

Joint report
of the Board of Management of Deutsche Telekom AG and
the Managing Board of DeTe Immobilien, Deutsche Telekom Immobilien und
Service GmbH

on the conclusion of the Control Agreement of March 11, 2005 between Deutsche Telekom AG and DeTe Immobilien, Deutsche Telekom Immobilien und Service GmbH pursuant to § 293a of the German Stock Corporation Act (AktG)

I. General

The Board of Management of Deutsche Telekom AG (hereinafter referred to as: „DTAG“) and the managing board of DeTe Immobilien, Deutsche Telekom Immobilien und Service GmbH (hereinafter referred to as: “subsidiary”) hereby submit the following report on the control agreement between DTAG and its subsidiary pursuant to § 293a of the German Stock Corporation Act (AktG).

II. Conclusion of the control agreement

DTAG entered into a control agreement (hereinafter referred to as “agreement”) with its subsidiary on 11.03.05. x

The DTAG Board of Management approved the conclusion of the agreement at its meeting on February 15, 2005.

DTAG Supervisory Board approved the conclusion of the agreement at its meeting on March 8, 2005.

The shareholders’ meeting of the subsidiary approved the conclusion of the agreement on March 14, 2005.

The Supervisory Board of the subsidiary approved the conclusion of the agreement on March 11, 2005.

The Board of Management and the Supervisory Board of DTAG will propose at the regular Shareholders’ Meeting of DTAG called for April 26, 2005, and possibly to be continued on April 27, 2005, that the agreement be approved.

Under § 294 (2) AktG, the agreement will only become effective upon being registered in the commercial register responsible for the subsidiary’s registered office.

III. Legal and commercial reasons for the conclusion of the control agreement

1. The subsidiary's corporate situation/field of activity

The subsidiary was established on May 28, 2001 and entered under HRB 6129 in the commercial register of the Münster District Court on August 13, 2001. The registered office of the subsidiary is in Münster. The object of the subsidiary is the management of office space and retail floor space, the maintenance and operation of its own real estate property and that of others, including infrastructure, building-related communication systems and corporate networks, technical and financial consultation, planning, supervision and implementation of building projects with the requisite infrastructure measures as well as letting, leasing and acting as an agent for real estate and floor space, and the acquisition and sale of other assets.. The subsidiary is authorized to carry out all measures and business transactions that are suitable for serving this purpose either directly or indirectly. The company may take over, represent, or acquire a stake in other companies of the same or similar nature within Germany or in other countries, even as a personally liable partner. It can establish subsidiaries and set up branch offices provided that this is conducive to the business objectives.

As a shared-service company of the Deutsche Telekom AG Group, the subsidiary offers its customers, within the Group and outside the Group, real estate and facility management services.

The sole shareholder of the subsidiary is DTAG, which directly holds a 100% interest in the subsidiary.

The subsidiary has a Supervisory Board with co-determination pursuant to § 1 (1) of the Co-Determination Act.

Dr. Gerhard Niesslein, Wilfried Schmahl, Günter Heidorn and Dr. Florian Stetter are the subsidiary's managing directors.

In addition, a profit and loss transfer agreement in favor of Deutsche Telekom AG has already been in effect between Deutsche Telekom AG and DeTelImmobilien, Deutsche Telekom Immobilien GmbH since January 1, 2002. The profit and loss transfer agreement may be terminated for the first time with effect from December 31, 2006, giving one month's notice. If it is not terminated, it shall be automatically extended for one further year with the same notice period.

2. Income situation of the subsidiary

The subsidiary's results from ordinary business activities amounted to € -35,421,905.38 in 2004, € -12,352,714.14 in 2003 and € -70,442,262.22 in 2002. DTAG compensated these net losses in accordance with the existing profit and loss transfer agreement.

Price reductions were agreed with the group units for 2005. The purpose is to adjust prices for the services provided by the subsidiary to the group units to the market price level. Management's assessment is that these measures are likely to have an impact on the results for 2005.

3. Reasons for the conclusion of the control agreement

It is necessary to conclude and effectively carry out a control agreement in order to ensure the uniform management of the subsidiary and its integration in the Deutsche Telekom Group and, amongst other things, to facilitate Group-wide cash pooling. Under the control agreement, the DTAG Board of Management is able, in particular, to issue 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 shareholders' meeting has the power to issue instructions, the extent to which the shareholders' meeting (or other body authorized in the articles of association) may issue even disadvantageous instructions to the managing board is not legally ensured. The control agreement provides the necessary legal clarity and fully allows even disadvantageous instructions under the previously mentioned conditions. Moreover, a formal resolution is required each time the shareholders' meeting issues any instructions. For these reasons, the power granted to the shareholders' meeting to issue instructions is not sufficient by itself to achieve the goals aimed at with the control agreement.

IV. Explanation of the control agreement

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

1. § 1 Management

Under § 1 of the agreement, the subsidiary submits the management of its company to Deutsche Telekom AG. 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

§ 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 management instructions regarding the management of the subsidiary. In this case, it may also issue instructions – 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. § 2 (2) of the agreement provides for one exception, however, in that the authority to give instructions does not include the amendment, maintenance or termination of the control agreement itself.

3. § 3 Transfer of loss

§ 3 (1) of the agreement requires DTAG, as the controlling company, pursuant to § 302 (1) AktG to compensate any net loss for the year otherwise arising during the term of the agreement unless this was offset through amounts being taken from other retained earnings to which such amounts were appropriated during the term of the agreement. This obligation to compensate for losses is a mandatory consequence of the control agreement.

§ 3 (2) of the agreement contains a provision in accordance with § 302 (3), sentence 1 and 2 AktG on the subsidiary's waiver of a claim for compensation and on the settlement of such a claim: According to this provision, 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 shall be deemed to have been announced pursuant to § 10 of the German Commercial Code (HGB). The foregoing shall not apply if Deutsche Telekom AG 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.

As is the case with § 1 and § 2 of the agreement, these are thus customary regulations within the framework of a control agreement.

4. § 4 Commencement, term, effective date

Under § 4 (1), the agreement will not enter into force until it has been entered in the commercial register responsible for the subsidiary's registered office. This provision is in accordance with § 294 (2) AktG.

Under § 4 (3), sentence 1, the agreement is concluded for an unlimited term. Under § 4 (3), sentence 2, it may only be terminated with effect from the end of the financial year of the subsidiary. Under § 4 (3), sentence 3, retroactive rescission is not permissible.

Under § 4 (4), it is also possible to terminate the agreement for good cause. 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 contracting parties.

V. Determination of adequate compensation/consideration pursuant to § 304 and § 305 AktG/examination of the control agreement

There was no need to determine any compensation payments or consideration in the control agreement for the subsidiary's outside shareholders, since the subsidiary does not have any outside shareholders; DTAG directly holds a 100% interest in the subsidiary. The companies concerned therefore did not have to be valued to determine an adequate compensation and an adequate consideration. Since DTAG directly holds all shares in the subsidiary, it was not necessary for the agreement to be examined by qualified auditors ("agreement auditors") pursuant to § 293b (1) AktG.

Bonn, March 14, 2005

Deutsche Telekom AG
The Board of Management

Kai-Uwe Ricke
Chairman of the Board of Management

Dr. Karl-Gerhard Eick
Member of the Board of Management

Dr. Heinz Klinkhammer
Member of the Board of Management

Walter Raizner
Member of the Board of Management

René Obermann
Member of the Board of Management

Konrad F. Reiss
Member of the Board of Management

Frankfurt/ Main, March 14, 2005

DeTe Immobilien, Deutsche Telekom Immobilien und Service GmbH

Dr. Gerhard Niesslein

Wilfried Schmahl

Günter Heidorn

Dr. Florian Stetter