

Vivento Technical Services GmbH, Bonn

Short-form audit report
Financial statements and management report
31 December 2010

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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General Engagement Terms

Notes:

We issued the audit opinion presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for **disclosure** in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the audit opinion and the report thereon are intended for this purpose.

Audit opinion

To Vivento Technical Services GmbH, Bonn

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Vivento Technical Services GmbH, Bonn, for the fiscal year from 1 January 2010 to 31 December 2010. The maintenance of the books and records and the preparation of the annual financial statements and 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 Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 accordance 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 expectations as to 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 assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and 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 the findings of our audit, the annual financial statements comply with the legal 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, 31 January 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hasenklever
Wirtschaftsprüfer
[German Public Auditor]

Bemelmans
Wirtschaftsprüfer
[German Public Auditor]

Vivento Technical Services GmbH, Bonn
Income statement for fiscal year 2010

	2010		2009
	EUR	EUR	EUR
1. General and administrative expenses	1,029,902.25		3,859,676.44
2. Other operating income	24,335,978.64		46,036,552.37
3. Other operating expenses	0.00		20,287.00
		23,306,076.39	42,156,588.93
4. Other interest and similar income	362,814.32		1,220,894.37
- thereof from affiliates: EUR 340,139.63 (prior year: EUR 1,191,376.77)			
5. Losses on the disposal of securities classified as current assets	0.00		132,595.27
6. Interest and similar expenses	81,052.84		10,365.16
- thereof to affiliates: EUR 3,809.84 (prior year: EUR 5,450.10)			
- thereof from unwinding of discount: EUR 77,243.00 (prior year: EUR 0.00)			
		281,761.48	1,077,933.94
7. Result from ordinary activities		23,587,837.87	43,234,522.87
8. Extraordinary income	1,329,000.00		0.00
- thereof income from applying Arts. 66 and 67 (1) to (5) EGHGB (transitional BilMoG provisions) EUR 1,329,000.00 (prior year: EUR 0.00)			
9. Extraordinary expenses	134,036.00		0.00
- thereof expenses from applying Arts. 66 and 67 (1) to (5) EGHGB (transitional BilMoG provisions) EUR 134,036.00 (prior year: EUR 0.00)			
10. Extraordinary result		1,194,964.00	0.00
11. Other taxes		-9,259.49	0.00
12. Profits transferred under a profit and loss transfer agreement		-24,773,542.38	-43,234,522.87
13. Net income/net loss for the year		0.00	0.00

Vivento Technical Services GmbH, Bonn

Notes to the financial statements for fiscal year 2010

I. General

1. Description of business activities

Vivento Technical Services GmbH, Bonn (VTS), is an affiliate of Deutsche Telekom AG, Bonn (DTAG), within the meaning of Sec. 271 (2) HGB ["Handelsgesetzbuch": German Commercial Code]. A domination and profit and loss transfer agreement is in place between VTS and DTAG.

As of 1 January 2008, the operating business of VTS, which consisted of providing assembly, servicing and engineering services to Deutsche Telekom group companies and external customers, was sold to Nokia Siemens Networks Services Deutschland GmbH & Co. KG, Munich (NSN), as part of an asset deal. All assets and liabilities relating to the operating business were transferred. Since the transfer, the Company's purpose has been to implement the long-term provisions of the asset deal agreement with NSN.

2. Comparability with prior-year figures based on first-time application of the BilMoG

In accordance with Sec. 265 (2) Sentence 1 HGB, the balance sheet as of 31 December 2010 and the income statement for the period from 1 January to 31 December 2010 include the figures for the Company's preceding fiscal year. In the fiscal year, the Company fully applied all provisions of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act] pursuant to Art. 66 EGHGB ["Einführungsgesetz zum Handelsgesetzbuch": Introductory Law of the German Commercial Code] for the first time. In accordance with Art. 67 (8) Sentence 2 EGHGB, the prior-year figures were not restated.

3. Basis of accounting

The financial statements and the management report of VTS are prepared in accordance with the provisions of the HGB for small corporations within the meaning of Sec. 267 (1) HGB as amended by the BilMoG as well as in accordance with the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. The Company partly makes use of the exemptions for small corporations.

The balance sheet and income statement are classified according to the provisions of Secs. 266 and 275 HGB. The income statement is prepared using the cost of sales method pursuant to Sec. 275 (3) HGB. Unless stated otherwise, all figures are disclosed in euros. The fiscal year is the calendar year.

The financial statements and the management report of VTS are included in the consolidated financial statements and group management report of DTAG as the ultimate parent company. DTAG prepares the consolidated financial statements and the group management report in accordance with Sec. 315a HGB and IFRSs as adopted in the EU. The consolidated financial statements and the group management report are published in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette] and are also available online from DTAG’s electronic business register.

4. Accounting and valuation methods

The financial statements comprise all assets, liabilities, prepaid expenses and deferred income as well as income and expenses. There was not netting of assets and liabilities or income and expenses.

Assets and liabilities were valued separately as of the balance sheet date. Profits were recognized to the extent they were realized as of the balance sheet date.

Property, plant and equipment are recognized at acquisition cost less depreciation. Depreciation is generally charged in accordance with the straight-line method. The underlying useful lives are based on a company-specific assessment which considers both technical and economic depreciation factors.

Receivables, other assets and cash and cash equivalents are carried at nominal value. Appropriate specific bad debt allowances are recognized for doubtful receivables and uncollectible receivables are written off.

Other provisions are recognized at the settlement value required according to prudent business judgment. **Liabilities** are recorded at the settlement value.

Pursuant to the spin-off and takeover agreement and the resolution of approval passed by the shareholder meeting on 23 July 2010, the Company transferred parts of its assets as a whole by way of conversion through spin-off to DTAG as the receiving legal entity. This was entered in the commercial register on 16 August 2010. This measure was taken to transfer to DTAG pension obligations towards former employees and pensioners that were not transferred to NSN as part of the sale of the operating business but remained with VTS. There were therefore no remaining pension obligations as of 31 December 2010.

As of 1 January 2010, provisions for pensions and similar obligations arising from obligations to employees were determined on the basis of actuarial principles pursuant to the projected unit credit method and taking into consideration the 2005 G mortality tables by Prof. Klaus Heubeck. Expected future increases in salaries and pensions were also considered. The interest rate used to determine the present value of the pension obligations corresponds to the average market interest rate in the last seven years published by Deutsche Bundesbank [German Central Bank] for an assumed residual term of 15 years (Sec. 253 (2) Sentence 2 HGB). The Company recorded the entire effect (EUR 134,036) from the changes in connection with the application of the new BilMoG provisions as extraordinary expenses as of 1 January 2010.

As of the balance sheet date, provisions due in more than one year are discounted at the interest rate published by Deutsche Bundesbank. The interest rate used is the average market interest rate for the last seven fiscal years.

Should the application of the BilMoG and the resulting changes in valuation require the reversal of provisions, the Company will make use of the provision retention option to the extent that the amount to be reversed would have to be re-allocated to the provision by 31 December 2024 (Art. 67 (1) Sentence 2 EGHGB). If, however, the provision increases as a result of the changes in valuation, the cost of this allocation amount is recognized as extraordinary expenses in accordance with Art. 67 (7) EGHGB in the year the BilMoG provisions are applied for the first time.

Payments received before the balance sheet date which constitute income for a certain period after this date are recognized as **deferred income**.

In the fiscal year from 1 January to 31 December 2010, all other companies included in the consolidated financial statements of Deutsche Telekom AG, Bonn, are classified as **affiliates**.

II. Notes to the income statement

Income statement

As VTS is no longer an operating business, the Company generated neither revenue nor incurred cost of sales or selling expenses in the fiscal year.

Other operating income

Other operating income amounts to EUR 24,336k (prior year: EUR 46,037k) and primarily includes income from penalties of EUR 14,142k (prior year: EUR 31,637k) paid by NSN for the premature return of civil servants and income from the reversal of provisions of EUR 9,706k (prior year: EUR 10,620k).

General and administrative expenses

In addition to personnel expenses of EUR 223k for the personnel and legal, finance and financial control and communication departments, administrative expenses of EUR 1,030k (prior year: EUR 3,860k) in particular include compensation payments to NSN as well as administrative cost allocations and IT expenses.

Other interest and similar income

Interest income of EUR 363k (prior year: EUR 1,221k) mainly arises from interest on the intragroup cash pool clearing account (EUR 340k). The clearing account bears interest at market rates.

Extraordinary result

Extraordinary income relates to the discounting of the provision for compensation payments for obligations falling due after 31 December 2024 until the year 2032.

The adjustment of the valuation of pension obligations to the new BilMoG requirements as of 1 January 2010 resulted in the extraordinary expenses disclosed in the income statement.

III. Notes to the balance sheet

Fixed assets

Property, plant and equipment amount to EUR 98k (prior year: EUR 103k). As in the prior year, fixed assets still include a building and leasehold improvements with a book value of EUR 97k (prior year: EUR 101k).

Receivables

Receivables and other assets of EUR 134,998k (prior year: EUR 194,279k) chiefly relate to receivables from DTAG (EUR 125,214k; prior year: EUR 180,436k). All receivables and other assets are due within one year.

Equity

As in the prior year, the Company's subscribed capital amounts to EUR 100k.

The capital reserves are also unchanged from the prior year and amount to EUR 38,274k.

Other provisions

Other provisions chiefly relate to contractual obligations under the asset deal with NSN governing the transfer of the Company's operating business to NSN.

Liabilities

Trade payables amount to EUR 99k (prior year: EUR 146k) and are attributable to invoices received but not yet paid.

As of the balance sheet date, liabilities to affiliates total EUR 24,779k (prior year: EUR 43,302k). EUR 24,774k (prior year: EUR 43,235k) of the liabilities to DTAG arise from the profit and loss transfer agreement.

Other liabilities largely comprise liabilities from compensation payments of EUR 35,935k (prior year: EUR 55,219k).

IV. OTHER NOTES

1. Corporate bodies

Management

The general managers in the fiscal year were:

Dr. Joachim Schneider, COO (and area director after sales management Vivento Deutsche Telekom AG, Bonn)

Mr. Ulrich Keudel, Willingen, CFO (and head of finance of Vivento Deutsche Telekom AG and general manager finance of VCS GmbH, Bonn)

Mr. Ludwig Krämer, Lahnstein, management spokesman
(until 14 April 2010; entry in the commercial register took place on 6 May 2010)

The Company is represented jointly by two general managers or by one general manager and an authorized signatory (Art. 5 of the articles of incorporation and bylaws of Vivento Technical Services GmbH, Bonn).

2. Relationships with the parent company

The Company's sole shareholder is DTAG. The financial statements of VTS are included in the consolidated financial statements of DTAG, which are published in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette] and are also available online from DTAG's electronic business register.

3. Number of employees

As in the prior year, the Company had no employees in fiscal year 2010.

Bonn, 31 January 2011

Dr. Joachim Schneider

Ulrich Keudel

Vivento Technical Services GmbH, Bonn Management report for fiscal year 2010

Company purpose, change in legal form and background

The original purpose of Vivento Technical Services GmbH, Bonn (VTS), was to provide assembly, servicing and engineering services to Deutsche Telekom group companies and external customers. The Company was formed as Vivento Technical Services GmbH & Co. KG on 22 June 2004. In 2005, the Company was transformed into VTS which, like its predecessor, is a wholly owned subsidiary of Deutsche Telekom AG, Bonn.

In 2007, Deutsche Telekom AG and Nokia Siemens Network Services Deutschland GmbH & Co. KG, Munich (NSN), entered into a comprehensive strategic partnership. The agreement provided for NSN to acquire the operating business of VTS as of 1 January 2008 as part of an asset deal.

All assets, liabilities and employees relating to the operating business were transferred to NSN as of 1 January 2008 in the course of a transfer of operations in accordance with Sec. 613a BGB ["Bürgerliches Gesetzbuch": German Civil Code]. VTS has not performed any operating activities since 1 January 2008.

VTS is the debtor of the purchase price obligations in relation to NSN. With the exception of the remaining wind-up of warranty and guarantee claims relating to the period prior to 1 January 2008, VTS no longer performs any operating activities. The Company does not settle these warranty claims itself, instead it passes them on to external companies or to NSN.

Business performance

1. Headcount

The general manager function was performed by Dr. Joachim Schneider and Ulrich Keudel for fiscal year 2010 as a whole and by Ludwig Krämer until 14 April 2010. By shareholder resolution dated 14 April 2010, Ludwig Krämer was removed as general manager.

VTS had no employees working on permanent contracts in fiscal year 2010.

2. Business development

In 2010, VTS did not perform any operating activities. No revenue was generated in the current fiscal year.

VTS's result of EUR 24,774k before profit and loss transfer is mainly due to other operating income of EUR 24,336k. The positive interest result of EUR 282k is primarily attributable to interest from the intragroup cash pool clearing account. Other operating income is largely due to compensation payments by NSN and the reversal of provisions. In addition, the introduction of the new provisions of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act] resulted in extraordinary income of EUR 1,195k. Other administrative expenses reduced the result by EUR 1,030k.

3. Risk management

The Company has implemented a risk management system, which it used to identify and analyze all significant risks and initiate appropriate measures to control these risks.

4. Profit/loss transfer

The Company entered into a profit and loss transfer agreement with Deutsche Telekom AG.

In accordance with Art. 1 of the profit and loss transfer agreement, the profit of EUR 24,774k for fiscal year 2010 was transferred to Deutsche Telekom AG.

5. Spin-off of the pension obligations to Deutsche Telekom AG, Bonn

Pursuant to the spin-off and takeover agreement and the resolution of approval passed by the shareholder meeting on 23 July 2010, the Company transferred parts of its assets as a whole by way of conversion through spin-off to Deutsche Telekom AG as the receiving legal entity. This was entered in the commercial register on 16 August 2010. This measure was taken to transfer pension obligations towards employees and pensioners no longer in the Company's service that were not transferred to NSN as part of the sale of the operating business, but remained with VTS.

Anticipated development

All assets, liabilities and employees relating to the operating business were transferred to NSN as of 1 January 2008 in the course of a transfer of operations in accordance with Sec. 613a BGB. VTS will no longer carry out any operating activities. For this reason, there are no significant opportunities or risks to report on.

Disclosures pursuant to Sec. 289 (2) HGB [“Handelsgesetzbuch”: German Commercial Code]

1. Events after the balance sheet date

The indirect pension commitments of VTS are settled via Deutsche Telekom Betriebsrenten-Service e. V., Bonn (DTBS), i.e., the pension payments are made directly by DTBS. As part of the asset deal, a major portion of the indirect obligations were transferred to NSN. VTS has a legal right to the related plan assets held at DTBS.

The Company's exit from DTBS was subject to the condition, amongst others, that VTS no longer has any beneficiaries allocated to DTBS. The aforementioned spin-off ensured that this and all other conditions were met, resulting in the Company leaving DTBS effective as of 31 December 2010. The conditions allowing the Company to request payment of the surplus plan assets are therefore fulfilled as of 1 January 2011. As a result, the recognition of a receivable under other receivables will result in other operating income of EUR 14.6m in fiscal year 2011.

2. Research and development

The Company does not perform independent research or development activities.

3. Current branch offices

Following the sale of the operating business to NSN, the Company does not operate any branch offices.

Bonn, 31 January 2011

Dr. Joachim Schneider

Ulrich Keudel

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB [“Handelsgesetzbuch”: German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement letter for the audit of these financial statements, the Special Engagement Terms for Assurance and Advisory Business Services of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (dated 1 July 2007) and the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften” [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2002.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) *The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

(2) *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.