Copy of the Audit Certificate

DeTeAssekuranz Deutsche Telekom Assekuranz-
Vermittlungsgesellschaft mbH
Monheim

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

Auditors' report

Contents

This copy of the audit certificate shall only be used for the intended purpose as specified in §§ 325 et seq. of the German Commercial Code (*Handelsgesetzbuch* – HGB).

DeTeAssekuranz Deutsche Telekom Assekuranz-Vermittlungsgesellschaft mbH, Monheim

Management report for the 2010 financial year

Business developments

There was a marked improvement in business activity in 2010 compared with the prior year. Attention remained focused on the eternal goal of further expanding business areas, although this goal was no less difficult even if very favorable business activity may suggest otherwise. The overall targets – revenue and income before taxes – set by the budget were once again exceeded in this financial year. The existing Group insurance programs were continued in 2010 according to the strategic specifications of Group Headquarters. DeTeAssekuranz Deutsche Telekom Assekuranz-Vermittlungsgesellschaft mbH supports all foreign and domestic companies of the Deutsche Telekom Group worldwide. The support of foreign companies through local partners with whom there are corresponding contractual agreements was continued and further expanded in the 2010 financial year. For the pillars, there is separate, specific basic cover up to a maximum insured amount of EUR 25 million for the property insurance program, which is in turn an integral part of the Group-wide program. Individual insurance policies with an annual premium in excess of EUR 100 thousand are maintained as net basis contracts. The brokerage commissions are billed to the respective companies based on service agreements.

Following the conclusion of the renewal negotiations for the Group-wide programs, the development of premiums for the coming year can be presented as follows: in the area of property insurance, a longer period of price stability was agreed until 2014. This must, however, still be seen in conjunction with the claim payments made by insurers. A reduction in premiums of 5.2 percent was also negotiated in this area, which amounts to around EUR 1.5 million. A comparable agreement on terror coverage running with fixed premiums until 2013 was reached in the past financial year. Fidelity guarantee insurance (VSV) premiums moved in the opposite direction. An increase in premiums of around EUR 100 thousand could not be avoided in this segment owing to irregular claim patterns. Since the beginning of August 2010, the Group has had a new global insurance product, E&O (Errors & Omission), with a cover volume for financial losses of EUR 100 million and a premium of EUR 2.6 million. In contrast to D&O insurance, where the focus lies on the personal liability of bodies such as boards, managers and directors, E&O insurance provides financial loss liability insurance for the services provided by the Company.

The VSV financial loss liability insurance protects the balance sheet assets of the Company from embezzlement by employees, for example. Deutsche Telekom's delisting from the US stock exchange provided a favorable starting point from which to negotiate the price of D&O cover. Premium reductions of 20 percent as of January 1, 2011 were secured. This represents a saving of around EUR 1.7 million.

The remaining premium decreases and associated income losses can only be mitigated, but not be completely compensated in the policy contracts for 2011. Therefore, increases in revenue must be generated from new policies and the further expansion of coverage. DTAG's investment in Greek company OTE (Hellenic Telecommunications Organization S.A.) represents a potential source of increased revenue. Commissions received from this investment amount to around EUR 94 thousand. Maintaining existing levels in the external corporate and private insurance businesses will also continue to be difficult in the next financial year. Fears that the recession, which took hold of the entire economy in the prior year, would have severe consequences for insurance business in the reporting year have not materialized. As a result of the speedy recovery of the German economy, with further growth potential in 2011, it is much more likely that insurance providers will take a tougher stance in future renewal negotiations and once again target higher premiums. Many automobile insurers announced an increase in premiums at the end of the reporting year, triggering a wave of applications from people wishing to switch providers. DeTeAssekuranz is also offering consumers the option of switching from Vereinte Spezial (Allianz Group) to HDI-Gerling due to increased premiums.

There was also a positive development in income from supplementary health insurance in the current business year owing to the change in partner from HUK-Coburg to DKV. The revenue effects of this change are reflected in both the external and corporate business product groups. The Group expects potential savings of at least EUR 7 million over the next three years as a result of this switch to DKV. The Company recorded additional income from one-time events of around EUR 500 thousand as a result of changes to ongoing portfolio management commissions as well as additional initial commissions from new cases of temporary leave from civil servant status in order to work at Telekom Deutschland GmbH (around 5,000).

The CRP segment significantly outperformed its budgeted target in 2010. This was attributable to electronic equipment insurance. The cell phone protection plan which is offered in this product group and marketed via T-Deutschland GmbH profited greatly from strong sales of high-end iPhone devices. With over 114 thousand policies sold, sales of this product more than doubled compared with the previous year. Accounting for over 90 percent of policies concluded, the iPhone is the sole revenue driver of this segment. This level must be maintained and further expanded in the future. This goal can only be achieved, however, if the sales partners continue to expand their current and necessary level of engagement, and also promote this product to customers for other high-quality devices, such as laptops or smartphones. Owing to the fact that, as of November of the current year, Telekom no longer enjoys exclusive rights to the Apple iPhone, only time will tell whether sales of this product, and thus also sales of accompanying cell phone insurance, can be maintained at this high level.

Sales of life, pension and full-cover health insurance policies saw no improvement on the prior year. This product range continues to be affected by a sustained poor market level. Neither direct approaches by personnel in the branch offices and companies, nor the widespread distribution of informational material has so far generated a serious response. A main focus in this segment will be on the Deutsche Telekom pension fund, which covers a further type of company pension plan.

The successes expected as a result of the new private customer center, which was set up in 2009, have been realized for the second year running. The efficient matching of resources with the available customer data (in accordance with the EU directive on insurance mediation) provides the personnel business product group with appropriate momentum. This year’s internal goal of 5,000 brokered private policies (excluding automobile policies) was exceeded, with around 5,100 policies concluded. This equates to an increase of 340 policies compared to the prior year.

Development of net assets and results of operations

Total assets increased again year-on-year. This was due to accrued trade receivables and an increase in deferred income, which relates to transactions in the 2011 financial year. As in the previous year, receivables from subsidiaries include mainly cash pool credits with Deutsche Telekom, and liabilities to subsidiaries include almost exclusively liabilities from the transfer of net income.

Revenue planned for 2010 in the amount of EUR 11,600 thousand was exceeded at EUR 13,200 thousand.
Budgeted income before taxes in the amount of EUR 4,435 thousand was exceeded at EUR 5,750 thousand.

Personnel expenses increased compared to the 2009 financial year. This was due to the increase in the average number of staff to 68 and to the constant rise in accruals for company pensions including partial retirement, the MTIP program, and the recently introduced variable compensation system II. The Company had 64 employees (including part-time employees) at the end of the reporting year, including one managing director.

A collective wage increase for the current financial year negotiated as part of the Deutsche Telekom collective agreement concluded in 2009 was implemented without any amendments. The increase amounted to 2.5 percent and became effective as of January 1, 2010.

The EUR 427 thousand decrease in other operating expenses was attributable to the loss of selling expenses for cell phone insurance. Due to the application of the German Accounting Law Modernization Act (*Bilanzrechtsmodernisierungsgesetz* – BilMoG), the interest expense relating to additions to pension accruals increased on the prior year.

Foreign travel expenses incurred were also higher as a result of necessary on-site attendance and difficult consultations with regard to the consolidation of the new investment in Greece (OTE). Maintenance and repair costs also rose year-on-year, mainly owing to an increase in software maintenance costs. As in 2009, a significant collapse in interest income was also recorded in the year under review. The budget target of EUR 150 thousand was not reached due to the fact that the ECB held interest rates at a very low level, as it had done in the previous year. Interest income amounted to around EUR 37 thousand and was thus significantly down on 2009. No significant turnaround is expected in 2011, as a result of which, expectations have been lowered to EUR 50 thousand.

Deutsche Telekom maintains a Mid-Term Incentive Plan (MTIP). Those employees who occupy eligible positions and are specified for participation are eligible to participate in the plan. The payout to participants at the end of the plan as well as the costs for plan administration are charged to the respective company. The Supervisory Board approved the Company's continuation of the Deutsche Telekom MTIP in 2010 by resolution, since participation continues to be in the Company's interest.

Opportunities and risks

With regard to ongoing transactions and transactions currently being prepared, there are no developments which could jeopardize the Company as a going concern. The Company is integrated in the Group-wide risk management system. The risks ensuing from brokerage activities and from the sale of financial services are sufficiently countered by internal control mechanisms and the existing financial loss/liability insurance. Revenue in 2011 is expected to amount to EUR 12,250 thousand. Compared with actual revenue in the reporting year, target revenue has been reduced, as the positive one-time effects of switching providers of supplementary health insurance and the expiry of exclusive iPhone selling rights no longer apply, meaning the sale of accompanying cell phone insurance may also be put under slight pressure. As a result, lower earnings of around EUR 4,870 thousand are expected before the transfer of profit to Deutsche Telekom.

If market conditions remain constant, revenue and earnings in 2012 are expected to be on a par with 2011.

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

DeTeAssekuranz Deutsche Telekom Assekuranz-
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Balance sheet as of December 31, 2010

Assets

				Dec. 31, 2010	Dec. 31, 2009
A.	**Noncurrent assets**			**€**	**€**
	I.	Intangible assets			
		Software		14,254.25	48,746.25
	II.	Property, plant and equipment			
		Other equipment, plant and office equipment		180,216.91	164,787.75
				194,471.16	**213,534.00**
B.	**Current assets**				
	I.	Receivables and other assets			
		1.	Trade accounts receivable	681,475.65	163,872.66
		2.	Receivables from subsidiaries (of which: from the shareholder € 10,063,290.97; prior year: € 8,293,954.16	10,064,734.34	8,293,954.16
		3.	Other assets	38,291.60	83,384.95
				10,784,501.59	8,541,211.77
	II.	Cash in hand		209.64	550.87
				10,784,711.23	**8,541,762.64**
C.	**Prepaid expenses and deferred charges**			**20,647.57**	**147.44**
				10,999,829.96	**8,755,444.08**

Shareholders' equity and liabilities

		Dec. 31, 2010	Dec. 31, 2009
		€	€
A.	**Shareholders' equity**		
	Capital stock	**1,000,000.00**	**1,000,000.00**
B.	**Accruals**		
	1. Pension accruals	2,363,613.00	1,874,514.00
	2. Other accruals	647,740.64	660,249.18
		3,011,353.64	**2,534,763.18**
C.	**Liabilities**		
	(All liabilities have a remaining term of up to one year)		
	1. Trade accounts payable	104,461.21	4,122.99
	2. Liabilities to subsidiaries (of which: to the shareholder € 5,780,373.33; prior year: € 4,860,535.34)	6,071,022.73	4,863,091.71
	3. Other liabilities (of which: from taxes € 215,323.54; prior year: € 173,941.04)	215,342.43	174,476.93
		6,390,826.37	**5,041,691.63**
D.	**Deferred income**	**597,649.95**	**178,989.27**
		10,999,829.96	**8,755,444.08**

Statement of noncurrent assets

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Statement of noncurrent assets as of December 31, 2010

		Development of acquisition costs			
		Jan. 1, 2010	**Additions**	**Disposals**	**Dec. 31, 2010**
		€	**€**	**€**	**€**
I.	Intangible assets				
	Software	453,665.95	11,627.94	0.00	465,293.89
II.	Property, plant and equipment				
	Other equipment, plant and office equipment	731,489.05	76,960.22	115,403.49	693,045.78
		1,185,155.00	**88,588.16**	**115,403.49**	**1,158,339.67**

Changes in depreciation, amortization and write-downs				Net carrying amount
Jan. 1, 2010	**Additions**	**Disposals**	**Dec. 31, 2010**	**Dec. 31, 2010**
€	**€**	**€**	**€**	**€**
404,919.70	46,119.94	0.00	451,039.64	14,254.25
566,701.30	57,434.22	111,306.65	512,828.87	180,216.91
971,621.00	**103,554.16**	**111,306.65**	**963,868.51**	**194,471.16**

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

	2010	2009
	€	€
1. Net revenue	13,199,839.92	12,220,489.62
2. Other operating income	55,655.10	54,649.59
	13,255,495.02	12,275,139.21
3. Personnel costs		
a) Wages and salaries	4,672,921.96	4,482,107.74
b) Social security contributions and expenses for pension plans (of which: for old age pensions: € 126,353.02; prior year: € 215,667.01)	628,006.88	685,324.43
	5,300,928.84	5,167,432.17
4. Depreciation, amortization and write-downs	103,554.16	157,859.91
5. Other operating expenses	1,752,201.38	2,178,622.43
	7,156,684.38	7,503,914.51
6. Other interest and similar income (of which: from subsidiaries [shareholder]: € 36,765.58; prior year: € 89,518.59)	36,765.58	89,518.59
7. Interest and similar expenses (of which: to subsidiaries [shareholder]: € 64.21; prior year: € 207.95) (of which: expected interest expense on pension accruals: € 135,932.64; prior year: € 0.00)	135,996.21	207.95
8. Results from ordinary business activities	**5,999,580.01**	**4,860,535.34**
9. Extraordinary income	5,664.00	0.00
10. Extraordinary expenses	255,239.00	0.00
11. Extraordinary income/expense	-249,575.00	0.00
12. Profit transferred under the terms of a profit and loss transfer agreement	5,750,005.01	4,860,535.34
13. Net profit/loss	**0.00**	**0.00**

Monheim, January 7, 2011

Andreas Mauerer

Auditors' report

We have audited the annual financial statements, consisting of the balance sheet and statement of income, together with the bookkeeping system, and the management report of DeTeAssekuranz Deutsche Telekom Assekuranz-Vermittlungsgesellschaft mbH, Monheim, for the financial year from January 1 to December 31, 2010. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law for stock corporations and with application of exemptions provided under § 264 (3) HGB (permitting the Company to forego preparation of notes to the financial statements) 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 annual financial statements and 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. 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.

We were not able to assess conclusively at the completion of our audit whether the exemption provided under § 264 (3) HGB (permitting the Company to forego preparation of notes to the annual financial statements) was properly applied, because the requirements under no. 3 (inclusion in the consolidated financial statements of the parent company) and no. 4 (disclosure of the exemption in the notes to the consolidated financial statements prepared and published by the parent company and announcement of the exemption in the electronic Federal Gazette), according to their nature, can only be fulfilled at a later date.

Düsseldorf, January 14, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Thomas Tandetzki)	(ppa. Michael Körbs)
Wirtschaftsprüfer	Wirtschaftsprüfer