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Telefonica Deutschland is setting the pace to become the Leading Digital Telco

1. Well positioned to lead the most attractive European telco market
2. Strong network & distribution assets to provide the best digital customer experience
3. Enhanced profitability and cash flow generation from a clear integration plan
4. Strong value proposition for Telefónica Deutschland shareholders
The Leading Digital Telco: Our priorities and success factors

- **Keep the Momentum**
- **Integrate quickly**
- **Transform the company**

**Offer** best high speed access experience

**Superior customer experience** throughout their digital journey

**Achieve** operational excellence

- **Golden grid for 2G/3G + LTE roll-out + access to best VDSL platform**
- **Peace of mind, multi-channel & digital first**
- **Synergies & lean operating model**

Synergies + Improve
Optimise
Simplify

Public – Nicht vertraulich
Telefonica Deutschland is well positioned to lead the most attractive telco market in Europe

**Rational and balanced market structure**

- Non-disruptive pricing for tiered mobile data portfolios
- Stable ~30% households with converged fixed & mobile

**Infrastructure-based competition**

LTE device penetration in % vs. avg. 3G/4G data usage in MB in 2015 FC

- 24% (Germany)
- 34% (Other WE countries)

**Steady adoption of a digital lifestyle**

Mobile customers using smartphones for video streaming in %

- +24pp.
- 2011/12 vs. Q2 2015

3G/4G avg. data usage in Germany

- +30%

- Trend to 1 Gb/month; free VoD as main usage driver
- Digital customers & households demand for quality

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1 Market share of MSR based on reported financials by MNOs for 1 HY 2015 & TEF D pro forma
2 Source: Analysys Mason Report; countries: UK, Netherlands, Sweden & Germany
3 Source: Internal representative market study
4 VoD: Video on Demand
Successful multi-brand & mobile data-centric strategy in a highly segmented mobile market

A clear multi-brand set up leveraging densest mobile network

Focused commercial approach, leveraging upsell potential

- **Premium**
  - **XL**
    - 50 Mbps
    - 10 GB
    - €79.99
  - **M**
    - 50 Mbps
    - 5 GB
    - €49.99
  - **L**
    - 50 Mbps
    - 3 GB
    - €39.99

- **S**
  - 21.1 Mbps
  - 1GB
  - €29.99

**Tip**

**For €5 ea.**
- O₂ Blue All-in XL/Premium
- 3x750 MB

**For €3 ea.**
- O₂ Blue All-in M
- 3x250 MB

**For €2 ea.**
- O₂ Blue Basic/Smart/Blue All-in S
- 3x100 MB

Additional data volume

Included volume

Data automatic
Monetisation of mobile data: Growth potential remains intact

**Music & video streaming continues to grow**

Traffic (TB/day)

- **Music**
  - Q2 ’15: 5.1m
  - Q3 ’15: 6.1m
  - 1 snack: 54%
  - 2 snacks: 66%
  - 3 snacks: 47%

- **Video**
  - Q2 ’15: 6.0m
  - Q3 ’15: 7.0m

**Continued progression of data automatic**

- **O₂ Blue All-in portfolio (dynamics within opted-in base)**
  - Average data usage for O₂ consumer LTE customers¹ (MB)
    - Q1 ’15: 786
    - Q2 ’15: 959
    - Q3 ’15: 1,068

- **National roaming and LTE driving usage**
  - LTE customers
    - Q1 ’15: 5.1m
    - Q2 ’15: 6.1m
    - Q3 ’15: 7.0m

- **Ongoing improvement of tariff adoption mix**
  - Share of Gross Adds in O₂ Consumer postpaid
    - Q1 ’15: 37% >1 GB
    - Q2 ’15: 37% >1 GB
    - Q3 ’15: 37% >1 GB

¹ O₂ consumer base with LTE enabled smartphone (all tariffs)
Enhanced network perception from 3G national roaming and LTE expansion

Best network experience in 3G and 4G ...

- User-driven network test (June 2015)
- 3G national roaming key for improved ratings
- O₂ customers showing strongest satisfaction

Best-in-class 3G network with national roaming
- 90% 3G outdoor coverage
- Up to 42 Mbps download speed (HSPA+)
- Driving 5% to 10% increased data usage in newly covered 3G areas

Accelerated value-driven LTE network rollout
- Good progression to reach 2015 coverage target of 75%
- Voice-over-LTE since April 2015

... with positive reviews from specialised media

- CHIP
- Computer Bild
The right fixed infrastructure model to complement our mobile network for the best high speed access experience

Access to best available fixed NGA\(^1\) network - scalable & future-proof

- Immediate & nationwide access to DT’s NGA rollout
- Regulated access/pricing terms
- Coordinated NGA planning and decommission of own DSL-ULL

With a very competitive bundled offer “Kombi - Vorteil”

<table>
<thead>
<tr>
<th>O₂ DSL all-in</th>
<th>Maximum speed (Up- &amp; Download, Mbps.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>XL</td>
<td>100 Mbps</td>
</tr>
<tr>
<td>L</td>
<td>50 Mbps</td>
</tr>
<tr>
<td>M</td>
<td>16 Mbps</td>
</tr>
<tr>
<td>S</td>
<td>8 Mbps</td>
</tr>
</tbody>
</table>

NS: DSL all-in (Download speed, Mbps.)

<table>
<thead>
<tr>
<th>Speed</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Mbps</td>
<td>€24.99</td>
</tr>
<tr>
<td>16 Mbps</td>
<td>€29.99</td>
</tr>
<tr>
<td>50 Mbps</td>
<td>€34.99</td>
</tr>
<tr>
<td>100 Mbps</td>
<td>€39.99</td>
</tr>
</tbody>
</table>

\(^1\) NGA: Next Generation Access, including VDSL, Vectoring and future FTTX deployments
Best sales & service experience through extensive multi-channel retail and digital approach

Multi-channel to maximise efficiency

“Digital first” for every customer interaction

- **Web/mobile portals**
  - Base Service chat
  - O₂ Forum

- **Apps**
  - Mein O₂ App
  - Data check app

- **Chats/Forums**

- **Social media**

- **Largest physical distribution** reach in the market
- **Our priority is to reach operational excellence in customer service**
- **Shop footprint reduction** (own branded & partner shops) by 1/3<sup>rd</sup>
- **Increasing relevance of own online channels**
- **O₂ portfolio distributed in BASE branded shops**

- Own branded shops
- Premium partners
- Online & telesales
- Social media
- Other & e-retailers
- Large indirect/SP

Direct

Indirect
Expected synergies to exceed €5bn (NPV\(^1\))
Run-rate of Operating Cash Flow synergies of ca. €800m in year 5

<table>
<thead>
<tr>
<th>Distribution &amp; customer service</th>
<th>In €bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage and scale effects of broad distribution network and customer service organisations</td>
<td>1.1</td>
</tr>
<tr>
<td>Optimisation of retail footprint resulting in reduction of rent and overhead</td>
<td>1.7</td>
</tr>
<tr>
<td>Focus on digital customer touch points for sales and service initiatives</td>
<td>0.8</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Network</th>
<th>In €bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved quality &amp; capacity in 4G with reduced CapEx requirement</td>
<td>3.6</td>
</tr>
<tr>
<td>Consolidation of 2G/3G access networks, backbone and backhaul</td>
<td>1.9</td>
</tr>
<tr>
<td>Reduction of ~14,000 sites to reach “golden grid”</td>
<td>0.9</td>
</tr>
<tr>
<td>Leverage scalable cooperation with Deutsche Telekom regarding fixed line services</td>
<td>4.6</td>
</tr>
<tr>
<td>Overall improved network perception</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>SG&amp;A</th>
<th>In €bn</th>
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<tbody>
<tr>
<td>Elimination of duplicities in organisation</td>
<td></td>
</tr>
<tr>
<td>Transformation towards lean and digital</td>
<td></td>
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<tr>
<td>Focused advertising &amp; marketing spend</td>
<td></td>
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<tr>
<th>Revenue and other</th>
<th>In €bn</th>
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<tr>
<td>Additional cross- and upsell opportunities in consumer and SME</td>
<td></td>
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<tr>
<td>Cross selling opportunity for fixed BB</td>
<td></td>
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<tr>
<td>Upside potential from strong wholesale component</td>
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</table>

Notes:
1 Calculated as the sum of the present values of forecasted future cash flows including the so-called “terminal value” (NPV of expected future cash flows beyond the explicit forecast horizon) after tax.
2 Run-rate of opCF synergies is pre-tax.
Updating synergy outlook 2015: EUR 280m of OpCF savings due to capture of early synergies; total case unchanged

Integration Initiatives 2015

- **Leaver programme**
  800 FTEs in 2015 (50% of total target of 1,600 FTEs)

- **Shop footprint**
  400 shops by year-end

- **Network**
  Transfer of 7,700 sites via deal with DTE

- **Facilities**
  In-city consolidation (15% of total sqm)

- **Reduction of external staff**

- **Simplification / Eliminate duplications**

Previous outlook:
Run-rate of ~EUR 250m

EUR 800m

- 2015 synergies at ~35% of EUR 800m run rate in year 5 of integration
- **OpEx savings** driven by bringing forward initiatives such as shop restructuring and optimisation of external staff
- **CapEx synergies** primarily driven by a single LTE-network rollout
- **Total synergy case unchanged**

1. OpEx savings are referred to 2014 combined financials excluding restructuring costs
2. CapEx synergies net of restructuring activities and exclude investment in spectrum
3. 2014 combined KPIs: 9.1K FTEs, 1.8K shops, >39K mobile sites
Integration roadmap central to execution of our strategic business priorities

2015: Success
Early capture of synergies

- Leaver programme
- Shop footprint optimisation
- Brand/customer migration
- Facility consolidation
- Network integration
- Customer service reorganisation & digitalisation
- Simplification

2016: Transition
Laying the ground

- 800 leavers (50% of target)
- 400 shops (2/3 of target)
- 7,700 sites to DT (14,000 target)
- Facilities: 15% reduction
- External staff optimisation
- Simplification/Elimination of duplications

2017/8: Final Straight
Bringing home savings

- 800 leavers (50% of target)
- 400 shops (2/3 of target)
- 7,700 sites to DT (14,000 target)
- Facilities: 15% reduction
- External staff optimisation
- Simplification/Elimination of duplications

- Early capture of synergies
- Laying the ground
- Bringing home savings
## Updated outlook for 2015

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<tbody>
<tr>
<td></td>
<td>(EUR m)</td>
<td>(y-o-y pct. growth)</td>
<td>(y-o-y pct. growth)</td>
<td>(y-o-y pct. growth)</td>
</tr>
<tr>
<td>MSR</td>
<td>5,528</td>
<td>+0.4%</td>
<td>Broadly stable</td>
<td>Broadly stable</td>
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<tr>
<td>OIBDA</td>
<td>1,461</td>
<td>+16.1%</td>
<td>&gt;10%</td>
<td>+15-20%</td>
</tr>
<tr>
<td>CapEx</td>
<td>1,161</td>
<td>-2.8%</td>
<td>High single-digit pct. decline</td>
<td>Low double-digit pct. decline</td>
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<tr>
<td>Div</td>
<td>EUR 0.24/share</td>
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<td>EUR 0.24/share</td>
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</table>

- OIBDA driven by bringing forward integration activities into 2015 and optimisation of commercial costs
- Higher CapEx reduction due to synergy effects in H2 which outweigh network consolidation and LTE investment
- Continuity reflected in stable dividend proposal: EUR 0.24 per share

~35% of total target synergy run-rate to be already achieved in 2015 (~€280m)

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* Baseline figures for 2014 are approximate and the result of the aggregation and then consolidation of Telefónica Deutschland and E-Plus Group financials according to Telefónica Deutschland Group accounting policies. Figures are further adjusted by exceptional effects, such as capital gains or restructuring costs based on estimates made by Telefónica management and resulting in combined figures we believe are more meaningful as a comparable basis. For details refer to additional materials published on our website [https://www.telefonica.de/investor-relations-en.html](https://www.telefonica.de/investor-relations-en.html)

** Expected regulatory effects (e.g. MTR cuts) are included in the outlook. Restructuring costs from the integration of E-Plus Group are excluded from OIBDA, and CapEx excludes investments in spectrum.
Comfortable liquidity and conservative financing policy

Smooth, extended maturity profile and further diversified financing mix

(EUR m)

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<tr>
<td>IC Loan</td>
<td>250</td>
<td>250</td>
<td>600</td>
<td>112.5</td>
<td>500</td>
<td>21</td>
<td>38.5</td>
<td>3</td>
<td>33</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Bonds</td>
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<td>SSD/NSV</td>
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</table>

1. Revolving credit facilities: EUR 50m RCF volume maturing in 2015, EUR 260m in 2017 and EUR 450m in 2018
2. As measured by Net Financial Debt/OIBDA (Last 12 months)
3. Mainly consists of movement of O₂ My Handy receivables and Handset model receivables

Leverage\(^2\) ratio at 0.9x after one-off payments in Q3’15

Comfortable liquidity position

Financing instrument mix (%)

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Private placement EUR 300m</th>
<th>Inter-company loan EUR 500m</th>
<th>Bonds EUR 1.1bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>11%</td>
<td>19%</td>
<td>42%</td>
</tr>
<tr>
<td>RCF</td>
<td>27%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>IC Loan</td>
<td>19%</td>
<td>19%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Interest payment mix (%)

- Fixed: 28%
- Variable: 72%

Issue date | Currency | Volume  | Tenor | Coupon | Instrument rating | Listing |
<table>
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<th></th>
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</thead>
<tbody>
<tr>
<td>22.11.2013</td>
<td>EUR</td>
<td>600,000,000</td>
<td>5 years</td>
<td>1.875%</td>
<td>BBB, stable outlook</td>
<td>Regulated market of the Luxemburg Stock Exchange</td>
</tr>
<tr>
<td>10.02.2014</td>
<td>EUR</td>
<td>500,000,000</td>
<td>7 years</td>
<td>2.375%</td>
<td>BBB, stable outlook</td>
<td>Regulated market of the Luxemburg Stock Exchange</td>
</tr>
</tbody>
</table>

Public – Nicht vertraulich
We aim to maintain an attractive shareholder remuneration policy

Shareholder remuneration policy - main guidelines

- Maintain high payout in relation to FCF
- Consider expected future synergy generation in dividend proposals
- Keep leverage ratio at or below 1.0x over the medium term
- Dividend proposal of EUR 0.24 for financial year 2015 to be approved by AGM 2016

Notes:
1 Refer to the Telefónica Deutschland website for full dividend policy (www.telefonica.de)
Main Takeaways

1. Creation of the Leading Digital Telco in the German market
   - Market leader (48m accesses)
   - Enhanced value-for-money competitive position
   - Significant data monetisation opportunity
   - Simplification & digitalisation at the core

2. Superior digital customer experience on strong foundations
   - Right infrastructure model for best high speed experience
   - Multi-brand strategy to enhance data monetisation
   - Multi-channel retail and “digital first” approach
   - Facilitating customer’s digital journey - flexible approach

3. Enhanced profitability and cash flow generation from integration synergies and focused strategy
   - Gradual capture of synergies: EUR 800m OpCF run-rate in year 5
   - Scale benefits from a mobile data-centric approach
   - Simplified and lean operational model
   - Focused investments on single LTE network rollout

4. Strong value creation for Telefónica Deutschland shareholders
   - Conservative financing policy
   - Commitment to maintain a high FCF dividend pay-out ratio
   - Consider future upside from synergies in dividend proposals
   - High financial flexibility with leverage ratio at or below 1.0x
Strong spectrum portfolio post auction enables full realisation of our best network experience vision

**Coverage - level playing field**

**TEF D retains spectrum leadership for capacity**

TDD spectrum
### O₂ Blue All-in portfolio

<table>
<thead>
<tr>
<th></th>
<th>S</th>
<th>M</th>
<th>L</th>
<th>XL</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minuten in alle dt. Netze und ins dt. Festnetz</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
</tr>
<tr>
<td>SMS in alle dt. Mobilfunknetze</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
<td>FLATRATE</td>
</tr>
<tr>
<td>Surfen im Inland (inkl. Volumen)</td>
<td>200 MB</td>
<td>1 GB</td>
<td>3 GB</td>
<td>5 GB</td>
<td>10 GB</td>
</tr>
<tr>
<td>Datenauslastung (automatisch nach Datenverbrauch)</td>
<td>bis zu 3 x 100 MB für je 2 € zusätzlich</td>
<td>bis zu 3 x 250 MB für je 3 € zusätzlich</td>
<td>bis zu 3 x 750 MB für je 5 € zusätzlich</td>
<td>bis zu 3 x 750 MB für je 5 € zusätzlich</td>
<td></td>
</tr>
<tr>
<td>Maximale Geschwindigkeit</td>
<td>bis zu 21,1 MBit/s LTE³</td>
<td>bis zu 21,1 MBit/s LTE³</td>
<td>bis zu 50 MBit/s LTE³</td>
<td>bis zu 50 MBit/s LTE³</td>
<td></td>
</tr>
<tr>
<td>Extra-Festnetznummer</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>EU Roaming Flat (Surfen und Telefonieren im EU-Ausland)</td>
<td>+ 4,99 mtl.</td>
<td>+ 4,99 mtl.</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Minuten/SMS ins EU-Ausland mtl. inkl.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>je 200</td>
</tr>
<tr>
<td>Multicard</td>
<td>+ 4,99 mtl.</td>
<td>+ 4,99 mtl.</td>
<td>1 Multicard inklusive</td>
<td>2 Multicards inklusive</td>
<td>2 Multicards inklusive</td>
</tr>
<tr>
<td>O₂ More Status</td>
<td>Indigo-Status</td>
<td>Indigo-Status</td>
<td>Indigo-Status</td>
<td>Silber-Status</td>
<td>Premium-Status</td>
</tr>
<tr>
<td>Mtl. Grundgebühr (bei 24 Monaten Mindestvertragslaufzeit)</td>
<td><strong>19,99</strong></td>
<td><strong>29,99</strong></td>
<td><strong>39,99</strong></td>
<td><strong>49,99</strong></td>
<td><strong>79,99</strong></td>
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Einmaliger Anschlusspreis beträgt 29,99 €.

### O₂ DSL All-in Portfolio

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<thead>
<tr>
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<th>S&lt;sup&gt;16&lt;/sup&gt;</th>
<th>M&lt;sup&gt;16&lt;/sup&gt;</th>
<th>L&lt;sup&gt;16&lt;/sup&gt;</th>
<th>XL&lt;sup&gt;16,**&lt;/sup&gt;</th>
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<tbody>
<tr>
<td><strong>Allnet-Flat:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flatrate ins dt. Festnetz</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Flatrate in alle dt. Mobilfunknetze</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Unbegrenzt surfen (mit bis zu 2.000 KBit/s)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Maximale Surf-Geschwindigkeit</td>
<td>bis zu 8.000 KBit/s (Upload: bis zu 1.000 KBit/s)&lt;sup&gt;18&lt;/sup&gt;</td>
<td>bis zu 16.000 KBit/s (Upload: bis zu 1.000 KBit/s)&lt;sup&gt;18&lt;/sup&gt;</td>
<td>bis zu 50.000 KBit/s (Upload: bis zu 10.000 KBit/s)&lt;sup&gt;18&lt;/sup&gt;</td>
<td>bis zu 100.000 KBit/s (Upload: bis zu 40.000 KBit/s)&lt;sup&gt;18&lt;/sup&gt;</td>
</tr>
<tr>
<td>Maximale Surf-Geschwindigkeit bis**** (Inkl. Inkl.-Volumen)</td>
<td>100 GB&lt;sup&gt;19&lt;/sup&gt;</td>
<td>300 GB&lt;sup&gt;19&lt;/sup&gt;</td>
<td>300 GB&lt;sup&gt;19&lt;/sup&gt;</td>
<td>500 GB&lt;sup&gt;19&lt;/sup&gt;</td>
</tr>
<tr>
<td>Fair-Use-Mechanik****</td>
<td>–</td>
<td>✓</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Anschlusspreis&lt;sup&gt;16&lt;/sup&gt;</td>
<td>0,00 (anstatt 49,99)</td>
<td>0,00 (anstatt 49,99)</td>
<td>0,00 (anstatt 49,99)</td>
<td>0,00 (anstatt 49,99)</td>
</tr>
</tbody>
</table>

*Preise in € inkl. MwSt.

*Weitere Informationen auf Seite 4 und siehe Hinweistext 1. ** In immer mehr Gebieten verfügbar.
Partner business continued its strong performance while customer base benefits from focus on premium positioning.

**Partner business driving gross adds**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>PO gross adds (abs) / Churn (in %)</th>
<th>O₂ consumer PO churn</th>
<th>GA partner brands</th>
<th>GA retail brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '15</td>
<td>37%</td>
<td>-1.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 '15</td>
<td>45%</td>
<td>-1.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 '15</td>
<td>45%</td>
<td>-1.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ongoing improvement of customer base mix**

<table>
<thead>
<tr>
<th></th>
<th>O₂ consumer postpaid base (in thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 '14</td>
<td>~65%</td>
</tr>
<tr>
<td>Q3 '15</td>
<td>~70%</td>
</tr>
</tbody>
</table>

**Strong fixed BB proposition bears fruit**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net adds (in thousand)</th>
<th>DSL wholesale</th>
<th>DSL retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '15</td>
<td>-28</td>
<td>-16</td>
<td>-13</td>
</tr>
<tr>
<td>Q2 '15</td>
<td>-26</td>
<td>-13</td>
<td>-13</td>
</tr>
<tr>
<td>Q3 '15</td>
<td>-42</td>
<td>-13</td>
<td>-13</td>
</tr>
</tbody>
</table>

- Partner share of gross adds strong at 45%
- O₂ Blue share of O₂ postpaid base reaches 70%
- Retail DSL net add decline slows further to -12.6k in Q3
MSR development tempered by growing share of partners and dynamics in value segment

### Revenue structure (in EUR m)

<table>
<thead>
<tr>
<th></th>
<th>YTD Sep ’14</th>
<th>YTD Sep ’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>864</td>
<td>778</td>
</tr>
<tr>
<td>Hardware</td>
<td>768</td>
<td>887</td>
</tr>
<tr>
<td>Fixed MSR</td>
<td>4.137</td>
<td>4.155</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,774</strong></td>
<td><strong>5,828</strong></td>
</tr>
</tbody>
</table>

- **+0.9%**
- **+15.5%**
- **+0.4%**
- **-10.0%**

### Growing partner business

**MSR from partner business**

- **Q1 ’15**: -14%
- **Q2 ’15**: -15%
- **Q3 ’15**: -16%

Share of postpaid revenue:

- **+7%**

### Fixed revenue y-o-y (in %)

#### Growth (y-o-y)

- **-10.9%**
- **-9.5%**
- **-9.5%**

<table>
<thead>
<tr>
<th></th>
<th>Q1’15</th>
<th>Q2’15</th>
<th>Q3 ’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL retail</td>
<td>-6.9</td>
<td>-4.8</td>
<td>-3.6</td>
</tr>
<tr>
<td>Other fixed</td>
<td>-4.0</td>
<td>-4.8</td>
<td>-5.8</td>
</tr>
</tbody>
</table>

- **-10.9%**
- **-9.5%**
- **-9.5%**

### Mix-shift phenomenon

- Share of partner business rising driven by market dynamics
- Decline in DSL retail slowing on the back of VDSL gross adds
OIBDA reflecting benefits of early capture of synergies and optimisation of commercial costs

Structure of OIBDA for Jan-Sep 2015 (in EUR m)

- Revenue: 5,828
- Other income: 119
- Supplies: -1,965
- Personnel expenses: -500
- Other expenses: -2,248
- OIBDA before extraordinary effects: 1,234
- Restructuring costs: 66
- Sale of yourfone: -15
- OIBDA: 1,285

Synergies a significant driver of growth

OIBDA growth (y-o-y in EURm)\(^1\)

- Synergies: 21
- Commercial & other costs: 54 (>40%)
- Q1 ‘15
- Q2 ‘15
- Q3 ‘15

- Synergies drive ca. 45% of y-o-y OIBDA\(^2\) growth in Q3
- Add. Opex savings: Commercial cost optimisation improves profitability
- Restructuring costs mainly network-related

---

\(^1\) Y-o-y comparisons based on 2014 combined figures

\(^2\) Excluding exceptional effects - For details please refer to additional public material for Q3-2015
Financial leverage returned to target while keeping financial flexibility

Evolution of Free Cash Flow (FCF)\(^1\) YTD September 2015 (in EUR m)

![Evolution of Free Cash Flow (FCF) chart]

Evolution of Net Debt\(^2\) (y-o-y in EUR m) - Leverage ratio\(^2\) returns to 0.9x after payments in Q2’15

![Evolution of Net Debt chart]

---

1 Free cash flow pre dividend, spectrum payment and pre acquisition of E-Plus is defined as the sum of cash flow from operating activities and cash flow from investing activities.

2 For definition of net debt & leverage ratio please refer to additional materials of Q3 15 results

3 Mainly consists of movement of O2 My Handy receivables and handset model receivables
Share price development until 30.9.15

Shareholder structure as of 30.09.15¹

Telefónica Deutschland at a glance

¹ According to shareholders register as of 30 September 2015

* Telefónica Germany Holdings Limited is an indirect wholly owned subsidiary of Telefónica, S.A.
Quarterly detail of relevant combined financial and operating data for Telefonica Deutschland

<table>
<thead>
<tr>
<th>Financials (Euros in millions)</th>
<th>2014</th>
<th>2015</th>
<th>YTD Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td>1,847</td>
<td>1,925</td>
<td>2,002</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>1,333</td>
<td>1,380</td>
<td>1,424</td>
</tr>
<tr>
<td>OIBDA post Group fees</td>
<td>357</td>
<td>399</td>
<td>350</td>
</tr>
<tr>
<td>CapEx</td>
<td>215</td>
<td>224</td>
<td>286</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accesses (EoP) (in k)</th>
<th>2014</th>
<th>2014</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Accesses</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td></td>
<td>46,897</td>
<td>47,303</td>
<td>47,803</td>
<td>47,662</td>
</tr>
<tr>
<td>o/w mobile</td>
<td>41,168</td>
<td>41,623</td>
<td>42,201</td>
<td>42,125</td>
</tr>
<tr>
<td>Postpay</td>
<td>18,489</td>
<td>18,683</td>
<td>18,885</td>
<td>18,774</td>
</tr>
</tbody>
</table>

- Combined figures for 2014 and 2013 are approximate and the result of the aggregation and then consolidation of Telefónica Deutschland and E-Plus Group financials according to Telefónica Deutschland Group accounting policies.
- The combined figures are further adjusted by exceptional effects if any, such as capital gains or restructuring costs based on estimates made by Telefónica Deutschland management and resulting in combined figures we believe are more meaningful as a comparable basis.
- The combined financials are not necessarily indicative of results that would have occurred if the business had been a separate standalone entity during the year presented or of future results of the business. The presentation of the combined consolidated financial information is based on certain assumptions and is intended for illustrative purposes only. The combined information describes a hypothetical situation and thus, due to its nature, the presentation does not reflect the actual results of operations. The assumed acquisition date had been the beginning of the annual period.