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T-Mobile Deutschland GmbH
Bonn

Annual financial statements as of December 31, 2008,
and management report for the 2008 financial year

Auditors' report

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Management report for the 2008 financial year

A. Development of business

Slow growth of the German economy

The German economy grew at a far slower rate in 2008 than in the two preceding years. According to the initial calculations of the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) was 1.3% up on the year. In 2007, the economy grew by 2.5% and in 2006, by as much as 3.0%.

Growth was generated solely within Germany in 2008. Gross investment made the biggest contribution to economic development. Government consumption grew by 2.2% in price-adjusted terms in 2008, while private consumption stagnated. Foreign trade curbed economic growth in 2008 (growth contribution: -0.3 percentage points).

Effects of the current economic crisis

To date, the financial crisis, which is currently affecting other key economic sectors, has had no tangible negative effect on the operating activities of T-Mobile Deutschland.

There are currently no indications that customers are adjusting their telecommunications expenditure to reflect the worsened economic climate. If demand for cheaper terminal devices were to increase or demand for new cell phones to fall due to customers keeping their old cell phone for longer, this would affect terminal device revenues and could lead to a reduction in terminal device subsidization.

T-Mobile has no plans to reduce the announced investments in networks, especially in faster internet connections.

T-Mobile remains the market leader

The number of activated cards¹ grew in 2008 from EUR 36.0 million to EUR 39.1 million. T-Mobile Deutschland recorded stable growth in the contract customer segment. It posted net acquisitions in the contract customer segment of 954,000 (prior year: 962,000). T-Mobile Deutschland thus increased its contract customer base by 6% year-on-year to 17.0 million.

The German mobile communications market grew by 14% in 2008 to around 106 million SIM cards². This translates into a penetration rate of around 129 mobile subscribers per 100 inhabitants (prior year: 113). With a market share of 36.6%, T-Mobile Deutschland retained its market leadership in terms of subscriber numbers, maintaining its lead over Vodafone. During the financial year, T-Mobile Deutschland won back its market leadership with regard to service revenues (service revenues including roaming revenues) from Vodafone. Its market share of service revenues amounted to 35.3% in the third quarter (prior year: 35.5%).

Expansion of the discount segment

The discount or no-frills segment, in which SIM cards alone are sold without subsidized cell phones, continued to grow in 2008.

This growth was accompanied by further price reductions. Moreover, increased activity was recorded in new categories or in categories which had previously been less significant, e.g. non-voice services and services for ethnic groups.

By entering into partnerships with Klarmobil, Simply and Callmobile at an early stage, T-Mobile Deutschland has gained a solid foothold in this segment and been able to retain its position. Following the rollout of an advanced wholesale business model in 2008, it was possible to tap further sales channels in addition to existing offerings in the online and retail food sectors. Group subsidiary Congstar, in particular, established a strong

¹ The terms SIM cards, mobile communication cards, cards, subscribers and customers are used as synonyms in this management report.

² Market data (cards, penetration, revenue) refer in each case to September 30. No final market data for Vodafone/E-Plus/Telefónica O2 Germany was available when this management report was prepared.

position in the prepaid segment. T-Mobile Deutschland aims to continue growing in this market through flexible business models and innovations.

Consolidation in the current service provider market is almost complete. Market dynamics and price decreases, coupled with continued competitive and cost pressure, led to a duopoly. freenet AG took over debitel/Talkline and now shares the market with the considerably smaller Drillisch Group.

The re-positioning of service providers calls for attractive stand-out offers in order to survive in an environment polarized to an ever greater extent by network operators and no-frills providers. For T-Mobile, the focus remains on the value-added development of new customer business with attractive voice and non-voice services and, at the same time, on intensive existing customer care and retention such that both partners are able to acquire and retain high-quality customers interested in service. T-Mobile Deutschland's aim is to stabilize the service provider channel at the prior-year level.

Stepping up network expansion and increased barring by O2

Since 1999, a national roaming cooperation agreement has been in place between T-Mobile Deutschland and Telefonica O2 Germany GmbH&Co. OHG, which allows O2 customers to use the T-Mobile Deutschland 2G and 3G network for voice, SMS, MMS, video telephony and data transfer services in areas with no network coverage. O2 relies on the T-Mobile Deutschland network in rural areas, in particular.

O2 has stepped up its own 2G and 3G network expansion considerably and is therefore making increasing use of the option of barring, in other words, blocking the T-Mobile Deutschland networks for O2 customers. As a result, O2's use of national roaming is on the decline. The existing 2G national roaming agreement will therefore be terminated as of December 31, 2009.

E-mail push

T-Mobile Deutschland and Research In Motion (RIM) launched the BlackBerry® Bold™ smartphone on August 6, 2008. The new flagship from the Canadian provider RIM is the first BlackBerry device with HSDPA technology. With it, users can surf the internet via web 'n' walk at bandwidths of up to 3.6 Mbit/s in the entire T-Mobile UMTS network or download large e-mail attachments. Other features include integrated WLAN technology, a built-in GPS receiver for mobile navigation and extensive multimedia functions.

Thanks to HSDPA, EDGE and WLAN capability, T-Mobile customers can use the BlackBerry Bold to surf and mail while on the move at broadband speeds almost anywhere in Germany.

Netbooks

Netbooks with integrated mobile communication modules enable wireless surfing in the T-Mobile network at speeds of up to 7.2 Mbit/s. In addition, T-Mobile netbooks allow data to be sent in a matter of seconds with bandwidths of up to 2.0 Mbit/s. In rural areas without UMTS coverage, the mobile internet is up to four times as fast as ISDN using EDGE technology. Thanks to the additional integrated WLAN module, T-Mobile customers can also use their DSL connection at home via WLAN.

Network development

HSDPA 7.2 (High Speed Downlink Packet Access) represents the transition to the next level with regard to the speed of data downloads and is already enabling transfer speeds of up to 7.2 Mbit/s in parts of the UMTS network. As well as increasing bandwidths, HSDPA and HSUPA reduce processing times, which leads to significant reductions in response times when using mobile dialog-oriented applications and when surfing or working with SAP systems.

Another key component of T-Mobile Deutschland's strategy was the expansion of EDGE technology. This was successfully completed at the beginning of 2008 and now offers fast mobile internet access throughout Germany.

Rate plans and options

T-Mobile once again offered new and attractive rate plans for consumers and business customers in 2008. The new rate structure in the form of a 3x3 matrix designed to meet individual customer needs was introduced at CeBit 2008. The lines are divided into Relax (minute budgets), Max (flatrates) and MyFaves (communities) and combined with a transparent good, better, best logic for different consumption volumes.

Roaming data options were introduced to improve international data penetration.

The flat-rate offering for business customers was extended at the beginning of 2008. Depending on the rate plan, the flat rate also includes calls to the German fixed network, other T-Mobile customers and to all mobile networks.

T-Mobile Deutschland is dramatically reducing the cost of mobile surfing abroad on cell phones or laptops by introducing various rate measures.

T-Mobile Deutschland went on the offensive in the data market in the spring with its new cell phone and laptop flat rates for mobile surfing within Germany.

Product innovations

The highlights of 2008 included the launch of the iPhone 3G, the further development of the mobile internet portal and the introduction of the My Phonebook, Mobile eMail and Instant Messaging services. With its digital picture frame capable of receiving MMS, T-Mobile also launched a unique product that was found under many Christmas trees this year due to its release in time for Christmas business.

iPhone success story

T-Mobile launched the iPhone 3G in July 2008. This cell phone is sold in around 800 Deutsche Telekom shops and over 1,000 additional partner shops in Germany. Unlike its predecessor, the new model uses the fast mobile communication standard UMTS, which loads internet sites almost three times faster.

The iPhone makes open, mobile internet part and parcel of daily life for our customers. Customers with the iPhone 3G make even more use of non-voice services than customers with the previous model.

The prepaid service makes the iPhone accessible to an even larger target group.

CRM

The new "Business Service Portal" is a convenient, quick and secure way of conducting major transactions over the internet for business customers and sales partners. The new portal also includes an M2M interface between our business customers' order systems and T-Mobile's systems, which facilitates ultra-efficient order processing for both customers and T-Mobile.

Electronic billing was marketed more intensively to reduce printing and postage costs. A total of 1.5 million customers switched to online billing.

T-Mobile named "Best Network Operator of 2008"

Specialist dealers once again named T-Mobile Deutschland best network operator in 2008. This was the result of a reader survey by Telecom Handel, Germany's leading telecommunications trade journal. Traders also praised the trader hotline provided by Deutsche Telekom Kundenservice (DTKS).

Testers from independent trade journal connect judged the T-Mobile network as a whole to provide "top quality for voice and non-voice transfer" and declared its clear superiority when it comes to sending mobile e-mails, pictures, videos and large Office documents and to internet surfing.

Sales: successful new structure

Despite a declining market volume in Germany, T-Mobile Deutschland's market share grew slightly on the year. This was largely attributable to sales of the iPhone as well as positive sales development in general. Further innovative products include embedded netbooks and digital picture frames. Process improvements in terminal device management and the systemic integration of terminal device sales planning and procurement planning also led to the further optimization of availability and the average stock level. Thus, overall deliverability improved, and a reduction in surplus stocks and the resulting write-downs was recorded.

T-Vertrieb

Following the establishment of Telekom-Vertrieb, customers in Germany were able to access all of the Deutsche Telekom Group's products from a single source for the first time in the 2008 financial year. Great focus was placed on optimizing this new unit in 2008.

The integration of intra-Group functions into Telekom-Vertrieb gave rise to enhanced business processes for external business partners and internal interfaces through standardized monitoring, reporting and commission calculation systems.

The market successes in the 2008 financial year showed that the chosen path was the right one, stimulated the market and boosted customer satisfaction.

B. Presentation of the Company's situation

Revenue and income

Amounting to EUR 7,720 million, the revenue of T-Mobile Deutschland was EUR 212 million (3%) down on the prior year in 2008. This shortfall is mainly due to the decline in price- and usage-related income from roaming and to the reduction in utilization by national roaming partner O2. The decline in revenues from international roaming business due to price reductions imposed by the regulatory authority and higher sales reductions from the marketing of high-end terminal devices also had an impact. The average customer base grew by 3.4 million in the same period.

Production costs fell by EUR 2,929 million to EUR 3,798 million in the 2008 financial year. This was mainly due to the non-scheduled write-down of the UMTS license in 2007. At EUR 2,117 million, selling costs decreased slightly year-on-year by EUR 41 million or 2%. This difference was attributable to lower marketing expenses and lower expenses for call center services. Administrative costs amounted to EUR 129 million and were therefore EUR 47 million (27%) below the prior-year level. This related, among other things, to lower personnel costs following the spin-off of parts of HR to PST (Personalservice Telekom).

Profit from ordinary business activities amounted to EUR 1,892 million, an increase of EUR 2,837 million on the year. This was mainly due to the nonscheduled write-down of the UMTS license (see above). Other operating income includes the sale of a mobile-specific patent to a party outside the Group for EUR 0.1 billion. The KPI EBITDA (earnings before interest, taxes, depreciation and amortization) rose to EUR 2,826 million in the 2008 financial year (prior year: EUR 2,777 million). The EBITDA margin increased by 1.6 percentage points, from 35% in the prior year to 36.6% in 2008.

Financial expense increased by EUR 41 million to EUR 313 million in the reporting year, mainly due to the prepayment penalty for the early, nonscheduled termination and repayment of the amount outstanding on the long-term loan to finance the UMTS license totaling EUR 2.8 billion.

Owing to the profit and loss transfer agreement with T-Mobile International AG, profit of EUR 1,892 million was transferred.

Assets and finances

The balance sheet total fell by EUR 1,045 million to EUR 6,994 million. Investments in intangible assets and property, plant and equipment amounted to EUR 312 million in 2008. In addition to platforms, the main focus of investments was on the expansion of GSM and UMTS locations, software licenses and the extension of the GSM license.

Investments were accompanied by write-downs on noncurrent assets of EUR 621 million, EUR 224 million of which was attributable to the scheduled amortization of the UMTS license. As in 2006 and 2007, amortization in 2009 and 2010 will be calculated for the purposes of commercial law using the declining-balance method pursuant to § 7 (2) Sentences 1 and 2 of the German Income Tax Act (Einkommenssteuergesetz – EStG). This tax option was recently created by the fiscal legislators with the “Package of measures for the financial crisis”. The first-time offsetting of receivables from cash management vis-à-vis shareholders against liabilities resulting from the profit and loss transfer agreement gave rise to a reduction in the balance sheet of EUR 769 million.

Capital remained unaffected at EUR 1,447 million.

Cash flows from operating activities amounted to EUR 2,527 million in the reporting year. As a result of outflows of funds from investment activities (EUR 237 million), profit transfer (EUR 1,892 million) and the repayment of short-term loans (EUR 983 million), the initial level of financial funds (EUR 587 million) was fully utilized.

The overall situation of T-Mobile Deutschland can only be accurately assessed under consideration of its relationship with the parent company within the Group.

Employees

The collective wage negotiations of T-Mobile Deutschland led to a moderate and balanced pay settlement, which is valid for two years.

T-Mobile continues to offer the option of partial retirement. Regulations regarding company pensions are set forth in a collective agreement for employees subject to

collective agreement and in a Group works agreement for salaried employees not subject to collective agreement.

The number of employees (headcount) rose from 5,534 at the end of 2007 to 5,594 as of December 31, 2008). This was mainly due to the change in the organizational structure of sales. Jobs have also been created in the field of technology.

The fluctuation rate (internal and external leavers, excluding organizational changes) was 6.3% (prior year: 4.9%). The average age of employees was 41.0 (prior year: 40.7). Women accounted for 27.1% of the workforce (prior year: 27.3%).

At 7.5%, the number of part-time employees was slightly below the prior-year value (7.8%). The proportion of disabled persons was 2.7% and, like the health index of 96.4%, this was unchanged on the year.

Environmental awareness

T-Mobile Deutschland has provided a Germany-wide disposal service for terminal devices based on a voluntary returns system since 2003. This ensures that the devices are forwarded properly to certified recycling companies. For every device returned, T-Mobile Deutschland donates the proceeds from the recycling and reutilization process to the Deutsche Umwelthilfe environmental organization, regardless of whether it relates to a contract extension, new contract or defective device. In 2008, around 70,000 terminal devices were returned.

T-Mobile Deutschland tests terminal devices branded under its own name for harmful substances in independent laboratories and demands that other manufacturers' terminal devices also meet the legal requirements. The environmental management system pursuant to ISO 14001 was recertified in April 2008.

In order to cut harmful carbon dioxide emissions, energy efficiency measures were introduced to reduce power consumption in the networks and, from January 2008, the power supply was changed such that 100% of the Company's energy now comes from renewable sources.

C. Risk management: Early identification and consistent management and monitoring of risks to future development

T-Mobile Deutschland's environment is one of constant technological progress, permanent regulation of the telecommunications markets, and significant market and technological convergence.

In accordance with Group-wide principles, all relevant risks that could have a detrimental effect on the future development of the mobile communications business are quickly identified and assessed, and appropriate risk management measures selected and initiated.

In addition to meeting the legal requirements set forth in the Act on Corporate Governance and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich - KonTraG), risk management is principally seen as a competitive necessity and an entrepreneurial challenge at T-Mobile Deutschland.

Risk management at T-Mobile Deutschland is part of the standardized Group-wide risk management system of Deutsche Telekom.

Of all the risks, the risks T-Mobile Deutschland considers to be significant from a current perspective are detailed below.

Regulatory risks

Influences from regulatory measures will mainly result from the decisions of the national regulatory authorities as part of outstanding or repeat market analysis procedures following the implementation of the EU regulatory framework. Additional risks and negative effects may arise from a reduction in termination charges and international roaming prices.

T-Mobile Deutschland is subject to the German Telecommunications Act (Telekommunikationsgesetz – TKG), the EU legal framework and ordinances passed under it. In 2007, further amendments to the Telecommunications Act entered into force in Germany, primarily regulations for consumer protection. This gave rise to compliance costs for T-Mobile Deutschland in 2008. These include, for example, expenses for price

announcements for speed dialing voice and directory inquiry services starting at EUR 2 per minute, the price display for speed dialing data services starting at EUR 2 per minute, and the setup of a warning text message when a customer exceeds the sum of EUR 20 per month in subscription services. The TKG ordinance on numbering entered into force on February 15. The TKG ordinance on emergency calls is expected to enter into force in 2009. In addition, the data retention of all traffic and local data including customer and user data in the mobile communications sector has been resolved following the "data retention" debate. The corresponding act entered into force on January 1, 2008, though punishment of any violations is not envisaged until January 1, 2009. Compliance with these obligations will also lead to further costs. The Telecommunications Interception Ordinance (TK-ÜberwachungsVO) entered into force in 2005. Appropriate compensation for the state-induced interception measures was discussed further in 2008. A decision is expected in 2009.

In April 2008, the Federal Cartel Office imposed a disclosure obligation on T-Mobile International and Vodafone and initiated proceedings on the grounds of suspected anti-competitive behavior, specifically in connection with On-Net rates. T-Mobile expressed its view to the Federal Cartel Office, indicating that there is no evidence of a dominant market position or anti-competitive behavior given the fierce competition in the German mobile communications market.

Through an analysis of the market for call termination on individual mobile networks, the Federal Network Agency (BNetzA) had identified T-Mobile Deutschland's market dominance and, in a ruling dated August 30, 2006, imposed regulatory obligations within the framework of the ex-ante cost regulation, including non-discrimination, the granting of co-location, and standard offerings. In a resolution dated November 30, 2007, the Federal Network Agency reduced charges to EUR 0.0792 per minute effective December 1, 2007 as part of the rate approval process. The rate approval is valid until March 31, 2009 and had to be implemented without delay in spite of the ongoing legal action against the regulatory order.

On April 3, 2008, the German Federal Administrative Court confirmed the ex-ante cost regulation. In response, all mobile communications operators, including T-Mobile,

petitioned the Constitutional Court, objecting to the infringement of constitutional rights by imposing the ex-ante rates regulation. It is not known at this stage when a decision can be expected. The Federal Network Agency has now reviewed the need for regulation of mobile communication termination markets and decided on December 5, 2008 that the existing ex-ante regulation should remain in place. T-Mobile has filed a petition against this decision. As a result, a new application for termination charges for the period starting April 1, 2009 was submitted on January 20, 2009. Another cut cannot be ruled out.

In mid-2008, T-Mobile Deutschland once again had to cut its roaming charges at the wholesale and end-customer levels pursuant to an EU Regulation. Further reductions will be made in mid-2009. In addition, the EU Regulation stipulates transparency measures extending beyond the standard welcome text message and involving corresponding investment.

In September 2008, the European Commission proposed to extend the Regulation to 2013, with a further lowering of price caps, and to include text messages and data roaming and possibly also SMS roaming and timing intervals for roaming calls from July 2009. In addition, the European Commission's proposal envisages a price cap for data roaming at wholesale level as well as additional transparency requirements, especially for data roaming. This regulatory intervention would have a further negative impact on our roaming revenue.

In October 2008, the European Commission started a preliminary investigation into possible anti-competitive behavior of European mobile communications operators with regard to mobile VoIP services. The investigation focuses on whether the operators are providing negative incentives for the use of VoIP services, thus creating competition barriers for VoIP providers. T-Mobile International submitted a statement in November.

In 2007, the Federal Network Agency limited the license terms of all four GSM network operators to December 31, 2016. The broader issues of also using these frequencies with UMTS technology was raised in a Federal Network Agency communication in 2008, in which the Federal Network Agency asked network operators to comment on the

issues raised. The Federal Network Agency subsequently intends to draft a flexibilization/refarming concept for the 900 MHz/1800 MHz GSM bands by mid-2009.

The completed and ongoing revisions of ordinances (numbering and emergency calls) could lead to cost burdens for T-Mobile Deutschland in connection with the amendment to the Telecommunications Act.

The upcoming review of the regulatory framework at EU level will expose new, as yet incalculable risks. The Commission's proposal envisages the establishment of a new EU regulatory authority and the extension of the European Commission's competencies. An expansion of the regulation to other as yet unregulated markets, such as convergent markets, cannot be ruled out entirely. Consumer protection and safety provisions, which may be added to the new regulatory framework, could also lead to new, further-reaching obligations for the T-Mobile Group.

The liberalization of frequency policy within this framework involves both risks and opportunities throughout Europe for companies in the T-Mobile Group. Greater flexibility with regard to frequency utilization will present opportunities. Risks may arise if the flexibilization (e.g. technology and service neutrality) has a negative effect on the harmonization and standardization that is essential for the mass market. In addition, competition could be skewed if less stringent requirements are imposed on competitors than on existing users or if deregulation results in their obtaining spectrum resources at significantly lower prices.

Generally it can be assumed that the intensity of regulation will increase rather than decrease. This presents the risk of future price reductions or revenue decreases.

Data services and new technologies

In Germany, the acquisition of licenses created the basis for the introduction of the third generation of mobile communications. Whether these investments will pay off depends on increased usage and revenues, especially in the area of mobile data communications. The relevant additional services are to be generated both through in-house development and alliances with content providers, with the risk that these applications may not achieve the planned earnings targets.

In addition, voice over IP and data traffic can be transmitted using new, alternative technologies (e.g., WLAN, DSL, WiMax) and the corresponding hardware. This type of substitution would lead to more intensified competition and to lower prices and revenues.

Electromagnetic fields, health and the environment

Since the introduction of mobile communications, electromagnetic fields have been repeatedly associated with potential environmental and health damage in Germany. The World Health Organization (WHO) has stated that, on the basis of current scientific knowledge, no known detrimental effects are caused to health if EMFs remain below the international threshold standards. In addition, it believes that serious health risks are also increasingly unlikely to arise in the future – although it does recommend continued research due to the ongoing scientific uncertainty. The resulting problems in terms of public acceptance relate to networks and the use of terminal equipment. They have an effect on the T-Mobile Group, in particular on network expansion and customer usage, and entail both legal and monetary risks.

For T-Mobile Deutschland, the safety of our products and mobile communications networks for people and the environment is a fundamental basis of our business activities. Our efforts to provide state-of-the-art technologies therefore include supporting scientific research that aims to detect possible risks at an early stage. With regard to EMFs, T-Mobile Deutschland has introduced various measures to improve transparency,

information, participation and research support as well as to minimize possible legal, regulatory and acceptance issues in the population.

Network infrastructure and system risks

T-Mobile Deutschland has a modern, high-performance network infrastructure. The performance of the operating network and the IT systems has a direct bearing on our customers. The performance of network and IT infrastructure can be hampered by damage or interruptions, for example owing to natural disasters, technical failures/disruptions, power cuts, water damage, fire or malicious damage etc. In addition to the security standards already in place, regular risk assessments are undertaken by the relevant experts with the help of internal insurance experts to identify possible weaknesses and develop appropriate remedial measures. In this way, weaknesses can be identified early and addressed before they become a problem.

Data misuse/loss of data

Recently, cases of data misuse have come to light, including the theft of the data of several million customers at T-Mobile Deutschland. Comprehensive measures to improve data security and transparency have been introduced, and further measures are planned to guarantee maximum security. For operational data privacy, access to customer data has been restricted to a greater extent. Access is systematically logged and administrators are more closely monitored. In spite of the measures that have been implemented or are being planned, reputational damage cannot be ruled out.

PTC process risks

In 2005, Deutsche Telekom and T-Mobile International were served with a complaint from Vivendi SA. Vivendi alleges that the defendants unlawfully broke off negotiations on the acquisition of a 48-percent stake in Polska Telefonia Cyfrowa Sp. z o.o. (PTC) in order to later obtain these shares at a lower price. The value in dispute has been put at approximately EUR 2.27 billion. The case was dismissed in March 2008 by the Paris Commercial Court in the first instance. Vivendi has appealed the verdict. Numerous

other lawsuits and arbitration proceedings are pending in connection with the disputed PTC shares.

In 2006, in line with the rules of the International Chamber of Commerce (ICC) in Paris, Vivendi filed arbitration proceedings before the international court of arbitration in Geneva against Deutsche Telekom AG, T-Mobile International AG, T-Mobile Deutschland GmbH, T-Mobile Poland Holding Nr. 1 B.V. and others. Vivendi claims that a verbal agreement was reached between the parties concerning putting an end to all legal disputes relating to the investment in PTC, or that pre-contractual obligations were breached. Vivendi is demanding performance of the contract or alternatively, compensation.

In 2006, Vivendi filed a suit in the U.S. against Deutsche Telekom AG, T-Mobile USA Inc., T-Mobile International AG, T-Mobile Deutschland GmbH and others, claiming that the defendants had colluded illegally to cause Vivendi to lose its alleged interest in PTC. The lawsuit is based on the Racketeer Influenced and Corrupt Organizations (RICO) Act. The U.S. court dismissed the claim on June 5, 2008. Vivendi lodged an appeal and reduced its compensation claim from around USD 7.5 billion to around USD 2.5 billion.

Future arbitration and court verdicts may influence the accounting treatment of PTC. The associated costs have been reflected at Group level.

D. Outlook

T-Mobile Deutschland is developing new concepts within the Telekom Group for the networks of the future. As part of these activities, the efficiency and possible applications of state-of-the-art NGMN (Next Generation Mobile Networks) technology are being assessed. One particularly interesting technology option is LTE (Long Term Evolution). LTE is capable of data rates of over 150Mbits/s and would allow T-Mobile Deutschland to offer its customers a connection quality far superior to that of current DSL connections.

As a pioneer in this field, T-Mobile Deutschland demonstrated the capabilities of LTE at the CeBit trade show in 2008 and was the world's first mobile communications provider

to show a live LTE handover during journeys between T-Mobile headquarters and Group Headquarters.

In June 2006, Nokia and Siemens merged to form Nokia Siemens Networks (NSN). 70% of the components used in the T-Mobile Deutschland 3G Radio Network are “ex-Siemens” technology. In September 2008, the decision was made to swap the ex-Siemens RAN platform for the current NSN platform during the course of 2009 and 2010.

In order to improve mobile broadband coverage as part of “Continue Mobile Broadband Leadership (CMBL)”, T-Mobile Deutschland agreed in September 2008 to push the expansion of the 3G network. In order to achieve this, 3G base stations will be constructed in 2,100 locations in the current year. A further 2,900 base stations are planned for 2010. The locations will be equipped with NSN system technology.

In order to transfer the rapidly growing volume of HSDPA/HSUPA data traffic from UMTS stations to the fixed network, much more use will be made of fiber-optic technology in future as part of the development towards IP based platforms. To this end, an individual network solution has been designed in conjunction with Deutsche Telekom and the contractual basis for roll-out as of 2009 has been agreed. Linking T-Mobile locations via broadband in this way will eliminate the existing bottleneck with regard to traffic transfer and, at the same time, form the basis for further increases in telecommunication capacity through the use of successor technologies such as LTE.

Price developments in the German mobile communications market continue to be influenced by regulatory intervention and the continued expansion of discount providers. The current termination rate is valid until March 31, 2009, with a further decrease in termination rates expected thereafter.

The EU is planning to gradually reduce call charges for calls within Europe by 2010. This regulation is expected to be further tightened, extended and widened to cover SMS and data charges in early 2009. This could have an effect on national SMS charges.

By contrast, the current trend towards substituting fixed-network for mobile communications, mobile/fixed-network convergence products, community rate plans and

the growth in non-voice revenue are all having a positive effect. Sales of smartphones, such as the iPhone and the Google Android G1, and netbooks will also boost non-voice revenues and help attract new customers in higher-value market segments.

New business areas are also being developed through cooperation in growth markets (e.g. "Mobile health" and M2M).

In order to counteract the falling market share and decreasing margins of recent years, the long-term project "Save for Service" was implemented at T-Mobile Deutschland at the beginning of 2007 and is scheduled to run until 2010. In addition to these cost optimization programs, "Top Line Program" was launched with the aim of increasing revenues by a higher rate than the competitor average. The aim of this project is to expand our leading position with regard to service revenues in the German mobile communications market.

Thanks to these measures, we expect EBITDA in 2010 to be at the same level as in the prior year, despite the negative price trend in 2009.

Our market penetration in the German mobile communications market (based on SIM cards) will increase further in the coming years. This will be largely due to the increase in second and third SIM cards and data cards (e.g. laptop cards) and further marketing in niche segments.

Due to the merging of units and closer interlinking of the fixed-network division with T-Mobile Deutschland (for instance, in product development), increased harmonization of IT systems will be necessary. T-Mobile Deutschland is therefore responsible, in part, for developing uniform platforms for the Group. The expansion of the 3G network and the modernization of the existing network will continue to give rise to constant investment costs in 2009 and 2010. This investment in the mobile communication network should, however, safeguard our leading position with regard to network and quality.

The Federal Network Agency is expected to auction the mobile communication spectrum in 2009. T-Mobile Deutschland is currently examining the prerequisites for participating in the auction.

Expenditure on telecommunications accounts for a relatively low share of household income, and this service is now largely considered essential. T-Mobile Deutschland therefore estimates that the negative effects of the financial crisis will be limited.

E. Events after the balance sheet date

No other events of particular significance to revenue, financial position or net worth occurred after the balance sheet date.

**Annual financial statements for the financial year from
January 1 to December 31, 2008**

T-Mobile Deutschland GmbH, Bonn

Balance sheet as of December 31, 2008

Assets

	Dec. 31, 2008	Dec. 31, 2007
	millions of €	millions of €
A. Noncurrent assets		
I. Intangible assets		
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	2.810,9	3.062,5
2. Advance payments	123,1	51,8
	2.934,0	3.114,3
II. Property, plant and equipment		
1. Buildings on land owned by third parties	125,4	130,5
2. Technical equipment and machinery	503,5	632,2
3. Other equipment, plant and office equipment	36,5	43,0
4. Advance payments and construction in progress	63,9	63,9
	729,3	869,7
III. Financial assets		
1. Investments in subsidiaries	1.664,1	1.699,1
2. Investments in associated and related companies	0,0	0,0
	1.664,1	1.699,1
	5.327,4	5.683,0
B. Current assets		
I. Inventories, materials and supplies		
1. Raw materials and supplies	24,8	23,5
2. Merchandise	144,0	131,2
	168,8	154,7
II. Receivables and other assets		
1. Trade accounts receivable	810,1	747,8
2. Receivables from shareholders	65,1	1.019,5
3. Receivables from subsidiaries	464,2	293,4
4. Other assets	34,2	39,0
	1.373,5	2.099,7
III. Cash and cash equivalents	0,2	0,5
	1.542,5	2.255,0
C. Prepaid expenses and deferred charges	123,8	101,2
	6.993,6	8.039,2

Shareholders' equity and liabilities

	Dec. 31, 2008 millions of €	Dec. 31, 2007 millions of €
A. Shareholders' equity		
I. Capital stock	520,0	520,0
II. Additional paid-in capital	927,0	927,0
	1.447,0	1.447,0
B. Accruals		
1. Pension accruals	78,3	65,3
2. Tax accruals	39,1	36,9
3. Other accruals	756,5	662,5
	873,9	764,8
C. Liabilities		
1. Trade accounts payable	265,1	154,3
2. Liabilities to shareholders	2.853,4	4.290,0
3. Payables to subsidiaries	556,1	378,9
4. Other liabilities (of which: from taxes € 7.8 million; prior year: € 6.8 million) (of which: from social security € 0.0; prior year: € 0.0 million)	920,2	882,3
	4.594,8	5.705,5
D. Deferred income	77,9	121,9
	6.993,6	8.039,2

T-Mobile Deutschland GmbH, Bonn

Statement of income for the period from January 1 to December 31, 2008

	Jan. 1 to Dec. 31, 2008	Jan. 1 to Dec. 31, 2007
	millions of €	millions of €
1. Net revenue	7.719,8	7.932,0
2. Cost of sales (of which: write-downs € 0 million; prior year: € 2,524.8 million)	3.797,7	6.727,4
3. Gross profit (loss)	3.922,1	1.204,6
4. Selling expenses	2.117,3	2.158,3
5. General and administrative expenses	128,5	175,5
6. Other operating income	629,7	584,8
7. Other operating expenses	101,3	129,1
8. Income related to subsidiaries, associated and related companies (of which: from subsidiaries € 3.52 million; prior year: € 7.1 million)	3,5	7,1
9. Other interest and similar income (of which: from subsidiaries € 26.5 million; prior year: € 14.4 million)	26,6	25,6
10. Interest and similar expenses (of which: to subsidiaries € 337.8 million; prior year: € 298.1 million)	342,7	304,4
12. Results from ordinary business activities	1.892,1	-945,2
13. Income from loss transfer	0,0	945,2
14. Profit to be transferred under the terms of a profit transfer agreement	1.892,1	0,0
15. Net income	0,0	0,0

Notes to the 2008 annual financial statements

A. General disclosures

The annual financial statements for the 2008 financial year were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Act on Limited Liability Companies (GmbH-Gesetz) that are relevant for large corporations. The classification of the balance sheet and the statement of income conforms to the classification requirements of § 266 and § 275 HGB.

The Company is not required by law to prepare consolidated financial statements and a Group management report for the subgroup of T-Mobile Deutschland in accordance with § 291 HGB because the Company and its subsidiaries are included in the consolidated financial statements of Deutsche Telekom AG. The consolidated financial statements of Deutsche Telekom AG are included in the commercial register in Bonn, the location of the Company's registered office, and are published in the electronic Federal Gazette (elektronischer Bundesanzeiger). The consolidated financial statements and Group management report of Deutsche Telekom AG are prepared in accordance with § 315a HGB applying the IFRSs endorsed by the EU and IASB and providing for an exemption for T-Mobile Deutschland.

B. Accounting policies

Purchased **intangible assets** are carried at acquisition cost and are amortized on a straight-line basis over their estimated useful lives.

Property, plant and equipment is recognized at acquisition or construction cost. Up to and including December 31, 2005, property, plant and equipment was depreciated on a straight-line basis. The declining-balance method was applied to movable noncurrent assets acquired between January 1, 2006 and December 31, 2007. In accordance with § 7 (2) of the German Income Tax Act (Einkommensteuergesetz – EStG), the declining-

balance depreciation rate was three times the straight-line depreciation rate, or a maximum of 30 percent. The additions in 2008 are depreciated using the straight-line method. In accordance with tax regulations, all assets acquired up to December 31, 2007 (reported as low-value assets for tax purposes) were written off in full in the financial accounts in the year of acquisition and presented as disposals in the statement of noncurrent assets. Since January 1, 2008, in line with the revised applicable tax value limits following the 2008 Corporate Tax Reform Act dated May 25, 2007, these assets have either been immediately written off in the financial accounts in the year of acquisition or capitalized in the annual omnibus items of immaterial significance and depreciated over five years. These assets are presented as disposals in the statement of noncurrent assets when they are written off in full.

The UMTS license acquired in August 2000 is amortized ratably on a straight-line basis over its term of 20 years and five months.

Non-scheduled write-downs are charged if the fair value of the assets at the balance sheet date is lower than their carrying amount and the impairment of the assets is assumed to be permanent.

Financial assets are measured at the lower of acquisition cost or the fair market value at the balance sheet date.

Inventories are measured at the lower of acquisition cost or market value at the balance sheet date. Adequate write-downs are charged for inventory risks resulting from obsolescence or impaired marketability. Replacement modules are carried at a fixed value.

Receivables and other assets are carried at their nominal value, making allowance for credit risks. Allowance is made for general credit risks through a flat-rate deduction.

Accruals for pensions are recognized for **direct commitments** using the minimum accrual method in accordance with § 6a EStG and the 2005 G life expectancy tables

published by Dr. Klaus Heubeck. **Indirect commitments** are measured using the 2005 G life expectancy tables with deduction of a fund asset.

Tax accruals and **other accruals** are recognized for identifiable risks and uncertain obligations and computed in accordance with prudent commercial practice.

Liabilities are recognized at their repayment amounts.

Any short-term **foreign currency receivables and liabilities** are measured at the rate in effect at the balance sheet date.

C. Disclosures and notes to balance sheet and statement of income items

I. Notes to the balance sheet

1. Noncurrent assets

Changes in noncurrent assets and in amortization and write-downs are illustrated in the statement of noncurrent assets below:

Financial assets

Significant **investments in subsidiaries** (EUR 1,664.1 million) are listed under D.2.

2. Inventories, materials and supplies

Inventories, materials and supplies increased to EUR 168.8 million year-on-year owing to various sales measures.

3. Receivables and other assets

Trade receivables totaled EUR 810.1 million (prior year: EUR 747.8 million) and were predominantly made up of receivables relating to bills from mobile communication business. Other assets amounted to EUR 34.2 million, EUR 0.2 million of which had a remaining maturity of more than one year (prior year: EUR 0.6 million).

Receivables from the shareholder (EUR 65.1 million) and other **subsidiaries** (EUR 464.2 million) were largely cash receivables and trade receivables. Cash management receivables from the shareholder were netted against the liability from profit transfer in the amount of EUR 769.0 million.

4. Prepaid expenses and deferred charges

Prepaid expenses and deferred charges (EUR 123.8 million) primarily included one-off payments to DFVG Deutsche Funkturm GmbH (EUR 80.1 million) and the prepayment to Deutsche Telekom for the Universal Mobile Telecommunications System (EUR 30.8 million).

5. Capital stock

The capital stock of EUR 520.0 million is held in full by T-Mobile International AG, Bonn.

6. Additional paid-in capital

The additional paid-in capital of EUR 927.0 million recognized in accordance with § 272 (2) No. 4 HGB arises from the contribution of Deutsche Telekom AG's mobile communication activities to the Company.

7. Accruals

Other accruals (EUR 756.5 million) can be broken down as follows as of December 31, 2008:

	December 31, 2008 millions of €	December 31, 2007 millions of €
Commissions, advertising cost subsidies	188.4	130.5
Unused prepaid balances	161.7	179.9
Receivables not yet invoiced	160.4	153.0
Restoration commitments	85.6	76.4
Performance-based remuneration and social security risks	65.0	58.0
Sales promotions not yet invoiced	36.4	19.7
Other	59.0	45.0
Total	756.5	662.5

As of the balance sheet date of December 31, 2008, the Company had concluded forward foreign exchange contracts with Deutsche Telekom AG amounting to USD 44.3 million, CHF 9.8 million and GBP 0.7 million. One forward foreign exchange contract per currency is redeemable mid-month for the months January 2009 to November 2009. The forward exchange rates correspond to the market values of EUR - 29.9 thousand (EUR 634.6 thousand of which is attributable to unrealized profits); an “other accrual” of EUR 664.5 thousand was formed.

8. Liabilities

The maturity of liabilities is summarized in the following table:

	Total amount Dec. 31, 2008 millions of €	Of which, with a remaining maturity of			Of which with a remaining maturity of up to 1 year Prior year millions of €
		≤ 1 year	> 1 - 5 years	> 5 years	
		millions of €	millions of €	millions of €	
Trade payables	265.1	265.1	0.0	0.0	154.3
Liabilities to subsidiaries	3,409.5	3,409.5	0.0	0.0	1,868.9
of which to shareholders	2,853.4	2,853.4	0.0	0.0	1,490.0
Other liabilities	920.2	920.2	0.0	0.0	882.3
Total	4,594.8	4,594.8	0.0	0.0	2,905.5

Liabilities to shareholders resulted from interest-bearing shareholder loans as well as from liabilities from operating activities.

9. Deferred income

Deferred income (EUR 77.9 million) primarily includes payments from another mobile communications operator (EUR 40.5 million) and from cross-border leasing (EUR 37.4 million).

10. Other financial obligations and other guarantees and commitments

Other financial obligations as of December 31, 2008 amounted to EUR 137.4 million for purchases of noncurrent assets and to EUR 427.0 million for commitments from mobile communications transactions not yet settled. Of these, EUR 284.6 million will be incurred next year, EUR 42.0 million of which relates to subsidiaries.

Annual liabilities from rental agreements and similar contracts amounted to EUR 730.7 million, EUR 695.4 million of which relates to subsidiaries.

The guarantees and commitments to MNP Deutschland Gesellschaft bürgerlichen Rechts (MNP BbR) Düsseldorf are explained under D.3.

Depending on the outcome of the arbitration proceedings concerning the acquisition of an interest in PTC, Polska Telefonica Cyfrowa Sp.z o.o., further payments are likely to arise, the amount of which is uncertain at the present time.

11. Guarantees and commitments

The Company had guarantees and commitments arising from warranties in the amount of EUR 591.8 million at the reporting date.

There is another contingency of EUR 38 million in accordance with § 133 (1) of the German Reorganization and Transformation Act (Umwandlungsgesetz – UmwG) from

the transfer of pension obligations in 2007 as part of the spin-off of the customer service unit to DTKS.

Notes to the statement of income

The statement of income was prepared using the cost-of-sales accounting method.

As part of the harmonization of external and internal reporting at T-Mobile Deutschland GmbH, the allocation of cost centers to individual functional areas was reviewed once again in the reporting year. It has been decided that, within the area of cost billing, it would be more appropriate to change from the previous system of dividing the costs between production and selling costs to a system whereby all costs incurred are included under selling costs. Selling costs therefore rose by EUR 65.0 million on the year.

1. Net revenue

Net revenue amounting to EUR 7,720 million was predominantly generated in Germany and can be attributed to the following activities:

	millions of €
Telephony revenue*	6,827
Terminal device business	411
Other revenue	482
Total	7,720

* ARPU = Average revenues per user

2. Cost of sales

Cost of sales amounting to EUR 16.1 million relates to prior years.

3. Selling expenses

Selling expenses amounting to EUR 14.5 million relate to prior years.

4. Administrative expenses

Administrative expenses amounting to EUR 17.0 million relate to prior years.

5. Other operating income

This item, amounting to EUR 629.7 million, primarily contains income relating to the sale of a mobile communication-specific patent, accrued refunds from Deutsche Telekom AG and T-Mobile International AG, marketing commissions received from suppliers, insurance compensation payments, exchange rate gains from current transactions and income from the reversal of accruals. Other operating income amounting to EUR 100.9 million relates to prior years.

6. Other operating expenses

Other operating expenses amounting to EUR 9.5 million relate to prior years.

7. Goods and service purchased

Expenses arising from supplies and goods purchased (EUR 1,006.0 million) were calculated using the total cost method and largely related to commercial goods. Expenses arising from goods and services purchased (EUR 1,570.0 million) included expenses for the use of the fixed network for mobile-landline calls, as well as expenses for the use of fixed-network connections and other services provided by Deutsche Telekom AG.

8. Personnel costs

Personnel costs (EUR 444.0 million) pursuant to the total cost method contain EUR 362.1 million for wages and salaries and EUR 78.0 million for social security contributions and expenses for pension plans and benefits, EUR 28.8 million of which was attributable to pension plans.

9. Other interest and similar income

Other interest and similar income relates solely to the current year.

10. Interest and similar expenses

Interest and similar expenses relates solely to the current year.

11. Income taxes

Profits before the deduction of corporation tax and trade earnings tax are transferred to the parent company owing to the fiscal unity that exists for corporation tax and trade earnings tax purposes.

No income taxes were paid in the 2008 financial year.

12. Income after taxes

After the transfer of profits totaling EUR 1,892.1 million to the parent company under the profit transfer agreement in place since January 4, 2001, income after taxes as of December 31, 2008 amounted to EUR 0.

D. Other disclosures

1. Employees (annual average)

On an annual average over the reporting year (1/12 method by headcount), there were 5,627 employees, 5,568 of whom were salaried employees and 59 executive salaried employees.

2. Shareholdings

T-Mobile Deutschland GmbH

Annex II

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Name and registered office	Shareholding %	Shareholders' equity of the company	Company's net profit/loss
Investments in subsidiaries			
Zweite DFMG Deutsche Funkturm Vermögens-GmbH & Co. KG Münster, Germany	100	millions of € 72.1*	millions of € 3.5*
PTC, Polska Telefonía Cyfrowa Sp.z o.o. Warsaw, Poland	70.5	millions of PLN 6,025.6**	millions of PLN 1,041.4**
DFMG Deutsche Funkturm GmbH (Verbund über Deutsche Telekom AG (83.33%)) Münster, Germany	16.67	millions of € 7.7*	millions of € 0.0*

* HGB annual financial statements as of December 31, 2007; in the case of DFMG GmbH, profit/loss transfer agreement
 ** (Local GAAP) PAS annual financial statements as of December 31, 2007

3. Participating interests with unlimited liability

When introducing network operator portability in mobile communications networks (MNP), the Company in conjunction with other network providers founded MNP Deutschland Gesellschaft bürgerlichen Rechts (MNP GbR), Düsseldorf, in 2002. On account of the legal form of the company, this investment may give rise to unlimited liability. There is no reason to believe that claims will be asserted on this liability.

4. Executive bodies

Director remuneration amounted to EUR 1.3 million in the reporting year. Supervisory Board remuneration amounted to EUR 80.9 thousand in the 2008 financial year.

With regard to the total remuneration paid to former members of the Board of Directors, use is made of the derogation under §286 IV HGB.

- **Executive bodies of the Company**
- **Supervisory Board**

Shareholder representatives

Hamid Akhavan - Chairman -

- Board member responsible for T-Mobile, Product Development and Innovation, Deutsche Telekom AG
- Chairman of the Board of Management, T-Mobile International AG

Michael Günther

- Member of the Board of Management, Joint Venture Management, T-Mobile International AG

Lothar A. Harings

- Member of the Board of Management, Human Resources (HR), T-Mobile International AG

Timotheus Höttges

- Member of the Board of Management, T-Com and Sales & Service in Germany, Deutsche Telekom AG

Katharina Hollender

- Member of the Board of Management, Finance (CFO), T-Mobile International AG

Joachim Horn

- Chief Technical Officer (CTO), T-Mobile International AG

Employee representatives

Lothar Schröder - Deputy Chairman -

- National head of section for telecommunications, information technology, data processing (section 9) of the ver.di trade union, federal administration

Anke Bardenhagen

- Chairwoman of the works council at the Bonn Headquarters of T-Mobile Deutschland GmbH

Stefan Pilar

- Head of Wholesale Marketing, T-Mobile Deutschland GmbH

Igor Pissarewsky

- Chairman of the Central Works Council, T-Mobile Deutschland GmbH

Wolfgang Teitge

- Technician, T-Mobile Deutschland GmbH

Ado Wilhelm

- Head of mobile telecommunications section, ver.di trade union, federal administration

- **Board of Directors**

Dr. Georg Pölzl (as of January 1, 2009)

- Managing Director

Philipp Humm

- Managing Director (until November 5, 2008)

- Chief Sales Officer

Thomas Berlemann

- Chief Customer Services Officer

Jiri Dvorjancansky (as of April 1, 2008)

- Chief Marketing Officer

Stefan Homeister (until March 31, 2008)

- Chief Marketing Officer

Dr. Peter Körner

- Chief Human Resources Officer

Dr. Raphael Kübler

- Provisional Managing Director (as of November 6, 2008 until
31. December 2008)

- Managing Director, Finance/Controlling

Günther Ottendorfer

- Managing Director, Technology

Dr. Steffen Roehn

- Managing Director, Information Technology

Bonn, February 4, 2009

Dr. G Pölzl

T. Berlemann

J. Dvorjancansky

P. Humm

Dr. P. Körner

Dr. R. Kübler

G. Ottendorfer

Dr. S. Roehn

T-Mobile Deutschland GmbH

Statement of noncurrent assets as of Dec. 31, 2008

	<i>Acquisition costs</i>					<i>Depreciation, amortization and write-downs</i>					<i>Net carrying amounts</i>	
	Jan. 1, 2008 €	Additions €	Disposals €	Reclassifications €	Dec. 31, 2008 €	Jan. 1, 2008 €	Additions €	Disposals €	Reclassifications €	Dec. 31, 2008 €	Jan. 1, 2008 €	Dec. 31, 2008 €
<i>Intangible assets</i>												
Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	9.189.416.312,94	72.090.998,98	-19.066.502,35	24.741.386,37	9.267.182.195,94	-6.126.903.193,11	-344.902.285,82	15.484.943,99	0,00	-6.456.320.534,94	3.062.513.119,83	2.810.861.661,00
Advance payments	51.778.931,94	86.824.583,35	-4.580,00	-15.484.019,02	123.114.916,27	0,00	0,00	0,00	0,00	0,00	51.778.931,94	123.114.916,27
	9.241.195.244,88	158.915.582,33	-19.071.082,35	9.257.367,35	9.390.297.112,21	-6.126.903.193,11	-344.902.285,82	15.484.943,99	0,00	-6.456.320.534,94	3.114.292.051,77	2.933.976.577,27
<i>Property, plant and equipment</i>												
Buildings on land owned by third parties	209.492.404,16	9.351.729,66	-1.574.792,94	1.415.553,07	218.684.893,95	-79.028.769,16	-15.597.184,25	1.334.715,45	380,01	-93.290.857,95	130.463.635,00	125.394.036,00
Technical equipment and machinery	2.499.200.900,84	86.020.431,18	-199.004.630,94	37.431.616,32	2.423.648.317,40	-1.866.980.503,84	-246.198.997,47	193.059.321,92	-418,01	-1.920.120.597,40	632.220.397,00	503.527.720,00
Other equipment, plant and office equipment	176.712.995,01	8.548.939,20	-24.300.556,73	303.075,03	161.264.452,51	-133.665.864,01	-14.337.979,23	23.235.435,73	38,00	-124.768.369,51	43.047.131,00	36.496.083,00
Advance payments and construction in progress	63.922.090,34	49.250.909,48	-875.612,13	-48.407.611,77	63.889.775,92	0,00	0,00	0,00	0,00	0,00	63.922.090,34	63.889.775,92
	2.949.328.390,35	153.172.009,52	-225.755.592,74	-9.257.367,35	2.867.487.439,78	-2.079.675.137,01	-276.134.160,95	217.629.473,10	0,00	-2.138.179.824,86	869.653.253,34	729.307.614,92
<i>Financial assets</i>												
Investments in subsidiaries	1.699.092.982,81	0,00	-35.000.000,00	0,00	1.664.092.982,81	0,00	0,00	0,00	0,00	0,00	1.699.092.982,81	1.664.092.982,81
Investments in associated and related companies	1,00	0,00	0,00	0,00	1,00	0,00	0,00	0,00	0,00	0,00	1,00	1,00
	1.699.092.983,81	0,00	-35.000.000,00	0,00	1.664.092.983,81	0,00	0,00	0,00	0,00	0,00	1.699.092.983,81	1.664.092.983,81
Total	13.889.616.619,04	312.087.591,85	-279.826.675,09	0,00	13.921.877.535,80	-8.206.578.330,12	-621.036.446,77	233.114.417,09	0,00	-8.594.500.359,80	5.683.038.288,92	5.327.377.176,00

Auditors' report

We have audited the annual financial statements, comprising the statement of income, the balance sheet, and the notes to the financial statements, together with the bookkeeping system, and the management report of T-Mobile Deutschland GmbH, Bonn for the financial year January 1 to December 31, 2008. The maintenance of books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch* – HGB) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the annual financial statements in conformity with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements, and the management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the accounting principles used and significant estimates made by the Company's management, as well as an evaluation of the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on our findings from our audit, the annual financial statements are in line with statutory requirements and give a true and fair view of the net assets, financial position, and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, February 4, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Menke
Wirtschaftsprüfer

Erik Hönig
Wirtschaftsprüfer