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Shaping the leading digital ‘onlife’ telco in Germany

1. Drive momentum in an attractive & dynamic telecoms market

2. Shaping the digital transformation for an exceptional customer experience

3. Lean & efficient operations to drive growth in profitability and FCF

4. Attractive shareholder return & financial flexibility on strong fundamentals
2016: Moving the focus from integration to transformation

- Keep the Momentum
- Integrate quickly
- Transform the company

- Best high speed access experience
- Superior customer experience
- 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
Telefonica Deutschland is well positioned to lead the most attractive telco market in Europe

- Rational market following 4to3 consolidation
- Non-disruptive pricing for tiered mobile data portfolios
- Germany still a European laggard in terms of customer data usage
- Further opportunities from growing LTE adoption
- Around 2/3 of data traffic still in 3G
- Trend to >1 Gb/month; music & video streaming usage drivers

1 Market share of MSR based on reported financials by MNOs for Q4 2015
2 Source: Analysys Mason Report; Western Europe LTE device penetration/data traffic per user: UK, Austria, Sweden Q3 2015
3 Source: VATM, Dialog Consult

---

1. Rational and balanced market structure
2. Data monetisation opportunity intact
3. Steady adoption of a digital lifestyle

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

3G/4G avg. data usage in Germany

- Rational market following 4to3 consolidation
- Non-disruptive pricing for tiered mobile data portfolios
- Germany still a European laggard in terms of customer data usage
- Further opportunities from growing LTE adoption
- Around 2/3 of data traffic still in 3G
- Trend to >1 Gb/month; music & video streaming usage drivers

---

1 Market share of MSR based on reported financials by MNOs for Q4 2015
2 Source: Analysys Mason Report; Western Europe LTE device penetration/data traffic per user: UK, Austria, Sweden Q3 2015
3 Source: VATM, Dialog Consult
Successful multi-brand & mobile data-centric strategy in a highly segmented mobile market

A clear multi-brand set up

- **Own brands**
  - Premium
  - Non-Premium
    - Blau
    - BASE
    - simyo
    - netzclub
    - ayzählz
    - ortel mobile

- **Partner brands**
  - mobilcom-debitel
  - DILLUSCH
  - NettoKOM
  - Media Markt Super Select
  - TELE2
  - 1&1
  - T-Mobile
  - unitymedia
  - Z00

Focused commercial approach

- **Premium**
  - XL
    - 50 Mbps
    - 10 GB
    - €79.99
  - L
    - 50 Mbps
    - 5 GB
    - €49.99
  - M
    - 21.1 Mbps
    - 3 GB
    - €39.99
  - S
    - 21.1 Mbps
    - 1 GB
    - €29.99
  - O₂ Blue Basic/Smart/Blue All-in S
    - For €2 ea.
    - 3x100 MB
  - O₂ Blue All-in M
    - For €3 ea.
    - 3x250 MB
  - O₂ Blue All-in XL/Premium
    - For €5 ea.
    - 3x750 MB

- Additional data volume:
  - Data automatic

Public – Nicht vertraulich
O₂ as premium brand for mobile & fixed consumer and business customers

- Digital customer journey
  - Excellence in customer service with O₂ guru concept
  - New digital shop concept

- Network experience
  - Network integration by mid-16
  - At eye level with competition by year-end 2016

- You can do!
  - Freedom of choice for our customers
  - O₂ brand core of leading digital ‘onlife’ telco

O₂ offers customers digital appeal, network excellence, choice and value
Monetisation of mobile data: Growth potential remains intact

Data traffic rising continuously

Traffic (TB/quarter)

Network improvement supports usage

Average data usage for O₂ consumer LTE customers\(^1\) (MB)

Continued success of data automatic

O₂ Blue All-in portfolio (dynamics within opted-in base)

Automatic data allocation events (% of customers)

Ongoing improvement of tariff adoption mix

Share of gross adds in O₂ consumer postpaid

\(^1\)O₂ consumer base with LTE enabled smartphone (all tariffs)
The path to a leading network in Germany

Outstanding connectivity & high-speed access in urban & sub-urban areas

Achievements 2015
- Best-in-class 3G network
- Customer network perception improved
- LTE coverage reaches 75%

 Targets 2016
- TEF D to reach eye level with competition
- Accelerated LTE 1,800 roll-out for high-speed
- LTE 800 for coverage
- 3G National Roaming & mVoLTE launched
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**

**NGA coverage targets**
(\% of covered households, YE)

<table>
<thead>
<tr>
<th>Year</th>
<th>VDSL</th>
<th>VDSL Vectoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>55%</td>
<td>80%</td>
</tr>
<tr>
<td>2018 ambition</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

**Maximum speed**
(Up- & Download, Mbps)

- Download
- Upload

- **Super Vectoring**

<table>
<thead>
<tr>
<th>Speed</th>
<th>Download</th>
<th>Upload</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Mbps</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>100 Mbps</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**With a competitive bundled offer**

**O₂ DSL all-in**
(Download speed, Mbps)

- \(S\): 8 Mbps €24.99
- \(M\): 16 Mbps €29.99
- \(L\): 50 Mbps €34.99
- \(XL\): 100 Mbps €39.99

\(\text{NGA: Next Generation Access, including VDSL, Vectoring and future FTTX deployments}\)

- Immediate & nationwide access to DT’s NGA network
- Regulated access/pricing terms
- Decommissioning of own DSL ULL infrastructure by 2019

- O₂ Blue One as a flexible combination of fixed & mobile offers with progressive value based discounts
- Active cross-selling of fixed & mobile propositions
Advanced Data Analytics & Internet of Things will complement our core business

### Advanced Data Analytics
- Customer data pool as a key resource
- Best in class analytics to help us build better customer relationships
- Data protection key: Our approach sets new standard in market

### Internet of Things
- IoT trends are changing traditional business economics
- Building portfolio in the areas of connectivity and software solutions
- Opportunities include SME & Industrie 4.0

Development of ADA and IoT opportunities will shape our digital future
Expected synergies to exceed EUR 5bn (NPV\(^1\))
OpCash Flow synergies of ca. EUR 800m in year 5

- **Leverage and scale effects of broad distribution network and customer service organisations**
- **Optimisation of retail footprint resulting in reduction of rent and overhead**
- **Focus on digital customer touch points for sales and service initiatives**

**Network**
- **Improved quality & capacity in 4G with reduced CapEx requirement**
- **Consolidation of 2G/3G access networks, backbone and backhaul**
- **Reduction of ~14,000 sites to reach “golden grid”**
- **Leverage scalable cooperation with Deutsche Telekom regarding fixed line services**
- **Overall improved network perception**

**SG&A**
- **Elimination of duplications in organisation**
- **Transformation towards lean and digital**
- **Focused advertising & marketing spend**

**Revenue and other**
- **Additional cross and upselling opportunities in consumer and SME**
- **Cross-selling opportunity for fixed BB**
- **Upside potential from strong wholesale component**

---

\(^1\) 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
Cumulated synergies expected to reach >50% of total savings target by year-end 2016

---

**Synergy case 2015-2019 (EUR m)**

<table>
<thead>
<tr>
<th>Year 5</th>
<th>2016 cumulated synergies</th>
<th>2016 incremental synergies</th>
<th>2015 cumulated synergies</th>
<th>Total OpEx &amp; rev. synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>~430</td>
<td>~150</td>
<td>~280</td>
<td>~140</td>
</tr>
<tr>
<td>-800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Synergy phasing 2016: Integration to transformation**

- **2015 rollover**: -EUR 100m
- **Add. savings**: -EUR 50m
- **Larger initiatives 2016**: Network integration, IT transformation, brand migration plus 2015 workstreams

---

1. OpEx savings are referring 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

---

**Large initiatives in 2016**
- Network integration
- Brand migration / IT transformation

**Ongoing workstreams from 2015**
- Leaver programme: Total target -1,600 FTEs
- Shop footprint: Total target -600 shops
- Facilities consolidation: Total target -100k sqm
- CS reorg/digitalisation
- Simplification
2015 outlook met; 2016 outlook reflects shift in focus from integration to transformation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MSR</td>
<td>Broadly stable</td>
<td>5,532 / +0.1%</td>
<td>Slightly negative to broadly stable</td>
</tr>
<tr>
<td>OIBDA</td>
<td>+15-20%</td>
<td>1,760 / +20.5%</td>
<td>Low to mid single-digit % growth</td>
</tr>
<tr>
<td>CapEx</td>
<td>Low double-digit pct. decline</td>
<td>1,032 / -11.1%</td>
<td>% growth in the low tens</td>
</tr>
</tbody>
</table>

- 2016 MSR expected to be slightly negative to broadly stable as result of customer acquisition trends and base mix effect
- 2016 OIBDA growth driven primarily by synergies; transformation projects require upfront cost-phasing
- Majority of 2016 synergies stem from 2015 roll-over effects; additional in-year savings from leaver programme and site restructuring
- Capex growth as a result of investment in LTE roll-out & IT consolidation; no further Capex synergies in 2016

>50% of total target of EUR 800m to be achieved in 2016 (~EUR 430m²)

* 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

<table>
<thead>
<tr>
<th>(EURm)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Average cost of debt: &lt;2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>600</td>
<td>500</td>
<td>112.5</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>38.5</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>33</td>
<td>92</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financing instrument mix (%)
- IC Loan: 28%
- Bonds: 41%
- Private Placement EUR 300m: 18%
- Intercompany Loan EUR 500m: 2%
- RCFs EUR 750m: 11%
- Other Short Term Overdraft EUR 65m: 1%

Interest mix (%)
- Fixed: 37%
- Variable: 63%

Comfortable liquidity position

<table>
<thead>
<tr>
<th>(EURm)</th>
<th>Cash and cash equivalents</th>
<th>Undrawn RCFs</th>
<th>Total liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>533</td>
<td>750</td>
<td>1.283</td>
</tr>
</tbody>
</table>

Leverage ratio at 0.7x

1 Revolving credit facilities; EUR 40m in 2016, EUR 160m in 2017 and EUR 550m 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
We will 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; target will be continually reviewed

Dividend proposal of EUR 0.24 for financial year 2015 to be approved by AGM 2016

1 Refer to the Telefónica Deutschland website for full dividend policy (www.telefonica.de)
## Main takeaways

1. **Drive momentum in an attractive and dynamic telecoms market**
   - Attractive and dynamic telco market
   - Significant data monetisation opportunity
   - Excellent competitive position

2. **Shaping the digital transformation for an exceptional customer experience**
   - Multi-brand, multi-channel go-to-market strategy
   - Successful up- and cross-selling mechanisms
   - Digitalisation of customer relationships: Offering choice and value

3. **Lean & efficient operations to drive growth in profitability and FCF**
   - Simplified and lean operating model
   - Best 3G network & ongoing LTE roll-out
   - Ambitious synergy target: EUR 800m OpCF savings in year 5

4. **Attractive shareholder return & financial flexibility on strong fundamentals**
   - Commitment to attractive dividend policy
   - Conservative financing policy
   - High financial flexibility
Back-up
Strong spectrum portfolio post auction enables full realisation of our best network experience vision

Coverage - Level playing field

<table>
<thead>
<tr>
<th>Frequency</th>
<th>700MHz</th>
<th>800MHz</th>
<th>900MHz</th>
<th>1,500MHz</th>
<th>1,800MHz</th>
<th>2,100MHz</th>
<th>2,600MHz</th>
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<tr>
<td></td>
<td>2x30</td>
<td>2x30</td>
<td>2x35</td>
<td>2x10</td>
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</table>

TEF D retains spectrum leadership for capacity

TDD spectrum

Public – Nicht vertraulich
## 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 all 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>Datenaufnahme (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 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>
</tr>
<tr>
<td>Maximale Geschwindigkeit</td>
<td>bis zu 21,1 MBit/s LTE</td>
<td>bis zu 21,1 MBit/s LTE</td>
<td>bis zu 50 MBit/s LTE</td>
<td>bis zu 50 MBit/s LTE</td>
<td>bis zu 50 MBit/s LTE</td>
</tr>
<tr>
<td>Extra-Festnetznummer</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>EU Roaming Flat¹ (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>Multicard⁶</td>
<td>1 Multicard inklusive</td>
<td>1 Multicard inklusive</td>
<td>1 Multicard inklusive</td>
<td>2 Multicards inklusive</td>
<td>2 Multicards inklusive</td>
</tr>
<tr>
<td>O₂ More Status³</td>
<td>Indigo-Status</td>
<td>Indigo-Status</td>
<td>Indigo-Status</td>
<td>Silber-Status</td>
<td>Premium-Status</td>
</tr>
</tbody>
</table>

Einmaliger Anschlusspreis beträgt 29,99 €.


¹: Extended flat rate roaming. ²: Protection plan. ³: Status plan. ⁴: Reduced monthly fee for O₂ customers. ⁵: Indigo Status. ⁶: Multicard. ⁷: Monthly fee reduced for O₂ customers.

20 Public – Nicht vertraulich
## O₂ DSL All-in portfolio

<table>
<thead>
<tr>
<th></th>
<th>M&lt;sup&gt;17&lt;/sup&gt;</th>
<th>Young&lt;sup&gt;17&lt;/sup&gt;</th>
<th>L&lt;sup&gt;17&lt;/sup&gt;</th>
<th>XL&lt;sup&gt;17,**&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>O₂ DSL All-in</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allnet-Flat:</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>✓</td>
<td></td>
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<td></td>
<td>✓</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximale Surf-Geschwindigkeit</td>
<td>bis zu 16.000 KBit/s (Upload: bis zu 1.000 KBit/s)&lt;sup&gt;19&lt;/sup&gt;</td>
<td>bis zu 50.000 KBit/s (Upload: bis zu 10.000 KBit/s)&lt;sup&gt;19&lt;/sup&gt;</td>
<td>bis zu 50.000 KBit/s (Upload: bis zu 10.000 KBit/s)&lt;sup&gt;19&lt;/sup&gt;</td>
<td>bis zu 100.000 KBit/s (Upload: bis zu 40.000 KBit/s)&lt;sup&gt;19&lt;/sup&gt;</td>
</tr>
<tr>
<td>Maximale Surf-Geschwindigkeit bis*** (Inklusiv-Volumen)</td>
<td>300 GB&lt;sup&gt;20&lt;/sup&gt;</td>
<td>300 GB&lt;sup&gt;20&lt;/sup&gt;</td>
<td>300 GB&lt;sup&gt;20&lt;/sup&gt;</td>
<td>500 GB&lt;sup&gt;20&lt;/sup&gt;</td>
</tr>
<tr>
<td>Fair-Use-Mechanik****</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anschlusspreis&lt;sup&gt;17&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>
<tr>
<td>Willkommensbonus</td>
<td>100,00</td>
<td>50,00</td>
<td>100,00</td>
<td>100,00</td>
</tr>
</tbody>
</table>

**Preise in € inkl. MwSt.**
*Weitere Informationen auf Seite 4 und siehe Hinweistext 1. **In immer mehr Gebieten verfügbar.*
Partner business showing steady growth amidst continued focus on customer base development; DSL retail strong

**Partners with stable contribution**

PO gross adds (abs) / Churn (in %)

<table>
<thead>
<tr>
<th></th>
<th>Q1 '15</th>
<th>Q2 '15</th>
<th>Q3 '15</th>
<th>Q4 '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>O₂ consumer PO churn</td>
<td>-1.4%</td>
<td>-1.3%</td>
<td>-1.3%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>GA partner brands</td>
<td>37%</td>
<td>45%</td>
<td>45%</td>
<td>43%</td>
</tr>
<tr>
<td>GA retail brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Clear focus on developing customer base**

O₂ consumer postpaid base (in thousand)

<table>
<thead>
<tr>
<th></th>
<th>Q4 '14</th>
<th>Q4 '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data only</td>
<td>~65%</td>
<td>~70%</td>
</tr>
<tr>
<td>Voice only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blue tariffs</td>
<td>~65%</td>
<td>~70%</td>
</tr>
</tbody>
</table>

**Strong fixed BB proposition bears fruit**

Net adds (in thousand)

<table>
<thead>
<tr>
<th></th>
<th>Q1 '15</th>
<th>Q2 '15</th>
<th>Q3 '15</th>
<th>Q4 '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL wholesale</td>
<td>-28</td>
<td>-26</td>
<td>-13</td>
<td>-13</td>
</tr>
<tr>
<td>DSL retail</td>
<td>-16</td>
<td>-13</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>VDSL share of gross adds</td>
<td>~100%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Postpaid partner growth steady but stable as % of postpaid gross adds
- O₂ postpaid churn continues at very low levels
- Strong VDSL net adds of 73k drive further improvement in DSL net add development

1 Wholesale & partner business
MSR development in line with expectation

Revenue structure (in EUR m)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>7,793</td>
<td>7,888</td>
</tr>
<tr>
<td>Hardware</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,138</td>
<td>1,043</td>
</tr>
<tr>
<td>Fixed</td>
<td>1,118</td>
<td>1,300</td>
</tr>
<tr>
<td>MSR</td>
<td>5,528</td>
<td>5,532</td>
</tr>
</tbody>
</table>

Partner share of postpaid MSR increasing

<table>
<thead>
<tr>
<th></th>
<th>Q1 '15</th>
<th>Q2 '15</th>
<th>Q3 '15</th>
<th>Q4 '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSR from partner business¹ (in EUR m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of postpaid revenue</td>
<td>-14%</td>
<td>-15%</td>
<td>-16%</td>
<td>-17%</td>
</tr>
</tbody>
</table>

Fixed revenue y-o-y (in %)

<table>
<thead>
<tr>
<th>Growth (y-o-y)</th>
<th>Q1 '15</th>
<th>Q2 '15</th>
<th>Q3 '15</th>
<th>Q4 '15</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL retail</td>
<td>-6.9</td>
<td>-4.8</td>
<td>-3.6</td>
<td>-3.1</td>
</tr>
<tr>
<td>Other fixed</td>
<td>-4.0</td>
<td>-4.8</td>
<td>-5.8</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

- Total revenue growth supported by hardware as result of strong flagship device sales
- MSR still impacted by partner business growth and legacy customer base mix
- Fixed improving on the back of VDSL and spot-market trading in carrier voice

¹ Wholesale & partner business
Strong year-on-year OIBDA growth on the back of synergies and commercial cost optimisation

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

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Other income²</th>
<th>Supplies</th>
<th>Personnel expenses</th>
<th>Other expenses</th>
<th>OIBDA</th>
<th>Restructuring costs</th>
<th>Sale of yourfone</th>
<th>CCA E-Plus</th>
<th>OIBDA before exceptional effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,888</td>
<td>265</td>
<td>-2,712</td>
<td>-655</td>
<td>-2,982</td>
<td>1,804</td>
<td>74</td>
<td>-15</td>
<td>-102</td>
<td>1,760</td>
</tr>
</tbody>
</table>

Synergies & cost optimisation drive growth

OIBDA³ growth (y-o-y in EUR m)¹

Share of synergies

<table>
<thead>
<tr>
<th>Synergies</th>
<th>Commercial &amp; other costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’15</td>
<td>Q2 ’15</td>
</tr>
<tr>
<td></td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>104</td>
</tr>
<tr>
<td>Q4 ’15</td>
<td>FY 2015</td>
</tr>
</tbody>
</table>

² Including EUR 102 million resulting from the agreement with KPN on the final purchase price of E-Plus (CCA)
³ Excluding exceptional effects. For details please refer to additional public material for Q4-2015

- Synergies represent >50% of Q4 y-o-y OIBDA² growth
- Synergies and commercial & other cost drive full-year results almost equally
- Restructuring provisioned in 2015 mainly network-related
Financial leverage returned to target while keeping financial flexibility

**Evolution of Free Cash Flow (FCF)**

- **OIBDA**: 1.804 EUR m
- **CCA E-Plus**: (102) EUR m
- **CapEx ex. spectrum**: (1,032) EUR m
- **Restructuring**: (120) EUR m
- **Drillisch MBA**: 143 EUR m
- **Other**: 6 EUR m
- **Other**: 1 EUR m
- **FCF**: 700 EUR m

**Working capital movements & adjustments:**
- **EUR 29m**

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.

**Evolution of Net Debt**

- **Net financial debt as of 01.01.2015**: (700) EUR m
- **FCF**: 714 EUR m
- **Dividend**: 978 EUR m
- **Spectrum payment**: 215 EUR m
- **Other**: 1.225 EUR m
- **Net financial debt as of 31.12.2015**: 1.225 EUR m

2 For definition of Net Debt & Leverage Ratio please refer to additional materials of Q4 15 results.

3 Including EUR 102 million resulting from the agreement with KPN on the final purchase price of E-Plus (CCA)
O2D - Factsheet

Share price development until 31.12.2015

Shareholder structure as of 31.12.2015

According to shareholders register as of 31 December 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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Revenues</td>
<td>1,847</td>
<td>1,925</td>
</tr>
<tr>
<td>Mobile service revenues</td>
<td>1,333</td>
<td>1,380</td>
</tr>
<tr>
<td>OIBDA post Group fees</td>
<td>357</td>
<td>399</td>
</tr>
<tr>
<td>CapEx</td>
<td>215</td>
<td>224</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accesses (EoP) (in k)</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Total Accesses</td>
<td>46,897</td>
<td>47,303</td>
</tr>
<tr>
<td>o/w mobile</td>
<td>41,168</td>
<td>41,623</td>
</tr>
<tr>
<td>Postpay</td>
<td>18,489</td>
<td>18,683</td>
</tr>
</tbody>
</table>

- Combined 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.
- 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.