– The spoken word shall prevail –

**Strategic Outlook**
**Bonn, February 26, 2015**

**Timotheus Höttges**
**Chairman of the Board of Management**
**Deutsche Telekom AG**

Ladies and Gentleman,

As you know, today and tomorrow we are holding our Capital Markets Day, at which we present details of our mid-term plans to the analysts. Before we do so, I would like to give you its key messages:

What are our operational and strategic plans for the years up to 2018? And what financial targets are they based on?

The most important aspect is that there is no change in our strategy. Our aim is to become the leading European telecommunications provider. Leading does not automatically mean being the biggest. It is more important for us to differentiate from our competitors on two aspects and to assume a leading role in them:

Firstly, in the way we build and operate infrastructure. We continue to make massive investments in our networks. We are upgrading our infrastructure to build a pan-European network based on all-IP. In doing so, we achieve a modular structure providing for efficient, flexible, and scalable operation. This also leads to easier network access – for our partners as well as our customers.

And, secondly, this is the basis for achieving our goal of top customer satisfaction. We want our customers to consider us unique, offering simplicity and the best service in a world in which the fixed network and mobile communications go on converging. This means convergent fixed-line and mobile communications products, a transparent range of rates for products from a single source, and easy access – if possible Internet-based – to our portfolio, for purchasing as well as installation.

This transformation is financing itself, because we maintain disciplined efforts on the cost side and because the upgraded network infrastructure will lead to more efficiency for investments as well as operations.

In 2014, we demonstrated that our strategy is paying off: We have invested in our networks – and therefore offer our customers more bandwidth, more speed, and more network coverage. Our customer base has grown and, with it, our revenues. And so has adjusted EBITDA, for the first time since 2009.

Our object is to carry on in this vein in the coming years – on the revenue side and even more so for adjusted EBITDA and free cash flow. In the current year with a clear upward trend that we plan to maintain unfailingly in the years up to 2018. And we want our shareholders to go on participating in this growth. At the same time, our prudent debt capital policy remains unaffected.

To put it in a single sentence: We want to create value for Deutsche Telekom and its shareholders.

And what makes me really happy is the fact that if we look at our total shareholder return since the last Capital Markets Day in December 2012, then we see that this is precisely what we have been successful at in recent years. With a total shareholder return of 108 percent, we did far better than all the relevant indexes – better than Dax, better than Euro Stoxx, better than the industry's Stoxx Telco index and far better than KPN, Telefonica, Telecom Italia, and Vodafone – among our competitors, only Orange and BT are on a par with us.

At present, the T-Share also trades far better than all its competitors in the market. The vital success factors for this premium position: We worked hard and with great discipline to deliver on our key promises from the year 2012. And in places where we did modify our plans – see free cash flow – we made the object behind this perfectly transparent and plain. We are treading new paths, for example in fixed-network/mobile convergence. Examples worth mentioning are MagentaEINS and the Hybrid router. In the United States, our business combination with MetroPCS and the "Un-carrier" strategy have prepared the ground for greater value growth. This is also true of the planned transaction with BT in the UK.

Finally – and this was, and is, beyond our control – overall economic developments were nowhere near as turbulent in Germany as in other parts of Europe. This was another aspect that helped us greatly in our home market.

To summarize: We have achieved our targets – and will therefore also deliver on the dividend promise as announced. The Board of Management and the Supervisory Board will propose to the shareholders' meeting that a dividend of 50 eurocents per share be paid out once again for the 2014 financial year.

And this will also be our line of approach for the next four years: Pursuing the disciplined implementation of our strategy – in order to generate sustainable growth and to increase value for the Deutsche Telekom Group.

Ladies and Gentlemen,

In the past few months, we have analyzed the main trends that currently impact and shape our industry and our business. At any rate, this analysis has confirmed that our strategy is the right one. It therefore continues to focus on the following four strategic elements:

Integrated IP networks: These are the basis for offering customers a seamless product experience across fixed and mobile communications. They are more efficient than previous infrastructures – and that means: lower cost of operation per transmitted megabit, more efficiency, and more network roll-out for the same investment volume.

Best customer experience: We want to offer convergent products with higher transparency, higher performance, ease of use, ease of installation and updates – preferably immediately and self-executing. To achieve this, we are giving a major boost to our online service.

Win with partners: We want to join forces with partners who offer market-leading products – after all, this is what the customer wants. We can get these partner products to our customers faster and more easily over an IP-based network. This is due to the fact that interfaces are standardized and individual products can be rolled out faster over networks that all speak the same language – namely IP.

Lead in business: Cloud products, international telecommunications business, Industry 4.0: These are the principle areas that we intend to address with our strategy.

Then comes portfolio transformation, evolving our financial targets and a cultural goal: to encourage leadership and performance development in the Group.

I am delighted that we have been able to win Christian Illek as new Chief Human Resources Officer, who will be responsible for driving this particular aspect. Human resources work that is driven by an entrepreneurial mindset is essential for the ongoing transformation of Deutsche Telekom. No one understands the requirements and changes associated with digitization better than Christian Illek.

At the same time, my thanks also go to Thomas Kremer, who has been responsible for the duties of CHRO for over a year parallel to his own position as Board member responsible for Data Privacy, Legal Affairs, and Compliance.

Ladies and Gentlemen,

Our strategy therefore remains stable. But what does this mean in concrete terms for mid-term planning in the individual segments? We have defined the following priorities for implementation of our strategy in our individual operating segments in the years 2015 to 2018:

For Germany: We plan to complete the full migration to a new production model running entirely on IP, which I have already mentioned, by the year 2018. Added to this, differentiation based on state-of-the-art networks, which we continue to roll out systematically. Also through high-quality, bundled products, and the best customer experience. MagentaEINS is pointing the way we must go: integrated, simple, with clear benefits for customers. We plan to step up the speed of broadband roll-out yet again – subject to a regulatory change, 80 instead of the planned 65 percent of households could be provided with lines offering at least 50 Mbit/s by the year 2018. More than 250 Mbit/s are actually possible with super vectoring. All this is aimed at stabilizing revenues as of the year 2016 and at continuing growth in adjusted EBITDA.

For Europe: full migration to a pan-European production model, based on IP. As in Germany: Differentiation based on integrated products and optimal customer service processes, here again with massive enhancement of our Internet channels. The planned stringent savings on indirect costs should lead to an above-average rise in cash contribution and return on capital employed, or operative ROCE.

For the U.S.: continuation of the exceedingly successful "Un-carrier" strategy. Here again, the focus is on the customer – with products geared to each customer's decision parameters, with the greater speed at which we bring new products to market, with a single face to the customer that is authentic and that makes our customers ambassadors for our company. To this end, T-Mobile plans to build out its LTE network to achieve a population coverage of 300 million by the end of 2015. Associated with this, balanced growth in revenue, EBITDA, and operating free cash flow. From a Group perspective, the following three-pronged strategy is still valid for our U.S. business: risk minimization, self-financing, and evolution to a so-called "king maker asset".

For T-Systems: implementation of the T-Systems 2015+ transformation program. Differentiation based on scalable platforms, quality, security, and customer trust – with the object of raising the Market Unit's revenue by an average of 3 percent per year. The key business areas here are – as already mentioned – cloud services and development within the framework of Industry

4.0. This should result in a positive adjusted cash contribution from 2016 and an adjusted EBIT margin of around 6 percent by 2018.

The financial parameters that have flanked our strategy for many years are tried and proven. We plan to keep them that way, since they stand for stability, for reliability, and for predictability. These are values that our investors have come to appreciate.

Another of our goals is for ROCE at Group level to exceed our total cost of capital.

Our policy on debt capital is still subject to the proviso that we have undisputed access to the debt capital market at all times, supported by: ratings between A- and BBB, a ratio of net debt to adjusted EBITDA of 2 to 2.5.x, an equity ratio of 25 to 35 percent, and liquidity reserves which cover payments due for a minimum period of 24 months.

New here – but again targeting continuity – is the Board of Management’s dividend promise for the 2015 to 2018 financial years: We want our shareholders to participate suitably in our success and, at the same time, to reduce their risk. We expect a clear increase in free cash flow of around 10 percent per year, on average, for the years 2015 to 2018. We plan to grow the dividend in line with our expected free cash flow growth over the next four years. The minimum dividend per share per year will be EUR 0.50.

Not only do we provide the opportunity to participate in our increasing free cash flow: Many of our investors pursue a so-called “value approach”, i.e.,they count on reliable interest rates. We would like to provide them with a certain security considering dividends.

As always, our dividend statements are subject to resolutions being passed by the relevant bodies and approval by the shareholders' meeting.

Ladies and Gentlemen,

In this context, we feel sufficiently confident to issue a growth forecast covering several years. It looks as if we are the only company in the European telecommunications industry to do so at present.

On the basis of the 2014 financial year, our mid-term ambition level for the key financials is as follows: We want to grow revenue by an average of 1 to 2 percent per year up to and including 2018, in EBITDA by an average of 2 to 4 percent per year, and in free cash flow by an average of around 10 percent per year.

We plan to achieve this disproportionately high growth in earnings by maintaining our strict cost management program with further high investments. Our free cash flow in particular should profit from the increase in earnings performance.

For the 2015 to 2018 financial years, the Board of Management aims to grow the dividend in line with the expected growth in free cash flow. At the same time, we would like to emphasize our intention to pay out a dividend of at least EUR 0.50 for each of these financial years.

So much for the brief look at our financial planning.