	(1,022)	(65)	(49)	(64)	4	(1,066)	(796)	(272)
EBIT	(87)	593	73	506	167	234	(91)	(15)	466	589	(123)
Financial income (expense), net	(486)	(36)	74	(522)	(7)	0	1	0	(515)	(374)	5
Income (loss) before income taxes	(581)	565	75	(15)	161	233	(91)	(16)	(49)	215	(118)
Capex	660	206	76	866	17	33	50	2	934	768	166

Number of employees (average)	42,108	0	42,108	880	1,294	11,868	0	54,390	36,554	17,836
				to T-Com	from GHS	from T-Com				

All figures in millions of ,

calculated and rounded on the basis of precise figures

Unaudited and preliminary figures

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Q1 2004. Reconciliation Group and business units.

	Adjusted				Special influences				Unadjusted			
Group	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**	**Group Ger. GAAP**	**Delta IFRS**	**FN**	**Group IFRS**
Net revenue	13,986	(96)	1	13,890					13,986	(96)	1	13,890
Cost of sales	(7,570)	351		(7,219)	0	0	15	0	(7,570)	351		(7,219)
Gross profit from sales	6,416	255		6,671	0	0		0	6,416	255		6,671
Selling costs	(3,295)	88		(3,207)	0	0	16	0	(3,295)	88		(3,207)
General administrative costs	(1,105)	71		(1,034)	0	0	17	0	(1,105)	71		(1,034)
Other operating income	731	(370)		361	0	0	18	0	731	(370)		361
Other operating expenses	(1,222)	916		(306)	(69)	0	19	(69)	(1,291)	916		(375)
Operating results	1,525	960	2	2,485	(69)	0		(69)	1,456	960	2	2,416
Financial income (expense), net	(1,110)	(114)	3	(1,224)	0	0	20	0	(1,110)	(114)	3	(1,224)
of which interest expenses	(973)	36		(937)	0	0		0	(973)	36		(937)
Income (loss) before income taxes	415	846	4	1,261	(69)	0	21	(69)	346	846	4	1,192
Income taxes	(91)	(349)	5	(440)	11	(1)	22	10	(80)	(350)	5	(430)
Income (loss) after taxes	324	497	6	821	(58)	(1)		(59)	266	496	6	762
Income (losses) applicable to minority shareholders	(97)	(33)	7	(130)	0	0	23	0	(97)	(33)	7	(130)
Net income (loss)	227	464	8	691	(58)	(1)	24	(59)	169	463	8	632
EBIT	1,569	916	9	2,485	(69)	0	25	(69)	1,500	916	9	2,416
EBIT margin	11.2%	6.7%pts		17.9%					10.7%	6.7%pts		17.4%
EBITDA	4,585	90	10	4,675	(69)	0	26	(69)	4,516	90	10	4,606
EBITDA margin	32.8%	0.9%pts		33.7%					32.3%	0.9%pts		33.2%
Depreciation and amortization	(3,016)	826	11	(2,190)	0	0	27	0	(3,016)	826	11	(2,190)
Capex	1,019	(109)	12	910					1,019	(109)	12	910
Free cash flow before dividend	2,900	51	13	2,951					2,900	51	13	2,951
Net debt (billions of)	44.6	4.3	14	48.9					44.6	4.3	14	48.9

GHS	**GHS Ger. GAAP**	**Delta IFRS**	**FN**	**GHS IFRS old**	**- Billing & collection**	**GHS IFRS new**

Total revenue	1,090	(5)	77	1,085	219	866
Net revenue	80	0	78	80	18	62
EBITDA	(163)	98	79	(65)	55	(120)
of which Vivento	(250)	42	80	(208)	0	(208)
EBITDA margin	(15.0)%	9.0%pts		(6.0)%	25.1%	(13.9)%
Special factors affecting EBITDA	(33)	0	81	(33)	0	(33)
Adj. EBITDA	(130)	98	82	(32)	55	(87)
of which Vivento	(217)	42	83	(175)	0	(175)
Adj. EBITDA margin	(11.9)%	9.0%pts		(2.9)%	25.1%	(10.0)%
Depreciation and amortization	(212)	0	84	(212)	(8)	(204)
Financial income (expense), net	(768)	(44)	85	(812)	0	(812)
Income (loss) before income taxes	(1,156)	67	86	(1,089)	47	(1,136)
Capex	57	4	87	61	3	58
Number of employees (average)	36,239	0		36,239	1,320	34,919
					to T-Systems	

Consolidation	Consolidation Ger. GAAP	Delta IFRS	FN	Consolidation IFRS old	Delta new structure	Consolidation IFRS new
Total revenue	(2,991)	(61)		(3,052)	(212)	(3,264)
Net revenue	0	0		0	0	0
EBITDA	(23)	(26)		(49)	(1)	(50)
Special factors affecting EBITDA	0	0		0	(3)	(3)
Adj. EBITDA	(23)	(26)		(49)	2	(47)
Depreciation and amortization	63	(52)		11	2	13
Financial income (expense), net	61	(293)		(232)	(1)	(233)
Income (loss) before income taxes	100	(370)		(270)	0	(270)
Capex	(13)	(36)		(49)	1	(48)

Business unit
Broadband/Fixed Network

T-Online	T-Online Ger. GAAP	Delta IFRS	FN	T-Online IFRS
Total revenue	493	(4)	37	489
Net revenue(1)	453	(5)	38	448
EBITDA	119	(1)	39	118
EBITDA margin	24.1%	0.0%pts		24.1%
Special factors affecting EBITDA	0	0	40	0
Adj. EBITDA	119	(1)	41	118
Adj. EBITDA margin	24.1%	0.0%pts		24.1%
Depreciation and amortization	(109)	87	42	(22)
Financial income (expense), net	27	3	43	30
Income (loss) before income taxes	37	89	44	126
Capex	12	1	45	13
Number of employees (average)	2,918	0		2,918
				to T-Com

T-Com	T-Com Ger. GAAP	- IFRS figures,	Delta IFRS	FN	T-Com IFRS old	+ Global Network	- NetPro small/	Consolidation	T-Com IFRS new	+ T-Online IFRS	Consolidation	Broadband/ Fixed Network

	old	CEE mobile				factory, ICSS and NWS	medium enterprises					IFRS new
Total revenue	6,975	286	(57)	28	6,632	418	563	112	6,599	489	(147)	6,941
of which domestic	6,059	0	(54)		6,005			n.a.	5,982	439	(147)	6,274
of which international	916	286	(3)		627			n.a.	617	50	0	667
Net revenue	6,053		(368)	29	5,685	196	676	0	5,205	448	0	5,653
EBITDA	2,605	149	(6)	30	2,450	4	8	11	2,457	118	(16)	2,559
of which domestic	2,181	0	3		2,184			n.a.	2,191	121	(16)	2,296
of which international	424	149	(9)		266			n.a.	266	(3)	0	263
EBITDA margin	37.3%	52.1%			36.9%	1.0%	1.4%		37.2%	24.1%		36.9%
Special factors affecting EBITDA	(36)	0	0	31	(36)	0	4	7	(33)	0	0	(33)
Adj. EBITDA	2,641	149	(6)	32	2,486	4	4	4	2,490	118	(16)	2,592
of which domestic	2,217	0	3		2,220			n.a.	2,224	121	(16)	2,329
of which international	424	149	(9)		266			n.a.	266	(3)	0	263
Adj. EBITDA margin	37.9%	52.1%			37.5%	1.0%	0.7%		37.7%	24.1%		37.3%
Depreciation and amortization	(1,184)	(50)	78	33	(1,056)	(17)	(16)	(1)	(1,058)	(22)	(2)	(1,082)
Financial income (expense), net	(15)	(278)	(38)	34	225	1	(11)	(7)	230	30	1	261
Income (loss) before income taxes	1,399	(179)	41	35	1,619	(12)	(19)	3	1,629	126	(17)	1,738
Capex	384	38	(1)	36	345	4	6	2	345	13	0	358
of which domestic	292	0	(1)		291			n.a.	291	7	0	298
of which international	92	38	0		54			n.a.	54	6	0	60
Number of employees (average)	125,700	3,185	0		122,515	628	11,313	0	111,830	2,918	0	114,748
of which domestic	94,506	0	0		94,506	628	11,313	0	83,821	2,107	0	85,928
		to T-Mobile				from T-Systems	to T-Systems			from T-Online		

Unaudited and preliminary Figures

Business unit
Mobile Communications

T-Mobile	T-Mobile Ger. GAAP	+ IFRS figures, CEE mobile	Delta IFRS	FN	T-Mobile IFRS