Copy of the Audit Certificate

Vivento Customer Services GmbH
Bonn

Annual financial statements as of December 31, 2010 and management report for the 2010 financial year

Auditors' report

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Management report for the 2010 financial year

Vivento Customer Services GmbH

A. Company structure

The Company developed from vivento customer services GmbH & Co. KG, founded on January 1, 2004. This entity was reorganized as a German limited liability company (GmbH) on August 22, 2005 and has since been called Vivento Customer Services GmbH (VCS). Its sole shareholder is Deutsche Telekom AG, Bonn (DTAG). The Company's shareholders' equity amounts to EUR 122,173,009.04, comprising capital stock of EUR 100,000 and additional paid-in capital of EUR 122,073,009.04, of which EUR 95,900,000 has not yet been called in. In August 2005, VCS concluded a control agreement and a profit and loss transfer agreement with its shareholder.

B. Special activities in the financial year

In keeping with its mandate, the vast majority of the services VCS provided in the 2010 financial year were service center services for customers in the Deutsche Telekom Group. An additional agreement to the framework agreement was concluded in 2010 with the highest-revenue customer, the affiliate Deutsche Telekom Kundenservice GmbH (hereinafter referred to as DT KS), which reduced revenue for the financial year, especially following the adjustment of the call volume.

In line with market requirements, the back office service center services in particular – the focus of the service center services – were expanded from 71.7 percent in the 2009 financial year to 74.0 percent in the reporting year. In this context, VCS provided mostly service center services for support hotlines, telephone operator services, order processing, and customer retention, etc.

During the past financial year, VCS also fulfilled its mandate of redeploying surplus staff and safeguarding employment. For example, in connection with the centralized reconciliation of interests of DT KS, the Company took on staff affected by the closure of DT KS sites in 2010 and found jobs for them. During the financial year, 37 DT KS employees also moved to VCS effective February 1, 2010 as part of a transfer of operations.

Moreover, a pilot project in the field of network documentation was successfully acquired in 2010 from the Group affiliate Deutsche Telekom Netzproduktion GmbH (DT NP), within the framework of which civil servants with middle to high-level technical careers were assigned to the service centers.

Employees transferred to VCS worked in management and support functions for DTAG's Vivento operations during the past financial year.

This output was offset against DTAG's Vivento operations and reported under other operating income.

In addition, production capacity was adjusted to reflect the reduced demand from the Group for service center services. Trimming the number of external loan and temporary staff deployed facilitated this adjustment without dragging down earnings. The number of external loan and temporary staff deployed decreased from 1,656 FTEs (annual average) in 2009 to 884 FTEs (annual average) in the 2010 financial year.

At the close of the 2010 financial year on December 31, 2010, VCS had 15 service centers and one satellite office.

C. Net worth and financial position

The factors affecting the development of the results of operations are explained briefly below:

	Dec. 31, 2010 thousands of €	Dec. 31, 2009 thousands of €	Change thousands of €
Noncurrent assets	5,588	6,869	-1,281
Current assets	236,063	270,641	-34,578
Prepaid expenses and deferred charges	24	44	-20
Difference between plan assets and partial retirement liabilities	5,936	0	5,936
Assets	**247,611**	**277,554**	**-29,943**
Shareholders' equity	122,173	122,173	0
Accruals	101,247	141,237	-39,990
Liabilities	24,064	14,144	9,920
Deferred income	127	0	127
Shareholders' equity and liabilities	**247,611**	**277,554**	**-29,943**

Total assets/total liabilities and shareholders' equity declined by EUR 29.9 million year-on-year to EUR 247.6 million. The largest item on the assets side of the balance sheet is receivables from subsidiaries amounting to EUR 235.8 million (previous year: EUR 263.3 million). These mainly comprise receivables of EUR 126.1 million from participation in cash pooling with the parent company as well as unpaid capital contributions on share premiums in the amount of EUR 95.9 million.

The decrease in noncurrent assets of EUR 1.3 million to EUR 5.6 million is primarily a result of higher depreciation expenses compared with investments.

Liabilities and shareholders' equity principally comprises accruals of EUR 101.2 million, trade payables to third parties of EUR 3.3 million, and trade payables to subsidiaries of EUR 10.7 million. Accruals mainly consist of pension accruals (EUR 43.0 million), accruals for personnel costs (EUR 7.8 million), obligations arising from the sale of call center locations (EUR 20.4 million), and accruals for contingent losses (EUR 25.9 million). The decrease in accruals of EUR 40.0 million mainly results from the fulfillment of payment obligations as part of the sale of the service center locations and the reduction in the accrual for contingent losses.

Total liabilities rose by EUR 9.9 million. The increase is attributable in particular to an increase of EUR 6.9 million in severance commitments to employees as well as to higher liabilities from commitments in connection with the security model ("55 arrangement"; + EUR 1.4 million).

The equity ratio as of December 31, 2010 was 49 percent, up 5 percent year-on-year.

VCS has concluded a framework agreement with DTAG for its inclusion in the Deutsche Telekom Group's cash concentration system, meaning that liquidity is ensured at all times.

D. Results of operations

The factors affecting the development of the results of operations are explained briefly below:

	2010 thousands of €	2009 thousands of €	Change thousands of €
Net revenue	**75,840**	**109,182**	**-33,342**
Other operating income	60,847	78,176	-17,329
Cost of sales	-228,253	-190,705	-37,548
Selling expenses	-2,952	-4,611	1,659
General and administrative costs	-15,407	-17,144	1,737
Other operating expenses	-25,782	-38,654	12,872
Operating results	**-135,707**	**-63,756**	**-71,951**
Financial income (expense), net	-2,029	1,381	-3,410
Extraordinary income (expense)	-153	0	-153
Net loss before income from loss transfer	**-137,889**	**-62,375**	**-75,514**

VCS's domestic net revenue stood at EUR 75.8 million in 2010 (previous year: EUR 109.2 million). The Deutsche Telekom Group was the largest user of VCS's services, accounting for 98.8 percent of the Company's revenue. The external market share was relatively low at 1.2 percent, due not least to the sales strategy decision to focus more heavily on the business for the Deutsche Telekom Group as an internal service provider and impose stricter requirements on the achievable personnel coverage in the Company's external business. Demand within the Deutsche Telekom Group takes top priority in the interests of achieving the Group's service objectives.

Other operating income amounted to EUR 60.8 million in the 2010 financial year (previous year: EUR 78.2 million). This is primarily attributable to the utilization of accruals for contingent losses, the reversal of accruals, and the transfer of costs to DTAG's Vivento operations.

Revenue is reduced by the cost of sales amounting to EUR 228.3 million (previous year: EUR 190.7 million), selling expenses of EUR 3.0 million (previous year: EUR 4.6 million), and administrative costs of EUR 15.4 million (previous year: EUR 17.1 million).

The cost of sales includes personnel costs amounting to EUR 105.6 million (previous year: EUR 71.3 million). Due to VCS's employment and pay structure, average personnel costs are much higher than the usual market level in the service center industry. So as to be able to offer its services on an arm's length basis, in a number of projects VCS is therefore forced to work with prices that do not cover costs in the long term. As a result, the individual calculation of customer projects in these cases leads to an operating loss being reported. In the financial year, the cost of sales was also impacted by severance payments of EUR 32.4 million (previous year: EUR 3.1 million). Additionally, the cost of sales specifically includes expenses for the deployment of external loan and temporary staff as well as transferred civil servants (EUR 87.2 million; previous year: EUR 83.8 million) and IT costs (EUR 10.9 million; previous year: EUR 12.3 million).

Other operating expenses declined by EUR 12.9 million to EUR 25.8 million, mainly due to the reduction in the recognition of new accruals for contingent losses.

Financial income decreased by EUR 3.4 million year-on-year, primarily as a result of the expenses incurred from interest added back to pension accruals (EUR 2.7 million). Since the introduction of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG), these have been reported under net interest income (expense), whereas they were previously reported under personnel costs. In addition, interest income decreased on account of the reduction in receivables from cash management.

After accounting for the extraordinary expense of EUR 153 thousand resulting from the transition to BilMoG, the Company recorded a net loss of EUR 137.9 million that was absorbed by DTAG within the scope of the existing profit and loss transfer agreement.

The following key indicators were also achieved in the financial year:

Disclosures in accordance with IASs/IFRSs	2010	2009
Revenue in millions of €	75.8	109.2
EBITDA in millions of € (excl. special factors)	-121.4	-71.5
Employees in FTEs (YA)*	3,804	4,137
Gross staff turnover outside the Group in FTEs**	513	-
Revenue per FTE in thousands of €	19.9	26.4
EBITDA per FTE in thousands of € (excl. special factors)	-31.9	-17.3

* Employees in FTEs (YA) employees + transferees + loan and temporary staff

** No prior-year figures available

IFRS/IAS accounting standards are used for all control-specific ratios at VCS. HGB figures are not used for controlling purposes.

E. Outlook

The modernization and consolidation of site structures at the affiliates may result in a larger workforce at VCS in the coming years as well. In addition, VCS is still planning to integrate staff from DTAG's Vivento operations into its service center structures. Based on the internal customer requirements arising from the Group, these additions will continue to replace external loan and temporary staff. In this way, VCS will fulfill its mandate of redeploying Group employees and safeguarding employment over the next few years. Placing employees in long-term positions outside the Group (through individual, voluntary instruments as well as transfers to public authorities such as the Federal Employment Agency) will be an important controlling parameter. At the same time, VCS will continue to act as an important service center provider for the Deutsche Telekom Group and will therefore be steered in exactly the same way as regards productivity, efficiency, quality, and customer satisfaction.

VCS will continue to increasingly unlock and generate potential synergies with DTAG's Vivento Group unit. VCS competencies, for example in the areas of marketing, sales, strategy, and human resources, will be made available to DTAG's Vivento operations in the same way in 2011 and billed in line with the framework agreement.

VCS will also support the concentration and optimization of services within the Group. As a consequence of the realignment of the Group's training units, from the 2011 financial year onwards all major training opportunities, moderation services and seminars offered by VCS will be consolidated in its Group affiliate Deutsche Telekom Training GmbH. For this purpose, eight FTEs will move from VCS's Human Resources unit (VCS Academy) to Deutsche Telekom Training GmbH as part of a transfer of operations.

Furthermore, from February 1, 2011 all purchasing services that the Group used to provide itself will be bought in and thus handled through Group Procurement's standardized purchasing processes.

In accordance with the medium-term planning approved in December 2010, VCS expects revenue to decline in 2011 and 2012. Against this backdrop and due to the fact that its personnel costs are higher than the industry average, the Company anticipates that its loss-making situation will continue for several years and expects its net loss to be absorbed by the parent company under the terms of the profit and loss transfer agreement.

F. Opportunities and risks

VCS's further development depends to a considerable extent on its future workforce and the strategic specifications of the Group parent concerning its positioning within the Group.

Required adjustments of workforce restructuring measures in the Group, e.g., as a result of temporarily higher staffing requirements in other Group units, will impact VCS because the timing of the excess capacity in the Group units concerned and hence the influx of staff in capacity management will be affected in the medium term at least.

In the 2011 financial year, VCS will continue to fulfill its mandate as an employment agency and create new job prospects for employees, primarily from Vivento's operations, by securing suitable orders. The Group has also not announced any large-scale hirings.

A resulting dip in the productivity of the corporate sites may impact the Company's profit or loss and its accruals for contingent losses.

Further business development within the Group will also depend to a considerable extent on the progress and stability of developments at the sites as well as in the productivity and quality of the Group's service companies. VCS has a track record of handling service center bottlenecks that arise in the Group even at short notice while maintaining a high level of quality.

Within the Deutsche Telekom Group, DT KS is the largest customer, especially due to the takeover of KNLS sites by VCS in the past. However, current planning shows that the share of business with other Group units is increasing.

DT KS, which remains VCS's largest customer, has announced that it will need fewer service center services from VCS in the future. Should this risk materialize, VCS's income will be further compromised if capacities cannot be adjusted to the same extent.

Moreover, the service center business in Germany is exposed to ongoing price pressure. As VCS bills its services to the Group based on market prices, further price erosion with pressure on earnings can be expected in the future.

In summary, VCS's future depends to a large extent on factors over which the Company has little or no control. Decisions at Group level as to how VCS will continue to be positioned within Deutsche Telekom's service landscape are particularly crucial.

G. Risks to the Company's continued existence as a going concern

A control and profit and loss transfer agreement was concluded with the shareholder in August 2005. This has a minimum term of five years and will be extended by one more year in each case unless terminated by either party. We expect that this agreement will continue to exist in the future and have made appropriate allowance for it in our medium-term planning for the years 2011 to 2014 approved by the Supervisory Board and agreed with the parent company. We therefore do not see any obvious risks to the Company's continued existence as a going concern.

H. Events after the balance sheet date

No significant events took place after the balance sheet date.

Bonn, February 7, 2011

Vivento Customer Services GmbH

Meinolf Brauer CEO, Chairman of the Managing Board	Ulrich Keudel Director Finance	Dr. Reinhard Keim Director Human Resources

Annual financial statements for the financial year from January 1 to December 31, 2010

Vivento Customer Services GmbH, Bonn

Balance sheet as of December 31, 2010

Assets

	Dec. 31, 2010	Dec. 31, 2009
	€	**€**
A. Noncurrent assets		
I. Intangible assets		
Software licenses	3,344,526.00	3,753,161.00
II. Property, plant and equipment		
1. Buildings on land owned by third parties	3,676.00	4,104.00
2. Technical equipment and machinery	641,911.00	899,606.00
3. Other equipment, plant and office equipment	1,475,160.40	2,160,241.40
4. Advance payments and construction in progress	122,416.11	51,927.00
	2,243,163.51	3,115,878.40
	5,587,689.51	**6,869,039.40**
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	87,640.70	29,988.00
2. Receivables from subsidiaries (of which: unpaid capital contributions on share premiums €95,900,000.00)	235,776,434.41	263,319,618.51
3. Other assets	199,368.86	1,887,917.86
	236,063,443.97	265,237,524.37
II. Marketable securities		
Other marketable securities		5,403,369.87
	236,063,443.97	**270,640,894.24**
C. Prepaid expenses and deferred charges	**23,552.47**	**44,023.98**
E. Difference between plan assets and partial retirement liabilities	**5,936,120.08**	**0.00**
	247,610,806.03	**277,553,957.62**

Shareholders' equity and liabilities

	Dec. 31, 2010	Dec. 31, 2009
	€	**€**
A. Shareholders' equity		
I. Capital stock	100,000.00	100,000.00
II. Additional paid-in capital	122,073,009.04	122,073,009.04
	122,173,009.04	**122,173,009.04**
B. Accruals		
1. Pensions and similar obligations	43,047,786.37	40,580,105.00
2. Other accruals	58,199,537.08	100,656,479.31
	101,247,323.45	**141,236,584.31**
C. Liabilities		
1. Trade accounts payable	3,287,372.69	6,489,662.83
2. Payables to subsidiaries	10,677,290.81	5,852,947.76
3. Other liabilities (of which: from taxes €1,319,373.12; previous year €1,295,958.41) (of which: from social security €1,546,228.72; previous year €193,579.93)	10,099,385.78	1,801,753.68
	24,064,049.28	**14,144,364.27**
D. Deferred income	**126,424.26**	**0.00**
	247,610,806.03	**277,553,957.62**

Vivento Customer Services GmbH, Bonn

Statement of income for the period from January 1 to December 31, 2010

		2010	2009
		€	**€**
1.	Net revenue	75,839,631.70	109,181,912.95
2.	Cost of sales	-228,252,811.15	-190,704,679.53
3.	**Gross profit (loss)**	**-152,413,179.45**	**-81,522,766.58**
4.	Selling expenses	-2,951,660.67	-4,610,814.93
5.	General and administrative costs	-15,406,538.94	-17,144,162.36
6.	Other operating income	60,846,840.87	78,176,052.51
7.	Other operating expenses	-25,782,394.00	-38,654,620.12
		-135,706,932.19	-63,756,311.48
8.	Income from debt securities and long-term loan receivables (of which: from subsidiaries €0.00; previous year €0.00)	0.00	78,703.85
9.	Other interest and similar income (of which: from subsidiaries €204,874.28; previous year €1,407,327.61)	765,889.40	1,407,327.61
10.	Write-downs on other investments in marketable securities	0.00	-101,248.38
11.	Interest and similar expenses (of which: to subsidiaries €8,059.16; previous year €3,458.77)	-2,795,393.32	-3,458.77
12.	**Results from ordinary business activities**	**-137,736,436.11**	**-62,374,987.17**
13.	Extraordinary expense	-152,964.00	0.00
14.	Income from loss transfer	137,889,400.11	62,374,987.17
15.	**Net income/net loss**	**0.00**	**0.00**

Vivento Customer Services GmbH, Bonn

Notes to the annual financial statements for the 2010 financial year

Summary of accounting policies

Description of business activities

The capital stock of Vivento Customer Services GmbH amounting to EUR 100,000 is held in full by Deutsche Telekom AG, Bonn (hereinafter referred to as DTAG). The Company also has additional paid-in capital of EUR 122,073,009.04 (previous year: EUR 122,073,009.04), of which EUR 95,900,000 has not yet been called in (previous year: EUR 95,900,000). The Company is a fully consolidated company in the Deutsche Telekom Group. A control and profit and loss transfer agreement exists between Vivento Customer Services GmbH and Deutsche Telekom AG. Fiscal units exist under Deutsche Telekom AG for VAT purposes (since September 1, 2005) and for income tax purposes (since January 1, 2005).

Vivento Customer Services GmbH (hereinafter referred to as VCS) was founded as of January 1, 2004 in the form of a GmbH & Co. KG and was reorganized as a GmbH on August 22, 2005. This entity is assigned to DTAG's Vivento business unit, which places interested employees from the Group's units in new positions in and outside the Deutsche Telekom Group.

VCS acts as an employment agency and places staff from Vivento's access management in existing or newly established service centers. VCS also aims to support the Group's workforce restructuring. At the end of 2010, VCS had 15 service centers and one satellite office.

VCS's portfolio of services ranges from traditional service center services to customer-specific module and industry solutions such as customer support services (support hotlines), scan services, telephone operator services, order processing, customer retention, database maintenance, and sales support.

The annual financial statements for the year ended December 31, 2010 have been prepared in accordance with the applicable provisions of the German Commercial Code (Handelsgesetzbuch – HGB). As in the previous year, the statement of income for 2010 is structured in line with the cost of sales method.

Comparability with prior-year figures on account of organizational changes and first-time application of the German Accounting Law Modernization Act (*Bilanzrechtsmodernisierungsgesetz* – BilMoG)

In accordance with § 265 (2) sentence 1 of the German Commercial Code (*Handelsgesetzbuch* – HGB), the comparative figures from the Company's preceding financial year have been presented for the balance sheet as of December 31, 2010 and the statement of income for the period January 1 to December 31, 2010.

The German Accounting Law Modernization Act was applied in full for the first time in the reporting year (in accordance with Art. 66 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch* – EGHGB)). Pursuant to Art. 67 (8) sentence 2 EGHGB, prior-year figures were not restated.

Where the effects of the first-time adoption of the German Accounting Law Modernization Act and their explanations are significant and necessary for a better understanding of the figures, these transactions are presented separately in the notes to the individual items in the balance sheet and the statement of income.

Summary of significant accounting principles

The annual financial statements and the management report of VCS are prepared in accordance with the provisions of German GAAP, as specified in HGB in the version provided in BilMoG for large corporations within the meaning of § 267 (3) HGB, as well as the German Act on Limited Liability Companies (GmbH-Gesetz) and the current Articles of Association.

The balance sheet and the statement of income are prepared in accordance with the classification requirements of § 266 and § 275 HGB. The statement of income is prepared using the cost of sales method in accordance with § 275 (3) HGB. Unless otherwise stated, all amounts shown are in euros (EUR). The financial year is the calendar year.

In conformity with international practice, reporting begins with the statement of income.

The annual financial statements and management report of VCS are incorporated into the consolidated financial statements and combined management report of Deutsche Telekom AG, Bonn (hereinafter also referred to as DTAG), the ultimate parent company. The consolidated financial statements and combined management report of DTAG are prepared in accordance with § 315a HGB applying the IFRSs endorsed by the EU. The consolidated financial statements and the combined management report are published in the electronic Federal Gazette (Bundesanzeiger) and can also be accessed on the website of DTAG's business register.

Accounting policies

Net revenue includes all revenues from the rendering of services that are typical for the Company, i.e., revenues from VCS's ordinary business activities. This relates in particular to income from call center and back office services.

Revenue is recorded net of value-added tax and sales-related reductions. In accordance with the realization principle, revenue is recognized in the accounting period when earned.

Purchased **intangible assets** are carried at acquisition cost and amortized over their applicable useful lives.

VCS does not exercise its option to recognize internally generated intangible assets (§ 248 (2) HGB).

Property, plant and equipment is measured at acquisition or construction cost and reduced by depreciation. Write-downs to the lower of cost or market value are charged if an impairment of assets is assumed to be permanent.

Depreciation is generally charged using the straight-line method. The standard useful lives used for the calculation are based on a company-specific estimate that takes both technical and commercial devaluation factors into account.

The following table shows the main depreciation, amortization and write-down rates used for noncurrent assets:

	%
Intangible assets	14.3 to 33
Property, plant and equipment	
Technical equipment	3 to 20
Other equipment, office and business equipment	5 to 33
Low-value assets	20 to 100

Additions to movable items of property, plant and equipment are depreciated ratably from the year of acquisition.

With the exception of office equipment, low-value assets acquired up to December 31, 2007 were written off in full in the year of acquisition and presented as disposals. Since January 1, 2008, assets with an acquisition or production cost below EUR 150 have been written down immediately in the year of acquisition. Assets whose acquisition or production cost exceeds EUR 150 but is less than EUR 1,000 are capitalized in 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.

Noncurrent assets sold or otherwise disposed of are derecognized at their relevant carrying amount (cost less accumulated depreciation). A gain or loss is recognized in income for the difference between the proceeds from the sale and the carrying amount of the asset concerned.

Receivables, other assets, cash and cash equivalents and prepaid expenses and deferred charges are carried at their nominal value. Individual risks are accounted for under receivables though appropriate valuation adjustments.

In accordance with § 266 (2) letter C HGB, prepaid expenses and deferred charges are presented separately and recalculated at each balance sheet date.

Accruals for pensions and similar obligations are based on obligations to non-civil servants. These accruals are calculated on the basis of actuarial principles, applying the projected unit credit method and using the 2005 G life expectancy tables published by Prof. Klaus Heubeck, which also take expected future salary and benefit increases into account. The interest rate used to determine the present value of the pension obligations corresponds to the average market interest rate for the past seven years published by the Deutsche Bundesbank that results from an assumed remaining maturity of 15 years (§ 253 (2) sentence 2 HGB). The Company exercises the option provided in Art. 67 (1) sentence 1 EGHGB of aggregating the shortfall in the pension obligations resulting from the revaluation to at least one 15^{th} in each reporting year up to December 31, 2024 at the latest.

The accruals for **partial retirement obligations** are measured at the present value using actuarial principles. To hedge claims from partial retirement obligations, securities have been transferred to a trustee under a contractual trust agreement (CTA). These plan assets must be measured at their fair value in accordance with § 253 (1) sentence 4 HGB. In accordance with § 246 (2) sentence 2 HGB (BilMoG-related change), the accruals for partial retirement obligations are offset against the plan assets. Any excess of plan assets over the amount of the accruals is recognized as an asset and presented under a separate heading (§ 266 (2) letter E HGB). In accordance with § 246 (2) sentence 2 HGB, income and expenses from discounting and from the assets to be offset are also offset under financial income/expense. If the fair value of the plan assets exceeds the historical cost, this part is subject to the restriction on distribution in accordance with § 268 (8) HGB.

Other accruals including those for loss contingencies from pending transactions are recorded at the settlement amount calculated in line with prudent commercial practices. Sufficient allowance is made for all identifiable risks when measuring these accruals. Expected increases in prices and costs in the meantime are taken into account.

The accrual for loss contingencies from pending transactions is measured at full cost, which includes direct and indirect performance costs, directly attributable special direct costs of sales and other directly attributable costs, but not general administration and selling costs.

Accruals with a remaining term of more than one year are discounted at the balance sheet date at the interest rate published by the Deutsche Bundesbank, which is the average market interest rate for the past seven financial years.

Where reversals of accruals become necessary on the basis of the introduction of BilMoG and the resulting changes in measurement, the Company will apply the option to retain the higher carrying amount if the amount being reversed has to be added back before December 31, 2024 (Art. 67 (1) sentence 2 EGHGB). To this extent, the pre-BilMoG version of § 253 HGB continues to apply.

Liabilities are recognized at the higher of nominal value or settlement amount.

Scope of discretion

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses recognized during the reporting period. Actual results may differ from those estimates.

Notes to the statement of income

1 Net revenue

VCS generated total net revenue of EUR 75.8 million in the financial year compared with EUR 109.2 million in 2009. This was generated solely in Germany.

	2010 (thousands of €)	2009 (thousands of €)
Customers within the Group	**74,902**	**108,768**
Deutsche Telekom Kundenservice GmbH	34,636	68,128
Telekom Deutschland GmbH*	26,165	25
Deutsche Telekom AG*	9,050	32,283
Deutsche Telekom Accounting GmbH	2,223	2,704
T-Systems International GmbH	1,710	4,253
T-Systems DDM GmbH	684	771
Other	434	604
External customers	938	414
Total net revenue	**75,840**	**109,182**

* DTAG's T-Home business unit was spun off into T-Mobile Deutschland GmbH effective as of January 1, 2010. Since March 30, 2010 this has been called Telekom Deutschland GmbH.

2 Cost of sales

The net revenue mentioned above is reduced by the cost of sales of EUR 228.3 million (previous year: EUR 190.7 million). VCS's cost of sales comprises all of the sites' operating expenses as well as all costs for the IT and telecommunications infrastructure. The table below shows the main cost drivers in the cost of sales:

	2010 (thousands of €)	2009 (thousands of €)
Personnel costs	105,574	71,295
Loan and temporary staff including expenses for transferred civil servants	87,204	83,831
IT costs	10,930	12,294
Rentals including ancillary expenses	9,896	9,829
Depreciation, amortization and write-downs	2,720	4,028
Telecommunications costs	2,439	2,795
Other employee-related costs	2,103	201
Travel expenses	1,159	1,176
Training and development	1,096	603
Other costs	5,132	4,653
Total	**228,253**	**190,705**

3 Selling expenses

Selling expenses of EUR 3.0 million were also incurred in the financial year (previous year: EUR 4.6 million).

4 General and administrative costs

The following table provides a breakdown of administrative costs.

	2010 (thousands of €)	**2009 (thousands of €)**
Human resources	9,065	9,272
Finance and controlling	4,342	4,989
Managing Board	387	750
Other general and administrative costs	1,613	2,133
Total	**15,407**	**17,144**

5 Other operating income

Other operating income amounts to EUR 60.8 million (previous year: EUR 78.2 million) and mainly results from the reversal of accruals (EUR 12.2 million; previous year: EUR 28.6 million) and income from the utilization of accruals for contingent losses from the previous year in the amount of EUR 38.7 million (previous year: EUR 41.4 million).

Other operating income also includes income relating to another period amounting to EUR 14.8 million (previous year: EUR 30.0 million), which comprises in particular income from the reversal of accruals and refunds from suppliers for the 2009 financial year.

6 Other operating expenses

Other operating expenses (EUR 25.8 million; previous year: EUR 38.7 million) principally comprise the write-back to accruals for contingent losses in the amount of EUR 25.7 million (previous year: EUR 38.5 million).

7 Profit/loss from financial activities

The loss from financial activities of EUR 2.0 million (previous year: profit from financial activities of EUR 1.4 million) is principally composed of the following expenses and income:

	2010 (thousands of €)	**2009 (thousands of €)**
Income from debt securities and long-term loan receivables	0	79
of which: from subsidiaries €0 thousand (previous year €0 thousand)		
Other interest and similar income	766	1,407
of which: from subsidiaries €205 thousand (previous year €1,407 thousand)		
of which: from the discounting of accruals €0 thousand (previous year €0 thousand)		
of which: gain from the offsetting of plan assets and partial retirement liabilities €561 thousand; previous year €0 thousand)		
Write-downs on other investments in marketable securities	0	-101
Interest and similar expenses	-2,795	-4
of which: to subsidiaries €8 thousand (previous year €4 thousand)		
of which: from interest added back to accruals €2,787 thousand (previous year €0 thousand)		
Total	**-2,029**	**1,381**

8 Extraordinary expense

Extraordinary expense (EUR 0.2 million) resulted from the first-time full application of BilMoG in the reporting year and related to the adjustment of the measurement of pension accruals in line with this Act. The Company exercises the option to spread the addition pursuant to Art 67 (1) sentence 1 EGHGB such that the annual addition equals exactly one 15th of the difference. For employees who moved to other Group companies during the financial year, the difference was recognized in full under extraordinary expense.

9 Overview of the main cost types under the total cost method

	2010 (thousands of €)	2009 (thousands of €)
Personnel costs		
Wages and salaries	98,798	63,921
Social security contributions and expenses for pension plans and benefits	17,433	19,306
(of which: for pension plans €8,652 thousand; previous year €11,040 thousand)	**116,231**	**83,227**
Goods and services purchased	**0**	**0**
Depreciation, amortization and write-downs	**3,218**	**4,582**
Other operating expenses		
Loan and temporary staff	88,332	85,255
Loss contingencies	25,717	38,526
IT support	12,733	14,398
Rentals and leases	10,226	10,110
Placement and financial accounting services	3,135	2,165
Telephone costs	1,690	2,085
Travel expenses	1,602	1,650
Training and development expenses	1,520	1,133
Maintenance for land and buildings as well as telecommunications equipment	1,405	1,299
Consulting costs	360	256
Marketing expenses	215	1,060
Other	6,009	5,368
	152,944	**163,305**
	272,393	**251,114**

Depreciation, amortization and write-downs does not include any write-downs as defined by § 253 (3) sentence 3 HGB.

10 Appropriation of net income

The Company's net loss for the current financial year before loss transfer was EUR 137.9 million. The loss was absorbed by Deutsche Telekom AG, Bonn, in accordance with the profit and loss transfer agreement.

Notes to the balance sheet

11 Intangible assets and property, plant and equipment

The development and classification of individual noncurrent asset items can be taken from the statement of noncurrent assets (annex to the notes to the financial statements).

Noncurrent assets decreased by a total of EUR 1.3 million in the financial year. The decline was mainly a result of higher depreciation expenses compared with investments. The investments of EUR 1.9 million were mostly used to purchase new software licenses. Depreciation, amortization and write-downs amounted to EUR 3.2 million in 2010.

12 Receivables and other assets

VCS's receivables and other assets amount to a total of EUR 236.1 million (previous year: EUR 265.2 million). The exact composition can be taken from the following table:

	2010 (thousands of €)	**2009 (thousands of €)**
Trade receivables from third parties	88	30
Receivables from subsidiaries	235,776	263,319
of which: receivables from the shareholder	223,865	254,723
of which: from cash pooling	126,088	155,079
of which: from unpaid capital contributions on share premiums	95,900	95,900
of which: trade receivables	1,517	2,857
of which: from VAT	360	887
of which: trade receivables from subsidiaries	11,911	8,596
Other assets	199	1,888
Total	**236,063**	**265,237**

As of December 31, 2009, other assets comprised receivables from deposits with Hessische Landesbank of EUR 1.7 million to increase the hours credited for protection of the partial retirement obligations against bankruptcy. In the reporting year, securities were acquired through a trustee for protection of the partial retirement obligation against bankruptcy.

All receivables and other assets have a remaining maturity of less than one year.

13 Difference between plan assets and partial retirement liabilities

This difference results from the offsetting of assets transferred to a trustee to hedge claims arising from partial retirement obligations under the contractual trust agreement (CTA) against the corresponding obligations. The fair value of the CTA asset of EUR 7.7 million covered in full VCS's discounted outstanding settlement amounts of EUR 1.8 million in respect of employees in partial retirement at the balance sheet date December 31, 2010.

The net amount of the expenses and income arising in connection with the CTA asset that is reported in the statement of income in the 2010 reporting year comprises interest expenses from interest added back to the outstanding settlement amounts of EUR 37 thousand, write-ups of the CTA asset of EUR 562 thousand, and credit entries for earnings of EUR 36 thousand.

The historical cost of the CTA asset is EUR 7.9 million.

14 Restriction on distribution

As the historical cost of the CTA asset is higher than its current fair value, there is no restriction on distribution in accordance with § 268 (8) HGB as of December 31, 2010.

15 Pensions and similar obligations

On the basis of the actuarial opinion, pension obligations of EUR 43.0 million were carried in the balance sheet at the reporting date (previous year: EUR 40.6 million).

Up to December 31, 2009, a pension accrual was recognized in accordance with § 6a EStG for the purposes of commercial law. Since the introduction of BilMoG effective January 1, 2010, pension accruals have been measured using the projected unit credit method. The addition resulting from the change in the measurement of pension accruals is spread over 15 years in accordance with transitional provisions (Art. 67 (1) EGHGB) of BilMoG.

Pension accruals not shown in the balance sheet as a consequence of the transitional provisions of BilMoG amounted to EUR 0.7 million as of December 31, 2010.

Calculations at the balance sheet date are based on the following assumptions:

%	**Dec. 31, 2010**
Notional interest rate	5.16 p.a.
Projected salary increase	
Employees not covered by collective agreements	3.50 p.a.
Pay-scale employees	3.25 p.a.
Projected pension increase	
General	1.50 p.a.
According to articles of association	1.00 p.a.
Attrition	4.00 p.a.

Pension obligations are measured using the 2005 G life expectancy tables published by Prof. Klaus Heubeck.

16 Other accruals

Other accruals take account of all identifiable risks and uncertain liabilities. The following table shows the individual breakdown of other accruals:

	2010 (thousands of €)	2009 (thousands of €)
Accruals for personnel costs		
Retirement scheme accruals	2,787	7,091
Severance payments	599	1,311
Vacation accruals	560	617
Anniversary accruals	267	247
Other personnel costs	3,600	3,998
	7,813	13,264
Other accruals		
Accrual for contingent losses	25,947	39,303
Obligations arising from call center sales	20,425	41,591
Outstanding invoices	3,285	4,721
Litigation risks	88	88
Sales-related reductions	75	756
Audit and consulting fees	56	37
Miscellaneous other accruals	511	896
	50,387	87,392
	58,200	100,656

VCS makes use of the option to retain the higher carrying amount of accruals under the transitional provision of BilMoG. If it had waived this option to retain the higher carrying amount, an excess of miscellaneous other accruals of EUR 0.3 million would have resulted.

17 Liabilities

With the exception of liabilities from social security of EUR 1.5 million that are due in up to seven years, all liabilities are due in one year or less. Liabilities with a remaining term of over five years amount to EUR 0.2 million. Liabilities are not secured by liens or similar rights. VCS had liabilities of EUR 24.1 million at the balance sheet date (previous year: EUR 14.1 million). These can be broken down as follows:

	2010 (thousands of €)	**2009 (thousands of €)**
Trade payables to third parties	3,287	6,490
Trade payables to subsidiaries	10,677	5,852
of which: to the shareholder	9,437	4,335
of which: to other subsidiaries	1,240	1,517
Other liabilities	10,100	1,802
of which: for severance payments to employees	7,175	282
of which: from social security	1,546	194
of which: from taxes	1,319	1,296
of which: other liabilities	60	30
Total	**24,064**	**14,144**

18 Guarantees and commitments, and other financial obligations

Other financial obligations totaling EUR 101.5 million exist in respect of subsidiaries (previous year: EUR 95.1 million). These relate in particular to obligations arising from the framework agreement for the transfer of facility products of Deutsche Telekom AG, Group Facility Management, Bonn, for the 2011 to 2018 period, as well as rentals for IT equipment (workstation systems) in respect of T-Systems International GmbH, Frankfurt. Of the total obligations, EUR 17.3 million is due within one year (previous year: EUR 14.6 million).

Year	**Rentals** (millions of €)	**Flat rates for workstation systems** (millions of €)	**Total** (millions of €)
2011	10.7	6.6	17.3
2012	10.5	6.3	16.8
2013	10.2	6.1	16.3
2014	10.2	0.0	10.2
2015	10.2	0.0	10.2
2016 and after	30.7	0.0	30.7
Total	**82.5**	**19.0**	**101.5**

19 Off-balance-sheet transactions

There are no off-balance-sheet transactions in accordance with § 285 No. 3 HGB.

20 Auditors' fees and services

The total fees charged by the external auditors for the financial year as defined in § 285 No. 17 HGB are detailed in the relevant note in the consolidated financial statements.

21 Related party disclosures

VCS has business relationships with a large number of subsidiaries. These transactions were executed on an arm's length basis.

No significant transactions took place with related individuals.

23 Number of employees

The average number of employees during the financial year in accordance with § 285 sentence 1 No. 7 HGB (averaged over the quarterly reporting dates) is 1,607. Of this figure, 689 are civil servants and 918 are non-civil servants (previous year: 1,582 employees, of which 717 civil servants and 865 non-civil servants). Expressed in FTEs, the average number of employees is 1,481 (of which 629 civil servants and 852 non-civil servants). The average number of FTEs in 2009 was 1,446 (647 civil servants and 799 non-civil servants).

24 Executive bodies of the Company

Managing Board

1 Meinolf Brauer, Vettelschoß, CEO, Chairman of the Managing Board

2 Ulrich Keudel, Willingen, Director of Finance

3 Dr. Reinhard Keim, Bonn, Director of Human Resources

Compensation of the Managing Board

The compensation of the members of the Managing Board in the financial year was paid by the parent company.

Former and retired members of the Board of Management

No accruals were recognized for current pensions and pension rights for this group of people in 2010 or the preceding year.

Supervisory Board

The following persons are members of the Supervisory Board of VCS GmbH:

- Dietmar Welslau (Chairman), Chairman of the Managing Board of Vivento, Deutsche Telekom AG, and Director of Personal Telekom Deutschland GmbH
- Dr. Kai Schumacher, Senior Vice President Strategy and Communication Vivento, Deutsche Telekom AG
- Friedrich Fuß, Chairman of the Managing Board, Deutsche Telekom Technischer Service GmbH, and Director of Technical Service, Telekom Deutschland GmbH
- Dr. Dietmar Keller, Senior Vice President Operations Home Gold and Home List, Deutsche Telekom Kundenservice GmbH (since January 4, 2010)
- Dr. Oliver Lange, Vice President Accounting, Controlling, IT Finance, Deutsche Telekom AG (since September 2, 2010)
- Katja Drechsler, Senior Vice President Outsourcer Management, Deutsche Telekom Kundenservice GmbH (since September 2, 2010)
- Guido Jonen, Chairman of the Managing Board, Deutsche Telekom Accounting GmbH, and Executive Vice President Accounting, Controlling, IT Finance, Deutsche Telekom AG (until August 31, 2010)
- Gero Niemeyer, Director of Operations, Deutsche Telekom Kundenservice GmbH (until August 31, 2010)
- Kerstin Chagoubi, ver.di, employee representative (Deputy Chairwoman)
- Michael Giesers, Senior Vice President, Operations 2, VCS (employee representative, executives)
- Horst Sayffaerth, DPVKOM (employee representative)
- Bodo-Christian Petersen, Chairman of the Central Works Council, VCS, since June 9, 2010 (employee representative)
- Patricia Hinrichs, Deputy Chairman of the Central Works Council, VCS, since June 9, 2010 (employee representative since August 16, 2010)
- Klaudia Tschierschwitz, Chairwoman of the Central Works Council, VCS, up to May 31, 2010 (employee representative until August 9, 2010)
- Heinrich Wiegmann, member of the Central Works Council, VCS, until May 31, 2010 (employee representative until December 31, 2010)

Compensation of the Supervisory Board

An accrual of EUR 6,700.00 was recognized in the 2010 financial year for the compensation of the Supervisory Board to be paid out in the 2011 financial year.

Miscellaneous

No advances or loans were granted to current or former members of the Board of Directors, nor were any other financial obligations to the benefit of this group of people entered into (§ 285 No. 9 c HGB).

Bonn, February 7, 2011

Vivento Customer Services GmbH

Meinolf Brauer	Ulrich Keudel	Dr. Reinhard Keim
CEO, Chairman of the Managing Board	Director, Finance	Director, Human Resources

Vivento Customer Services GmbH, Bonn

Statement of noncurrent assets

	Acquisition costs					Depreciation, amortization and write-downs				Net carrying amount	Net carrying amount
	Jan. 1, 2010	Additions	Reclassific-ations	Disposals	Dec. 31, 2010	Jan. 1, 2010	Additions	Disposals	Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2009
	€	€	€	€	€	€	€	€	€	€	€
I. Intangible assets, software licenses	14,934,498.38	1,518,831.51	51,316.00	149,087.02	16,355,558.87	11,181,337.38	1,978,782.51	149,087.02	13,011,032.87	3,344,526.00	3,753,161.00
II. Property, plant and equipment											
1. Buildings on land owned by third parties	10,650.35	0.00	0.00	0.00	10,650.35	6,546.35	428.00	0.00	6,974.35	3,676.00	4,104.00
2. Technical equipment and machinery	8,476,428.47	108,378.38	-12,135.92	93,645.10	8,479,025.83	7,576,822.47	353,937.46	93,645.10	7,837,114.83	641,911.00	899,606.00
3. Other equipment, plant and office equipment	6,374,132.13	209,493.04	-452.28	210,726.13	6,372,446.76	4,213,890.73	884,531.76	201,136.13	4,897,286.36	1,475,160.40	2,160,241.40
4. Advance payments and construction in progress	51,927.00	109,216.91	-38,727.80	0.00	122,416.11	0.00	0.00	0.00	0.00	122,416.11	51,927.00
	14,913,137.95	427,088.33	-51,316.00	304,371.23	14,984,539.05	11,797,259.55	1,238,897.22	294,781.23	12,741,375.54	2,243,163.51	3,115,878.40
	29,847,636.33	1,945,919.84	0.00	453,458.25	31,340,097.92	22,978,596.93	3,217,679.73	443,868.25	25,752,408.41	5,587,689.51	6,869,039.40

Auditors' report

We have audited the annual financial statements, comprising the balance sheet, the statement of income, and the notes to the financial statements, together with the bookkeeping system, and the management report of Vivento Customer Services GmbH, Bonn, for the financial year from January 1 to December 31, 2010. 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 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 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, February 18, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Tandetzki	ppa. Melanie Zünkler
Wirtschaftsprüfer	Wirtschaftsprüferin