

London. 26 October 2011

**Everything Everywhere Results for the Third Quarter to
30 September**

- Service revenue excluding regulated MTR cuts +3.8%; including impact of MTRs - 1.9%
- Postpaid customers increased by 185k (Q3 2010: 185k); T-Mobile achieved fourth consecutive quarter of postpaid customer growth
- In line with industry trend towards postpaid, prepaid customers decreased by 227k (Q3 2010: 177k); customer base stabilising
- Customer value mix improving; 47% of customers now on postpaid contracts (Q3 2010: 43%); smartphone penetration at 65% (Q3 2010: 45%)
- Non voice revenue (data and messaging) +14% at 42% (Q3 2010: 36%) of ARPU; non-messaging data revenue +35% at 23% (Q3 2010: 16%) of ARPU
- Industry-leading customer retention with postpaid churn at 1.1% (Q3 2010: 1.4%)
- Fixed broadband turns corner with net addition of customers in September for the first time since November 2007
- On track for £3.5bn+ in synergy savings by 2014

| | Quarter ended 30 September 2011 | Change year-on- year % |
|--------------------------------------------------|------------------------------------|---------------------------|
| Turnover | £1,697m | (4.3%) |
| Turnover change (excluding regulation) | | 0.6% |
| Service revenue | £1,556m | (1.9%) |
| Service revenue change (excluding regulation) | | 3.8% |
| Postpaid Net Adds | 185k | 0.0% |
| Postpaid Churn | 1.1% | (0.3)ppts |

Olaf Swantee, Chief Executive Officer of Everything Everywhere, commented: “Despite ongoing economic pressure and the impact of regulated cuts to mobile termination rates, our business performance is in line with our current expectations. The success we’ve had adding nearly 900k postpaid customers in the last year is helping to drive underlying service revenue growth. I am particularly pleased that we are attracting high numbers of new smartphone customers and have the lowest customer churn in the industry.”

Operating Review

Everything Everywhere continued to make good progress in the third quarter, improving the value mix of our consumer mobile business and investing in our other businesses including fixed broadband, the Business Mobile market and machine-to-machine (M2M). We remain committed to the strategic priorities and targets set out in September 2010.

Underlying revenue growth and improved customer value mix

Excluding the regulated impact of Mobile Termination Rate (MTR) cuts, total underlying turnover grew 0.6%, and underlying service revenue grew 3.8%, while including the regulated impact of MTRs, total revenue was down 4.3% to £1,697m and service revenue down 1.9% at £1,556m.

Underlying growth was driven by 185k net postpaid customer adds and the adoption of tiered data tariffs by customers. The value mix of our customer base is improving, with nearly half of customers on postpaid contracts that generate five times more ARPU (Average Revenue Per User) than prepaid customers. Underlying Blended (combining pre-and postpaid) ARPU was up 2.2%; including the impact of MTRs, ARPU was maintained at £19.30.

Our Customers: Driving Market Leadership and Customer Loyalty

We maintained our market leading postpaid customer retention with churn of 1.1%. To further improve customer satisfaction, we are continuing network improvements. MBNL, our network joint-venture, contracted Virgin Media to deploy an enhanced mobile backhaul to deliver even faster data speeds to customers. In October, we began rolling out 3G roaming so Orange and T-Mobile customers can access fast data in more places by using each other's signal, and improved 2G roaming with in-call handover so voice calls transfer seamlessly between our networks.

Our T-Mobile brand introduced the YouFix tariff that has cost-control measures that help families on a budget feel more comfortable to trade up to postpaid tariffs. Our Orange brand launched Film-to-Go, an added customer benefit that gives customers a free film download every week from iTunes.

Our Company: Operational Excellence

We continue to make progress reducing costs and simplifying the business.

We outlined a clear new senior management structure with 25% fewer roles. Furthermore, we accelerated business simplification programmes, including reducing the number of IT applications by 22% over the past year, outsourcing our IT testing capability and streamlining the number of supplier relationships by more than 25%. We are also in the final stages of successfully migrating fixed broadband customers from a legacy network to BT's network, which has lower operating costs.

Our synergy plan for achieving cost savings remains on track.

Our Future: Creating a platform for growth through data

We continue to harness the growth opportunity created by data. 65% of postpaid customers are now on smartphones, with 85% of new postpaid customers opting for smartphones. Non voice revenues (data and messaging) were up 14% to 42% this quarter, with non messaging data revenue up 35% to 23% of ARPU.

Our Orange brand launched Swapables, an innovative new benefit on high end postpaid tariffs that provides unlimited use of premium entertainment apps from partners including Sky Sports, MTV, Deezer music and The Times.

We are making progress against our ambition to grow the fixed broadband business, meeting the goal of turning around the business by Q3. We achieved a net addition of fixed broadband customers in September for the first time since 2007.

We are leading innovation, starting the first live customer trial of 4G technology in the UK. We are further leveraging our network to grow our M2M revenue, including a new customer platform and new partnership with RACO Wireless that allows their U.S. customers to access Everything Everywhere's networks and partners for their international operations.

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About Everything Everywhere

Everything Everywhere Limited is the 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 more than 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™

| | | Q3/10 | Q3/11 | Growth |
|----------------------------------|---------------|-------------|-------------|------------------|
| Customers (end of period) | ('000) | 27,896 | 27,493 | (1.4%) |
| - Contract | ('000) | 11,648 | 12,529 | 7.6% |
| - Prepay | ('000) | 15,453 | 14,233 | (7.9%) |
| - Home total | ('000) | 795 | 731 | (8.0%) |
| - Home broadband | ('000) | 759 | 713 | (6.1%) |
| - Home narrowband | ('000) | 36 | 18 | (49.1%) |
| Net adds | ('000) | (35) | (48) | |
| - Contract | ('000) | 185 | 185 | |
| - Prepay | ('000) | (177) | (227) | |
| - Home | ('000) | (43) | (7) | |
| Average monthly churn | (%) | 2.9 | 2.2 | (0.7ppts) |
| - Contract | (%) | 1.4 | 1.1 | (0.3ppts) |

| | | Q3/10 | Q3/11 | Growth |
|-----------------------------------------------------|----------------------|-------|-------|--------|
| Turnover | (GBP million) | 1,773 | 1,697 | (4.3%) |
| Turnover underlying growth yoy | (%) | | | 0.6% |
| Mobile service revenue | (GBP million) | 1,586 | 1,556 | (1.9%) |
| Mobile service revenue underlying growth yoy | (%) | | | 3.8% |

| Mobile | | Q3/10 | Q3/11 | Growth |
|-------------------------------------|--------------|-------|-------|---------|
| ARPU (monthly average) | (GBP) | 19.3 | 19.3 | (0.0%) |
| ARPU underlying growth yoy | (%) | | | 2.2% |
| - Contract | (GBP) | 35.5 | 34.0 | (4.3%) |
| - Prepay | (GBP) | 7.3 | 6.6 | (10.1%) |
| Voice ARPU (monthly average) | (GBP) | 12.3 | 11.3 | (8.5%) |
| Non-voice % of ARPU | (%) | 36.3 | 41.7 | 5.4ppts |
| MOU per customer per month | (min) | 191 | 198 | 3.4% |
| - Contract | (min) | 361 | 363 | 0.4% |