

Joint report
of the Board of Management of Deutsche Telekom AG
and
the Managing Board of PASM Power and Air Condition Solution
Management GmbH

pursuant to § 293a of the German Stock Corporation Act (Aktiengesetz – AktG)

on the conclusion and content of the

control and profit and loss transfer agreement of February 28, 2013

between Deutsche Telekom AG

and PASM Power and Air Condition Solution Management GmbH

I. General information

The Board of Management of Deutsche Telekom AG (hereinafter referred to as "DTAG") and the Managing Board of PASM Power and Air Condition Solution Management GmbH (hereinafter referred to as "subsidiary") issue the following report on the control and profit and loss transfer agreement between DTAG and the subsidiary pursuant to § 293a AktG.

II. Conclusion of the control and profit and loss transfer agreement

DTAG, represented by Mr. Timotheus Höttges, Member of the Board of Management, and a "*Prokurist*" (holder of a general commercial power of attorney), Dieter Cazzonelli, concluded a control and profit and loss transfer agreement (hereinafter referred to as "agreement") with the subsidiary, represented by its managing director Götz Wolf and "*Prokurist*" Heinz Hegemann on February 28, 2013.

The Board of Management of DTAG resolved to conclude the agreement at its meeting on February 5, 2013.

The Supervisory Board of DTAG approved the conclusion of the agreement on February 27, 2013.

The Managing Board of the subsidiary resolved to conclude the agreement on February 15, 2013.

The Supervisory Board of the subsidiary approved the conclusion of the agreement on February 19, 2013.

The partners' meeting of the subsidiary approved the conclusion of the agreement on February 28, 2013.

The agreement shall only come into effect subject to the approval of the DTAG shareholders' meeting. The Board of Management and the Supervisory Board of DTAG will therefore propose at the DTAG shareholders' meeting called for May 16, 2013 that the agreement be approved. Pursuant to § 294 (2) AktG, the

agreement will not take effect until its existence has been entered in the commercial register responsible for the subsidiary's registered office.

III. Parties to the control and profit and loss transfer agreement

1. Deutsche Telekom AG

DTAG, with its registered office in Bonn and entered in the commercial register of the Bonn District Court under HRB 6794, is a listed company and the parent company of the Deutsche Telekom Group. DTAG's financial year corresponds to the calendar year.

According to its Articles of Incorporation, the object of the enterprise is to engage in all areas of telecommunications, information technology, multimedia, information and entertainment (including gambling or betting business), security services, sales and brokerage services, e-banking, e-money and other payment solutions, collection, factoring, and reception and surveillance services as well as any services connected with these areas, and in related areas in Germany and abroad. Furthermore, the object of the enterprise according to its Articles of Incorporation includes engaging in business in the area of venture capital, including the acquisition, holding, management, and sale of venture capital interests, in particular but not exclusively in companies that operate in the areas stated above. Moreover, the object of the enterprise according to its Articles of Incorporation is to engage in the field of reinsurance in connection with the areas specified above; however, this activity must not be performed directly by the Corporation itself. DTAG is entitled to enter into all other transactions and take all other measures deemed appropriate to serve the object of the enterprise pursuant to the Articles of Incorporation. It may also set up, acquire and invest in other undertakings of the same or similar kind in Germany and abroad, as well as run such undertakings or confine itself to the administration of its participation. It may spin off its operations wholly or partly to affiliated undertakings.

The Board of Management of DTAG is made up of René Obermann (Chairman), Reinhard Clemens, Niek Jan van Damme, Timotheus Höttges, Dr. Thomas Kremer, Claudia Nemat and Prof. Dr. Marion Schick. In accordance with § 7 sentence 1 of its Articles of Incorporation, DTAG is legally represented by two members of the Board of Management or by one member of the Board of Management jointly with a "*Prokurist*."

2. The subsidiary

The subsidiary is a limited liability company. The subsidiary has its registered office in Munich and is entered in the commercial register of the Munich District Court under HRB 202919. The subsidiary's financial year corresponds to the calendar year.

The subsidiary makes electrical products available within the Deutsche Telekom Group that are needed by the individual companies of DTAG for operating their technical systems.

The subsidiary's partnership agreement includes at present the following provisions regarding the purpose of the company: The purpose of the company is to produce and sell energy-based products designed to guarantee the reliable operation of technical equipment and related services, as well as the

procurement, provision and supply of energy. In addition, the company also offers technical services in facility management that correspond closely to its core business. The company is entitled to conduct all transactions and to take any measures that appear suitable to serve the above-mentioned purpose of the company, both directly and indirectly. It may also set up, acquire and invest in other undertakings of the same or similar kind in Germany and abroad, even as a personally liable partner.

The sole shareholder of the subsidiary is DTAG, which directly holds a 100 % interest in the subsidiary. The fully paid share capital is EUR 10,025,000.

The managing directors of the subsidiary are Götz Wolf and Dr. Frank Schmitt. In accordance with § 6 (1) of its partnership agreement, the company is represented by two managing directors jointly or by one managing director together with one holder of commercial power of attorney ("*Prokurist*"). In accordance with § 6 (1) of its partnership agreement, the company is represented by one managing director alone if only one managing director is appointed.

3. Earnings situation of the subsidiary

The company currently has 142 employees. In the 2012 financial year, it reported net income in the annual financial statements pursuant to the provisions of the German Commercial Code (HGB) of EUR 46,162,198.50.

With a balance sheet total under German GAAP of EUR 480,676,548.95, the balance sheet contains shareholders' equity of EUR 127,762,475.55 as of December 31, 2012. For the current financial year the company is expected to report net income before profit and loss transfer of EUR 50 million.

IV. Legal and commercial reasons for conclusion of the control and profit and loss transfer agreement

The legal and commercial reasons for the combined control and profit and loss transfer agreement are explained separately below.

The conclusion of a control agreement is the best way to ensure the uniform management of the subsidiary and its integration in the Deutsche Telekom Group. Under the control agreement, the DTAG Board of Management is able, in particular, to issue wide-ranging, simplified instructions to the Managing Board of the subsidiary in the overriding interest of the Group and ensure that DTAG and the subsidiary will conduct their operations uniformly.

Although the subsidiary's partners' meeting has the authority to give instructions to the Managing Board, the extent to which the partners' meeting (or other body authorized in the articles of association) may issue instructions to the Managing Board that are disadvantageous for the subsidiary is not legally ensured. Here, the control loss transfer agreement provides the necessary legal clarity and, to a large extent, also permits disadvantageous instructions. Moreover, a formal resolution is required each time the partners' meeting issues any instructions. For these reasons, the authority of the partners' meeting to give instructions is not as appropriate for ensuring the desired uniform management of the subsidiary as is a control agreement.

The combined control and profit and loss transfer agreement allows DTAG to optimize the taxation situation. The conclusion of an effective and enforced profit and loss transfer agreement is a prerequisite for establishing a fiscal unity status

both for corporate tax as well as trade tax. Fiscal unity status for both corporate income tax and trade tax purposes has the advantage that positive or negative results of a subsidiary can be simultaneously offset against positive or negative results of DTAG or another company belonging to the fiscal unity. As a result, Group tax cash flow and Group tax expense can be optimized. In addition, the 5 % taxation otherwise payable in the case of profit distribution (taxation in accordance with § 8b (1) and (5) of the German Corporate Income Tax Act) is avoided.

V. Explanation on the control and profit and loss transfer agreement

A copy of the agreement is enclosed with this report. The provisions of the agreement are explained as follows.

1. § 1 Management

Pursuant to § 1 of the agreement, the subsidiary places management of its company under the control of DTAG. Thus, the transfer of decision-making powers to the controlling company, which is an essential part of a control agreement, is standardized.

2. § 2 Authority to give instructions

§ 2 of the agreement standardizes the controlling company's authority to give instructions, which is characteristic for control agreements. Under § 2 (1) of the agreement, DTAG is entitled to give the subsidiary's Managing Board instructions regarding the management of the subsidiary. The instructions must be issued in writing or by fax, or, if they are given verbally, by telephone, by telex, or by electronic mail, they must be confirmed immediately in writing, or by fax.

This authority to give instructions shall have no effect upon the fact that the subsidiary is a legally independent company with its own executive bodies. The subsidiary's Managing Board continues to be responsible for managing the business and representing the subsidiary. This is stipulated in § 2 (1) sentence 3 of the agreement.

Instructions may also be issued – unless otherwise provided for in the agreement – pursuant to § 308 (1) sentence 2 AktG that are disadvantageous for the subsidiary as long as such instructions serve the interests of DTAG or the Deutsche Telekom Group. DTAG can thus extensively intervene and control the management of the subsidiary. With reference to § 299 AktG, § 2 (2) of the agreement specifies that the authority to give instructions does not include the amendment, maintenance or termination of the control and profit and loss transfer agreement itself.

As is the case with § 1 of the agreement, these are also customary provisions within the framework of a control agreement.

3. § 3 Transfer of profit

§ 3 (1) sentence 1 of the agreement standardizes the obligation to transfer the entire profit to the other party to the agreement pursuant to the provisions set out

in § 301 AktG, which is characteristic of a profit and loss transfer agreement. It obligates the subsidiary to transfer its entire profits to DTAG during the term of the agreement.

Furthermore, § 3 (1) of the agreement stipulates that in corresponding application of § 301 AktG the profit to be transferred is deemed to be the net income, reduced by any loss carried forward from the previous year, that would have occurred under the relevant commercial law without the profit transfer. Pursuant to § 3 (2) of the agreement, all other provisions of § 301 AktG, as amended, apply.

With the consent of DTAG, the subsidiary is entitled, pursuant to § 3 (3) of the agreement, to allocate amounts from net income to retained earnings (§ 272 (3) of the German Commercial Code (HGB)) to the extent that this is permissible under commercial law and economically justifiable based on reasonable commercial assessment. The profit to be transferred by the subsidiary would be reduced accordingly. The restriction that transfers to the aforementioned retained earnings may only be made to the extent permissible under commercial law and economically justifiable based on reasonable commercial assessment is in response to § 14 (1) no. 4 of the German Corporate Income Tax Act.

Pursuant to § 3 (4) of the agreement, the right to transfer profits shall arise at the end of the financial year and shall be due with this value date. This ensures that DTAG does not sustain a reduction in interest when profit is transferred from the subsidiary on the due date.

These are customary regulations within the framework of a profit and loss transfer agreement.

4. § 4 Transfer of loss

§ 4 (1) of the agreement sets forth the obligation on DTAG as the controlling entity to absorb losses in accordance with all provisions of § 302 AktG, as amended. DTAG is thus obligated to compensate any other net loss sustained during the term of the agreement – i.e., without any compensation of losses – which cannot be offset by withdrawing amounts from other retained earnings to which such amounts were appropriated during the term of the agreement. In this respect, DTAG bears the economic risk of the subsidiary. This obligation to compensate for losses is a mandatory consequence of the control and profit and loss transfer agreement. Reference made in § 4 (1) of the agreement to the legal provisions of § 302 AktG is dynamic in that it refers to the relevant legal provisions in their amended form. Under current legislation, the provisions of § 302 (3) and (4) AktG are relevant:

§ 302 (3) AktG governs the subsidiary's option to waive its claim for compensation and to settlement of such a claim. The primary consequence of the reference to § 302 (3) AktG is that the subsidiary may not waive or settle any claim for compensation until three years after the date on which the registration of the cancellation or termination of the agreement in the commercial register was announced pursuant to § 10 of the German Commercial Code (HGB). The foregoing shall not apply if DTAG is unable to make payments when due and enters into composition with its creditors to avoid insolvency proceedings, or if the liability for compensation is subject to an insolvency plan.

Pursuant to § 302 (4) AktG, the right to compensation for loss shall be limited to 10 years from the date on which the registration of the cancellation or termination of the agreement in the commercial register was announced pursuant to § 10

HGB.

Further, the agreement standardizes the date of origination and the due date for the right to transfer loss: pursuant to § 4 (2) sentence 1 of the agreement, the right to transfer loss arises at the end of the financial year and, pursuant to § 4 (2) sentence 2 of the agreement, also carries this due value date. This ensures that the subsidiary does not sustain a reduction in interest when loss compensation is paid by DTAG on the due date.

Insofar, the provisions under § 4 of the agreement are therefore customary regulations within the framework of a control and profit and loss transfer agreement.

5. § 5 Commencement, term, effective date

In accordance with § 294 (2) AktG, the agreement will not enter into force until its existence has been entered in the commercial register responsible for the subsidiary's registered office. This is stipulated in § 5 (1) sentence 1 of the agreement. In accordance with § 5 (1) sentence 2 of the agreement, profits are transferred or losses absorbed for the first time at the end of the financial year in which the agreement enters into force, which in this instance is likely to be the end of the 2013 financial year. The fiscal unity for the purposes of corporate income tax and trade tax is thus deemed to have existed for the subsidiary's full financial year.

§ 5 (2) of the agreement specifies that the agreement can only become effective upon approval by the shareholders' meeting of DTAG and the partners' meeting of the subsidiary, and that the approval granted by resolution of the partners' meeting of the subsidiary must be certified by a notary public.

Pursuant to § 5 (3), the agreement may be terminated for the first time with due notice of one month with effect from the end of the year, at the end of which the fiscal unity for German corporate income tax purposes established in the agreement shall have existed for the minimum period required for taxation purposes. Under current legislation (§ 14 (1) no.3 in conjunction with § 17 of the German Corporate Income Tax Act (KStG)), this is the case after five years; consequently, under current legislation, the agreement cannot be duly terminated before December 31, 2018. After this period, the agreement may be terminated with effect from the end of the financial year by giving due notice of one month. Notice of termination must be made in writing. If the agreement is not terminated, it shall be automatically extended for one further year with the same notice period.

Furthermore, under the provisions of § 5 (4) of this agreement, the parties are able to terminate the agreement for good cause in writing. This shall also be possible before the agreement may be terminated by giving due notice. Good cause is especially the sale or contribution of the subsidiary by DTAG, or the merger, split-up or liquidation of either of the two parties to the contract. These are examples of good cause within the meaning of the Corporation Tax Policy (*Körperschaftsteuerrichtlinie*) 60 (6).

6. § 6 Severability

The "severability clause" set forth in § 6 of the agreement guarantees the validity and enforceability of the agreement in the event that individual provisions are already invalid or not enforceable when the agreement is concluded or

become invalid or non-enforceable at a later date, for instance due to changes in the law or legal practice.

VI. Determination of adequate compensation/consideration pursuant to § 304 and § 305 AktG/examination of the control and profit and loss transfer agreement

It was decided to refrain from determining adequate compensation in the agreement, as the subsidiary does not have any external partners. DTAG directly holds a 100 % interest in the subsidiary. For this reason, there was also no need to determine any settlement in the agreement. The companies concerned therefore did not have to be valuated to determine an adequate compensation and an adequate settlement. Nor, since DTAG directly holds all shares in the subsidiary, is there any need pursuant to § 293b (1) AktG to subject the control and profit and loss transfer agreement to review by independent auditors (contract auditors).

Bonn, March 19, 2013

Deutsche Telekom AG,
The Board of Management

René Obermann (Chairman)

Reinhard Clemens

Niek Jan van Damm

Dr. Thomas Kremer

Timotheus Höttges

Claudia Nemat

Prof. Dr. Marion Schick

Munich, March 19, 2013

PASM Power and Air Condition Solution Management GmbH
The Managing Board

Götz Wolf

Heinz Hegemann

Annex: Copy of the agreement