

T-Mobile Deutschland GmbH

Bonn

Annual financial statements, management report and statement of investment holdings according to § 285 HGB (German Commercial Code) for the 2007 financial year

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Short-Form Audit Report

T-Mobile Deutschland GmbH
Bonn

Annual Financial Statements as of December 31, 2007
and Management Report for Financial Year 2007

Auditors' Report

[Translation - the German text is authoritative]

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<p>This short-form audit report exclusively serves the purpose provided for in Section 325 et seq. HGB.</p>

2007 Management Report

A. Development of Business

Strong Growth of the German Economy Continues

According to preliminary calculations by the Federal Statistical Office, the German economy, adjusted for inflation, again grew by a strong 2.5% in 2007 as was the case in the prior year. Only one percentage point of this figure was attributable to domestic growth. However, as companies increased their capital expenditures and government consumption expenditure rose significantly, private consumption fell year on year by 0.3% in real terms.

T-Mobile Remains the Market Leader

The German mobile market showed growth of 13% to approximately 97 million cards in 2007. This equals a penetration rate of 118 mobile cards per 100 residents (prior year 104).

With a market share of 37%¹, T-Mobile Deutschland again maintained its leadership in the subscriber market and expanded its lead against Vodafone. At the end of 2007, it led by roughly 2 million cards (as compared to 0.8 million at the end of 2006). The number of activated cards grew in 2007 from 31.4 million to 36.0 million.

T-Mobile Deutschland posted encouraging growth in contract customers. The net number of new contract customers rose year on year by 20.7% to 962,000. Additionally, an amendment of the Standard Terms and Conditions regarding use of prepaid credits led to a stabilization of the customer base, which made a significant contribution to the 14.5% growth in the total number of cards.

¹ The final market data for Vodafone / E-Plus / O2 (Germany) was not yet available when the figures were being calculated.

Discount Segment Brings About Change in the Market

Growth of the discount or no frills segment, in which only the SIM card without a subsidized cell phone is marketed, continued to advance in 2007. The entry of further competitors on the market (such as Fonio/O2; Bildmobil/Vodafone) and the corresponding price pressure led to further price reductions and changes in the rate structure, e.g. towards a growing share of flat rates.

As early as the launch of these low-price providers, T-Mobile Deutschland had already placed wholesale models and enabled competitive online offerings with its partners Klarmobil, Simply and Callmobile. Additionally, it placed an offering with PennyMobil in the discount grocery segment via the wholesale partner Simply, which was expanded in 2007 to include Ja!mobil. An additional wholesale model was launched via the subsidiary Congstar (a broad rate mix from low end to high value flat rate propositions for prepaid and postpaid). The expanded model is currently being rolled out with existing and future partners.

The particular objectives for 2008 are to secure an appropriate market share in this segment and to assure the management of the more than 1 million existing customers. To that end, the existing business models are being refined with the aim of maintaining the competitive edge and to expand this additional sales area.

Service Providers Feeling the Pressure

The market dynamics and price declines further increased competitive and cost pressure and led to a further consolidation of service providers (acquisition of Telco by Drillisch and Talkline by debitel, market adjustment at Liftacom and Tangens).

Service providers are also seeing themselves forced to optimize their existing wholesale business model as well as to use new ones. In that light, debitel, Mobilcom and Drillisch also launched "White labeled" models for online marketing and for marketing their products via the discounter channel, and have expanded their sales area through acquisitions (including debitel via dug).

T-Mobile Deutschland's goal is to at least stabilize this essential sales channel at the prior years' level.

O2 Expands Network

A national roaming cooperation between T-Mobile Deutschland and O2 Germany GmbH (formerly Viag Interkom) has existed since 1999, that allows O2 customers to utilize the T-Mobile Deutschland 2G and 3G network for voice, SMS, MMS, video telephony and data transfer in areas without an O2 network. O2 accesses T-Mobile Deutschland's network primarily in rural areas.

The existing National Roaming Agreement expires at the end of 2009. The parties to the agreement do not intend to renew it since O2 has announced its plans to extend its own network to cover the entire area by then.

Xtra: the Problem Child

The increasing intensity of competition on the prepaid market led to considerable declines in sales on the Xtra rates as compared to 2006. The successful marketing of additional options (SMS packages, etc.) to existing customers initially made it possible to stabilize the development of sales in the retail market in 2007. Nonetheless, new customer sales remained weak.

In the interest of becoming more attractive to new customers in the prepaid segment, there are plans to adjust the Xtra rate grid in 2008, as well as for a broad communications campaign and an expansion of sales areas. These measures are intended to offset the losses in sales induced by the price reductions.

Individualized Products

"We mobilize personal and social networking" - T-Mobile Deutschland tracks central social trends such as the increasing degree of individualization, and harnesses them into concrete, user-friendly offerings.

With MyFaves, the personalized user interface brings the five most important friends (faves) directly to the cell phone display with an individual photo or icon. It takes just one click to launch communication – a call, SMS or MMS – with these friends. It is possible to store additional personal data such as birthday or anniversary for each fave, along with a separate ringtone.

T-Mobile is Apple's exclusive marketing partner in Germany for the iPhone. The iPhone combines the mobile telephone with the widescreen iPod and a breakthrough Internet device. Access to all functions is gained via a multitouch surface and leading-edge software by Apple, which allows the user to use the iPhone with a variety of finger motions. The device's innovative Visual Voicemail function only works in the T-Mobile Deutschland network.

There are growth opportunities on the telecommunications markets in the area of voice and data services. Tailored services and products that enable users to keep track of and maintain their personal relationships and social networks at any time are the wave of the future. Equally, demand is constantly growing for services that offer users straightforward individual assistance in every situation, whether it be while shopping or while traveling.

Loyalty Pays

T-Mobile Deutschland was the first mobile communications provider in Germany to launch a cell phone rebate program for prepaid customers: Xtra Bonus. With this program, T-Mobile Deutschland rewards Xtra customers for their loyalty by offering them a cell phone at up to 50% off. Program participants collect rebate points every time they top up their Xtra account with the standard top-up amounts of € 15, € 30

and € 50. T-Mobile honors these points as a percentage of the price for the purchase of a new cell phone.

Network of the Year

T-Mobile is and remains Germany's number one mobile network. This was confirmed by the readers of the magazine connect in 2007 for the eighth year in a row. T-Mobile was the winner in four categories at once: "Network operator of the year", "Prepaid cards", "Fixed network replacement product" and "Hotspot provider". In its service check, the TÜV also found that from a customer standpoint, T-Mobile offers the best network quality - a finding that the Customer Satisfaction Study also confirmed. In this study, the customers themselves named the T-Mobile network number one.

Network Quality

The first phase of the modernization of the GSM network (Global System for Mobile Communications) was completed in 2007. The technology was switched out at over 10,000 stations throughout the whole of Germany. The new systems technology improves the voice quality measurably and reduced the electricity consumption per installation by roughly 30%.

The EDGE mobile standard allows for download rates of up to 220 Kbits/s and upload rates of up to 180 Kbits/s. This is equivalent to four times the speed of a simple ISDN connection in the fixed network. T-Mobile Deutschland is the only German provider to offer EDGE for almost the complete network. The Internet can be accessed via cell phones such as the iPhone or via laptops and stationary PCs equipped with a "web 'n' walk" card.

Alongside the further enhancements to the GSM network, T-Mobile Deutschland is working to expand its UMTS and W-LAN network infrastructure. As Germany's premier mobile provider, T-Mobile Deutschland has equipped the entire UMTS network with HSDPA (High Speed Downlink Packet Access) technology at a speed of up to 3.6 MB per second.

To complement HSDPA, T-Mobile Deutschland is introducing HSUPA, High Speed Uplink Packet Access into the UMTS network. This technology accelerates the data upstream from the mobile device to the network from today's maximum of 384 Kbits/s to 1.4 Mbits/s, and also considerably reduces signal propagation time. Together, these make it possible for on-the-go users to surf the Internet or work on the intranet as comfortably as if they were connected via fixed network DSL. The entire UMTS network is slated to be equipped with HSUPA by mid 2008.

T-Mobile is also systematically expanding its W-LAN offering in order to be able to offer the fastest mobile connections possible at all times and at all locations. With more than 20,000 HotSpot locations, T-Mobile and T-Home are the world's largest operators of W-LAN locations.

Procurement in the DTAG Group

As part of the project "Transform Procurement", procurement at T-Mobile Deutschland has also been involved in the Group-wide reorganization of purchasing activities. The hallmarks of this project are the separation between strategic sourcing and procurement operations, which is intended to reduce the strategic sourcing of administrative and operational tasks, as well as the introduction of a Group-wide and internationally functioning management model.

Marketing Management and End Device Management

Sales of end devices rose in 2007 despite declining procurement prices. This was also due in part to the introduction of a uniform system of retail commissions for end devices purchased from T-Mobile with T-Mobile rate connections.

The procurement process was improved in cooperation with end device manufacturers through new forms of cooperation such as vendor management inventory.

The introduction of iPhones was a particular sales challenge. MyFaves rates were also successfully introduced.

T-Mobile Deutschland's leading position in the area of cell phone repair was underscored with the "Service tested" TÜV certificate, which thus far only T-Mobile has received. TÜV awarded T-Mobile the certificate for its speed and competence in providing advice.

T-Marketing

The Board of Management of DTAG has decided to offer customers in Germany all products of the Group from a single source in order to leverage all cross- and up-selling potentials in a saturated market and to meet the increasing demand for bundled offerings. The prerequisite for this is that the fixed network and mobile network marketing divisions be combined for private customers and very small enterprises (VSE) and the marketing billing and reporting systems be standardized.

In the "Telekom Marketing" project, T-Mobile Deutschland expanded the existing marketing units to take on the marketing activities for T-Home as well.

B. Report on the Company's Situation

Sales and Earnings

In 2007, sales at T-Mobile Deutschland amounted to € 7,932 million and were thus € 276 million (3%) less than in the prior year although the average number of customers increased by 4.5 million in the same period. The lower sales figure is attributable to lower sales in the voice business, due particularly to negative price developments. Greater reductions in revenues due to an increase in the volume of rebates for business customers, lower roaming sales due to the regulation of roaming rates and the regulatory reduction in national termination fees also had an impact.

The cost of sales in 2007 was € 2,562 million greater than in the prior year. The primary cause for the increase was the € 2.5 billion impairment loss on the UMTS license. Selling expenses amounted to € 2,158 million and were only minimally above the prior-year figure. General administrative expenses totaled € 176 million and were thus € 35 million (17%) lower than the prior year's figure. The main reason for the

reduction was the spin-off of the Customer Services division into a separate legal entity.

EBITDA (earnings before interest, taxes, depreciation and amortization) fell from € 3,157 million in the prior year to € 2,777 million. This still corresponds to a considerable return on sales of 35% (prior year: 38.5%).

The financial result declined in the year under review by € 20 million to € 272 million.

The Company posted a € 945 million loss on ordinary activities due to the impairment of the UMTS license. This represented a year-on-year decline by € 2,925 million.

The loss was absorbed by T-Mobile International AG on the basis of the profit and loss transfer agreement entered into.

Although EBITDA fell since the past year due to regulatory intervention and the dramatic drop in prices on the mobile market, it still remained at a high level. The one-off reduction in profit due to the impairment of the license is not expected to repeat itself in 2008. The management therefore views the overall position of the Company as good, despite the need for the shareholder to absorb the loss for 2007.

Assets and Finances

Total assets fell by € 2,383 million to € 8,039 million. The primary cause of this is the impairment loss on the UMTS license and the resulting repayment of loans. Investments in tangible and intangible assets were € 299 million in 2007. The share of the GSM network was high at € 127 million while the UMTS share fell due to the decimated location rollout.

The investments were offset by depreciation/amortization of € 926 million, of which € 418 million was amortization of the UMTS license. Receivables increased by € 776 million to € 2,100 million, and related to trade receivables from customers and from the shareholders and Group companies.

The revolving sale of receivables performed as asset backed securitization since November 2003 was terminated at the end of November 2007. The primary reasons for this were the change in interest rate structures as well as the changes in tax

conditions effective as of 2008 as a result of which the sale of receivables was no longer economically viable. T-Mobile Deutschland repurchased the receivables at a reasonable price.

Due to the loss absorption by T-Mobile International, shareholders' equity remained unchanged at € 1,447 million.

Cash flow from operating activities was € 2,014 million in the year under review. Net cash used in investing activities of € 412 million, the absorption by T-Mobile International of € 945 million in loss and the repayment of short-term loans for € 1,960 million resulted in a balance of € 587 million in cash and cash equivalents at the end of the period.

An accurate assessment of the overall situation of T-Mobile Deutschland may only be made by taking into account the corporate integration with the parent company in the Group.

Employees

T-Mobile Deutschland's Event Management organization was centralized within DTAG's Telekom Training area. Corporate Security was transferred to DTAG's Global Group Security organization. In June 2007, T-Mobile Deutschland spun off its Customer Service management division into Deutsche Telekom Kundenservice GmbH (DTKS), a separate legal entity in accordance with the German Reorganization Act (*Umwandlungsgesetz*, "UmwG"). Under the T-Vertrieb Deutschland project, the marketing departments of T-Com, T-Online and T-Punkt Gesellschaft were combined under the auspices of T-Mobile Deutschland.

T-Mobile Deutschland continues to offer the option of partial and early retirement. The corporate pension scheme is governed by a collective agreement for pay scale employees and in a Group bargaining agreement for non-wage scale salaried employees.

The number of employees (headcount) fell from 7,380 at the end of 2006 to 5,534 as of December 31, 2007. The main reasons for this are the transfer of Customer Service to DTKS and the addition of employees from within the Group under the "T-

Vertrieb" project and the hiring of temporary employees. The average annual headcount was 6,477 employees, of which 64 were executives.

The average age of employees was 40.7 (prior year 39.4) and the percentage of women was 27.3% (prior year 38.9%). At 7.8%, the proportion of employees in part-time work was below the prior year's figure (13.0%). The proportion of disabled employees was 2.7%, and was lower than in the prior year (3.2%).

Environmental Awareness

T-Mobile Deutschland has offered disposal of end devices nationwide since 2003 through a voluntary take back system. This system ensures orderly forwarding to certified recycling centers. T-Mobile Deutschland donates € 5 for every returned end device, including defective devices, to the German environmental group, Deutsche Umwelthilfe, regardless of a contract extension or a new contract. For the first time over 100,000 end devices were taken back in 2007 through special programs.

T-Mobile Deutschland has its branded end devices inspected for dangerous materials in independent laboratories and also requires manufacturers of other end devices to comply with statutory provisions. Our environmental management system pursuant to ISO 14001 was recertified in March 2007.

Energy efficiency measures reduced electricity consumption in the networks in order to reduce the emission of carbon dioxide, which has a damaging effect on the climate.

C. Risk Management: Early Recognition and Consistent Control and Monitoring of Risks to Future Development

Risk management is a key tool for rendering risks quantifiable and manageable and is viewed as a competitive necessity and an entrepreneurial challenge at T-Mobile Deutschland – in addition to the legal requirements specified by the German Act on Control and Transparency in Business (*KonTraG*). It is integrated into Deutsche Telekom's risk management structure.

All relevant risks that could adversely impact the future development of T-Mobile Deutschland are systematically identified and measured at an early stage based on principles applicable throughout the Group, and appropriate measures for risk management are selected and implemented.

The management of risks arising out of financial positions is assured under Deutsche Telekom's Group-wide financial management apparatus.

From the totality of risks, those risk areas which T-Mobile Deutschland currently deems to be significant are presented below.

Regulatory Risks

Impacts from regulatory measures will essentially arise from decisions by national regulatory authorities in connection with the conduct of market analysis procedures that are still outstanding or repeated based on the EU regulatory framework. Additional risks and negative consequences may arise through a reduction of termination fees and prices from international roaming.

T-Mobile Deutschland is subject to the German Telecommunications Act (*Telekommunikationsgesetz*, "TKG") and the regulations issued on that basis. The EU legal framework was already implemented in 2004. Additional changes to the TKG entered into force in Germany on February 18, 2007, above all consumer protection regulations. This resulted in implementation costs at T-Mobile Deutschland. This includes, for example, rate disclosures for speed dialing voice and information services starting at € 2 per minute, the rate display for speed dial data services starting at € 2 per minute, and setting up a warning SMS as soon as the customer has reached more than € 20 per month in subscription services. The provisions of the TKG relating to numbering and emergency calling are expected to enter into force in 2008. In addition, the storage of all traffic and location data including subscriber and user data in mobile communications has been resolved under the term "data retention". The corresponding law enters into force on January 1, 2008, whereby sanctions for any breaches are not planned until the end of 2008. Implementing these requirements will also lead to considerable costs. The Telecommunications Monitoring Ordinance (*Telekommunikations-*

Überwachungsverordnung, "TKÜV") entered into force in 2005. The details as to the standards that must be upheld will be set forth in the Technical Guidelines, which will be revised again in 2008. In 2008, further discussions will be held regarding the appropriate compensation for monitoring measures initiated by the government.

When analyzing the market for termination of individual mobile networks, the Federal Network Agency (*Bundesnetzagentur*) determined that T-Mobile Deutschland dominated the market and in a ruling dated August 30, 2006 imposed regulatory obligations in connection with ex ante cost regulations, including non-discrimination, the granting of collocation and standard offerings. By decision dated November 30, 2007 the Federal Network Agency reduced the rate as of December 1, 2007 to € 7.92 cents/min in connection with the rate approval proceedings. The approval is valid until March 31, 2009 and is to be implemented immediately despite ongoing legal proceedings against the regulatory order.

The EU regulation for international roaming, which regulates roaming fees, entered into effect on July 30, 2007. T-Mobile Deutschland had to reduce its roaming fees at the advance payment and end user level as a result, which had a corresponding negative impact on sales. Additional reduction measures will follow in mid-2008 and mid-2009. In addition, the EU regulation prescribes transparency measures that extend beyond the standard welcome SMS and are tied to corresponding investments.

On July 18, 2007, the European Commission informed T-Mobile Deutschland that it was abandoning the market abuse case involving allegedly excessive prices for wholesale international roaming. As a consequence no fines will be charged.

At the end of November 2005, the Federal Network Agency adopted and published a plan for the future of the GSM market, offering German mobile network operators the prospect of harmonizing their GSM frequency resources and their license terms by the end of 2016. The implementation of the plan started in the spring of 2006 with the respective allocation of 2x5 MHz of the E-GSM spectrum to E-Plus and to O2 Germany. In return, both companies relinquished 2x5 MHz of their GSM 1800 spectrum in the spring. The extension of the term of T-Mobile Deutschland's GSM

license was clarified at the end of June 2007. On November 28, 2007, the Federal Network Agency announced in its Official Gazette that the license terms of all four GSM network operators would now expire on December 31, 2016. The more extensive issue of utilizing GSM frequencies with UMTS/IMT 2000 technology as well is to be decided upon at a later point in time.

Since the Regional Radiocommunication Conference (RRC '06) of June 2006, a Europe-wide reorganization of the broadcast spectrum for the utilization of digital broadcast technologies (DVB-T, etc.) has been underway. Along with other mobile network operators, T-Mobile Deutschland sought the allocation of appropriate frequencies for a DVB-H-based mobile TV offering for Germany. The Federal Network Agency decided in mid-October 2007 to grant spectrum rights for the establishment of a DVB-H network to T-Systems Media&Broadcast. T-Mobile Deutschland applied jointly with Vodafone and O2 for a media platform license. However, in the beginning of 2008 the state media authorities (*Landesmedienanstalten*) recommended granting a 3-year DVB-H trial operation to Mobile 3.0, the consortium formed by the publishing houses Burda Media and Holtzbrinck, as well as MFD (Mobiles Fernsehen Deutschland) and a South African investor. To satisfy the conditions still outstanding Mobile 3.0 must submit content provider agreements and the agreement with the broadcast network provider still lacking by April 30, 2008.

New, not yet foreseeable risks arise from the pending review of the regulatory framework at EU level. On November 13, 2007, the Commission published proposals for the revision of the directive package. These recommended the establishment of a new EU regulatory authority and further expanded the authority of the EU Commission. An expansion of regulation to cover other previously unregulated markets, such as convergent markets for example, cannot be ruled out. The consumer protection and security regulations that could be added to the new regulatory framework may also result in new, extensive obligations on the part of the T-Mobile Group. The proposals will be discussed by the European Parliament and Council in 2008 and are slated to be implemented in 2009/2010.

The liberalization of frequency policy in this framework holds both opportunities as well as risks for T-Mobile companies throughout Europe. Opportunities arise if it is possible in the future to flexibly implement any urgently needed or commercially interesting spectrum expansions via the release of resources from previously inefficient uses. In contrast, risks may emerge as a result of the negative implications of the liberalization on harmonization and standardization (reduction of economies of scale, etc.).

Overall it must be presumed that the regulatory environment will become tougher. This holds the risk of future price reductions or sales declines in international roaming and termination fees.

Data Services and New Technologies

The acquisition of UMTS licenses forms a basis for introducing the third generation of mobile communication. The amortization of these investments is based on increases in mobile communications usage and revenues, especially in the field of mobile data communication. Corresponding additional services and applications are intended to be generated through in-house development as well as through cooperation with third parties (content providers), which involves the risk that the planned earnings targets cannot be attained with these applications.

In addition, the use of new technologies (e.g. WLAN, DSL, WiMax) and corresponding hardware offers an alternative for transferring voice traffic on an IP basis (VoIP: voice over IP) and data traffic. This type of substitution would lead to an increased competitive situation and in the end to substantially lower prices and revenues. In the financial year just ended, T-Mobile Deutschland lowered its sales and earnings expectations for UMTS and accounted for this by recognizing an impairment charge on the UMTS license.

Electromagnetic Fields, Health and the Environment

In every country in which the T-Mobile Group operates, electromagnetic fields (EMF) have repeatedly been linked with possible damage to the environment and health.

The World Health Organization (WHO) has stated, however, that based on the current scientific knowledge, there are no known disadvantageous health effects below international limits. It also considers serious health issues for the future as increasingly remote, but recommends more extensive research due to continuing scientific uncertainty. The existing public acceptance problem concerns networks and the use of end devices. At the T-Mobile Group, it affects network expansion and customer usage, in particular, and entails both legal and monetary risks. In addition, regulatory measures to enforce the principle of precaution can be feared in the mobile communication sector.

For the T-Mobile Group, the safety of our products and mobile networks for people and the environment is a decisive basis for business. Our endeavor to offer state-of-the-art technologies therefore also comprises promoting scientific research in order to recognize possible risks early. T-Mobile Deutschland adopted its EMF policy in 2004, under which it has taken various measures relating to EMF where transparency, information, participation, and promoting research are concerned and to minimize possible legal, regulatory and acceptance problems in the population.

Network Infrastructure and System Risks

The T-Mobile Group has a state-of-the-art, high-performance network infrastructure which forms the foundation for innovative telecommunications services. The functionality of the operating network and IT systems has direct customer relevance. The network and IT infrastructure can be impaired by damage or interruptions, e.g. due to natural disasters, technical outages/disruptions, power outages, water damage, fire, intentional damage, etc. Potential risks are countered by comprehensive quality measures and a sophisticated system of technical security measures. T-Mobile Deutschland adheres to the relevant security standards and implements new requirements in a timely manner. The operation of mobile communications networks continues to require access to sufficient spectrum since otherwise bottlenecks could occur. The T-Mobile Group is reviewing whether the potential acquisition of additional spectrum is necessary.

MyFaves and iPhone in Germany

Following the successful market launch of MyFaves in the US in 2006, the community service was also launched in Germany in the beginning of October 2007, making communication with the customer's five favorite people simple and cheap, at € 0.05 / minute, no matter what network. The innovative service of MyFaves is a response to the customers' growing demand for personalized communication in their social network.

T-Mobile Deutschland is the exclusive marketing partner in Germany for Apple's revolutionary iPhone. Sales of the iPhone in Germany were launched on November 9. It is available at the Telekom Shops and the T-Mobile Online shop in combination with a T-Mobile contract. The iPhone combines three products – cell phone, iPod and Internet communication device.

Litigation Risk PTC

In 2005 Vivendi SA took legal action against Deutsche Telekom and T-Mobile International. Vivendi alleges that the respondents unlawfully broke off negotiations on the acquisition of a 48-percent stake in Polska Telefonia Cyfrowa Sp.z o.o (PTC) in order to then obtain these shares at a lower price. The amount in dispute is approximately € 2.27 billion. The action is pending before the Paris Commercial Court. Numerous other lawsuits and arbitration proceedings are pending in connection with the disputed PTC shares.

In 2006, Vivendi filed arbitration proceedings before the international court of arbitration in Geneva against Deutsche Telekom AG, T-Mobile International, T-Mobile Deutschland, T-Mobile Poland Holding Nr. 1 B.V. and others pursuant to the rules of the International Chamber of Commerce in Paris. The complaint is aimed at a declaratory judgment that a verbal agreement was reached between the parties concerning, *inter alia*, putting an end to the legal disputes relating to the investment in PTC, or that pre-contractual obligations were breached. Vivendi is demanding performance of the contract or damages.

Moreover, in the fall of 2006 Vivendi filed a suit against, *inter alia*, Deutsche Telekom AG, T-Mobile USA Inc., T-Mobile International AG and T-Mobile Deutschland GmbH with the US District Court in Seattle, Washington claiming that the defendants had colluded illegally to cause Vivendi to lose its alleged interest in PTC. The lawsuit is based on the Racketeer Influenced and Corrupt Organizations Act (RICO Act). In the lawsuit, Vivendi is seeking, among other things, damages of approximately USD 7.5 billion. The court will first of all decide on whether it will hear the case. This decision is expected to be passed in the spring of 2008.

D. Outlook

T-Mobile Deutschland employs a variety of IT development sourcing strategies in its efforts to improve cost efficiency. Collaboration with a variety of partners and countries with lower wage structures has generated first positive results.

Penetration (based on SIM cards) in the German mobile communications market will increase further in the coming years. This increase is based on the increase in second and third cards, in data cards (e.g. laptop cards), as well as additional marketing in niche segments.

Market saturation is making predatory competition more fierce, with further price declines as a result. Price wars among competitors, the regulation by the Federal Network Agency in 2007 of termination fees until March 2009 and the decisions made by the EU to reduce roaming prices for inter-European calls by June 2010 will lead to further stagnation – if not a decline – of service revenues on the overall market in the coming years.

In contrast the current trend of fixed network substitution through mobile communications, the marketing of budget and flat rates, the reworking of the current rate grid and growing data revenues will have a positive effect. The marketing of iPhones will also contribute to an increase in data revenues as well as to gaining new customers in the higher-value customer segments.

In order to counteract losses in market share and margins in recent years, T-Mobile Deutschland implemented the project "Save for Service" at the beginning of 2007. In addition to sales and customer sub-projects such as "Data Full Potential," "Smart Market Invest" and customer relationship management, several cost-optimizing measures are aimed at increasing earnings.

The reorganization of customer service and marketing in the DTAG Group will result in improved customer care and relationships with sales partners since this will now be offered from a single source.

By consolidating units and due to closer dovetailing of the fixed network segment and T-Mobile Deutschland, e.g. in product development, the IT systems must also be better coordinated with one another. T-Mobile Deutschland is partially taking over development of uniform platforms for the Group. This will result in an expansion and stabilization of capital expenditures in 2008 and 2009.

Due to the measures initiated and the successes already booked in 2007, it is assumed that EBITDA will rise slightly in the next two fiscal years.

As announced by the Federal Network Agency in early 2007, further frequency blocks in the 2.6 GHz range will be auctioned off. The auction is slated to begin in early 2009. T-Mobile Deutschland is currently reviewing the requirements for participating in the auction. The Federal Network Agency has renewed the GSM license – formerly set to expire in 2009 – until 2016.

E. Post-Balance Sheet Events

There were no additional events after the balance sheet date of significance to the net assets, financial position, and results of operations.

**Annual Financial Statements for the Financial Year
from January 1 through December 31, 2007**

T-Mobile Deutschland GmbH, Bonn
**Income Statement for the Period
from January 1 through December 31, 2007**

	2007	2006
	€ million	€ million
1. Sales	7.932,0	8.208,2
2. Cost of sales (of which unscheduled amortization/depreciation € 2,524.8 million; prior year € 0.0 million)	6.727,4	4.165,2
3. Gross profit on sales	1.204,6	4.043,0
4. Selling expenses	2.158,3	2.120,8
5. General administrative expenses	175,5	210,8
6. Other operating income	584,8	571,9
7. Other operating expenses	129,1	51,8
8. Income from other long-term equity investments (of which from affiliated companies € 7.1 million; prior year € 7.1 million)	7,1	7,1
9. Other interest and similar income (of which from affiliated companies € 14.4 million; prior year € 9.0 million)	25,6	15,2
10. Interest and similar expenses (of which to affiliated companies € 298.1 million; prior year € 268.8 million)	304,4	274,1
12. Profit/loss on ordinary activities	-945,2	1.979,7
13. Taxes on income	0,0	0,9
14. Income from loss assumption	945,2	0,0
15. Profit to be transferred due to a profit transfer agreement	0,0	1.978,8
16. Net income for the year	0,0	0,0

T-Mobile Deutschland GmbH, Bonn

Balance Sheet as of December 31, 2007

		Shareholder's Equity and Liabilities	
		12/31/2007	12/31/2006
		€ million	€ million
Assets			
A. Fixed assets			
I.	Intangible assets		
1.	Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	3,062.5	6,047.9
2.	Prepayments	51.8	14.0
		3,114.3	6,061.9
II.	Tangible assets		
1.	Buildings on leasehold land	130.5	128.7
2.	Technical equipment and machinery	632.2	835.4
3.	Other equipment, factory and office equipment	43.0	52.0
4.	Prepayments and construction in process	63.9	78.0
		869.7	1,094.1
III.	Financial assets		
1.	Shares in affiliated companies	1,699.1	1,699.1
2.	Other long-term equity investments	0.0	0.0
		1,699.1	1,699.1
		5,683.0	8,855.1
B. Current assets			
I.	Inventories		
1.	Supplies	23.5	24.6
2.	Merchandise	131.2	110.4
		154.7	135.0
II.	Receivables and other assets		
1.	Trade receivables	747.8	261.0
2.	Receivables from shareholder	1,019.5	549.9
3.	Receivables from affiliated companies	293.4	347.1
4.	Other assets	39.0	166.1
		2,099.7	1,324.1
III.	Cash and cash equivalents	0.5	0.6
		2,255.0	1,459.7
C. Prepaid expenses and deferred charges			
		101.2	106.9
		8,039.2	10,421.7
		12/31/2007	12/31/2006
		€ million	€ million
A. Shareholder's equity			
I.	Subscribed capital	520.0	520.0
II.	Capital reserve	927.0	927.0
		1,447.0	1,447.0
B. Provisions			
1.	Provisions for pensions	65.3	68.4
2.	Tax provisions	36.9	44.0
3.	Other provisions	662.5	712.3
		764.8	824.7
C. Liabilities			
1.	Trade payables	154.3	212.7
2.	Payables to shareholder	4,290.0	6,568.3
3.	Payables to affiliated companies	378.9	247.4
4.	Other liabilities	882.3	979.3
	(of which taxes € 6.8 million; prior year € 7.9 million)		
	(of which social security contributions € 0.0 million; prior year € 0.0 million)		
		5,705.5	8,027.7
D. Deferred income			
		121.9	122.3
		8,039.2	10,421.7

Notes to the 2007 Financial Statements

A. General Disclosures

The annual financial statements for financial year 2007 were prepared in accordance with the requirements of the German Commercial Code (*Handelsgesetzbuch*, "HGB") applying to large corporations and the requirements of the German Limited Liability Companies Act (*GmbH-Gesetz*, "GmbHG"). The classification of the balance sheet and of the income statement complies with the provisions relating to classification set out in Sections 266 and 275 HGB.

There is no statutory duty to prepare consolidated financial statements and a group management report for the T-Mobile Deutschland subgroup in accordance with Section 291 HGB, since the Company and its subsidiaries are included in the consolidated financial statements of Deutsche Telekom AG. The consolidated financial statements of Deutsche Telekom AG are lodged with the Commercial Register at the Company's headquarters in Bonn and are published in the electronic Federal Gazette. The consolidated financial statements and the group management report of Deutsche Telekom AG are prepared in accordance with Section 315a HGB, applying International Financial Reporting Standards (IFRSs) in conformity with the requirements of the EU and the International Accounting Standards Board (IASB), and exempt T-Mobile Deutschland from the need to prepare its own consolidated financial statements.

B. Accounting Policies

Purchased **intangible assets** are measured at cost and amortized on a straight-line basis over the expected useful life.

Tangible assets are recognized at cost. Up to December 31, 2005 inclusive, tangible assets were depreciated on a straight-line basis. Due to the switch from the straight-line to the declining method in 2006, movable items of fixed assets of acquisitions arising after January 1, 2006 are depreciated on a declining-balance basis. In accordance with Section 7 (2) German Income Tax Act (*Einkommensteuergesetz*, "EStG"), the rate of depreciation on a declining-balance basis is equal to three times the straight-line rate of depreciation, subject to a maximum rate of 30%.

The UMTS license acquired in August 2000 is amortized on a straight-line basis pro rata over its term of 20 years and 5 months.

Unscheduled amortization/depreciation is recognized if the market value at the balance sheet date is lower than the carrying amount and the reduction in value is expected to be permanent.

Financial assets are measured at cost or, if lower, at the market value at the balance sheet date.

Inventories are measured at cost or, if lower, at the market value at the balance sheet date. Valuation allowances are recognized as appropriate to take account of inventory risks arising from the inventory turnover rate or reduced marketability. Spare assemblies are recognized at a fixed value.

Receivables and other assets are measured at the nominal amount net of any allowances for default risks. A collective valuation allowance is recognized to take account of the general credit risk.

Provisions for pensions based on **direct commitments** are measured using the entry age normal method in accordance with Section 6a EStG on the basis of the 2005 G mortality tables published by Dr. Klaus Heubeck. **Indirect commitments** are measured using the 2005 G mortality tables after deducting the assets held by the pension fund.

Provisions for taxes and other provisions are recognized for identifiable risks and uncertain obligations on the basis of prudent business judgment.

Liabilities are measured at the repayment amounts.

All **assets and liabilities in foreign currencies** with short maturities are measured at the closing rate.

C. Disclosures and Notes to Items in the Balance Sheet and the Income Statement

I. Notes to the Balance Sheet

1. Fixed Assets

The development of fixed assets and of amortization and depreciation is presented in the following fixed-assets movement schedule:

T-Mobile Deutschland GmbH
Fixed-Asset Movement Schedule as of December 31, 2007

Anlage III
Blatt 4

	Cost				Amortization/depreciation				Book values			
	1/1/2007 €	Additions €	Disposals €	Retransfer €	12/31/2007 €	1/1/2007 €	Additions €	Disposals €	Retransfer €	12/31/2007 €	12/31/2006 €	
Intangible assets												
Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	9,155,869,970.46	75,588,698.91	-60,487,395.10	18,445,038.67	9,189,416,312.94	-3,108,044,420.91	-3,072,960,026.93	54,101,254.73	0.00	-6,126,903,193.11	6,047,825,549.55	3,062,513,119.83
Prepayments	14,021,683.93	41,388,079.12	-143,639,47	-3,487,191.64	51,778,931.94	0.00	0.00	0.00	0.00	0.00	14,021,683.93	51,778,931.94
	9,169,891,654.39	116,976,778.03	-60,631,034.57	14,957,847.03	9,241,195,244.88	-3,108,044,420.91	-3,072,960,026.93	54,101,254.73	0.00	-6,126,903,193.11	6,061,847,233.48	3,114,292,051.77
Tangible assets												
Buildings on leasehold land	197,532,202.93	12,372,052.05	-4,966,697.40	4,554,846.58	209,492,404.16	-68,867,301.93	-14,941,087.81	4,779,836.69	-216.11	-79,028,769.16	128,664,901.00	130,463,635.00
Technical equipment and machinery	2,920,286,532.05	121,563,555.56	-573,556,826.74	30,887,639.97	2,499,200,900.84	-2,084,882,600.05	-344,908,625.45	562,866,929.21	-46,207.65	-1,866,980,503.84	835,403,932.00	632,220,397.00
Other equipment, factory and office equipment	193,641,014.10	7,051,996.15	-28,061,435.29	4,081,420.05	176,712,995.01	-141,617,048.10	-17,729,569.86	25,634,330.29	46,423.66	-133,665,864.01	52,023,966.00	43,047,131.00
Prepayments and construction in process	78,017,032.65	41,007,856.05	-62,104,473	-54,481,753.63	63,922,090.34	0.00	0.00	0.00	0.00	0.00	78,017,032.65	63,922,090.34
	3,389,476,781.73	182,015,459.81	-607,206,004.16	-14,957,847.03	2,949,328,390.35	-2,295,366,950.08	-377,579,283.12	593,271,096.19	0.00	-2,079,675,137.01	1,094,109,831.65	869,663,253.24
Financial assets												
Shares in affiliated companies	1,699,137,523.85	830.00	-45,371.04	0.00	1,699,092,982.81	0.00	0.00	0.00	0.00	0.00	1,699,137,523.85	1,699,092,982.81
Other long-term equity investments	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
	1,699,137,524.85	830.00	-45,371.04	0.00	1,699,092,983.81	0.00	0.00	0.00	0.00	0.00	1,699,137,524.85	1,699,092,983.81
Total	14,268,505,960.97	298,993,067.84	-667,882,409.77	0.00	13,899,616,619.04	-5,403,411,370.99	-3,450,539,310.05	647,372,350.92	0.00	-6,206,578,330.12	8,655,094,569.98	5,663,038,286.92

[Translation - the German text is authoritative]

Based on an expert opinion established by an auditing firm, unscheduled amortization/depreciation occurred at the end of 2007 regarding UMTS licenses in the amount of € 2,524.8 million. This step became necessary due to increased competition and further regulation of scheduling and roaming charges, which led to a reduction of long-term profit expectations. Furthermore, the Company assumes that subsequent state-of-the-art technologies will be implemented long before the end of these licenses' terms.

2. Financial Assets

The principal **shares in affiliated companies** (€ 1,699.1 million) are listed under D.2.

3. Inventories

Inventories rose compared with the prior year to € 154.7 million as a result of a variety of sales measures.

4. Receivables and Other Assets

Trade receivables amounting to € 747.8 million (prior year € 261.0 million) mostly consisted of receivables arising from billings by the mobile communications business. Of the total amount of other assets (€ 39.0 million), € 0.6 million had a remaining maturity of more than one year (prior year € 0.7 million).

Receivables from shareholder (€ 1,019.5 million) and **receivables from affiliated companies** (€ 293.4 million) related mainly to monetary receivables and trade receivables.

5. Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges (€ 101.2 million) mainly comprised one-time payments to DFMG Deutsche Funkturm GmbH.

6. Subscribed Capital

The subscribed capital of € 520.0 million is held in its entirety by T-Mobile International AG, headquartered in Bonn.

7. Capital Reserve

The capital reserve of € 927.0 million created in accordance with Section 272 (2) No. 4 HGB is the result of the contribution to the Company of mobile communications activities of Deutsche Telekom AG.

8. Provisions

Other provisions (€ 662.5 million) for the most part related to human resources (e.g. performance-related compensation, social security risks), supplies and services not yet invoiced, unused prepaid credits, unsettled promotion measures, dilapidation reserve and other risks related to general business activities.

At the balance sheet date December 31, 2007, the Company had entered into forward currency purchase agreements with Deutsche Telekom AG for amounts of USD 7.0 million, CHF 1.0 million, and GBP 0.2 million maturing on January 15, 2008. The fair values are equal to the market values; an amount of T€ 59.5 was recognized in other provisions.

9. Liabilities

The remaining maturities of the liabilities are presented in the following overview:

	Total amount 12/31/2007	of which with a remaining maturity of			of which with a remaining maturity of 1 year prior year
		up to 1 year	1 to 5 years	more than 5 years	
	€ million	€ million	€ million	€ million	€ million
Trade payables	154.3	154.3	0.0	0.0	212.7
Payables to shareholder	4,290.0	1,490.0	2,800.0	0.0	3,788.3
Payables to affiliated companies	378.9	378.9	0.0	0.0	247.4
Other liabilities	882.3	882.3	0.0	0.0	979.3
Total	5,705.5	2,905.5	2,800.0	0.0	5,227.7

The **payables to shareholder** are the result of interest-bearing shareholder loans and current business activities.

10. Deferred Income

Deferred income (€ 121.9 million) mostly comprises payments from another mobile communications operator.

11. Other Financial Obligations and Other Contingent Liabilities

Other financial obligations as of December 31, 2007 amounted to € 147.9 million in respect of investments in fixed assets and € 505.6 million resulting from pending legal transactions within the mobile communications business. € 288.2 million of this amount is due in the following year, of which € 52.0 million relates to affiliated companies.

The annual obligations from lease and similar agreements amounted to 749.9 million, of which € 740.1 million relates to affiliated companies.

The contingent liability in respect of MNP Deutschland Gesellschaft bürgerlichen Rechts (MNP GbR), Düsseldorf, is explained under D.3.

Further payments are to be expected depending on the arbitration proceedings relating to the purchase of a shareholding in PTC, Polska Telefonica Cyfrowa Sp.z o.o. The amount of the payments is not yet known.

12. Contingent Liabilities

At the reporting date, the Company had contingent liabilities from warranties amounting to € 587.4 million.

There is also a contingent liability of € 38 million in accordance with Section 133 (1) German Reorganization of Companies Act (*Umwandlungsgesetz*, "UmwG") as a result of the transfer of pension obligations in connection with the spin-off of the customer services operations to DTKS.

II. Notes to the Income Statement

The income statement was prepared in accordance with the function of expense method.

1. Sales

Sales of € 7,932.0 million were generated primarily in Germany in the following areas of activity:

	€ million
Telephony sales*	6,920.9
Terminal equipment business	456.8
Other revenues	554.3
Total	7,932.0

* ARPU = Average revenues per user

2. Cost of Sales

Of the total cost of sales, an amount of € 59.1 million relates to prior years.

3. Amortization/Depreciation

The switch from the straight-line to the declining method for additions stated after January 1, 2006 led to an increase in amortization/depreciation of € 28.4 million during the year under review.

4. Selling Expenses

Selling expenses of € 17.5 million relate to prior years.

5. General Administrative Expenses

General administrative expenses amounting to € 1.6 million relate to prior years.

6. Other Operating Income

The amount of € 584.8 million for this item mainly comprised income in connection with the sale of a mobile communications-specific patent, current cost reimbursements from Deutsche Telekom AG and T-Mobile International AG, marketing subsidies received from suppliers, insurance compensation, exchange rate gains from current payment transactions, and income from the reversal of provisions. Of the total amount of other operating income, € 101.4 million related to prior years.

7. Other Operating Expenses

Other operating expenses of € 7.2 million relate to prior years.

8. Cost of Materials

The expenses under the nature of expense method for supplies and purchased merchandise amounting to € 935.5 million related mainly to merchandise. The cost of purchased services (€ 1,641.9 million) included expenses for the utilization of the fixed network in wired communications, expenses for the use of fixed lines, and other services of Deutsche Telekom AG.

9. Personnel Expenses

Personnel expenses (€ 390.6 million) in accordance with the nature of expense method included € 318.3 million for wages and salaries and € 72.3 million for social security contributions and expenses for pension plans and employee benefits, of which € 25.3 million related to pension plans.

10. Other Interest and Similar Income

Other interest and similar income relate entirely to the current year.

11. Other Interest and Similar Expenses

Other interest and similar expenses relate entirely to the current year.

12. Taxes on Income

As a result of the tax group arrangement (*Organschaft*) for trade tax and corporate income tax purposes, the net income before corporate income tax and trade tax is transferred to the parent company.

There were no taxes on income in financial year 2007.

13. Net Income for the Year

The annual financial statements as of December 31, 2007 reported zero net income after the transfer of losses of € 945.2 million to the parent company as a consequence of the profit transfer agreement in force since January 4, 2001.

D. Other Disclosures

1. Average Number of Employees

During the year under review, the Company employed an average (based on the monthly headcount) of 6,477 people, of which 6,413 were salaried employees and 64 were executives.

2. Shareholdings

Name and location of the Company	Share- holding %	Shareholder's equity		Profit for the year	
Shares in affiliated companies					
Zweite DFMG Deutsche Funkturm Vermögens-GmbH & Co. KG Münster / Germany	100	EUR million	72.2*	EUR million	7.1*
PTC, Polska Telefonia Cyfrowa Sp.z o.o. Warswa / Poland	70.5	PLN million	4,984.2**	PLN million	742.2**
DFMG Deutsche Funkturm GmbH (Verbund über Deutsche Telekom AG (83.33%)) Münster / Germany	16.67	EUR million	7.7*	EUR million	0.0*

* HGB annual financial statements as of Dec. 31, 2006; DFMG GmbH is subject to a profit transfer agreement

** (Local GAAP) PAS annual financial statements as of Dec. 31, 2006

3. Equity Investment as Partner with Unlimited Liability

In connection with the introduction of network operator portability in mobile communications networks, the Company, together with other network providers, founded MNP Deutschland Gesellschaft bürgerlichen Rechts (MNP GbR), Düsseldorf, in 2002. Because MNP GbR has the legal form of a partnership, this equity investment could in principle give rise to unlimited liability. There are no indications that such an instance of unlimited liability is likely to occur.

4. Disclosures Relating to Management Bodies

The remuneration of the Company's Managing Directors amounted to € 2.0 million. Payments to members of the Supervisory Board amounted to T€ 79.5 in 2007.

- **Executive Bodies of the Company**
- **Supervisory Board**

Shareholder representatives

Hamid Akhavan (since January 1, 2007), - chairman - (since January 15, 2007)

- Board member T-Mobile, Product Technology and Product Innovation, Deutsche Telekom AG

- Chairman of the Board, T-Mobile International AG

Burkhard Graßmann (since January 1, 2007 - until January 31, 2007)

- Member of group executive management T-Com, Marketing, Deutsche Telekom AG

Michael Günther

- Board member responsible for Joint Venture Management (JV), T-Mobile International AG

Lothar A. Harings

- Board member responsible for Human Resources, T-Mobile International AG

Timotheus Höttges

- Board member T-Com, Sales & Service Deutschland, Deutsche Telekom AG

Katharina Hollender (since February 26, 2007)

- Board member responsible for Finance (CFO), T-Mobile International AG

Joachim Horn (since March 1, 2007)

- Chief Technical Officer (CTO), T-Mobile International AG

Thomas G. Winkler (since January 31, 2007)

- Board member responsible for Finance (CFO), T-Mobile International AG

Employee representatives

Lothar Schröder - Vice-Chairman -

- National Head of Section for Telecommunications, Information Technology,
Data Processing (Section 9) ver.di, National Head Office

Anke Bardenhagen

- Chairwoman of the Works Council, Bonn Headquarters, T-Mobile Deutschland
GmbH

Stefan Pilar

- Executive, T-Mobile Deutschland GmbH

Igor Pissarewsky

- Chairman of the Central Works Council, T-Mobile Deutschland GmbH

Wolfgang Teitge

- Technician, T-Mobile Deutschland GmbH

Ado Wilhelm

- Head of Section II for Mobile Communications, ver.di National Head Office

• **Managing Board**

Philipp Humm

- Chairman of the Managing Board

- Managing Director of Sales

Thomas Berlemann

- Managing Director of Customer Services

Stefan Homeister

- Managing Director of Marketing

Joachim Horn (until February 28, 2007)

- Managing Director Technology
- Chief Technical Officer (CTO), T-Mobile International AG

Dr. Peter Körner (since December 8, 2007)

- Managing Director of Human Resources and Legal Matters

Holger Kranzusch (until December 7, 2007)

- Managing Director of Human Resources and Legal Matters

Dr. Raphael Kübler

- Managing Director of Finance and Controlling

Günther Ottendorfer (since March 15, 2007)

- Managing Director Technology

Dr. Steffen Roehn

- Managing Director Information Technology
- Managing Director Technology (from March 1, 2007 to March 14, 2007 in personal union)

Bonn, January 30, 2008

P. Humm

T. Berlemann

S. Homeister

Dr. P. Körner

Dr. R. Kübler

G. Ottendorfer

Dr. S. Roehn

Auditors' Report

We have audited the annual financial statements, comprising the income statement, the balance sheet and the notes to the financial statements, together with the bookkeeping system, and the management report of T-Mobile Deutschland GmbH, Bonn, for the business year from January 1 to December 31, 2007. 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 are the responsibility of the Company's Managing Directors. 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 Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted 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 accordance 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 expectations as to 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 Managing Directors as well as evaluating the overall presentation of the annual financial statements and 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 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, January 30, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. (Andreas Menke)
Wirtschaftsprüfer
(German public auditor)

sgd. (Reinhard Haas)
Wirtschaftsprüfer
(German public auditor)