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Vivento Customer Services GmbH
Bonn

Annual financial statements as of December 31, 2009,
and management report for the 2009 financial year

Auditors' report

Contents Page

Management report for the 2009 financial year 1
Annual financial statements 1
1. Balance sheet as of December 31, 2009 2
2. Statement of income for the period from January 1, 2009 to December 31, 2009...... 5
3. Notes to the annual financial statements for the 2009 financial year 7
Statement of noncurrent assets 14
Auditors' report 1

This translation is for courtesy purposes only. The German original prevails.

Management report for the 2009 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). 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 2009 financial year were service center services for customers in the Deutsche Telekom Group. An additional agreement to the framework agreement was concluded in 2009 with the highest-revenue customer, the affiliate Deutsche Telekom Kundenservice GmbH (hereinafter referred to as DT KS), which impacted revenue for the financial year, especially following the adjustment of the call volume and the alignment to Group-external prices. Inbound minute prices were reduced by 3.6 percent and outbound minute prices by 3.5 percent compared with the previous year. In addition, no IT surcharge has been paid since the 2009 financial year.

In line with market requirements, the back office service center services in particular – the focus of the service center services – were expanded from 64.2 percent in the 2008 financial year to 71.7 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, during the reporting year just ended, the Company took over and employed about 100 employees from DT KS's closed sites. 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 2,266 FTEs (annual average) in 2008 to 1,656 FTEs (annual average) in the 2009 financial year.

VCS carried out further site optimization measures in 2009. The Henningsdorf site was opened on April 1, 2009, which took over the DT KS staff affected by the closure of the Potsdam and Berlin sites. In addition, the Göppingen site was assigned to the Weingarten site as a branch. At the close of the 2009 financial year on December 31, 2009, VCS had 15 service centers and one satellite office.

C. <u>Net worth and financial position</u>

The factors affecting the development of net worth are explained briefly below:

	Dec. 31, 2009 thousands of €	Dec. 31, 2008 thousands of €	Change thousands of €
Noncurrent assets	6,869	13,441	-6,572
Current assets	270,641	338,849	-68,208
Prepaid expenses and deferred charges	44	61	-17
Assets	**277,554**	**352,351**	**-74,797**
Shareholders' equity	122,173	122,173	0
Accruals	141,237	199,304	-58,067
Liabilities	14,144	30,825	-16,681
Deferred income	0	49	-49
Shareholders' equity and liabilities	**277,554**	**352,351**	**-74,797**

Total assets/total liabilities and shareholders' equity declined by EUR 74.8 million year-on-year to EUR 277.6 million. The largest item on the assets side of the balance sheet is receivables from subsidiaries amounting to EUR 263.3 million (previous year: EUR 331.0 million). These mainly comprise receivables of EUR 155.1 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 decline in noncurrent assets of EUR 6.5 million to EUR 6.9 million was primarily attributable to the transfer of assets to DTAG's Group Facility Management and to a higher level of depreciation, amortization, and write-downs compared with investments.

Liabilities and shareholders' equity principally comprises accruals of EUR 141.2 million, trade payables to third parties of EUR 6.4 million, and trade payables to subsidiaries of EUR 5.9 million. Accruals mainly consist of pension accruals (EUR 40.6 million), accruals for personnel costs (EUR 13.3 million), obligations arising from the sale of call center locations (EUR 41.6 million), and accruals for contingent losses (EUR 39.3 million). The decrease in accruals of EUR 58.1 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.

The decrease in liabilities concerns other liabilities in particular. Existing purchase price liabilities of EUR 7.3 million were settled with buyers at the call center sites in the 2009 financial year. In addition, EUR 3.5 million in liabilities to employees from severance payments was paid.

The equity ratio as of December 31, 2009 was 44 percent, up 9.3 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:

	2009 thousands of €	2008 thousands of €	Change thousands of €
Net revenue	**109,182**	**146,458**	**-37,276**
Other operating income	78,176	34,529	43,647
Cost of sales	-190,705	-242,286	51,581
Selling expenses	-4,611	-3,099	-1,512
General and administrative costs	-17,144	-22,484	5,340
Other operating expenses	-38,654	-57,491	18,837
Operating results	**-63,756**	**-144,373**	**80,617**
Financial income (expense), net	1,381	3,552	-2,171
Extraordinary income (expense)	0	-81,239	81,239
Net loss for the year before income from loss transfer	**-62,375**	**-222,060**	**159,685**

VCS's domestic net revenue stood at EUR 109.2 million in 2009 (previous year: EUR 146.5 million). The Deutsche Telekom Group was the largest user of VCS's services, accounting for 97.5 percent of the Company's revenue. The external market share (including revenues generated through the Deutsche Telekom Group distribution channels) was relatively low at 2.5 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 full cost coverage in the Company's external business. The reason for this was the high level of Group-internal demand, which had the highest priority in the interest of achieving the Group service goal.

Other operating income in the 2009 financial year was EUR 78.2 million, exceeding the previous year's level of EUR 34.5 million. This was primarily due to the reversal of accruals and the utilization of accruals for contingent losses.

Revenue is reduced by the cost of sales amounting to EUR 190.7 million (previous year: EUR 242.3 million), selling expenses of EUR 4.6 million (previous year: EUR 3.1 million), and administrative costs of EUR 17.1 million (previous year: EUR 22.5 million).

The cost of sales includes personnel costs of EUR 71.3 million (previous year: EUR 104.1 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. Additionally, the cost of sales specifically includes expenses for the deployment of external loan and temporary staff as well as assigned civil servants (EUR 83.8 million; previous year: EUR 90.7 million) and IT costs (EUR 12.3 million; previous year: EUR 13.9 million).

Other operating expenses declined by EUR 18.8 million to EUR 38.7 million, mainly due to the reduction in the recognition of new accruals for contingent losses.

Taking into account the EUR 2.2 million decline in net financial income year-on-year, which resulted in particular from lower interest income from the reduction of receivables from cash management as a basis for calculating interest, there was a loss from ordinary business activities of EUR 62.4 million for the 2009 financial year, which was assumed by DTAG in connection with the profit and loss transfer agreement in place.

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

Figures in accordance with IFRS/IAS	**2009**	**2008**
Revenue (millions of €)	109.2	146.5
EBITDA in millions of € (excl. special factors)	-71.5	-79.4
Employees in FTEs (YA)*	4.137	5.378
Gross staff turnover in FTEs**	566	
Revenue per FTE in thousands of €	26.4	27.2
EBITDA per FTE in thousands of € (excl. special factors)	-17.3	-14.8

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 will no longer be used for controlling purposes.

E. Perspective

The modernization and consolidation of the service center structure at the DT KS affiliate is likely to result in a larger workforce at VCS in the coming years as well. In addition, VCS is 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 surplus 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.

Over the next few years, VCS will make greater use of potential synergies with DTAG's Vivento unit. In 2010, more VCS competencies, for example in the areas of marketing, sales, strategy, and human resources, will be made available to DTAG's Vivento operations and billed in line with the framework agreement.

In accordance with the medium-term planning approved in December 2009, VCS expects revenue to decline significantly in 2010 and 2011. This will result in a staffing reduction, in particular from trimming external loan and temporary workers and further declines in prices for the service center services to be provided. 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.

Staff additions at VCS during financial year 2010 are expected primarily from planned additions of DT KS's surplus staff and from other Group units as well as from employment initiatives together with DTAG's Vivento operation. VCS will thus make a contribution to consolidated net income by generating contribution margins.

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 DT KS service center. 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.

The service center business in Germany will continue to be exposed to price pressure. As VCS bills its services to the Group based on market prices, further price erosion 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 continued existence

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 2010 to 2012 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 12, 2010

Vivento Customer Services GmbH

Director, Managing Director	Director of Finance	Director of Human Resources

Annual financial statements for the financial year from January 1 to December 31, 2009

Vivento Customer Services GmbH, Bonn

Balance sheet as of December 31, 2009

Assets

	Dec. 31, 2009	Dec. 31, 2008
	€	**€**
A. Noncurrent assets		
I. Intangible assets		
Software licenses	3,753,161.00	4,036,312.00
II. Property, plant and equipment		
1. Buildings on land owned by third parties	4,104.00	1,301,165.00
2. Technical equipment and machinery	899,606.00	1,447,283.00
3. Other equipment, plant and office equipment	2,160,241.40	5,461,019.40
4. Advance payments and construction in progress	51,927.00	1,195,311.58
	3,115,878.40	9,404,778.98
	6,869,039.40	**13,441,090.98**
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	29,988.00	1,899.97
2. Receivables from subsidiaries (of which: unpaid capital contributions on share premiums €95,900,000.00)	263,319,618.51	331,039,015.85
3. Other assets	1,887,917.86	2,204,448.08
	265,237,524.37	333,245,363.90
II. Marketable securities		
Other marketable securities	5,403,369.87	5,504,618.25
III. Cash in hand, cash in banks	0.00	98,647.77
	270,640,894.24	**338,848,629.92**
C. Prepaid expenses and deferred charges	**44,023.98**	**61,607.90**
	277,553,957.62	**352,351,328.80**

Shareholders' equity and liabilities

		Dec. 31, 2009	Dec. 31, 2008
		€	**€**
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.	Accruals for pensions and similar obligations	40,580,105.00	38,933,770.00
2.	Other accruals	100,656,479.31	160,370,766.93
		141,236,584.31	**199,304,536.93**
C.	**Liabilities**		
1.	Trade accounts payable	6,489,662.83	6,952,865.49
2.	Payables to subsidiaries	5,852,947.76	11,254,554.38
3.	Other liabilities (of which: from taxes EUR 1,295,958.41; previous year: EUR 1,399,895.96) (of which: from social security EUR 193,579.93; previous year: EUR 0.00)	1,801,753.68	12,617,832.96
		14,144,364.27	**30,825,252.83**
D.	**Deferred income**	**0.00**	**48,530.00**
		277,553,957.62	**352,351,328.80**

Vivento Customer Services GmbH, Bonn

Statement of income for the period from January 1 to December 31, 2009

		2009	2008
		€	**€**
1.	Net revenue	109,181,912.95	146,458,268.97
2.	Cost of sales	-190,704,679.53	-242,285,561.39
3.	**Gross profit (loss)**	**-81,522,766.58**	**-95,827,292.42**
4.	Selling expenses	-4,610,814.93	-3,099,051.26
5.	General and administrative costs	-17,144,162.36	-22,483,978.08
6.	Other operating income	78,176,052.51	34,528,448.78
7.	Other operating expenses	-38,654,620.12	-57,490,704.19
		-63,756,311.48	-144,372,577.17
8.	Income from debt securities and long-term loan receivables (of which: from subsidiaries EUR 0.00; previous year: EUR 0.00)	78,703.85	160,613.58
9.	Other interest and similar income (of which: from subsidiaries EUR 1,407,327.61; previous year: EUR 4,172,435.60)	1,407,327.61	4,172,435.60
10.	Write-downs on other investments in marketable securities	-101,248.38	-778,053.35
11.	Interest and similar expenses (of which: to subsidiaries EUR 3,458.77; previous year: EUR 3,736.65)	-3,458.77	-3,736.65
12.	Results from ordinary business activities	**-62,374,987.17**	**-140,821,317.99**
13.	Extraordinary expenses (= extraordinary income)	0.00	-81,238,810.49
14.	Income from loss transfer	62,374,987.17	222,060,128.48
15.	**Net income/net loss**	**0.00**	**0.00**

Vivento Customer Services GmbH, Bonn

Notes to the annual financial statements for the 2009 financial year

I. General disclosures and remarks

a) General

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.

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 surplus 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 capacity management in existing or newly established service centers. VCS also aims to support the Group's workforce restructuring. In this context, VCS established the Henningsdorf site during financial year 2009, which took over the employees affected by the closure of the Berlin and Potsdam sites at the affiliate, Deutsche Telekom Kundenservice GmbH. No service centers were sold from VCS's portfolio in the year under review, however, the Göppingen site was assigned to the Weingarten site as a branch. At the end of 2009, VCS had 15 service centers and one satellite office.

VCS's portfolio of services ranges from conventional service center services to customer-specific module and industry solutions. During the course of the financial year, VCS increasingly offered back office services such as customer service (support hotlines), scan services, telephone operator services, order processing, customer retention, sales support, and individual solutions for external customers.

The annual financial statements for the year ended December 31, 2009 have been prepared in accordance with the applicable provisions of the German Commercial Code (*Handelsgesetzbuch* – HGB). As the previous year, the statement of income for the 2009 financial year is classified in accordance with the cost-of-sales method.

b) Accounting policies

The annual financial statements include all assets, liabilities, prepaid expenses, deferred charges, deferred income, expenses and income. The Company's assets have not been offset against its liabilities and equity, and its expenses have not been offset against its income.

Assets and liabilities have been measured separately as of the balance sheet date. Income is only recognized to the extent that it is realized as of the balance sheet date.

Purchased **intangible assets** are carried at acquisition cost and amortized on a straight-line basis over their estimated useful lives. Property, plant and equipment **is valued at acquisition or construction cost, less straight-line depreciation losses.** Until December 31, 2007, with the exception of office equipment, assets of low value were fully depreciated in the year of acquisition. Since January 1, 2008, in line with the 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. Write-downs are made in respect of intangible assets and property, plant and equipment, where necessary.

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

Receivables and other assets are generally shown at their nominal value minus necessary valuation adjustments.

Marketable securities are carried at the lower of cost or market value at the balance sheet date.

Cash and cash equivalents are recognized at nominal value.

Prepaid expenses and deferred charges are carried at their nominal value.

Allowance is made for all identifiable risks and uncertain liabilities when **calculating accruals**. Accruals are recognized in the amount of their anticipated utilization.

Pension obligations are calculated based on actuarial computations using the present value or German entry age normal method (*Teilwertmethode*) (2005G life expectancy tables published by Prof. Klaus Heubeck) in accordance with § 6a German Income Tax Act (*Einkommensteuergesetz* – EStG) using a 6 percent interest rate. The pension obligations transferred from the parent company for the staff transferred to VCS since 2007 are recognized in the amount of the consideration received from DTAG in excess of the value pursuant to § 6a EStG. Interest is added to the amount transferred when adjusting the pension obligations assumed, using the interest rate applicable for IFRS at the computation date. By contrast, no additional service costs are applied until the hypothetical amount recognized pursuant to § 6a EStG exceeds the amount transferred including interest.

Accruals for future anniversary payments are also carried at their present value.

The accrual for loss contingencies from pending transactions is valued 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.

Liabilities are reported at their repayment amount.

II. Disclosures and remarks on the balance sheet

a) Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment can be broken down as follows:

	2009 (millions of €)	2008 (millions of €)
Furniture and other plant and office equipment	2.1	5.5
Software and licenses	3.8	4.0
Technical equipment, new acquisitions/enhancements to existing workstation systems and ACD systems	0.9	1.4
Buildings on land owned by third parties	0.0	1.3
Advance payments and construction in progress	0.1	1.2
Total	**6.9**	**13.4**

Noncurrent assets declined by a total of EUR 6.5 million in the financial year. The decline was primarily caused by the transfer of noncurrent assets to DTAG's Group Facility Management and to a higher level of depreciation, amortization, and write-downs compared to investments. The investments of EUR 2.6 million mainly relate to the establishment of the service centers. Depreciation, amortization, and write-downs amounted to EUR 4.6 million in the financial year.

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).

b) Receivables and other assets

VCS's receivables and other assets amount to a total of EUR 265.2 million (prior year EUR 333.2 million). The exact composition can be taken from the following table:

	2009 (millions of €)	**2008 (millions of €)**
Trade receivables from third parties	-	-
Receivables from subsidiaries	263.3	331.0
of which: receivables from the shareholder	254.8	321.3
of which: from cash pooling	155.1	220.9
of which: from unpaid capital contributions on share premiums	95.9	95.9
of which: trade receivables	2.9	3.4
of which: from VAT	0.9	1.1
of which: trade receivables from subsidiaries	8.5	9.7
Other assets	1.9	2.2
	265.2	**333.2**

Other assets include receivables from deposits with Hessische Landesbank of EUR 1.74 million to increase the assets for insolvency insurance on partial retirement obligations. These are reported under other assets in the balance sheet as no securities had been purchased by the trustee as of the balance sheet date.

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

c) Marketable securities

The securities portfolio relates to the assets for insolvency insurance on partial retirement obligations. The assets are administered on a trust basis by Deutsche Telekom Trust e.V.: VCS no longer has power of disposition over the assets, but they are nonetheless reported on the balance sheet of VCS as the attributable employer.

d) Other accruals

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

	2009 (€)	2008 (€)
Accruals for personnel costs		
Retirement scheme accruals	7,090,601.48	13,815,061.98
Severance payments	1,311,210.00	1,707,387.74
Vacation accruals	616,712.96	1,042,752.01
Anniversary accruals	247,406.00	198,081.00
Other personnel costs	3,997,917.00	5,943,296.28
	13,263,847.44	22,706,579.01
Other accruals		
Obligations arising from call center sales	41,591,143.93	63,133,887.25
Accrual for contingent losses	39,303,399.00	57,426,172.50
Outstanding invoices	4,721,086.27	12,348,235.21
Sales reductions	756,000.00	2,427,487.73
Litigation risks	88,000.00	88,500.00
Audit and consulting fees	36,815.00	72,000.00
Miscellaneous other accruals	896,187.67	2,167,905.23
	87,392,631.87	137,664,187.92
	100,656,479.31	**160,370,766.93**

e) Liabilities

With the exception of liabilities from social security that are due in up to four years, all liabilities are due in one year or less. Liabilities are not secured by liens or similar rights. VCS had liabilities of EUR 14.1 million as of the balance sheet date (prior year: EUR 30.8 million). These can be broken down as follows:

	2009 (millions of €)		2008 (millions of €)	
Trade payables to third parties	6.4		6,9	
Trade payables to subsidiaries	5.9		11,3	
of which: to the shareholder		4.4		7,1
of which: to other subsidiaries		1.5		4,2
Other liabilities	1.8		12,6	
of which: from pension obligations to employees transferred to new employers in the course of site sales		0.0		7,3
of which: for severance payments to employees		0.3		3,8
of which: to the Bonn tax office for wage tax still to be paid for December of the respective year		1.3		1,4
of which: other liabilities		0.2		0,1
Total	**14.1**		**30.8**	

f) Off-balance-sheet transactions

No disclosure requirements regarding off-balance-sheet transactions exist pursuant to § 285 No. 3 HGB.

g) Other financial obligations

Other financial obligations totaling EUR 95.1 million exist in respect of subsidiaries (previous year: EUR 75.9 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 2010 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 14.6 million is due within one year (prior year EUR 15.3 million).

Year	**Rentals** (millions of €)	**Flat rates for workstation systems** (millions of €)	**Total** (millions of €)
2010	9.2	5.4	14.6
2011	9.0	5.3	14.3
2012	8.7	5.2	13.9
2013	8.7	0.0	8.7
2014	8.7	0.0	8.7
2015 and after	34.9	0.0	34.9
Total	**79.2**	**15.9**	**95.1**

III. Notes to the statement of income

a) Net revenue

VCS generated net revenue of EUR 109.2 million in the financial year compared with EUR 146.5 million in the previous year. This was generated solely in Germany.

	2009 (millions of €)	2008 (millions of €)
Group-internal customers	**108.8**	**146.1**
Deutsche Telekom Kundenservice GmbH	68.1	91.5
Deutsche Telekom AG	32.4	46.6
T-Systems Business Services GmbH*	0.0	4.2
Deutsche Telekom Accounting GmbH	2.7	1.6
T-Systems International GmbH*	4.3	1.0
T-Systems DDM GmbH	0.8	0.6
Other	0.5	0.6
External customers	**0.4**	**0.4**
Total net revenue	**109.2**	**146.5**

* After the corporate customers arm had been transferred to T-Systems Enterprise Services GmbH, T-Systems Business Services GmbH (TS BS) was merged into Deutsche Telekom AG in the reporting year with accounting effect as of January 1, 2009. T-Systems Enterprise Services GmbH changed its name to T-Systems International GmbH during the year under review.

b) Cost of sales

The net revenue mentioned above is reduced by the cost of sales of EUR 190.7 million (previous year: EUR 242.3 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:

	2009 (EUR millions)	2008 (EUR millions)
Loan and temporary staff including expenses for transferred civil servants	83.8	90.7
Personnel costs	71.3	104.1
IT costs	12.3	13.9
Rentals including ancillary expenses	9.8	11.6
Depreciation, amortization and write-downs	4.0	5.2
Telecommunications expenses	2.8	4.1
Travel expenses	1.2	2.0
Training and development	0.6	2.8
Other costs	4.9	7.9
Total	**190.7**	**242.3**

c) Selling expenses

Selling expenses of EUR 4.6 million were also incurred in the financial year (previous year: EUR 3.1 million).

d) General and administrative costs

The following table provides a breakdown of general and administrative costs:

	2009 (millions of €)	**2008** (millions of €)
Human resources	9.2	10.5
Managing Board	0.8	1.7
Finance and controlling	5.0	4.8
Other general and administrative costs	2.1	5.5
Total	**17.1**	**22.5**

e) Other operating income

Other operating income amounts to EUR 78.2 million (previous year: EUR 34.5 million) and mainly results from the reversal of accruals (EUR 28.6 million; previous year: EUR 16.3 million) and income from the utilization of accruals for contingent losses from the previous year in the amount of EUR 41.4 million (previous year: EUR 9.0 million).

Other operating income also includes income relating to other periods amounting to EUR 30.0 million (previous year: EUR 20.6 million), which comprises in particular income from the reversal of accruals and refunds from suppliers for the 2008 financial year.

f) Other operating expenses

Other operating expenses (EUR 38.6 million; previous year: EUR 57.5 million) include additions to accruals for contingent losses totaling EUR 38.5 million (previous year: EUR 57.2 million) and year-end closing costs totaling EUR 0. million (previous year: EUR 0.2 million).

g) Financial income/expense (income from debt securities and long-term loan receivables, other interest and similar income, write-downs on marketable securities, interest and similar expenses)

Financial income totaling EUR 1.4 million (previous year: EUR 3.6 EUR) primarily comprises income from interest on the cash management accounts with DTAG and write-downs on marketable securities.

h) Extraordinary expenses

The previous year's extraordinary expenses (EUR 81.2 million) resulted from VCS's site sales to the arvato Group and the D+S europe corporate network. No extraordinary expenses were recognized in the 2009 financial year.

i) Overview of significant expense types (including personnel costs) in accordance with the total cost method

	2009 (millions of €)	2008 (millions of €)
Personnel costs		
Wages and salaries	63.9	95.9
Social security contributions and expenses for pension plans and benefits	19.3	21.5
(of which: for pension plans: EUR 11.0 million; previous year: EUR 9.6 million)	**83.2**	**117.4**
Goods and services purchased	**0.0**	**0.0**
Depreciation, amortization and write-downs	**4.6**	**5.8**
Other operating expenses		
Loan and temporary staff	85.3	91.5
Loss contingencies	38.6	57.2
IT support	14.4	16.4
Rentals and leases	10.1	12.3
Telephone costs	2.1	3.6
Training and development costs	1.1	3.2
Travel expenses	1.7	3.2
Corporate performance management services and services of "Accounting, Controlling and IT" operations	2.2	2.6
Maintenance for land and buildings as well as PABXs	1.3	1.7
Marketing expenses	1.1	1.0
Consulting costs	0.3	0.5
Other	5.1	9.0
	163.3	**202.2**
	251.1	**325.4**

Depreciation, amortization and write-downs does not include any write-downs as defined by § 253 (2) sentence 3 HGB.

IV. Other disclosures

a) Executive bodies

Supervisory Board

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

- Dietmar Welslau (Chairman), Managing Director of Vivento, Deutsche Telekom AG, and member of the T-Home Board of Management responsible for Human Resources and Organization, Deutsche Telekom AG

- Dr. Kai Schumacher, Head of Strategy and Information Management for Vivento, Deutsche Telekom AG (since February 18, 2009)

- Friedrich Fuß, Chairman of the Managing Board, Deutsche Telekom Technischer Service GmbH and member of the T-Home Board of Management responsible for Technical Services, Deutsche Telekom AG (since June 9, 2009)

- Guido Jonen, Chairman of the Managing Board, Deutsche Telekom Accounting GmbH and Managing Director of "Accounting, Controlling, IT Finance" (RCI) operations, Deutsche Telekom AG (since June 9, 2009)

- Thomas Berlemann, Chairman of the Managing Board, Deutsche Telekom Kundenservice GmbH, member of the Managing Board of T-Mobile Deutschland GmbH, and member of the T-Home Board of Management responsible for Customer Service, Deutsche Telekom AG

- Gero Niemeyer, Director of Finance, Deutsche Telekom Kundenservice GmbH

- Dr. Martin Walter, Chief Compliance Officer, Deutsche Telekom AG, (until May 20, 2009)

- Dr. Roland Folz, Chairman of the Managing Board, Deutsche Telekom Technischer Service GmbH and member of the T-Home Board of Management responsible for Technical Customer Service, Deutsche Telekom AG (until April 30, 2009)

- Kerstin Chagoubi, ver.di, employee representative (Deputy Chairwoman since February 27, 2009)

- Klaudia Tschierschwitz, Chairwoman of the Central Works Council of VCS (employee representative)

- Heinrich Wiegmann, member of the Central Works Council of VCS

- Bodo-Christian Petersen, member of the Central Works Council of VCS (since February 18, 2009)

- Michael Giesers, Head of Operation 2, VCS (employee representative for senior executives)

- Horst Sayffaerth, DPVKOM (employee representative)

- Hans-Jürgen Philo, Deputy Chairman, employee representative (until January 31, 2009)

- Udo Scallo, Head of Sales at Vivento, Deutsche Telekom AG (until February 6, 2009)

Managing Board

1. Meinolf Brauer, Vettelschoß, Director, Managing Director
2. Ulrich Keudel, Willingen, Director of Finance, since March 1, 2009
3. Dr. Reinhard Keim, Bonn, Director of Human Resources, since October 1, 2009
4. Stephan Gayer, Wachtberg, Director of Finance, left on February 28, 2009
5. Dr. Karl-Heinz Moergel, Aachen, Director of Human resources, left on September 30, 2009

Management/committee remuneration

Expenses for salaries and fringe benefits for management in the 2009 financial year totaled EUR 550,661.26 (previous year: EUR 852,399.58) in relation to the period employed at VCS GmbH.

For their work in 2009, the members of the Supervisory Board are entitled to remuneration totaling EUR 6,663.00. In addition, compensation of EUR 6,663.00 was paid out for 2008 and recognized as an expense during the 2009 financial year.

b) Related parties

There were no extraordinary transactions with related parties.

c) Relationships with the parent company

The annual financial statements of Vivento Customer Services GmbH are included in the consolidated financial statements of Deutsche Telekom AG. The consolidated financial statements of Deutsche Telekom AG are published in the electronic the Federal Gazette (*Bundesanzeiger*).

d) Number of employees

The average number of employees pursuant to § 285 Sentence 1 No. 7 HGB in the 2009 financial year was 1,582 (average of the values on the quarterly closing dates). Of those, 717 were civil servants and 865 were salaried employees (previous year: 1,977 employees, of which: 751 civil servants and 1,226 salaried employees). Expressed in FTEs, the average number of employees was 1,446 (of which: 647 civil servants and 799 salaried employees). In the previous year, the average number of employees (FTEs) was 1,819 (674 civil servants and 1,145 salaried employees).

Bonn, February 12, 2010

Vivento Customer Services GmbH

Director, Managing Director	Director of Finance	Director of 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, 2009	Additions	Reclassifications	Disposals	Dec. 31, 2009	Jan. 1, 2009	Additions	Reclassifications	Disposals	Dec. 31, 2009	Dec. 31, 2009	Dec. 31, 2008
	€	€	€	€	€	€	€	€	€	€	€	€
1. Intangible assets												
Software licenses	13,146,476.10	1,931,688.45	150,603.58	294,269.75	14,934,498.38	9,110,164.10	2,323,678.23	9,804.77	262,309.72	11,181,337.38	3,753,161.00	4,036,312.00
II. Property, plant and equipment												
1. Buildings on land owned by third parties	2,119,070.34	17,760.21	312,039.12	2,438,219.32	10,650.35	817,905.34	3,333.35	-18,550.34	796,142.00	6,546.35	4,104.00	1,301,165.00
2. Technical equipment and machinery	8,599,839.09	224,968.65	349,234.16	697,613.43	8,476,428.47	7,152,556.09	1,103,837.58	4,596.05	684,167.25	7,576,822.47	899,606.00	1,447,283.00
3. Other equipment, plant and office equipment	10,366,253.86	439,083.82	57,832.27	4,489,037.82	6,374,132.13	4,905,234.46	1,151,219.52	4,149.52	1,846,712.77	4,213,890.73	2,160,241.40	5,461,019.40
4. Advance payments and construction in progress	1,195,311.58	0.00	-869,709.13	273,675.45	51,927.00	0.00	0.00	0.00	0.00	0.00	51,927.00	1,195,311.58
	22,280,474.87	681,812.68	-150,603.58	7,898,546.02	14,913,137.95	12,875,695.89	2,258,390.45	-9,804.77	3,327,022.02	11,797,259.55	3,115,878.40	9,404,778.98
	35,426,950.97	**2,613,501.13**	**0.00**	**8,192,815.77**	**29,847,636.33**	**21,985,859.99**	**4,582,068.68**	**0.00**	**3,589,331.74**	**22,978,596.93**	**6,869,039.40**	**13,441,090.98**

Auditors' report

We have audited the annual financial statements, consisting of 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, 2009. 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 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 16, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Tandetzki Wirtschaftsprüfer	ppa. Melanie Zünkler Wirtschaftsprüferin