

*everything
everywhere*[™]



Full Year / Q4 2011

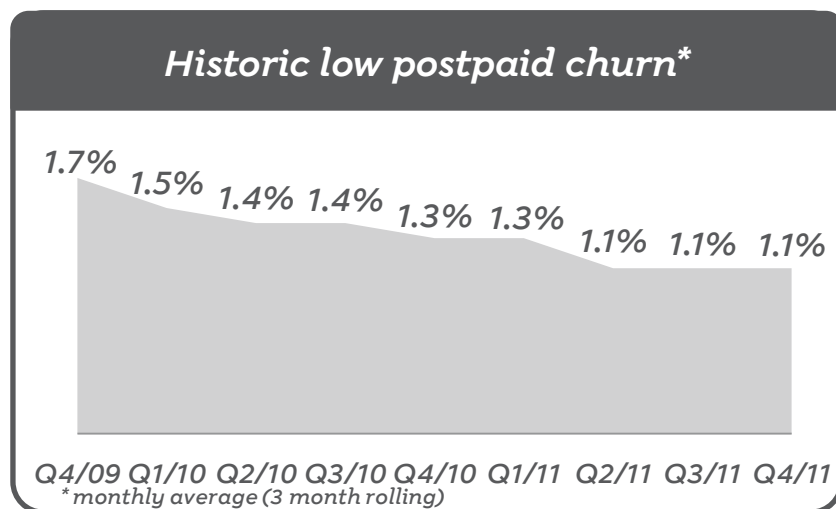
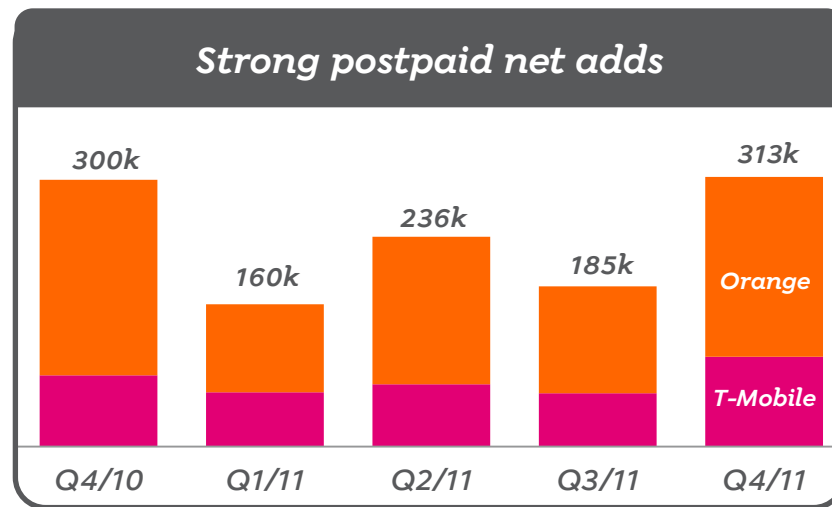
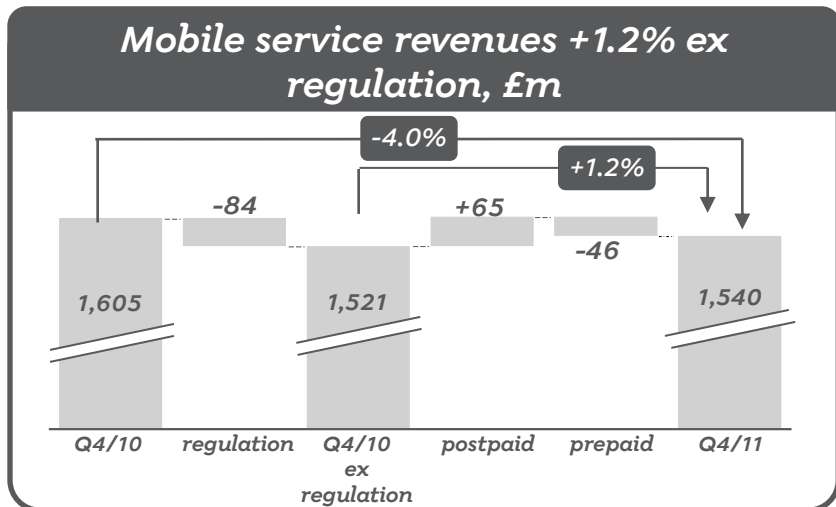
Preliminary results

21st February 2012

FY / Q4 2011 Highlights

- *FY/11 adj. EBITDA margin +1.3 ppts yoy to 20.9%; sequential improvement (H2 2010: 18.7%; H1 2011: 20.3%; H2 2011: 21.5%)*
- *Improving customer mix; record Q4 postpaid net adds 313k; 894k FY/11*
- *Postpaid smartphone penetration up 18 ppts at 69% (Q4 2010: 51%); Non-voice revenue up 6ppts at 43% (Q4 2010: 37%) of ARPU*
- *Postpaid churn industry-leading 1.1% for three consecutive quarters*
- *Unleashed network integration; 22m customers benefiting from using 2 networks*
- *Annual run rate of £278m gross opex savings (over 60% of £445m annual run rate goal); on track for £3.5bn+ NPV in synergy savings by 2014*
- *Capital restructuring: £875m of bank loans raised in 2011 followed by €500m bond issue in February 2012*

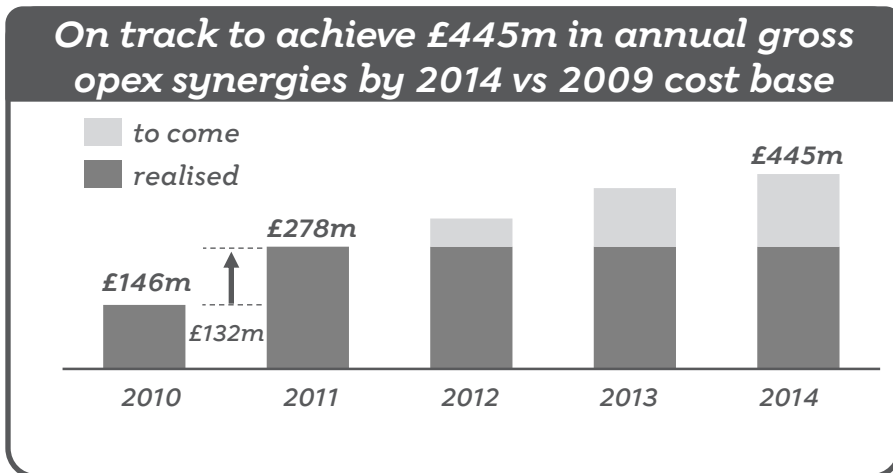
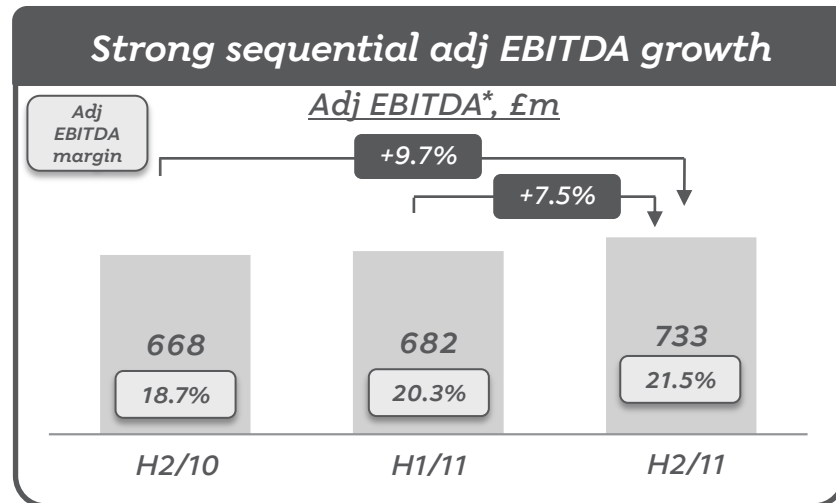
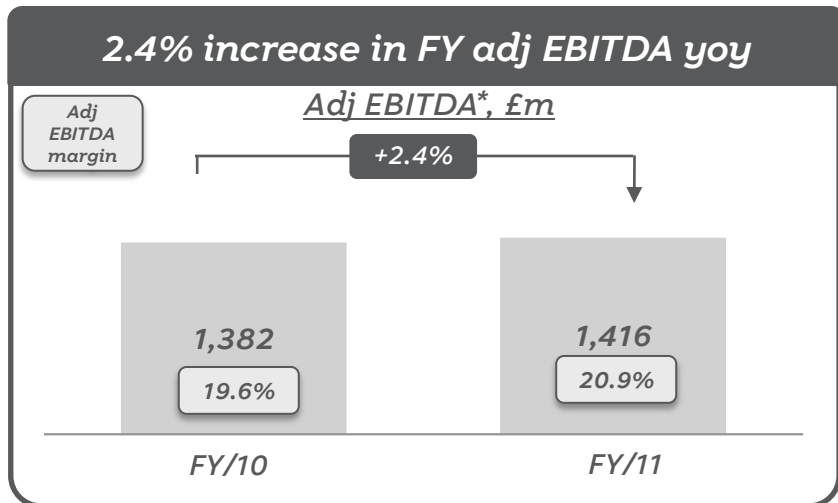
Customer loyalty: strong net adds and historic low churn in postpaid



- Insights**
- Underlying mobile service revenue driven by growth in postpaid base, 894k net adds in 2011
 - Best T-Mobile postpaid customer growth since 2006
 - Investing in future value and retention; 74% (58% Q4/10) of postpaid base on 24m contracts

- Initiatives**
- Improved Orange and T-Mobile signal sharing, giving customers widest 3G coverage in the UK
 - Upgrading network to improve data speed, reliability and coverage

Operational excellence: FY/11 adj EBITDA margin improvement +1.3 ppts yoy



Insights

- H2/11 adj EBITDA +9.7% yoy
- Free cash flow (EBITDA less capex) of £595m (£722m/FY 2010); increased capex spend on network and IT transformation to lower indirect costs
- On track for £3.5bn+ NPV synergies by 2014

Initiatives

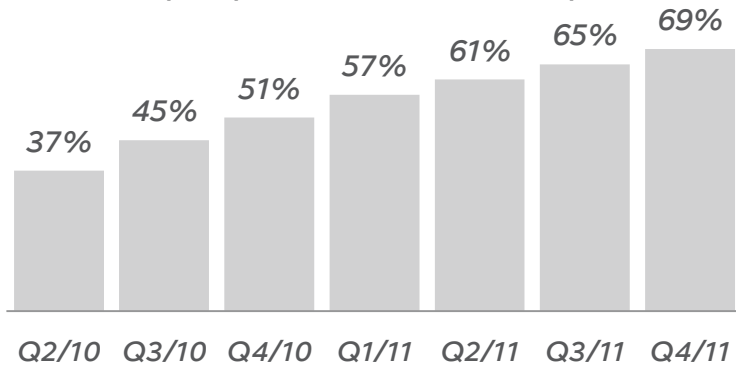
- 8.5% decrease in FTE's, focussed on management and support roles; reduced management layers
- Streamlined IT applications by 13%
- Reduced number of supplier relationships by 41%
- Indirect costs reduced by 7%

* Adj EBITDA = EBITDA less restructuring costs, brand & management fees

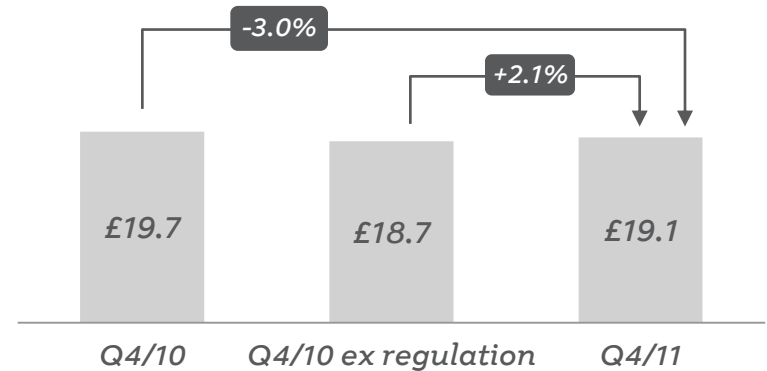
Platforms for growth: leveraging the data opportunity

Increasing postpaid smartphone base

% of postpaid base with smartphones



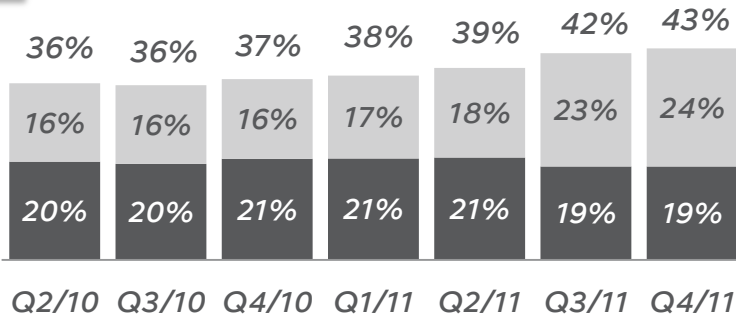
Underlying mobile blended monthly ARPU growth



Exploiting data opportunity

■ data
■ messaging

Non voice % ARPU



Insights

- Blended ARPU pre regulation +2.1% yoy, as postpaid base mix increases to 48%
- Increasing smartphone data usage drives non-voice revenues, with data revenues +12% yoy

Initiatives

- Launched innovative new plans: T-Mobile YouFix; Orange Swapables; Orange Connected plan
- Strong machine-to-machine momentum; connections increased over 400k to 1m in 2011

Capital structure and dividend

Investment Grade Ratings

- *Moody's Baa2/stable*
- *Standard & Poor's BBB-/ positive*
- *Committed to achieving, in the medium term, a leverage ratio below 1.75x to 2.00x Net Debt to EBITDA*

Bond programme

- *Euro Medium Term Note programme established Jan 2012*
- *Initial issue raised €500m in Feb 2012; 3.5% coupon rate*
- *Proceeds for general corporate purposes, including, but not limited to, the repayment of indebtedness*

£875m bank loans secured

- *£437.5m term loan, 3y maturity from Q4/11*
- *£437.5m revolving credit facility, 5 year maturity from Q4/11*
- *£876m of £1.25bn shareholder loans repaid in Q4/11*

Dividend

- *£400m interim 2011 paid in Q3/11*

Leverage

- *£0.99bn Net Debt as of 31/12/11*
- *£1.17bn EBITDA for the year 2011*
- *0.8 Net Debt / EBITDA as of 31 /12/11 (0.6 as of 31/12/10)*

2012 Outlook: “Giving the UK the best network and best service so our customers trust us with their digital lives”

- *Deliver solid commercial performance with continued focus on customer retention against a background of economic uncertainty and regulatory pressures*
- *Further margin improvement through indirect cost reduction and network integration, delivering synergies*
- *Building a new digital backbone for Britain, including further improved signal sharing, increasing 3G data speeds and preparing for 4G rollout*
- *Differentiate through our frontline teams by developing an industry-leading service engagement model over the phone, via the web, and at retail*
- *Reaffirm 2014 strategic and financial commitments*