STRONG CONTRACT CUSTOMER GROWTH AND RETENTION AS EVERYTHING EVERYWHERE MOVES FROM INTEGRATION TO MOBILISATION

Everything Everywhere grows contract customer base by 300k in the last quarter with the base up 8.9% over 2010 and monthly contract churn levels reduced by 0.4ppts

London, 23rd February 2011: The UK's leading communications company, Everything Everywhere - the joint venture between T-Mobile and Orange in the UK - today announced its maiden annual financial results for the nine months to December 31st, 2010.

2010, 9 months results highlights – operational:

- Clearance for the joint venture achieved at earliest opportunity
- Merger integration continued throughout, with rapid progress, ahead of plan
- Leadership team in place followed by complete company restructure, aligning the business with the new strategic direction and supporting synergy capture

2010, 9 months results highlights - financial:

- Revenue growth of 1.5% year on year, excluding regulatory impact
- Continued strong contract customer growth, up 33% over the same period in 2009 to 752,000 net new additions
- Reconfirmed synergy target of £3.5bn NPV and progressed synergy capture with £146m gross opex savings in 2010
- Adjusted EBITDA[1] was £1,023m for the 9 months ended 31st December, impacted by regulation and a renewed investment in contract customer growth across both brands
- £646m dividend paid to shareholders Deutsche Telekom and France Telecom

Fourth quarter highlights - operational:

- Created the UK's first 'super network' with 2G national roaming launched across both networks with 4.3m early adopters opted in by the end of 2010. 2G national roaming is now being automatically switched on for all customers, with 3G national roaming available from the Spring; over 100m additional calls made on the network as a direct result of 2G national roaming, by end of 2010

[1]*Adjusted EBITDA refers to EBITDA before restructuring costs, brand and management fees*

- Smartphones on the increase: Smartphone devices now account for 82% of all Pay monthly connections – compared to 50% for same quarter last year

- Orange launches exclusive Windows phone 7 handsets as Microsoft's key UK partner and Everything Everywhere was the first to launch iPad tariffs across both brands

Fourth quarter highlights - financial:

- Underlying revenue growth of 1%, excluding regulatory impact

- Sustained growth in postpay customer base with 300,000 net additions in Q4 and a year on year growth of 12.4%; a continued improvement in retention rates with monthly churn down to 1.3%

- ARPU increased 0.5% year on year, despite regulatory pressures (3.1% when restated for regulation)

Commenting on the results, **Tom Alexander, Chief Executive Officer of Everything Everywhere,** said: "2010 has been a year of achievement for Everything Everywhere. We continued the rapid integration of the new company, completing a companywide restructuring and maintained good commercial momentum throughout, with improved retention and growth on our contract customer base. Despite continued regulatory and competitive pressures it has been a strong end to the year with T-Mobile showing a greatly improved performance with its strongest growth for over 2 years. Our continued cost management has allowed us to invest in contract customer growth across both brands. The strategy for T-Mobile was to focus on costs and profitability, in contrast to Orange's customer growth strategy; these strategies are now aligned, with a continued focus on costs coupled with a drive to invest in contract customer growth on both brands, as evidenced by the performance in the fourth quarter.

"Contract customer net additions over our first 9 months were up 33% on the same period in 2009, up to 752,000, with 300,000 added in the fourth quarter. This growth has also translated into an increasing proportion of contract customers, as against pay-as-you-go, which was up to 44% of the base at the end of 2010, as compared to 40% at the end of 2009. This remains a critical value driver going forward, impacting ARPU, revenue and long-term profitability for the company. In addition, increased contract tenure, with 58% of customers on 24-month contracts at year end, compared to 29% in 2009, has been a strong factor in our reduced churn levels."

The company is starting to realise the benefits of new found scale as it begins to capture synergies and develop the customer proposition. While the process of integration continues, the rapid progress in 2010 means that the focus is increasingly external as the scale advantage is translated into tangible customer benefits, notably through access to both networks, and the company's expanding range of mobile devices and customer propositions.

Everything Everywhere remains on track to deliver the £3.5bn NPV of the planned synergies and has made good progress throughout 2010 in already realising £146m of gross opex savings. The company also anticipates achieving 64% of gross opex synergies by 2012.

The revenue position has continued to improve with growth in underlying revenue of 1.5% year on year for the 9 months to end 2010. Specifically in the fourth quarter, the company achieved underlying revenue growth of 1.0% year on year and an improvement of 3.1% for monthly ARPU, excluding regulatory impacts.

A reduction in underlying EBITDA in the 9 months reflected the company's commitment to securing future value through long term growth as the company invested strongly in contract customer growth, especially across both brands in the fourth quarter. In addition, Everything Everywhere generated free cash flow[1] of £516m in the 9 month period, which added to £182m dividend generated before the joint venture formation enabled the company to complete a dividend payment to Deutsche Telekom and France Telecom of £646m.

The first major consumer proposition of the new company was launched in October, with the introduction of 2G national roaming across both brands' networks and there were 4.3m customers opted in before year end. Earlier this month we started the process of automatically giving all of customers access to the two networks and the company is on track to offer national roaming over 3G later in the year. The network is at the heart of the customer offer and a critical differentiator for both brands.

Everything Everywhere has made good progress in integrating the offer to business customers over the period and with a new structure in place the company looks forward to continued customer growth in 2011. Plans to turnaround the fixed BB business are also progressing well. Q4 has seen a slow down in the erosion of the fixed broadband customer base. Thanks to the renewed sales and marketing focus from Q1 2011, the company expects to return to customer growth in this area from mid-year.

The company is committed to the long term corporate strategy, as outlined back in September 2010 and expects to grow the contract customer base across both brands. In addition

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[1] Free cash flow = EBITDA less capex

Everything Everywhere reconfirms the synergy target and anticipates funding consistent dividends to the shareholders, as the company reaffirm the strategic commitments through to 2014: an ambition to continue leadership in revenue market share; to continuously grow the absolute level of EBITDA, with an expectation to achieve an EBITDA margin of 25%+ by 2014; and an ambition to achieve double digit cashflow CAGR from 2010 to 2014.

-Ends-

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About Everything Everywhere Limited
Everything Everywhere Limited is the UK's leading communications company running two of the UK's most famous brands – T-Mobile (UK) and Orange (UK). Owned jointly by Deutsche Telekom and France Telecom respectively, Everything Everywhere Limited is the UK's biggest communications company, with a combined customer base of almost 28 million people and over 720 retail stores across the country. Everything Everywhere Limited plans to transform the industry by giving customers instant access to everything everywhere, offering the best value, best choice and best network experience in the country.

Everything Everywhere in GBP

		Q4/09	Q4/10	H2/09	H2/10	9M/09	9M/10
Customers (end of period)	('000)	28,175	27,984				
- Contract	('000)	10,974	11,948				
- Prepay	('000)	16,305	15,266				
- Home	('000)	896	770				
Net adds	('000)	739	88	1,301	96	1,299	168
- Contract	('000)	267	300	422	485	567	752
- Prepay	('000)	471	(187)	879	(364)	732	(559)
Average monthly churn	(%)	2.9%	3.2%				
- Contract	(%)	1.7%	1.3%				

Turnover	£m	1,826	1,804	3,598	3,577	5,406	5,298
Mobile service revenue	£m	1,585	1,605	3,173	3,191	4,816	4,748
EBITDA	£m			691	528	1,070	837
Adj EBITDA*	£m			759	668	1,170	1,023
Restructuring costs included in EBITDA	£m			6	57	9	67
EBITDA margin (total revenue)	(%)			19.2%	14.8%	19.8%	15.8%
Adj EBITDA, margin	(%)			21.1%	18.7%	21.6%	19.3%
Capex	£m			277	217	390	321

Mobile

SAC per gross add	£	49	51				
- Contract	£	148	150				
- Prepay	£	20	18				
SRC per retained customer	£	149	148				
ARPU (monthly average)	£	19.6	19.7				
- Contract	£	36.5	35.2				
- Prepay	£	8.2	7.6				
Voice ARPU (monthly average)	£	14.3	14.4				
Non-voice % of ARPU	(%)	26.5%	26.2%				
MOU per customer per month	(min)	195	196				
- Contract	(min)	371	371				

* *Adjusted EBITDA refers to EBITDA before restructuring costs, brand and management fees*

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Q4 2010 Results

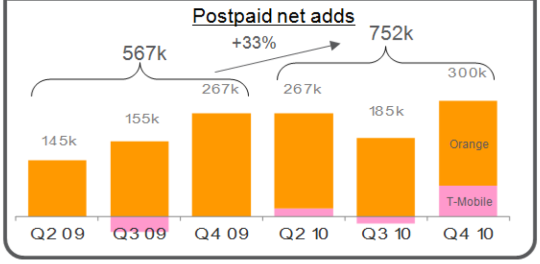
23rd February 2011

2010 highlights

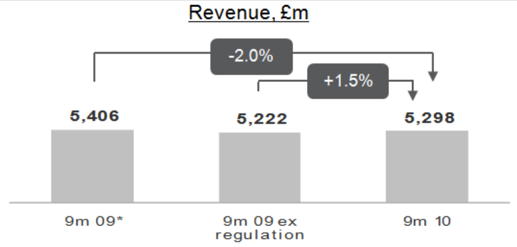
- Completed companywide restructure of the business to align with the new strategic direction and support synergy capture
- Launched national 2G roaming across both networks
- Very strong PAYM net adds in Q4, 300k
- Improving PAYM churn, down to 1.3%
- £646m dividend paid to shareholders

Mid-term transition begins: 9 months results

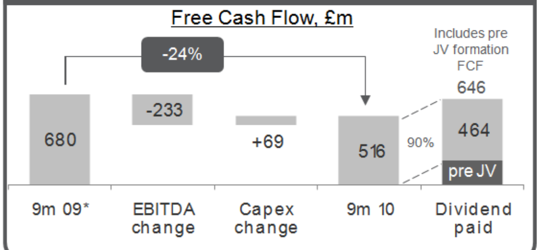
Strong postpaid net adds, T-Mobile inflection



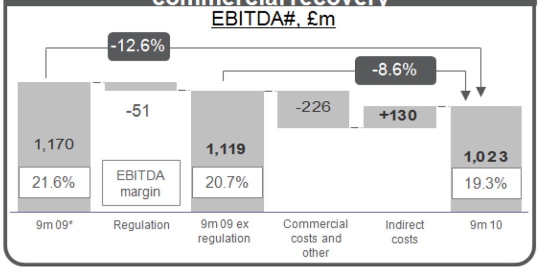
1.5% underlying revenue growth



£646m dividend paid out of Free Cash Flow



Planned reduction in margin to fuel commercial recovery



*Pro forma unaudited figures. ^ ebitda less capex

#, EBITDA = EBITDA less restructuring costs, Brand & Management fees

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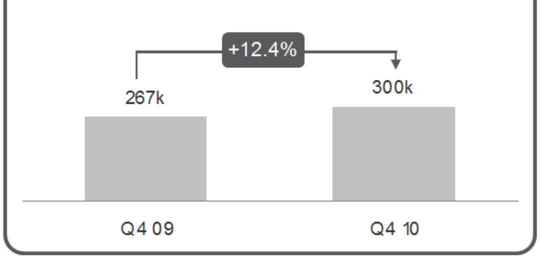
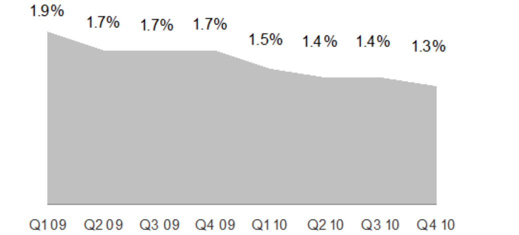
Q4 - Strong commercial momentum and improving churn in postpaid

Strong postpaid net additions

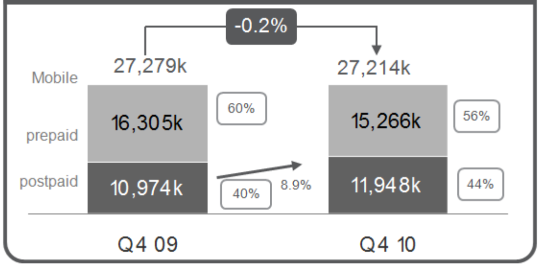


Continuously improving postpaid churn*



* monthly average (3 month rolling)

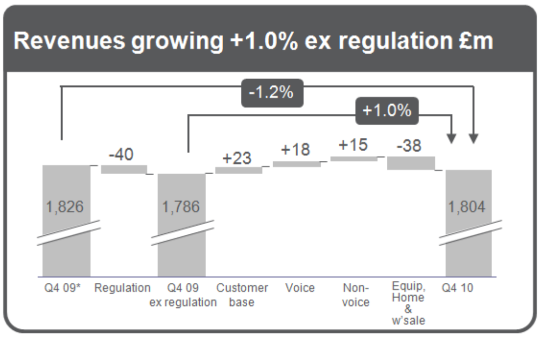
Improving value mix of customer base

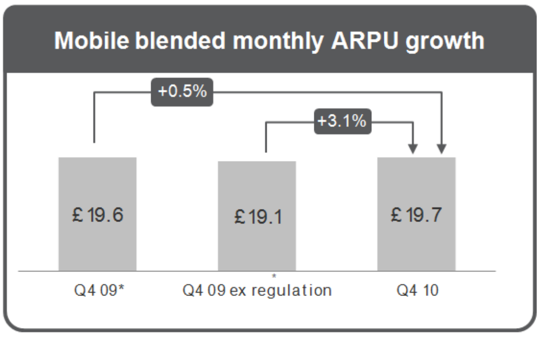


Insight

- Continued focus on securing future value through investment in postpay growth and longer term commitments
  - 58% (29% Q409) of customers on 24-month contracts
  - 82% (50% Q409) of postpaid connections were smartphones
- 4.3m customers roaming across both 2G networks, leading to improved coverage (rollout across full customer base planned H1 11, plus start of 3G roaming, should drive churn reduction)

Q4 – 1% Underlying revenue growth



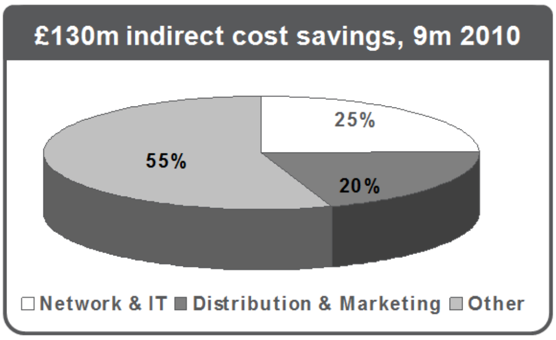


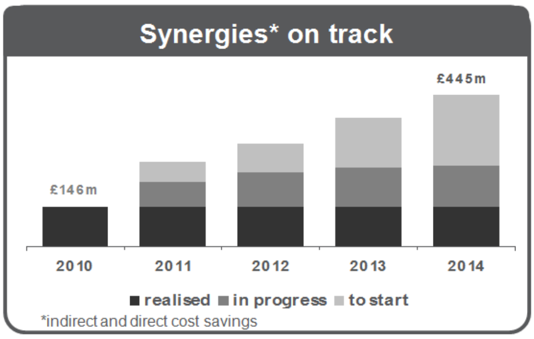
Insight

- Underlying revenue growth underpinned by increase in Orange postpaid base
- Blended ARPU post regulation increases by 3.1% yoy, 2% growth Q4 10 v Q3 10
- Access fee element of postpaid Q4 ARPU grew 10% yoy, due to smartphone penetration, demonstrating increase in long term customer value

* Pro forma unaudited figures

2010 cost reductions in line with plan





Insight

- Gross opex savings in line with plan
- On track to deliver future commitments
  - 64% achieved by 2012 (Investor Day pledge)
  - £3.5bn NPV synergies

2011 outlook

- Background of macroeconomic uncertainty
- Mid-term transition continues
    - Maintaining commercial momentum
    - Driving synergies
- Consistent dividends to shareholders

* Pro forma unaudited figures