

T-Mobile Deutschland GmbH

Bonn

Annual financial statements, management report and statement of investment holdings according to § 285 HGB (German Commercial Code) for the 2008 financial year

Short-Form Audit Report

T-Mobile Deutschland GmbH
Bonn

Annual Financial Statements as of December 31, 2008
and Management Report for Financial Year 2008

Auditors' Report

[Translation - the German text is authoritative]

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2008 Management Report

A. Development of Business

Slow growth of the German economy

The German economy grew significantly slower in 2008 than in the two prior years. According to initial calculations by the Federal Statistical Office (Destatis), inflation-adjusted gross domestic product (GDP) was 1.3% higher than the prior year. Economic growth was still 2.5% in 2007 and even 3.0% in 2006.

Growth momentum was solely domestic in 2008. The largest contribution to economic development came from gross capital expenditures. Adjusted for inflation, government spending increased by 2.2% in 2008, while private consumer spending stagnated. The contribution from foreign trade slowed economic development in 2008 (contribution to growth -0.3 percentage points).

Effects of the current economic crisis

The financial crisis, which is currently spreading to other significant business sectors, has not yet had any noticeable negative effects on the operating business at T-Mobile Deutschland.

There are still no visible indications that customers are adjusting their telecommunications expenditures to the poor economic situation. Should there be an increase in demand for lower-priced end devices or fewer cell phones due to delays in replacing old cell phones, this could impact sales revenues from end devices on the one hand, but subsidies on end devices could also be reduced on the other hand.

T-Mobile is not planning to reduce its announced capital expenditures in networks, in particular for faster Internet connections.

T-Mobile remains the market leader

The number of activated cards¹ grew in 2008 from 36.0 million to 39.1 million. T-Mobile Deutschland posted stable growth in contract customers. The net increase in new customers in the contract customer segment totaled 954,000 (prior year 962,000). T-Mobile Deutschland thus increased its portfolio of contract customers by 6% to 17.0 million year-on-year.

The German wireless market showed growth of 14% to approximately 106 million SIM cards in 2008². This equals a penetration rate of around 129 wireless subscribers per 100 residents (prior year 113). With a market share of 36.6%, T-Mobile Deutschland again maintained its leadership in the subscriber market and held its lead against Vodafone.

T-Mobile Deutschland recaptured its market leadership based on service revenues (service revenues incl. visitor revenues) from Vodafone during the course in the financial year. Market share of service revenues to in the third quarter was 35.3% (prior year: 35.5%).

Expansion of the discount segment

Growth of the discount or no frills segment, in which only the SIM card without a subsidized cell phone is marketed, also advanced in 2008, accompanied by additional price reductions. This segment also saw expanded activities in new categories or those without a previous focus, e.g. data offers and offerings for ethnic groups.

T-Mobile Deutschland solidly established itself in this segment thanks to its early commitment with its partners, Klarmobil, Simply and Callmobile, and maintained its position. The rollout of an enhanced wholesale business model in 2008 allowed additional sales areas to be secured in addition to the previous online and retail grocery trade marketing. Congstar, a Group subsidiary, established a strong position in the

¹ The terms SIM cards, wireless cards, cards, subscribers, and customers are used synonymously in the management report.

² All information on market data (cards, penetration, sales) pertains to September 30. The final market data for Vodafone / E-Plus / Telefónica O2 Germany was not yet available when the management report was prepared.

prepaid segment in particular. T-Mobile Deutschland intends to grow further in this market through flexible business models and innovations.

Consolidation is almost completed in the existing service provider market. Market dynamics and price declines with continuing competitive and cost pressure result in a duopoly. freenet AG overtook debitel/Talkline and split the market with the considerably smaller Drillisch Group.

The repositioning of service providers requires attractive distinguishing offers in order to persist in an environment that is increasingly divided into network operators and no frills providers. For T-Mobile, the focus remains on value-based development of the new customer business using attractive data and voice offers, with concurrent intensive current customer care and loyalty that allows both partners to gain and hold valuable customers interested in service. T-Mobile Deutschland's goal is to stabilize the service provider channel as much as possible at the prior year's level.

Additional push on network expansion and greater barring by O2

A national roaming cooperation between T-Mobile Deutschland and Telefonica O2 Germany GmbH&Co. OHG 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.

O2 has pushed its own 2G and 3G network expansion massively and therefore makes increasing use of the barring ability, i.e., blocking the T-Mobile Deutschland networks for O2 customers. As a consequence of this procedure, O2's utilization of national roaming has declined. Therefore, the existing 2G national roaming agreement will be terminated as of December 31, 2009.

E-mail push

T-Mobile Deutschland and Research In Motion (RIM) introduced the Blackberry® Bold™ Smartphone on August 06, 2008. The new flagship of the Canadian provider, RIM, is the first Blackberry device with HSDPA technology. This allows users to use web' n' walk to surf the Internet or download large e-mail attachments in the entire T-Mobile UMTS network with bandwidths of up to 3.6 Mbit/s. Additional features include integrated WLAN technology, a built-in GPS receiver for mobile navigation and extensive multimedia functions.

Thanks to being equipped with HSDPA, EDGE and WLAN, T-Mobile customers can use mobile broadband to surf and mail with the Blackberry Bold throughout almost all of Germany.

Netbooks

Netbooks with built-in mobile modules enable wireless surfing on the T-Mobile network at speeds up to 7.2 megabits per second. In addition, the T-Mobile netbooks allow data to be sent in a few seconds with bandwidths of up to 2.0 Mbit/s. In rural areas without UMTS service, EDGE technology makes the mobile internet up to four times as fast as ISDN. Thanks to the additional integrated WLAN module, T-Mobile customers can also use their DSL connection at home via WLAN.

Network development

HSDPA 7.2 (High Speed Downlink Packet Access) jumped data downloads to the next speed level and already now allows transmission speeds of up to 7.2 Mbit/s in parts of the UMTS network. In addition to increasing bandwidths, HSDPA and HSUPA also reduces signal propagation time, which results in drastically reduced response times during mobile use of dialog-based applications such as web surfing or when working with SAP systems.

Another substantial building block of T-Mobile Deutschland's strategic alignment was the expansion of EDGE technology. It was successfully concluded at the beginning of 2008 and offers fast mobile access to the Internet in all of Germany.

Rates and options

T-Mobile again offered new, attractive rates for private and business customers in 2008. A new rate structure was launched at CeBIT 2008 that meets individual requirements in the form of a 3x3 matrix. The separation of the lines in Relax (minute budgets), Max (flat rates) and MyFaves (communities) was combined with a transparent good, better, best logic for different usage volumes.

Roaming data options were introduced to increase data penetration in foreign countries.

The flat rate offer for business customers was expanded at the beginning of 2008. Depending on the rate selection, the flat rate also applies to calls in the German fixed network, to other T-Mobile customers, or in all mobile networks.

T-Mobile Deutschland is drastically reducing the costs for mobile surfing via cell phone or laptop in foreign countries through various rate measures.

In the spring T-Mobile Deutschland went on the data offensive with new cell phone and laptop flat rates for mobile surfing in Germany.

Product innovations

2008 highlights were the launch of the 3G iPhone, the further development of the mobile Internet portal as well as the introduction of the My Phonebook, mobile e-mail and instant messaging services. In addition, for the Christmas business T-Mobile brought a unique product to market - digital picture frames that can receive MMS, which was found as a gift under numerous Christmas trees.

iPhone success story

T-Mobile introduced the iPhone 3G in July 2008. The cell phone is marketed in Germany in around 800 telecom shops and through 1,000 additional partner shops. In contrast to

its predecessor, the new model uses the fast UMTS mobile standard that can load Web sites almost three times as fast.

The iPhone makes the open, mobile Internet part and parcel of our customers' everyday lives. 3G iPhone customers use data services even more than users of the predecessor model.

The prepaid offer makes the iPhone accessible to an even larger target group.

CRM

The new Business Service Portal allows business customers and sales partners to conduct material transactions over the Web comfortably, quickly, and securely. An additional component of the new portal is an M2M interface between the ordering systems of our business customers and the T-Mobile systems, which permits particularly efficient order handling for the customer and T-Mobile.

Marketing of electronic invoicing to printing and postage costs was increased. A total of 1.5 million customers were switched to "Rechnung Online", our online billing service.

T-Mobile is the "best network operator of 2008"

Wholesalers again rated T-Mobile Deutschland as the best network operator in the year just ended. That is the result of the reader poll by Telecom Handel, Germany's leading telecommunications trade journal. The dealers also praised the dealer hotline at Deutsche Telekom Customer Service.

Testers at "connect", the independent trade magazine certified the T-Mobile network as generally the "best possible quality for voice and data transfer" and a clear superiority for mobile sending of e-mail, photos, videos or large Office documents as well as for Web surfing.

Sales: Successful in our new structure

T-Mobile Deutschland slightly increased its market share year-on-year in spite of a declining market volume in Germany. In addition to a generally positive development,

the number of iPhones sold was a material driver of this increase. Additional innovative products are the embedded netbooks and digital picture frames. Improved processes for controlling end devices and the systemic integration of planning of sales and procurement of end devices also resulted in a further optimization of availability and the average portfolio value. For example, a greater general ability to deliver reduced excess inventories and the resultant need for write-downs.

T-Marketing

The founding of Telekom-Marketing allowed customers in Germany to be offered all of the Deutsche Telekom Group's products from a single source for the entire financial year for the first time in 2008. Optimizing this new unit was a major task in 2008.

Integrating corporate functions into Telekom-Marketing resulted in improved business processes for external business partners and internal Interfaces due to the homogenization of monitoring, reporting, and commission settlement systems.

Our market successes in 2008 have shown that the path we took was correct, that it placed new impulses in the market and contributed to increasing customer satisfaction.

Report on the Company's situation

Sales and earnings

Sales at T-Mobile Deutschland in 2008 were € 7,720 million, € 212 million (3%) below the prior year. The shortfall is primarily attributable to lower visitor revenues due to lower prices and usage and lower utilization by O2, the national roaming partner. Lower revenues in international roaming due to price reductions directed by the regulator and higher sales reductions from the marketing of higher-value end devices also had an impact. The average number of customers rose by 3.4 million in the same period.

Costs of sales declined in the year under review by € 2,929 million to € 3,798 million. The primary cause for the reduction was the impairment loss on the UMTS license in 2007. Selling expenses were at € 2,117 million, € 41 million or 2% lower than the prior

year's level. The difference resulted from lower marketing expenses and lower expenses for call center services. General administrative expenses totaled € 129 million and were thus € 47 million (27%) under the prior year's figure. The shortfall was caused, among other things, by the lower personnel expense after spinning off HR sub-areas to PST (Personnel Services Telecom).

The profit/loss on ordinary activities was € 1,892 million, a year-on-year increase of € 2,837 million. The primary cause of the positive change was the impairment loss on the UMTS license (see above). Other operating income includes the non-Group sale of a mobile radio-specific patent of € 0.1 billion. The earnings performance measure, EBITDA (earnings before interest, income from other long-term equity investments, taxes, depreciation/amortization) increased in 2008 to € 2,826 million (year-earlier performance: € 2,777 million). The EBITDA margin rose by 1.6 percentage points from 35% in the prior year to 36.6% in 2008.

The financial loss deteriorated by € 41 million in the year under review to € 313 million, in particular due to a prepayment penalty of € 2.8 billion for the early, extraordinary termination and repayment of the remaining amount of the long-term loan for financing the UMTS license.

A profit of € 1,892 million was transferred due to the profit transfer/loss assumption agreement concluded with T-Mobile International AG.

Assets and finances

Total assets fell by € 1,045 million to € 6,994 million. Investments in tangible and intangible assets were € 312 million in 2008. In addition to investments in platforms, areas of emphasis included expansion of GSM and UMTS sites, software licenses, and the extension of the GSM license.

The investments were offset by depreciation/amortization of € 621 million, of which € 224 million was amortization of the UMTS license. As in 2006 and 2007, the tax option of accelerated depreciation pursuant to Section 7 (2) sentence 1 and 2 Income Tax Act (*Einkommensteuergesetz* - EStG), which the legislature recently created with the "financial crisis package", will be used again for 2009 and 2010 for accounting purposes. The initial offsetting of cash management receivables from shareholder against the liability from the profit transfer resulted in a contracting the balance sheet of € 769 million.

Shareholder's equity remained unchanged at € 1,447 million.

Cash flow from operating activities was € 2,527 million in the year under review. The opening balance of cash and cash equivalents of € 587 million was completely consumed by cash outflows for investing activities of € 237 million, the profit transfer of € 1,892 million, and the repayment of short-term loans of € 983 million.

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 collective bargaining negotiations ended in a moderate and balanced 2-year wage agreement.

T-Mobile 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) rose from 5534 at the end of 2007 to 5594 (as of 12/31/2008), primarily due to the changes in the organizational structure in the sales division. Jobs were also added in the technology division.

The employee turnover ratio (internal and external departures excluding organizational changeovers) was 6.3% (prior year 4.9%). The average age of employees was 41.0 (prior year 40.7) and the percentage of women was 27.1% (prior year 27.3%).

At 7.5%, the proportion of employees in part-time work was slightly below the prior year's value (7.8%). The proportion of disabled employees was 2.7% and the health rate was 96.4%, both remaining at the prior year's level.

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 the revenues from the recycling and reutilization process for every returned end device, including defective devices, to the German environmental group, Deutsche Umwelthilfe, regardless of a contract extension or a new contract. About 70,000 end devices were taken back in 2008.

T-Mobile Deutschland has its branded end devices inspected for dangerous materials in independent laboratories and require manufacturers of other end devices to also fulfill statutory provisions. Our environmental management system pursuant to ISO 14001 was recertified in April 2008.

Energy efficiency measures reduced electricity consumption in the networks in order to reduce the emission of carbon dioxide, which damages the climate, and 100% of our total power requirements were converted to renewable energy sources as of January 2008.

Risk management: Early recognition and consistent control and monitoring of risks to future development

T-Mobile Deutschland's environment is characterized by ongoing technological progress, permanent regulation of telecommunications markets, and a sharp merging of markets and technologies.

All relevant risks that could adversely impact the future development of the cellular business are identified and measured early based on principles applicable throughout the Group, and appropriate measures for risk management are selected and implemented.

In addition to the legal requirements specified by the German Act on Control and Transparency in Business (*KonTraG*), T-Mobile Deutschland views risk management above all as a competitive necessity and an entrepreneurial challenge.

T-Mobile Deutschland's risk management is an integral part of Deutsche Telekom's Group-wide uniform risk management system.

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

Regulatory risks

Impacts from regulatory measures influences 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 could arise through a reduction of termination fees and prices from international roaming.

T-Mobile Deutschland is subject to the German Telecommunications Act (*Telekommunikationsgesetz*, "TKG"), the EU legal framework and the regulations issued on that basis. Additional changes to the TKG entered into force in Germany in 2007, above all consumer protection regulations. This resulted in implementation costs at T-Mobile Deutschland in 2008. 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 TKG Regulation on numbering went into effect on February 15. The TKG Regulation on emergency calls is anticipated to go into effect in 2009. 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 went into effect as of January 1 2008, whereby sanctions for any breaches are not planned until as of January 1, 2009. Implementing these requirements will also lead to additional costs. The Telecommunications Monitoring Ordinance (*Telekommunikations-Überwachungsverordnung*, "TKÜV") went into effect in 2005. In 2008, additional advice was received on the appropriate compensation for monitoring measures initiated by the government. A decision is expected in 2009.

In April 2008, the Federal Cartel Office issued a disclosure order on T-Mobile International and Vodafone and initiated proceedings for suspected anti-competitive behavior, specifically in connection with the structure of on-net rates. T-Mobile presented its opinion to the Federal Cartel Office that in view of the fierce competition in the German mobile communications market there are no indications for a dominant market position and anti-competitive behavior.

When analyzing the market for termination of individual mobile networks, the Federal Network Agency (*Bundesnetzagentur*) determined 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 was to be implemented immediately despite ongoing legal proceedings against the regulatory order.

The Federal Administrative Court (*Bundesverwaltungsgericht*) confirmed the ex ante cost regulations on April 3, 2008. Subsequently, all mobile network operators including T-Mobile filed a constitutional complaint and claimed an infringement of constitutional

rights by the imposition of the ex ante rate regulation. It cannot currently be said when a decision is expected. In the meantime, the Federal Network Agency carried out a review of the need for regulating mobile communication termination markets and decided on December 5, 2008 that the previous ex-ante regulation will be retained, against which T-Mobile in turn filed a complaint. Accordingly, a new rate request for termination fees was submitted on January 20, 2009 for the period starting April 1, 2009, whereby an additional reduction cannot be excluded.

In mid-2008 T-Mobile Deutschland was required by EU regulation to again reduce its roaming fees at the advance payment and end user level. Additional reductions will follow in mid-2009. In addition, the EU regulation proscribes transparency measures extending beyond the standard welcome SMS and that are tied to corresponding investments.

In September 2008 the EU Commission recommended extending the regulation to 2013 with an additional reduction of upper rate limits and expanding it to SMS and data roaming as of July 2009, and possibly also to SMS roaming and billing increments for telephone conversations when roaming. In addition, the EU Commission's recommendation provides for an upper rate limit for data roaming at the advance payment level as well as additional transparency measures, primarily for data roaming. These regulatory interventions would have additional negative effects on our roaming revenues.

The EU Commission initiated a preliminary study regarding possible anti-competitive conduct of European mobile communications operators with respect to mobile VoIP services in October 2008. The investigation concerns whether the operators are preparing negative incentives for the utilization of VoIP services and are therefore setting up competitive barriers for VoIP providers. T-Mobile International submitted an opinion in November.

In 2007 the Federal Network Agency limited the license periods of all four GSM network operators to 12/31/2016. The more extensive issue of utilizing these frequencies with UMTS technology as well was brought up by a Federal Network Agency bulletin in 2008

in which the Federal Network Agency asked the network operators for comments on the issues presented in the bulletin. The Federal Network Agency will subsequently prepare a flexibility/refarming concept for the 900 MHz/1800 MHz GSM bands by mid-2009.

T-Mobile Deutschland will probably be subject to cost burdens from the completed and ongoing adjustment of regulations (numbering and emergency call) following the amendment of the Telecommunications Act.

New, not yet foreseeable risks arise from the pending review of the regulatory framework at the EU level. The Commission's recommendation provides for the establishment of a new EU regulatory authority and further expands the authority of the EU Commission. An expansion of regulation to other previously unregulated markets, such as convergent markets for example, cannot be completely excluded. The consumer protection and security regulations that could be added to the new regulatory framework could also result in new, extensive obligations of the T-Mobile Group.

The liberalization of frequency policy in this framework holds both opportunities as well as risks for T-Mobile companies throughout Europe. Opportunities arise from more flexible utilization of frequencies. Risks may emerge if flexibility (e.g. technology and service neutrality) is created at the cost of harmonization and standardization essential for the mass market. In addition, unequal competitive conditions may arise if competitors receive fewer strict requirements as previous users or they receive spectrum resources at considerably lower prices through liberalization.

Overall it must be presumed that the intensity of regulation is more likely to increase than decrease. This holds the risk of future price reductions or sales declines.

Data services and new technologies

In Germany the acquisition of licenses formed a basis for introducing the third generation of mobile communication. The amortization of these investments is based on increases in 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 content providers, whereby there is a 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 could transfer voice traffic on an IP basis (voice over IP) and data traffic to alternatives. This type of substitution would lead to an increased competitive situation and lower prices and revenues.

Electromagnetic fields, health and the environment

Since the introduction of the mobile phone, electromagnetic fields (EMF) have been linked with possible damage to the environment and health in Germany. The World Health Organization (WHO) states 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 public acceptance problem existing because of this 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.

For T-Mobile Deutschland, the safety of our products and mobile networks for people and the environment is a decisive basis for business. Endeavoring to offer state-of-the-art technologies therefore also comprises promoting scientific research in order to recognize possible risks early. T-Mobile Deutschland has taken various measures relating to EMF in order to improve transparency, information, participation, and

promoting research and to minimize possible legal, regulatory and acceptance problems in the population.

Network infrastructure and system risks

T-Mobile Deutschland has a modern, high-performance network infrastructure. 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. In addition to the security standards implemented, regular risk assessments are conducted by departments that include internal insurance experts to identify possible weaknesses and generate appropriate remedies. Weaknesses can thus be found early and eliminated already in advance.

Data misuse/data loss

Cases of data misuse became public in the recent past including the theft of the data of several million customers at T-Mobile Deutschland. Extensive measures for improving data security and transparency were initiated, additional measures are planned in order to ensure the greatest possible security. To protect data operationally, this included further reducing the possibilities for accessing customer data and systematically recording such access as well as increased monitoring of administrators. In spite of the measures implemented or planned, damages to our reputation cannot be excluded.

Legal 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 has been put at approximately € 2.27 billion. The case was dismissed in March 2008 by the Paris Commercial Court in the first instance. Vivendi has filed an appeal. 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 AG, T-Mobile Deutschland GmbH, T-Mobile Poland Holding Nr. 1 B.V. and others pursuant to the rules of the International Chamber of Commerce in Paris. Vivendi alleges that a verbal agreement was reached between the parties to put an end 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.

In 2006 Vivendi filed a suit against, *inter alia*, Deutsche Telekom AG, T-Mobile USA Inc., T-Mobile International AG, T-Mobile Deutschland GmbH in the USA claiming that the respondents 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). The US court dismissed the suit on June 5, 2008. Vivendi has lodged an appeal against this decision and reduced its compensation claim from around USD 7.5 billion to around USD 2.5 billion.

Arbitral rulings and court decisions yet to be expected in the future could impact the accounting treatment of PTC. The concomitant costs have been accounted for at the corporate level.

Outlook

T-Mobile Deutschland is developing new concepts for networks of future within the Telekom network. The newest technologies of NGMN (Next Generation Mobile Networks) are being evaluated in terms of their efficiency and potential uses in connection with these activities. LTE (Long Term Evolution) is a particularly interesting technology option. LTE allows data rates beyond 150Mbit/s and would allow T-Mobile Deutschland to offer customers a connection quality that extends well above its current DSL connection.

As a leader in innovation T-Mobile Deutschland already demonstrated the capabilities of LTE at CeBIT 2008 and was the first mobile operator worldwide to show a live LTE handover during trips between T-Mobile headquarters and corporate headquarters.

In June 2006, Nokia and Siemens merged into Nokia Siemens Networks (NSN). Up to 70% of the T-Mobile Deutschland 3G radio network consists of components of "ex-Siemens" technology. In September 2008 it was decided to switch the ex-Siemens RAN platform for the current NSN platform in 2009 and 2010.

T-Mobile Deutschland decided in September 2008 to accelerate the 3G network expansion to "Continue Mobile Broadband Leadership (CMBL)". In addition 3G base stations are being expanded to 2100 locations during the current year. An additional 2900 base stations are planned for 2010. NSN is equipping the sites with system technology.

Fiberglass technology will be used extensively in the future during development of IP-based platforms for transferring the rapidly-growing data traffic of UMTS stations using HSDPA/HSUPA to the fixed network. To this end, a customized network solution is being designed together with Deutsche Telekom and the contractual requirements for a rollout to launch in 2009 are being created. This broadband linking of T-Mobile locations eliminates the previous bottleneck in transferring traffic and at the same time creates the basis for further increases in capacity at the radio interface through successor technologies such as LTE.

Price development in the German mobile communications market will continue to be influenced by regulatory intervention and the further spread of "discount providers". The current termination price is valid until March 31, 2009, after which an additional reduction in termination prices will likely be made.

The EU foresees an incremental reduction of voice prices for traffic within Europe until 2010. The EU will likely decide on a further intensification and extension of this regulation and the expansion to SMS and data at the beginning of 2009. Effects on domestic SMS prices cannot be excluded.

In contrast, the current trend of fixed network substitution through mobile communications, Mobile/fixed-network convergence products, community rates, and growing data revenues will have a positive effect. The marketing of smart phones such as the iPhone, the Google Android cell phones "G1", and of netbooks will also contribute to an increase in data revenues as well as to gaining new customers in higher-value customer segments.

New business fields will be tackled via cooperative agreements in growth markets (e.g. "Mobile Health" and M2M).

In order to counteract losses in market share and margins in recent years, T-Mobile Deutschland implemented the long-term project "Save for Service" at the beginning of 2007, which will last until 2010. In addition to these cost optimization programs, the "Top Line Program" was launched, which is aimed at an above average increase in revenues compared to the competition. This project's goal is to expand our market leadership in service revenues in the German mobile communications market.

We expect these measures to result in an EBITDA in 2009 and 2010 at the level of the year just in spite of the negative price trend.

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

By consolidating units and closer dovetailing of the fixed network branch with T-Mobile Deutschland, e.g. in product development, the IT systems must also be better coordinated with one another. For example, T-Mobile Deutschland is partially taking over development of uniform platforms for the Group. Furthermore, the expansion of the 3G network and the replacement of the existing network will result in constant capital expenditures in 2009 and 2010. These investments in the mobile network are intended to secure our network and quality leadership.

An auction of the mobile communications spectrum by the Federal Network Agency is expected for 2009. T-Mobile Deutschland is currently reviewing the requirements for participating in the auction.

The proportion of telecommunications expenditures to household income is relatively small and this service is now largely understood as "basic services". T-Mobile Deutschland therefore estimates the negative consequences of the financial crisis as limited.

Events after the balance sheet date

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

T-Mobile Deutschland GmbH, Bonn
Balance Sheet as of December 31, 2008

**Shareholder's Equity
and Liabilities**

Assets

	12/31/2008 € million	12/31/2007 € million		12/31/2008 € million	12/31/2007 € million
A. Fixed assets			A. Shareholder's equity		
I. Intangible assets			I. Subscribed capital	520,0	520,0
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	2.810,9	3.062,5	II. Capital reserve	927,0	927,0
2. Prepayments	123,1	51,8		1.447,0	1.447,0
II. Tangible assets			B. Provisions		
1. Buildings on leasehold land	125,4	130,5	1. Provisions for pensions	76,3	65,3
2. Technical equipment and machinery	503,5	632,2	2. Tax provisions	39,1	36,9
3. Other equipment, factory and office equipment	36,5	43,0	3. Other provisions	756,5	662,5
4. Prepayments and construction in process	63,9	63,9		873,9	764,8
III. Financial assets			C. Liabilities		
1. Shares in affiliated companies	1.664,1	1.699,1	1. Trade payables	265,1	154,3
2. Other long-term equity investments	0,0	0,0	2. Payables to shareholders	2.853,4	4.290,0
	1.664,1	1.699,1	3. Payables to affiliated companies	556,1	378,9
	5.327,4	5.683,0	4. Other liabilities	920,2	882,3
			(of which taxes € 7,8 million; prior year € 6,8 million)		
			(of which social security contributions € 0,0 million; prior year € 0,0 million)		
B. Current assets			D. Deferred income	4.594,8	5.705,5
I. Inventories				77,9	121,9
1. Supplies	24,8	23,5			
2. Merchandise	144,0	131,2			
	168,8	154,7			
II. Receivables and other assets					
1. Trade receivables	810,1	747,8			
2. Receivables from shareholders	65,1	1.019,5			
3. Receivables from affiliated companies	464,2	293,4			
4. Other assets	34,2	39,0			
	1.373,5	2.099,7			
III. Cash and cash equivalents	0,2	0,5			
	1.542,5	2.255,0			
C. Prepaid expenses and deferred charges	123,8	101,2			
	6.993,6	8.039,2		6.993,6	8.039,2

T-Mobile Deutschland GmbH, Bonn

Income Statement for the Period from January 1 through December 31, 2008

	1/1/ to 12/31/2008	1/1/ to 12/31/2007
	€ million	€ million
1. Sales	7.719,8	7.932,0
2. Cost of sales (of which unscheduled amortization/depreciation € 0 million; prior year € 2,524.8 million)	3.797,7	6.727,4
3. Gross profit on sales	3.922,1	1.204,6
4. Selling expenses	2.117,3	2.158,3
5. General administrative expenses	128,5	175,5
6. Other operating income	629,7	584,8
7. Other operating expenses	101,3	129,1
8. Income from other long-term equity investments (of which from affiliated companies € 3.52 million; prior year € 7.1 million)	3,5	7,1
9. Other interest and similar income (of which from affiliated companies € 26.5 million; prior year € 14.4 million)	26,6	25,6
10. Interest and similar expenses (of which to affiliated companies € 337.8 million; prior year € 298.1 million)	342,7	304,4
12. Profit/loss on ordinary activities	1.892,1	-945,2
13. Income from loss assumption	0,0	945,2
14. Profit to be transferred due to a profit transfer agreement	1.892,1	0,0
15. Net income for the year	0,0	0,0

Notes to the 2008 Financial Statements

A. General Disclosures

The annual financial statements for financial year 2008 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. In the case of movable items of fixed assets, acquisitions arising in the period from January 1, 2006 to December 31, 2007

are depreciated on a declining-balance basis. In accordance with Section 7 (2) German Income Tax Act (*Einkommensteuergesetz*, "EStG") (old version), 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%. Additions made in 2008 are subject to the straight-line method of depreciation. In accordance with the provisions of tax law, all assets with a low value acquired up to December 31, 2007 (defined as "low-value business assets" for tax purposes) were also written off in full in the commercial balance sheet in the year of acquisition and reported as disposals in the statement of changes in fixed assets. From January 1, 2008 as a result of the Business Taxation Reform Act 2008 dated May 25, 2007 (*Unternehmensteuerreformgesetz 2008*), these assets are written off immediately in the commercial balance sheet in the year of acquisition or are recognized in the financial statements in collective items for each year, which are insignificant taken together, and depreciated over a period of 5 years, in conformity with the revised threshold values for tax purposes. The assets are reported in the statement of changes in fixed assets as disposals at the date at which they are written off in full.

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 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, 2008

	Cost				Amortization/depreciation				Book values			
	1/1/2008	Additions	Disposals	Retransfer	12/31/2008	1/1/2008	Additions	Disposals	Retransfer	12/31/2008	1/1/2008	12/31/2008
	€	€	€	€	€	€	€	€	€	€	€	€
Intangible assets												
Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	9.189.416.312,94	72.060.998,98	-19.066.502,35	24.741.386,37	9.267.162.195,94	-6.126.903.193,11	-344.902.285,82	15.484.943,99	0,00	-6.466.320.534,94	3.062.513.119,83	2.810.861.061,00
Prepayments	51.778.931,94	86.824.583,35	-4.580,00	-15.484.019,02	123.114.916,27	0,00	0,00	0,00	0,00	0,00	51.778.931,94	123.114.916,27
	9.241.195.244,88	158.915.582,33	-19.071.082,35	9.257.367,35	9.390.297.112,21	-6.126.903.193,11	-344.902.285,82	15.484.943,99	0,00	-6.466.320.534,94	3.114.292.051,77	2.933.976.677,27
Tangible assets												
Buildings on leasehold land	209.492.404,16	9.351.729,66	-1.574.792,94	1.415.553,07	218.684.893,95	-79.028.769,16	-15.597.184,25	1.334.715,45	380,01	-83.290.857,95	130.463.635,00	125.394.036,00
Technical equipment and machinery	2.499.200.900,84	86.020.431,18	-199.004.630,94	37.431.616,32	2.423.648.317,40	-1.866.980.503,84	-246.198.997,47	193.059.321,92	-418,01	-1.920.120.597,40	632.220.397,00	503.627.720,00
Other equipment, factory and office equipment	176.712.995,01	8.548.939,20	-24.300.556,73	303.075,03	161.264.452,51	-133.665.864,01	-14.337.979,23	23.235.435,73	38,00	-124.768.369,51	43.047.131,00	36.496.083,00
Prepayments and construction in process	63.922.090,34	49.260.909,48	-875.612,13	-48.407.611,77	63.889.775,92	0,00	0,00	0,00	0,00	0,00	63.922.090,34	63.889.775,92
	2.949.328.390,35	153.172.009,62	-226.756.592,74	-9.257.367,35	2.867.487.439,78	-2.079.675.137,01	-276.134.160,95	217.629.473,10	0,00	-2.138.179.824,86	869.653.253,34	729.307.614,92
Financial assets												
Shares in affiliated companies	1.699.092.982,81	0,00	-35.000.000,00	0,00	1.664.092.982,81	0,00	0,00	0,00	0,00	0,00	1.699.092.982,81	1.664.092.982,81
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
	1.699.092.983,81	0,00	-35.000.000,00	0,00	1.664.092.983,81	0,00	0,00	0,00	0,00	0,00	1.699.092.983,81	1.664.092.983,81
Total	13.889.616.619,04	312.087.591,85	-279.826.675,09	0,00	13.921.877.555,80	-8.206.578.330,12	-621.036.446,77	233.114.417,09	0,00	-8.594.500.359,80	5.683.038.288,92	5.327.377.176,00

Financial assets

The principal **shares in affiliated companies** (€ 1,664.1 million) are listed under D.2.

2. Inventories

Inventories rose compared with the prior year to € 168.8 million as a result of a variety of sales measures.

3. Receivables and Other Assets

Trade receivables of € 810.1 million (prior year € 747.8 million) mostly consisted of receivables arising from billings by the mobile communications business. Of the total amount of other assets (€ 34.2 million), € 0.2 million had a remaining maturity of more than one year (prior year € 0.6 million).

Receivables from shareholder (€ 65.1 million) and **receivables from affiliated companies** (€ 464.2 million) related mainly to monetary receivables and trade receivables. Receivables from shareholder arising from the cash management system were offset against the liability of € 769.0 million due in respect of profit transfers.

4. Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges (€ 123.8 million) mainly comprised one-time payments to DFMG Deutsche Funkturm GmbH (€ 80.1 million) and the payment in advance to Telekom for the Universal Mobile Telecommunications System (€ 30.8 million).

5. Subscribed Capital

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

6. 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.

7. Provisions

Other provisions at December 31, 2008 (€ 756.5 million) were made up as follows:

	12/31/2008	12/31/2007
	€ million	€ million
Rewards, commissions, and advertising cost subsidies	188.4	130.5
Prepaid credit balances not yet utilized	161.7	179.9
Goods and services not yet billed	160.4	153.0
Reinstatement obligations	85.6	76.4
Performance pay and social security risks	65.0	58.0
Sales promotion measures not yet billed	36.4	19.7
Other	59.0	45.0
Total	756.5	662.5

At the balance sheet date December 31, 2008, the Company had entered into forward currency purchase agreements with Deutsche Telekom AG for amounts of USD 44.3 million, CHF 9.8 million, and GBP 0.7 million. One currency forward agreement per currency is due mid-month for each month from January 2009 to November 2009. The fair values are equal to the market values of T€ -29.9 (of which T€ 634.6 represents unrealized gains); an amount of T€ 664.5 was recognized in other provisions.

8. Liabilities

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

	Total amount	of which with a remaining maturity of			of which with a remaining maturity of up to 1 year prior year
		12/31/2008	up to 1 year	1 to 5 years	
	€ million	€ million	€ million	€ million	€ million
Trade payables	265.1	265.1	0.0	0.0	154.3
Payables to affiliated companies	3,409.5	3,409.5	0.0	0.0	1,868.9
of which to shareholder	2,853.4	2,853.4	0.0	0.0	1,490.0
Other liabilities	920.2	920.2	0.0	0.0	882.3
Total	4,594.8	4,594.8	0.0	0.0	2,905.5

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

9. Deferred Income

Deferred income (€ 77.9 million) mostly comprises payments from another mobile communications operator (€ 40.5 million) and from a cross-border leasing transaction (€ 37.4 million).

10. Other Financial Obligations and Other Contingent Liabilities

Other financial obligations as of December 31, 2008 amounted to € 137.4 million in respect of investments in fixed assets and € 427.0 million resulting from pending legal transactions within the mobile communications business. € 284.6 million of this amount is due in the following year, of which € 42.0 million relates to affiliated companies.

The annual obligations from lease and similar agreements amounted to € 730.7 million, of which € 695.4 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 be made 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.

11. Contingent Liabilities

At the reporting date, the Company had contingent liabilities from warranties amounting to € 591.8 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 in 2007.

Notes to the Income Statement

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

As part of the harmonization of external and internal reporting at T-Mobile Deutschland GmbH, an additional review of the allocation of the cost centers to the functions was carried out during the year under review. This led to the decision that it was more appropriate to report all billing costs under selling expenses and to discontinue the previous practice of dividing them between manufacturing costs and selling expenses. As a result, selling expenses rose by € 65.0 million compared with the prior year.

1. Sales

Sales of € 7,720 million were generated primarily in Germany in the following areas of activity:

	€ million
Telephony sales*	6,827
Terminal equipment business	411
Other revenues	482
Total	7,720

* ARPU = Average revenues per user

2. Cost of Sales

Of the total cost of sales, an amount of € 16.1 million relates to prior years.

3. Selling Expenses

Selling expenses of € 14.5 million relate to prior years.

4. General Administrative Expenses

General administrative expenses amounting to € 17.0 million relate to prior years.

5. Other Operating Income

The amount of € 629.7 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, € 100.9 million related to prior years.

6. Other Operating Expenses

Other operating expenses of € 9.5 million relate to prior periods.

7. Cost of Materials

The expenses under the nature of expense method for supplies and purchased merchandise amounting to € 1,006.0 million related mainly to goods held for trading. The cost of purchased services (€ 1,570.0 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.

8. Personnel Expenses

Personnel expenses (€ 440.0 million) in accordance with the nature of expense method included € 362.1 million for wages and salaries and € 78.0 million for social security contributions and expenses for pension plans and employee benefits, of which € 28.8 million related to pension plans.

9. Other Interest and Similar Income

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

10. Other Interest and Similar Expenses

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

11. 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 2008.

12. Net Income for the Year

The annual financial statements as of December 31, 2008 reported zero net income after the transfer of profits of € 1,892.1 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 5,627 people, of which 5,568 were salaried employees and 59 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 72.1*	EUR million 3.5*
PTC, Polska Telefonia Cyfrowa Sp.z o.o. Warsaw / Poland	70.5	PLN million 6,025.6**	PLN million 1,041.4**
DFMG Deutsche Funkturm GmbH (group shareholding via 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, 2007; DFMG GmbH is subject to a profit transfer agreement
** (Local GAAP) PAS annual financial statements as of Dec. 31, 2007

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 members of the Company's Managing Board amounted to € 1.3 million in the year under review. Payments to members of the Supervisory Board amounted to T€ 80.9 in financial year 2008.

The Company is making use of the exemption permitted by Section 286 (4) HGB with respect to the total remuneration of the former members of the Managing Board.

- **Executive Bodies of the Company**

- **Supervisory Board**

- Shareholder representatives**

- Hamid Akhavan - Chairman -

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

- Chief Executive Officer (CEO), T-Mobile International AG

- Michael Günther

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

- Lothar A. Harings

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

- Timotheus Höttges

- Board member responsible for T-Com, Sales & Service Germany, Deutsche Telekom AG

- Katharina Hollender

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

- Joachim Horn

- Chief Technical Officer (CTO), 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

- Head of Wholesale Marketing, 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 for Mobile Communications, ver.di National Head Office

- **Managing Board**

Dr. Georg Pölzl (from January 1, 2009)

- Chairman of the Managing Board

Philipp Humm

- Chairman of the Managing Board (until November 5, 2008)

- Managing Director of Sales

Thomas Berlemann

- Managing Director of Customer Services

Jiri Dvorjancansky (from April 1, 2008)

- Managing Director of Marketing

Stefan Homeister (until March 31, 2008)

- Managing Director of Marketing

Dr. Peter Körner - Managing Director of Human Resources (Labor Director)

Dr. Raphael Kübler

- Acting Chairman of the Managing Board (from November 6, 2008 to
December 31, 2008)

- Managing Director of Finance and Controlling

Günther Ottendorfer

- Managing Director Technology

Dr. Steffen Roehn

- Managing Director Information Technology

Bonn, February 4, 2009

Dr. G. Pölzl

T. Berlemann

J. Dvorjancansky

P. Humm

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, 2008. 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 management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with 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 management 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, February 4, 2009

**PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft**

Andreas Menke
Wirtschaftsprüfer
(German public auditor)

for Erik Hönig
Wirtschaftsprüfer
(German public auditor)