

DeTeFleetServices GmbH, Bonn
Copy of the Audit Certificate
Annual financial statements and management report
December 31, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft



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General Commissioning Terms

N.B.:

We have prepared with following auditors' report in compliance with statutory and professional requirements and regulations in accordance with the conditions described in the Appendix "Commissioning Terms, Liability and Conditions of Use."

If this document is used in electronic form for purposes of publication in the electronic Federal Gazette, only the files relating to accounting and, in the case of a legal audit requirement, the auditors' report and / or the audit certificate awarded are to be used for this purpose.

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 DeTeFleetServices GmbH, Bonn, 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 are the responsibility of the Company's legal representatives. 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 assessing the accounting principles used and significant estimates made by the Company's legal representatives, 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 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 9, 2009

**Ernst & Young AG
Wirtschaftsprüfungsgesellschaft (Accountants)
Steuerberatungsgesellschaft**

**Hasenklever
External auditor**

**Huppertz
External auditor**

DeTeFleetServices GmbH, Bonn
Balance sheet as of December 31, 2008

ASSETS	EUR	31.12.2008 EUR	31.12.2007 EUR	SHAREHOLDERS' EQUITY AND LIABILITIES	EUR	31.12.2008 EUR	31.12.2007 EUR
A. NONCURRENT ASSETS				A. SHAREHOLDERS' EQUITY			
I. Intangible assets				I. Issued capital	5.000.000,00		5.000.000,00
1 Concessions, industrial and similar rights and licenses in such rights and assets	3.648.601,00		4.070.091,00	II. Additional paid-in capital	<u>215.262.852,81</u>		<u>215.262.852,81</u>
2 Advance payments	<u>353.535,00</u>		<u>0,00</u>		<u>220.262.852,81</u>		<u>220.262.852,81</u>
		4.002.136,00	4.070.091,00				
II. Property, plant and equipment				B. ACCRUALS			
1 Other equipment, plant and office equipment		<u>439.004.068,68</u>	<u>445.890.482,80</u>	1 Pensions and similar obligations	1.589.232,00		1.482.262,00
		<u>443.006.204,68</u>	<u>449.960.573,80</u>	2 Other accruals	<u>26.253.126,06</u>		<u>34.003.566,53</u>
					<u>27.842.358,06</u>		<u>35.485.828,53</u>
B. CURRENT ASSETS				C. LIABILITIES			
I. Receivables and other assets				1 Trade accounts payable	58.393.563,30		66.662.382,62
1 Trade accounts receivable	5.615.325,38		1.285.571,70	2 Payables to subsidiaries	162.363.398,33		142.896.303,73
2 Receivables from subsidiaries	14.210.270,73		8.294.591,19	3 Other liabilities	<u>111.508,38</u>		<u>224.226,84</u>
3 Other assets	<u>1.244.126,57</u>		<u>847.199,75</u>	of which from taxes: EUR 96.908,36 (prior year: EUR 185.232,65)			
		21.069.722,68	10.427.362,64		<u>220.868.470,01</u>		<u>209.782.913,19</u>
II. Marketable securities				D. DEFERRED INCOME			
1 Other marketable securities		236.700,00	248.576,68		<u>29.750,00</u>		<u>25.000,00</u>
III. Bank balances		<u>7.382,46</u>	<u>5.952,02</u>				
		<u>21.313.805,14</u>	<u>10.681.891,34</u>				
C. PREPAID EXPENSES AND DEFERRED CHARGES		<u>4.683.421,06</u>	<u>4.914.129,39</u>				
		<u>469.003.430,88</u>	<u>465.556.594,53</u>		<u>469.003.430,88</u>		<u>465.556.594,53</u>

DeTeFleetServices GmbH, Bonn
Statement of income for 2008

	2008 EUR	2007 EUR
1 Revenues	409.987.916,09	356.776.191,81
2 Cost of sales	<u>-400.812.080,69</u>	<u>-366.831.388,90</u>
3 Gross profit (loss)	9.175.835,40	<u>-10.055.197,09</u>
4 Selling expenses	-6.456.243,04	-4.735.668,57
5 General and administrative expenses	-3.723.470,37	-4.254.217,24
6 Other operating income	16.575.396,10	10.150.843,98
7 Other operating expenses	<u>-2.470.010,88</u>	<u>-2.800.498,57</u>
	3.925.671,81	<u>-1.639.540,40</u>
8 Other interest and similar income of which from subsidiaries EUR 44,130.80 (prior year EUR 0.00)	95.313,64	9.072,86
9 Other interest and similar expenses of which to subsidiaries EUR 6,696,099.95 (prior year EUR 5,495,737.40)	-6.696.099,95	-5.497.360,78
	<u>-6.600.786,31</u>	<u>-5.488.287,92</u>
10 Results from ordinary business activities	6.500.720,90	-17.183.025,41
11 Profit transferred on the basis of a profit/loss transfer agreement	-6.500.720,90	0,00
12 Income from loss transfer	<u>0,00</u>	<u>17.183.025,41</u>
13 Net income / loss	<u>0,00</u>	<u>0,00</u>

DeTeFleetServices GmbH, Bonn

Notes to the 2008 annual financial statements

I. General disclosures and remarks

Legal basis

DeTeFleetServices GmbH is a subsidiary of Deutsche Telekom AG, Bonn, within the meaning of § 271 (2) German Commercial Code (*Handelsgesetzbuch* – HGB) and is fully consolidated in the consolidated financial statements of its parent, Deutsche Telekom AG, Bonn. The consolidated financial statements are filed in the commercial register of the Bonn Local Court under number HRB 6794 or available from the parent company.

There is a profit and loss transfer agreement, and since March 2005, a control agreement as well, between DeTeFleetServices and Deutsche Telekom AG.

DeTeFleetServices GmbH's annual financial statements were prepared pursuant to the standards of the German Commercial Code and the German Act on Limited Liability Companies (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*, “GmbHG”).

The statement of income has been prepared using the cost of sales method according to § 275 HGB.

Two items were added to the catalog of financial services in § 1 (1a) sentence 2 of the German Banking Act (*Kreditwesengesetz*, – KWG) as part of the 2009 Annual Tax Act dated 1 Dec. 19, 2008, and for that reason, DeTeFleetServices GmbH registered its business activities pro forma with the German Federal Financial Supervisory Authority (BaFin) in January 2009 in accordance with § 64j KWG; at the same time DeTeFleetServices GmbH will file a request for an individual exemption pursuant to § 2 (4) KWG.

Because its business activities in 2008 were largely free of government supervision and it has not yet been ultimately decided whether DeTeFleetServices GmbH will fall under the KWG provisions at all, the annual financial statements as of December 31, 2008 were prepared unchanged from the previous year following the pertinent provisions of the HGB and the GmbHG. Therefore the provisions pursuant to § 340 et seq. HGB in conjunction with the Regulation on the Accounting of Banks and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* – RechKredV) were not applied.

General disclosures regarding the annual financial statements and accounting policies

The following accounting policies were significant for the preparation of the annual financial statements.

Intangible assets and **property, plant and equipment** are measured at cost less periodic amortization and depreciation.

The periodic depreciation/amortization for noncurrent assets is taken on a straight-line basis. The underlying depreciable life of each asset corresponds to its normal useful life. All movable items of property, plant and equipment are depreciated pro rata temporis, except for the movable items added in the period from January 1, 2006 to December 31, 2007, which were depreciated using the declining balance method in the financial accounts to the maximum extent permissible for tax purposes pursuant to § 7 (2) sentence 3 German Income Tax Act (*Einkommensteuergesetz*, "EStG"). The transition to the straight-line method is made as soon as this results in greater depreciation. The application of the declining-balance method in the year under review resulted in additional depreciation of EUR 25,382 thousand compared to the straight-line method.

As the declining-balance method is no longer permitted in the tax accounts following the 2008 Corporate Tax Reform Act (*Unternehmenssteuerreformgesetz*), all movable items of property, plant and equipment added after January 1, 2008 are again depreciated in the financial accounts using the straight-line method.

Additions to minor-value assets with a net acquisition cost of up to EUR 150.00 in the year acquired are written off in full and their disposal is assumed.

Additions to minor-value assets with a net acquisition cost of between EUR 150.00 and EUR 1,000.00 are recognized using a summary account and depreciated over five years using the straight-line method. In so doing, a full year's depreciation is recognized in the year of acquisition regardless of the exact acquisition date.

Receivables and other assets as well as **cash and cash equivalents** are recognized at their nominal amount. The receivables from insurance contained in other assets are presented net of specific valuation allowances.

Marketable securities are recognized at cost or lower fair value as of the balance sheet date.

Expenditures prior to the balance sheet closing date are presented as **prepaid expenses** in assets if they represent an expense for a later period.

In accordance with the principles set out in § 6a EStG, **accruals for pension obligations** are recognized at the current actuarial value subject to an assumed rate of interest of six percent. Indirect obligations are also accounted for in these accruals.

The **accruals** cover all uncertain liabilities and loss contingencies arising from pending transactions. They are recognized in the amount deemed necessary according to prudent commercial judgment. The carrying amount for the accruals for vehicle claims is taken over from the reserve determined by the insurer HUK-COBURG-Allgemeine Versicherung AG.

Liabilities are recognized at the repayment amount.

Income prior to the balance sheet closing date is presented as **deferred revenue** in liabilities and equity if it represents income for a certain period after that date.

II. Notes to the Balance Sheet

Noncurrent assets

Please see the attached statement of noncurrent assets for the development of the individual items in **noncurrent assets**.

Statement of noncurrent assets for 2008

	Acquisition costs					Accumulated amortization					Net carrying amounts		
	1.1.2008	Additions	Additions from subsidiaries	Disposals	Disposals to subsidiaries	31.12.2008	1.1.2008	Additions	Disposals	Disposals to subsidiaries	31.12.2008	31.12.2008	31.12.2007
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets													
1 Concessions, industrial and similar rights and assets, and licenses in such rights and assets	5.784.218,47	1.249,00	1.034.835,40	0,00	0,00	6.820.302,87	1.714.127,47	1.457.574,40	0,00	0,00	3.171.701,87	3.648.601,00	4.070.091,00
2 Advance payments	0,00	0,00	353.535,00	0,00	0,00	353.535,00	0,00	0,00	0,00	0,00	0,00	353.535,00	0,00
	<u>5.784.218,47</u>	<u>1.249,00</u>	<u>1.388.370,40</u>	<u>0,00</u>	<u>0,00</u>	<u>7.173.837,87</u>	<u>1.714.127,47</u>	<u>1.457.574,40</u>	<u>0,00</u>	<u>0,00</u>	<u>3.171.701,87</u>	<u>4.002.136,00</u>	<u>4.070.091,00</u>
II. Property, plant and equipment													
1 Other equipment, plant and office equipment	682.605.231,04	220.954.334,59	0,00	207.225.432,96	3.157.577,38	693.176.555,29	236.714.748,24	132.334.288,93	114.645.446,65	231.103,91	254.172.486,61	439.004.068,68	445.890.482,80
	<u>688.389.449,51</u>	<u>220.955.583,59</u>	<u>1.388.370,40</u>	<u>207.225.432,96</u>	<u>3.157.577,38</u>	<u>700.350.393,16</u>	<u>238.428.875,71</u>	<u>133.791.863,33</u>	<u>114.645.446,65</u>	<u>231.103,91</u>	<u>257.344.188,48</u>	<u>443.006.204,68</u>	<u>449.960.573,80</u>

Other equipment, plant and office equipment

Plant and office equipment (EUR 438,420 thousand; prior year: EUR 438,164 thousand) primarily represents vehicles leased to customers under lease agreements.

Receivables and other assets

Of the trade receivables, EUR 5,589 thousand (prior year: EUR 1,246 thousand) concerns the settlement of mobility services for third parties and invoices due to vehicle sales.

Receivables from subsidiaries totals EUR 14,210 thousand (prior year: EUR 8,295 thousand) resulting from the exchange of goods and services. This includes EUR 2,710 thousand (prior year: EUR 0 thousand) in receivables from finance leases.

Except for EUR 2,290 thousand of the receivables from finance leases, all receivables and other assets have a residual maturity of up to one year.

Marketable securities

The securities of EUR 237 thousand (prior year: EUR 249 thousand) serve to secure assets from partial retirement and are pledged to the beneficiaries.

Prepaid expenses

Prepaid expenses totaled EUR 4,683 thousand (prior year: EUR 4,914 thousand), predominantly from the deferral of vehicle taxes.

Shareholders' equity

The Company's capital stock is EUR 5,000 thousand. A total of EUR 215,263 thousand is recognized as capital reserves pursuant to § 272 (2) no. 4 HGB.

Pursuant to the profit and loss transfer agreement between Deutsche Telekom AG and DeTeFleetServices GmbH, DeTeFleetServices GmbH transferred its net income for the year (EUR 6,501 thousand) to Deutsche Telekom AG in 2008.

Accruals

Accruals for pension obligations totaling EUR 1,589 thousand (prior year: EUR 1,482 thousand) were established in 2008. The amount of the accruals recognized as of the balance sheet date corresponds to the current tax value of the obligations (§ 6a EStG) calculated by an independent actuary using the 2005 Klaus Heubeck actuarial tables and a six percent discount rate.

Accruals for other personnel costs total EUR 1,668 thousand (prior year: EUR 1,948 thousand) and comprise accruals for bonuses and other performance-based remuneration of EUR 950 thousand (prior year: EUR 1,100 thousand), accruals for obligations from partial retirement agreements of EUR 383 thousand (prior year: EUR 483 thousand), accruals for residual vacation of EUR 207 thousand (prior year: EUR 271 thousand), accruals for time off entitlements of EUR 38 thousand (prior year: EUR 76 thousand), and additional share-based compensation granted totaling EUR 90 EUR (prior year: EUR 18 thousand).

Accruals for vehicle claims were recognized in an amount of EUR 13,714 thousand (prior year: EUR 13,582 thousand). Furthermore, accruals for additional expenses from lease returns of EUR 1,131 thousand (prior year: EUR 2,237 thousand) and accruals for outstanding expenses billed of EUR 9,678 thousand (prior year: EUR 15,192 thousand) were recognized.

Liabilities

Trade payables totaling EUR 58,394 thousand (prior year: EUR 66,662 thousand) arise from invoices for vehicle deliveries not yet settled as of December 31, 2008 as well as unsettled expenses billed.

Total liabilities to subsidiaries as of the balance sheet date were EUR 162,363 thousand (prior year: EUR 142,896 thousand).

This includes liabilities to the shareholder, Deutsche Telekom AG, totaling EUR 60,139 thousand (prior year: EUR 39,150 thousand) resulting from the Group-wide cash management concentration system.

An additional EUR 106 thousand (prior year: EUR 1,878 thousand) arose from the exchange of goods and services with subsidiaries.

In addition, EUR 102,119 thousand (prior year: EUR 101,868 thousand) resulted from the EUR 100 million loan taken from Deutsche Telekom International Finance B.V. at the beginning of October 2006 and the accompanying interest accruals of EUR 2,119 thousand (prior year: EUR 1,868 thousand). The interest rate was 3.82% per year through June 2008 and was increased to 4.32% as of July 2008 in accordance with the agreement due to the downgraded credit rating for the parent, Deutsche Telekom AG.

Taxes totaling EUR 97 thousand (prior year: EUR 185 thousand) are presented under other liabilities.

The loan mentioned above has a term until 2010; all other liabilities are due within one year.

Other financial obligations

The Company has the following other financial obligations:

	€(000)
Obligations from leases in next four years	4,045
Obligations from intercompany rental and lease agreements (up to six years)	3,036
Purchase commitment from call-off orders from concluded contracts	27,341
Total	34,422

Of the total amount of EUR 34,422 thousand (prior year: EUR 42,813 thousand), EUR 3,036 thousand (prior year: EUR 4,158 thousand) are for obligations to subsidiaries.

III. Notes to the statement of income

Revenue generated in the financial year totaled EUR 409,988 thousand (prior year: EUR 356,776 thousand) and resulted from the settlement of mobility services of EUR 295,730 thousand (prior year: EUR 269,152 thousand) and the sale of vehicles of EUR 114,258 thousand (prior year: EUR 87,624 thousand). 99.9% of this revenue was generated in Germany.

Other operating income primarily concerns reimbursements of vehicle claims of EUR 7,423 thousand (prior year: EUR 6,045 thousand) and income from the reversal of accruals of EUR 8,156 thousand (prior year: EUR 3,780 thousand).

The cost of sales totaling EUR 400,812 thousand (prior year: EUR 366,831 thousand) is essentially composed of depreciation/amortization of EUR 133,394 thousand (prior year: EUR 133,373 thousand), materials expenses of EUR 84,793 thousand (prior year: EUR 75,324 thousand), cost of goods sold from the sale of vehicles of EUR 95,506 thousand (prior year: EUR 69,365 thousand), expenses for vehicle repairs totaling EUR 47,978 thousand (prior year: EUR 49,584 thousand) and vehicle taxes of EUR 11,143 thousand (prior year: EUR 10,902 thousand). The materials expenses resulted primarily from the purchase of fuel.

Other operating expenses consist of distribution costs of EUR 6,456 thousand (prior year: EUR 4,736 thousand), general and administrative costs of EUR 3,723 thousand (prior year: EUR 4,254 thousand) and other operating expenses totaling EUR 2,470 thousand (prior year: EUR 2,801 thousand).

Personnel expenses to be borne by the company totaled EUR 12,404 thousand in the year under review (prior year: EUR 12,608 thousand) and are composed of wages and salaries totaling EUR 10,203 thousand (prior year: EUR 10,177 thousand) as well as social security contributions and expenses for pension plans and benefits totaling EUR 2,201 thousand (prior year: EUR 2,431 thousand), of which EUR 970 thousand (prior year: EUR 1,181 thousand) was for old age pensions. As of the balance sheet date DeTeFleetServices GmbH had 195 employees. The average number of employees in 2008 was 193.

Materials expense in the financial year totaled EUR 84,863 thousand (prior year: EUR 75,474 thousand) and consisted essentially of expenses for raw materials, consumables and supplies, tires, fuel and natural gas.

Amortization of intangible assets and depreciation of property, plant and equipment totaled EUR 133,792 thousand (prior year: EUR 133,644 thousand).

Interest income and interest expenses represent interest on receivables from and liabilities to Deutsche Telekom AG, interest on the liability from the Group-wide cash

management concentration system and the loan from subsidiaries, interest income from dunning, from finance leases, and interest income from the contractual trust agreement (CTA). Interest income from the CTA results from securities investments through Deutsche Telekom Trust e.V., which were made to secure assets from partial retirement against insolvency.

Significant income relating to other periods is the income from the reversal of accruals of EUR 8,156 thousand (prior year: EUR 3,780 thousand); material prior-period expenses concern the reversal of a revenue accrual of EUR 158 thousand (prior year: EUR 375 thousand) established in the previous year for an amount in excess of that necessary.

IV. Supplemental Disclosures

Supervisory Board

The following persons were members of the Supervisory Board in the financial year:

Dieter Cazzonelli, Head of Taxes, Deutsche Telekom AG, Bonn (Chairman)

Martin Böhne, Head of Business Partner HR Executive, Deutsche Telekom AG, Bonn (Vice Chairman)

Dr. Ralph Rentschler, CFO and Head of Controlling T-Home, Deutsche Telekom AG, Bonn

Kyra Orth, Head of Top Executive Management, Deutsche Telekom AG, Bonn

No compensation was paid to the Supervisory Board in the 2008 financial year.

Managing Directors

The following persons were managing directors during the financial year:

Horst Krastetter, Chairman of the Managing Board, Engineer, Bonn

Dr. Oliver Lange, Finance Director, Economist, Bonn

Pursuant to the provision in § 286 (4) HGB, the Company is not disclosing the remuneration of the managing directors pursuant to § 285 no. 9 (a) HGB.

Bonn, February 6, 2009

DeTeFleetServices GmbH

Horst Krastetter

Dr. Oliver Lange

DeTeFleetServices GmbH
An der Ziegelei 18, 53127 Bonn

Management report for the 2008 financial year

1. Business Background

DeTeFleetServices GmbH's business purpose is to provide mobility services to Deutsche Telekom Group companies and selected external customers. Its fleet comprises around 41,000 serviced vehicles and was reduced slightly in the 2008 financial year. DeTeFleetServices GmbH is a wholly-owned subsidiary of Deutsche Telekom AG (DTAG), with whom there is a control and profit and loss transfer agreement. The internal reorganization of F&O (Factory & Operations) that went into effect of as July 1, 2007 and the SAP-based fleet software, FIT, introduced in August 2007 had a full year's effect in 2008. The Marketing & Sales division was regrouped in 2008 by completing the separation into Sales & CRM and Marketing as of March 1, 2008. The marketing unit was merged with the central department. At year's end, mobility services were provided by 195 permanent employees (prior year 187).

The realignment of DeTeFleetServices GmbH's activities to gain the international fleets of DTAG in connection with cross-border leasing bore its initial fruits in 2008 and was reflected at year's end by 402 fleet vehicles. DeTeFleetServices GmbH currently works for the DTAG Group in seven European countries. Generally, the vehicles in cross-border leases are provided under an operating lease model, only the vehicle fleet of PTC Poland is provided under a finance lease.

With the sale of DeTeImmobilien Deutsche Telekom Immobilien und Service GmbH (DeTeImmo) to an external investor, DTAG completed the planned sales of Group companies with major inventories of vehicles. DeTeFleetServices GmbH will continue to service DeTeImmo's fleet at least until the current arrangement expires. Management of the vehicles held in the external company, Nokia Siemens Networks Services GmbH (NSN), is governed by a separate contract, which stipulates the return of all vehicles leased from DeTeFleetServices GmbH by the end of 2009.

The company does not operate its own research and development unit with regard to important aspects of vehicle engineering. Rather, technical and ecological innovations are taken up, tested and deployed. For example, DeTeFleetServices GmbH operates one of the largest natural gas vehicle fleets in Germany and participates in all significant test operations by the relevant manufacturers with regard to alternative drive systems.

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2. Results of operation

DeTeFleetServices GmbH increased its revenue in the 2008 financial year by EUR 53.2 million compared to the prior year to EUR 410.0 million. EUR 14.1 million (prior year: EUR 16.2 million) was reimbursed to Group customers for fleet risks not incurred. Adjusted for the reimbursement, the increase in revenue totaled EUR 51.2 million and is composed of an increase in remarketing income of EUR 26.6 million, an increase in internal revenue accrual for service and company vehicles of EUR 3.2 million, an increase in fuel revenue of EUR 13.6 million, an increase in the revenue from insurance deductibles of EUR 7.6 million, and an increase in other revenue of EUR 0.2 million. The operating result of EUR 6.5 million improved by EUR 23.7 million year-on-year and was transferred to DTAG pursuant to the profit and loss transfer agreement. The improvement in the operating result arose primarily from the sale of vehicles that required a reversal of hidden reserves established in noncurrent assets from the use of the declining-balance depreciation method in 2006 and 2007 and from the application of straight-line depreciation instead of the declining-balance method for new vehicle acquisitions in the 2008 financial year. In addition, an increase of EUR 4.4 million in income relating to other periods from the reversal of accruals improved earnings.

3. Financial Position

DeTeFleetServices GmbH is financed solely in euros through the DTAG Group. DTAG provides DeTeFleetServices GmbH with its short-term liquidity requirements as part of the cash pooling arrangement. Long-term lending requirements are provided through the Dutch subsidiary of DTAG, Deutsche Telekom International Finance B.V., Netherlands. DTAG adjusts the interest rate on cash pooling monthly to meet market conditions; the interest rate for the long-term loan is tied to the development of DTAG's credit rating. DeTeFleetServices GmbH currently has a loan with a nominal amount of EUR 100 million on the books, the four-year term of which ends in 2010.

4. Net worth

The number of vehicles serviced determines DeTeFleetServices GmbH's business. Capital expenditures on vehicles of EUR 217.3 million on 12,106 vehicles were made in 2008. The number of vehicles marketed was increased by 2,530 vehicles in the service vehicles segment and by 854 vehicles in the company vehicles segment. Noncurrent assets declined slightly from EUR 450.0 million to EUR 443.0 million. Overall, noncurrent assets comprise 94.5% of total assets and 76.0% of them are financed through equity and long-term debt capital. In contrast, current assets increased by about EUR 10.6 million. This is attributable in particular to higher trade receivables and an increase in receivables from subsidiaries. This was primarily due to increased business volume, recognition of an additional receivable from finance leases with a Polish Group company, and the fact that, in contrast to the prior year, claims for reimbursement of input VAT were not offset against the cash pool liability to DTAG.

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Equity remained unchanged due to the existing profit and loss transfer agreement with DTAG. Accruals declined year-on-year (down EUR 7.6 million) above all because the accruals for outstanding invoices received fell sharply. In addition, the accruals for additional costs upon the return of leased vehicles and the accruals for restoration costs for vehicle accessories and equipment also declined. Trade payables also declined due to payments made. In contrast, liabilities to subsidiaries increased by EUR 19.5 million, primarily due to the improvement in net annual income: while in the prior year, a receivable from loss absorption was eliminated against cash pool liabilities to DTAG, there is an obligation to distribute profits as of December 31, 2008.

5. Supplemental report

There were no events of significance to the financial statements of DeTeFleetServices GmbH when the management report was prepared.

6. Risk report

As a subsidiary of Deutsche Telekom AG, the Company is integrated into DTAG's existing risk management system. In accordance with Group guidelines, a risk report was prepared quarterly in 2008 and discussed by management. As of December 31, 2008, no risks exceeding the internal reporting limit of EUR 15.0 million had been identified and reported to the Group.

Two items were added to the catalog of financial services in § 1 (1a) sentence 2 of the German Banking Act (*Kreditwesengesetz* – KWG) as part of the 2009 Annual Tax Act dated 12/19/2008, and for that reason, DeTeFleetServices GmbH registered its business activities pro forma with the German Federal Financial Supervisory Authority (BaFin) in January 2009 in accordance with § 64j KWG; at the same time DeTeFleetServices GmbH will file a request for an individual exemption pursuant to § 2 (4) KWG.

Drawing on the logic contained in the contracts of its predecessor organization, DeTeFleetServices GmbH uses a fleet insurance model that assumes claims buybacks for liability claims. This treatment was challenged for the first time in 2008 by the official auditor of HUK-Versicherung and our subsequent appeal was denied. The risk theoretically existing for DeTeFleetServices GmbH as the policyholder is EUR 6.3 million until 2008 if the legal dispute pending with HUK were to be lost. In addition, revised premises for 2009 and beyond would have to be assumed. In this legal dispute, DeTeFleetServices GmbH shares the opinion of DTAG's tax department and that of the servicing broker, DeTeAssekuranz – based upon an existing positive decision by the Lower Saxony Tax Court – that the probability of the risk occurring must be classified as very low. Thus, no accruals were recognized.

During 2009 DeTeFleetServices GmbH sees opportunities to gain additional Group fleets internationally and to add further vehicles of international companies already acquired.

DeTeFleetServices GmbH
An der Ziegelei 18, 53127 Bonn

7. Forecast

A positive result is generally to be expected for the 2009 financial year. However, there is a potential risk for DeTeFleetServices GmbH with respect to vehicle marketing as a result of the general economic crisis, but this risk cannot currently be estimated for subsequent years in specific quantitative terms due to the volatility of the used vehicle market. The reversal of hidden reserves upon the future sale of company vehicles depreciated using the declining balance method in 2006 and 2007 will have a noticeable positive effect. On the other hand, the effect from the changeover to the declining-balance depreciation method on newly-added vehicles as of January 1, 2009 will have a negative impact.

Negative net income is expected for 2010 as a result of the use of declining-balance depreciation for the second year in a row. Revenue for 2009 is forecast at around EUR 380 million and the same is expected for 2010. Capital expenditures in 2009 will total around EUR 150 million and are anticipated to increase slightly in 2010 to approximately EUR 170 million.

No significant changes in the business model are expected.

Bonn, February 6, 2009

The Managing Board