

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

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DeTeAssekuranz Deutsche Telekom
Assekuranz-Vermittlungsgesellschaft mbH
Monheim

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

Auditors' report

Engagement: 0.0521114.001

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Auditors' report

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from January 1, 2008, to December 31, 2008

Auditors' report

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).

Management report for the 2008 financial year

Business development in 2008 was comparable with the previous year. The goal of continual further expansion of the business areas continued to prove difficult. The overall targets – revenue and profit before taxes – set by the budget were once again slightly exceeded in this financial year. The existing group insurance programs were continued in 2008 according to the strategic specifications of Group Headquarters. DeTeAssekuranz-Vermittlungsgesellschaft mbH supports all foreign and domestic companies of the Deutsche Telekom Group. The support of foreign companies through local partners with which there are corresponding contractual agreements was also continued and further expanded in the 2008 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.

Insurance premiums decreased in the previous year as well as in the period under review in particular in the areas of property/business interruption and terror and especially with respect to insurance for private automobiles, whereas premium levels in the areas of liability and D&O insurance only decreased slightly. Although its portfolio remained stable, there was a noticeable decrease in premiums in the automobile line of the private insurance business compared to 2007 as a result of high competition among insurers. It looks as if insurers will also continue with this approach for 2009. 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: premiums for property and business interruption insurance as well as terror coverage remain stable, because an agreement on long-term price stability was concluded with the insurers in the previous year. Decreases in premiums of approximately 10 percent with respect to D&O and savings of approximately 5 percent with respect to liability insurance policies will mark these business lines' success in the coming year. However, the positive effect for D&O will possibly be minimized as a result of proposed expansions of coverage and purchases.

The remaining premium decreases and associated losses in revenue can only be mitigated, but not be completely compensated in the policy contracts for 2009. Therefore, increases in revenue must be generated from new policies and the further expansion of coverage. Maintaining existing levels in the external corporate and private insurance businesses will also continue to be difficult in the next financial year as a result of the general decrease in premiums. The emerging general economic recession will presumably not hit bottom in the coming financial year. However, the insurers are expected to take a tougher stance in subsequent renewal negotiations with an aim to realizing higher premiums.

Income from supplementary health insurance is stable in this financial year and is contributing significantly to the successful development of the corporate business product group. The portion of revenue attributable to transactions for third parties was increased as a result of the sale of DeTelimmobilien to STRABAG (Austria). Budgeted revenue expected from transactions for third parties were once again slightly exceeded in 2008 as a result of this positive development, among other things.

The CRP segment was also carried by electronic insurance in 2008, but did not quite succeed in reaching its budget target, even though the revenue trend in this product group tended to move in the right direction compared to the previous year. The electronic and cell phone insurance which is offered in this product group and marketed over the T-Punkt outlets should provide the necessary stimulus for this segment. However, this goal can only be achieved if the sales partners continue to expand their current and necessary level of engagement in order to increase the popularity and acceptance of this product.

New capital life and pure pension insurance policies continue to be a difficult hurdle. The fact that the number of Riester policies concluded continued to increase compared to the previous year is encouraging. This product range is still affected by a generally poor market level. However, the sale of full health insurance policies is providing positive impulses. Every effort was made here to move this segment forward. Compared to the 2007 financial year, the overall results of the product group improved noticeably due to the contribution from health and life insurance products. This was supported by specifically targeting potential customers and using the new broker software OASIS that was introduced in the previous year.

In order to improve customer service and the quality of consultation, the Company began restructuring and modernizing its private customer center (formerly PKC) in this financial year through corresponding training of personnel by communications trainers as well as re-equipping its workstations. The efficient use of resources with the available customer data (in accordance with the EU directive on insurance mediation) should provide the product group Personnel with further momentum. This also means a change from a pure inbound customer center (incoming questions were processed) to outbound sales (where the customer center will approach potential customers).

Revenue planned for 2008 in the amount of EUR 10,930 thousand were exceeded with EUR 11,755 thousand.

Budgeted profit before taxes in the amount of EUR 4,340 thousand was exceeded with EUR 5,261 thousand.

Personnel expenses increased compared to 2007 financial year. This can be explained by the increase in personnel and the continually increasing provision for old age pensions as well as the amount of the provision for the MTIP program. The number of employees increased to 66 in the year under review, 2 of which being managing directors. Wages were not increased in the current financial year.

The increase in expenditures within the total cost pool compared to 2007 with respect to advertising costs is based on the late invoicing of marketing support expenses on the part of T-Punkt that are actually related to the previous year and thus to be regarded as a non-recurring effect. In addition, the maintenance and transitional costs incurred since the introduction of the new broker software are impacting the accounts for maintenance and repair and outside services. Foreign travel expenses incurred were also higher as a result of the necessary on-site attendance and consultation for the claims in the US brought about by the two hurricanes.

Total assets have decreased year-on-year. This can be attributed to a smaller number of trade receivables and trade payables recognized due to invoice timing and the reporting (cut-off) date. As in the previous year, receivables from subsidiaries include mainly cash pool credits with Telekom, and liabilities to subsidiaries include almost exclusively liabilities from the transfer of net income.

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 partners' meeting approved the Company's continuation of the Deutsche Telekom MTIP in 2008, since participation continues to be in the company's interest.

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 pure financial loss/liability insurance policy.

Revenue in 2009 are expected to amount to EUR 11,030 thousand.

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

Balance sheet as of December 31, 2008

Assets

	Dec. 31, 2008	Dec. 31, 2007
	€	€
A. NONCURRENT ASSETS		
I. Intangible assets		
Software	156,297.25	264,456.25
II. Property, plant and equipment		
Other equipment, plant and office equipment	147,414.75	135,499.26
	303,712.00	399,955.51
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	15,774.83	275,278.55
2. Receivables from subsidiaries (of which, from the shareholder €8,712,948.11; (prior year: €9,310,363.90))	8,712,948.11	9,310,661.40
3. Other assets	74,507.89	81,183.79
	8,803,230.83	9,667,123.74
II. Cash in hand	847.23	3,376.86
	8,804,078.06	9,670,500.60
C. Prepaid expenses	147.44	1,540.58
	9,107,937.50	10,071,996.69

Liabilities and shareholders' equity

	Dec. 31, 2008	Dec. 31, 2007
	€	€
A. SHAREHOLDERS' EQUITY		
Capital stock	1,000,000.00	1,000,000.00
B. Accruals		
1. Pension accruals	1,679,408.00	1,521,804.00
2. Other accruals	662,986.20	523,490.38
	2,342,394.20	2,045,294.38
C. Liabilities		
(All liabilities have a remaining term of up to one year)		
1. Trade accounts payable	160,807.91	731,638.81
2. Liabilities to subsidiaries (of which, to the shareholder € 5,264,109.35; prior year € 5,938,373.51)	5,268,213.55	5,940,671.11
3. Other liabilities (of which, for taxes € 171,493.78; prior year € 151,729.99)	172,204.05	155,061.50
	5,601,225.51	6,827,371.42
D. Deferred income	164,317.79	199,330.89
	9,107,937.50	10,071,996.69

Statement of noncurrent assets as of December 31, 2008

	Development of acquisition costs			
	Jan. 1, 2008	Additions	Disposals	Dec. 31, 2008
	€	€	€	€
I. Intangible assets				
Software	443,186.41	3,839.20	0.00	447,025.61
II. Property, plant and equipment				
Other equipment, plant and office equipment	713,778.76	67,448.53	87,981.07	693,246.22
	1,156,965.17	71,287.73	87,981.07	1,140,271.83

Changes in depreciation, amortization and write-downs				Residual value
Jan. 1, 2008	Additions	Disposals	Dec. 31, 2008	Dec. 31, 2008
€	€	€	€	€
178,730.16	111,998.20	0.00	290,728.36	156,297.25
578,279.50	54,563.53	87,011.56	545,831.47	147,414.75
757,009.66	166,561.73	87,011.56	836,559.83	303,712.00

DeTeAssekuranz Deutsche Telekom
Assekuranz-Vermittlungsgesellschaft mbH, Monheim

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

	2008	2007
	€	€
1. Net revenue	11,754,526.13	11,752,638.39
2. Other operating income	49,606.92	129,835.42
	11,804,133.05	11,882,473.81
3. Personnel costs		
a) Wages and salaries	4,116,509.36	3,993,855.92
b) Social security and expenses for pension plans for employees (of which, for old age pensions € 186,040.84; prior year € 155,527.00)	623,863.11	584,564.14
	4,740,372.47	4,578,420.06
4. Depreciation, amortization and write-downs	166,561.73	124,219.64
5. Other operating expenses	2,052,829.98	1,630,229.47
	6,959,764.18	6,332,869.17
6. Other interest and similar income (of which, from subsidiaries [shareholder] € 417,087.01; prior year € 384,893.17)	417,087.01	384,893.17
7. Interest and similar expenses (of which, to subsidiaries [shareholder] € 335.01; prior year € 513.31)	335.01	513.31
8. Results from ordinary business activities	5,261,120.87	5,933,984.50
9. Other taxes	0,00	316,00
10. Profit transferred under the terms of a profit and loss transfer agreement	5,261,120.87	5,933,668.50
11. Net income/loss	0.00	0.00

Monheim, January 15, 2009

Andreas Mauerer

Gerhard Nelke

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, 2008. The bookkeeping 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 assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating 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 results of our audit, the annual financial statements correspond to statutory 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 (waiver 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 21, 2009

PricewaterhouseCoopers
Aktiengesellschaft (stock corporation under German law)
Wirtschaftsprüfungsgesellschaft (accounting firm)

(Thomas Tandetzki)
Wirtschaftsprüfer (German Public Auditor)

(Michael Körbs)
Wirtschaftsprüfer (German Public Auditor)