Autorità per le garanzie nelle comunicazioni

Quarterly Telecommunications Observatory (*)

- Updated to 30 December 2011 -

(*) – All the information contained in the following figures is based on Agcom’s elaborations of data provided by operators.

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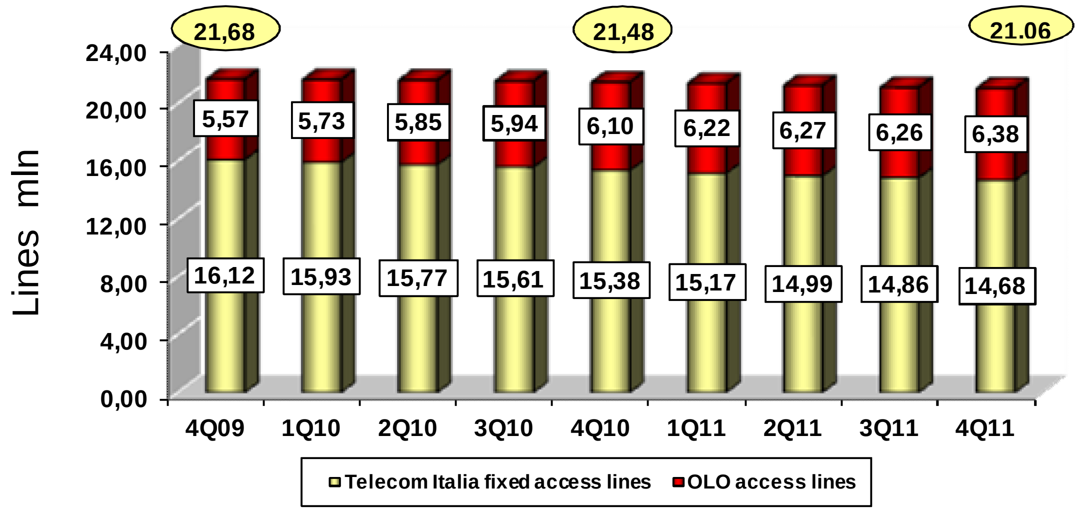
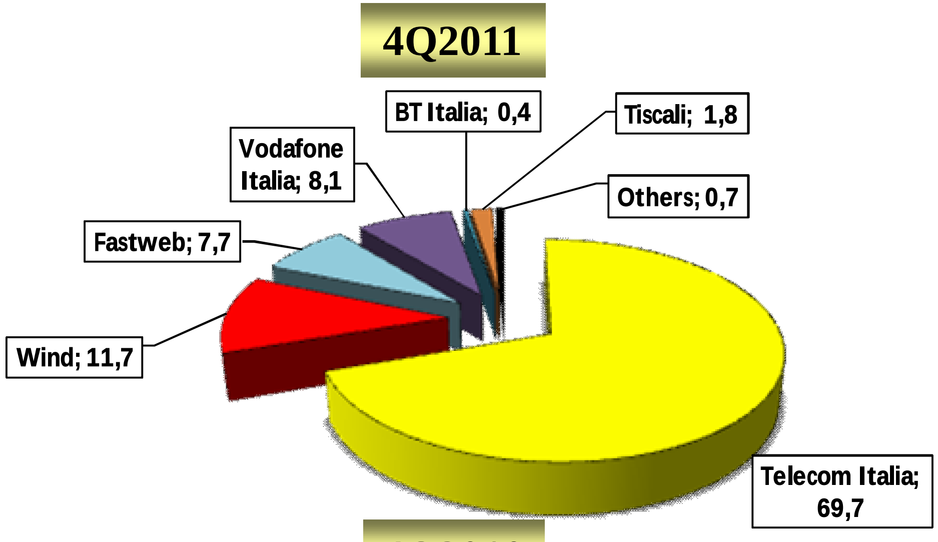
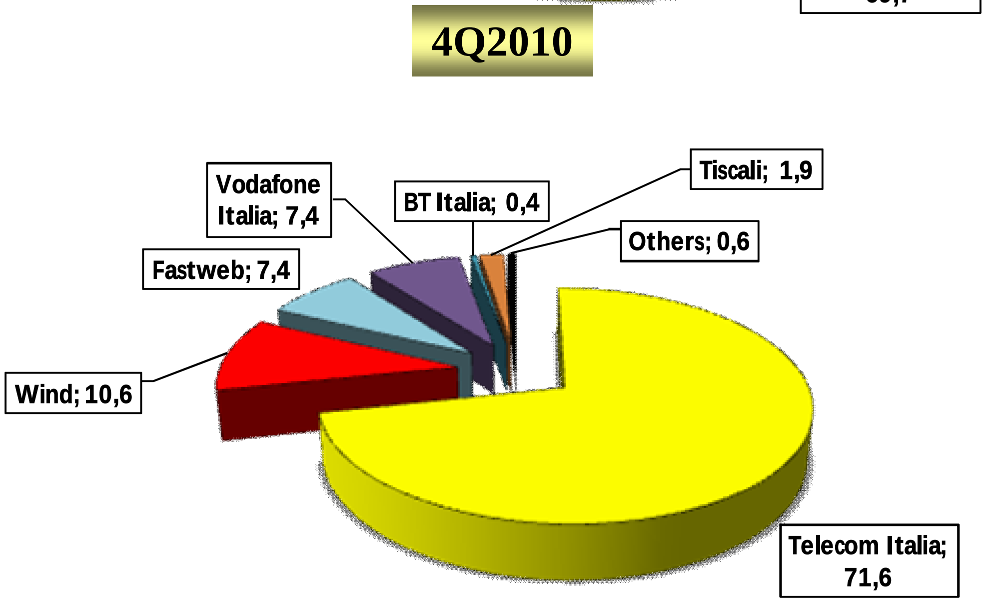
1. Fixed access lines (total) (1)





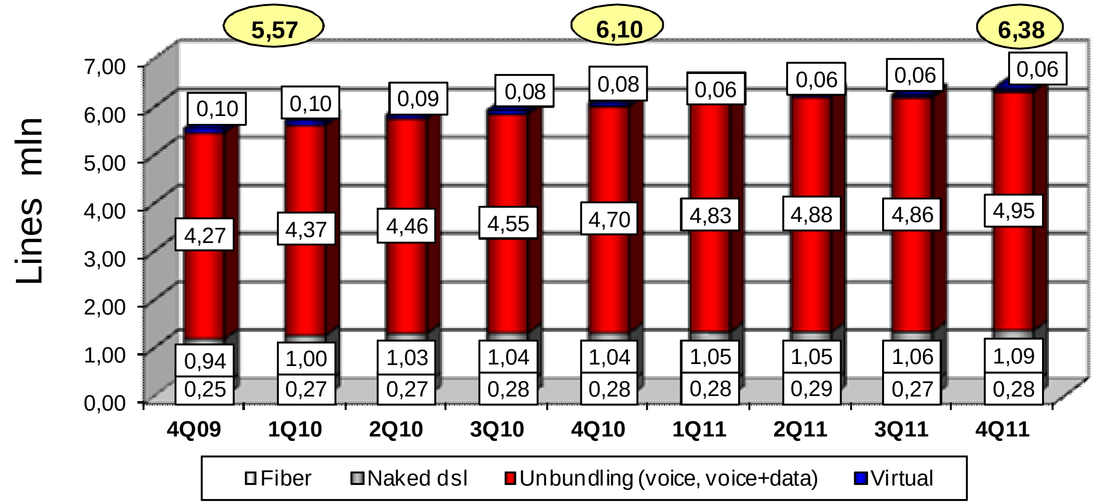


- Compared to the 4th quarter of 2010, direct fixed access lines decreased by 400 thousand units (growth of alternative operators lines: +300 thousands, decrease of TI lines: –700 thousands).
- Accordingly, Telecom Italia market share (74.3% at end-2009) in 2011 dropped of further 2 p.p. vs 2010, to below 70%.
- Vodafone and Wind have grown respectively by 0.7% and 1.1%.
- Compared with 3Q2011, Vodafone has consolidated its position as the third largest fixed network operator (8.1% vs 7.7% Fastweb market share).

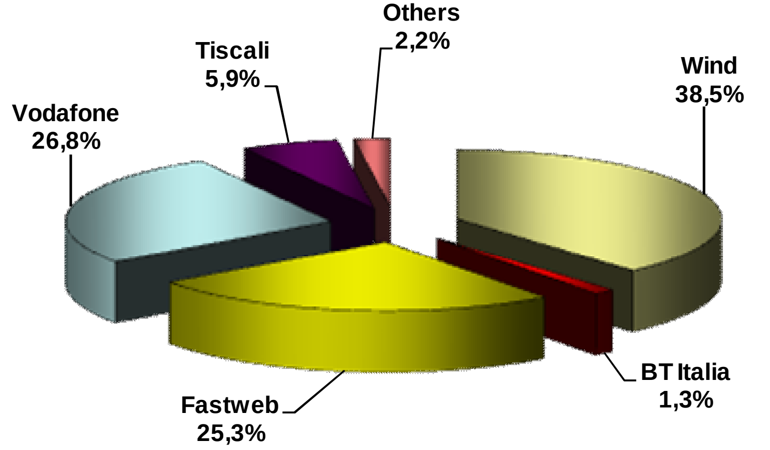
(1) – Figures are consistent with AGCOM's Annual Report 2011, table 2.15. Includes: Telecom Italia's access lines, full unbundling (voice and data), Dsl Naked, Fiber

Source: Agcom on data provided by operators

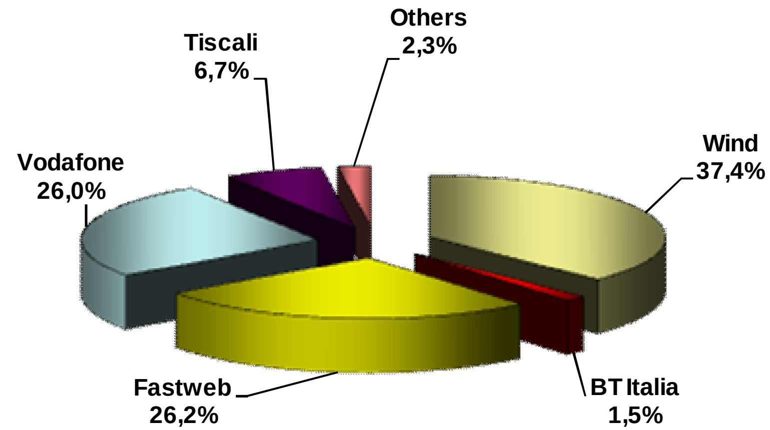
2. Fixed access lines (new entrants)



4Q2011



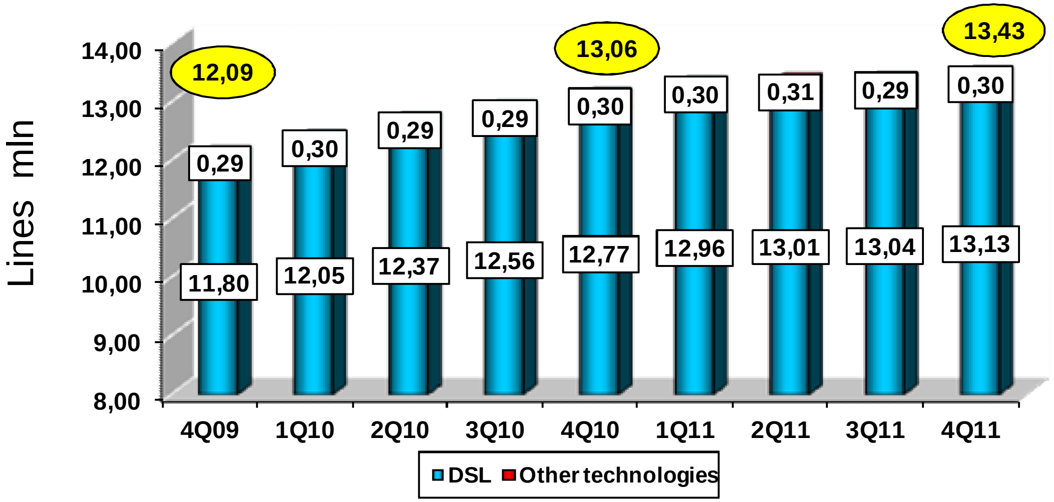
4Q2010

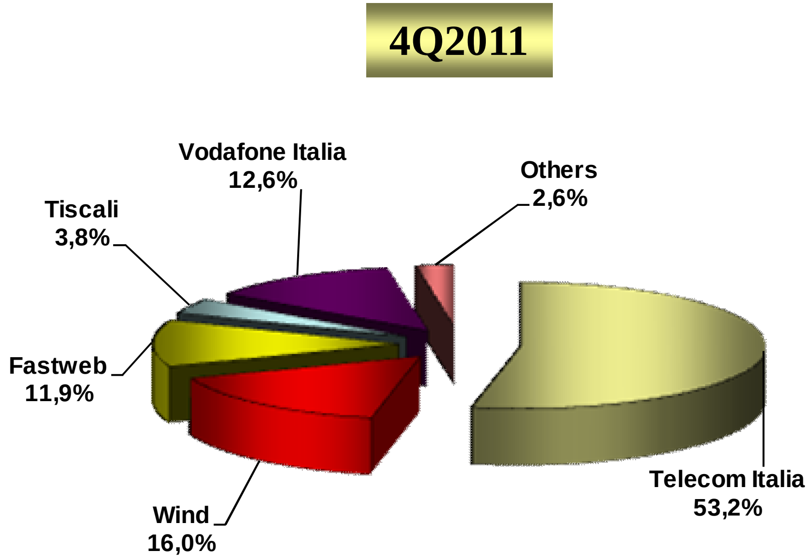


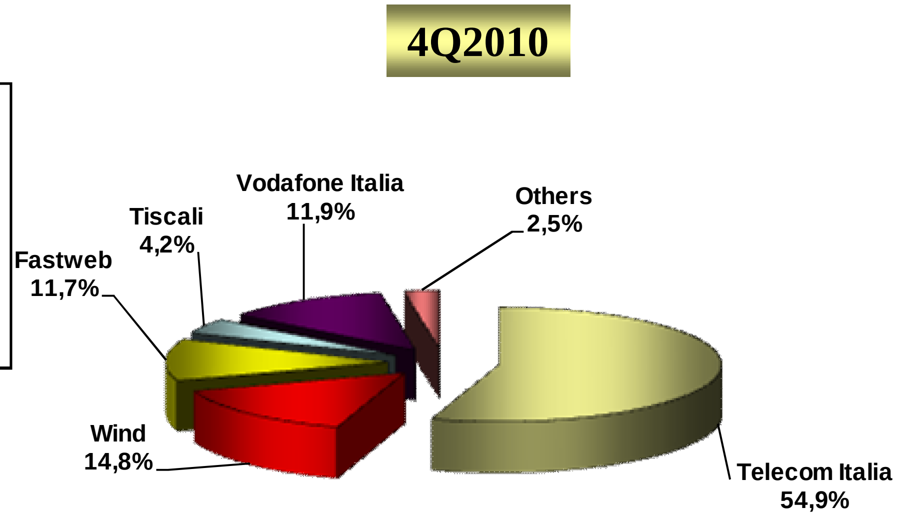
- In Q4, the number of new entrants direct access lines started increasing again, showing a 100 thousand growth, after the 3rdQ reduction.
- At EoY full unbundled access lines reached about 5 millions, starting to decline in the 3rd quarter.
- Wind is the first operator (in terms of direct access lines) with a 38.5% share, increasing by 1% on the share at the end of 2010.
- The second and third operators are Vodafone (increasing to 26.8%) and Fastweb (decreasing to 25.3%).

Source: Agcom on data provided by operators

3. Retail broadband access lines





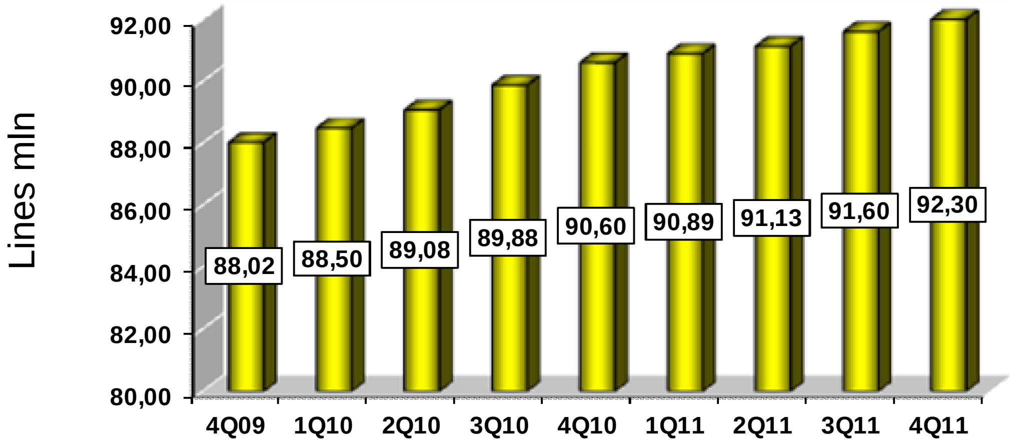


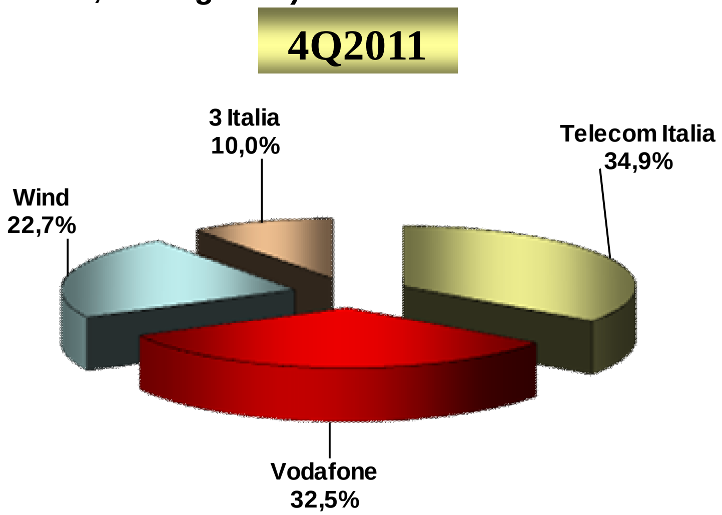
- YoY broadband growth was +400 thousands reaching 13.4 million lines at the end of Q4 (*).
- TI's market share (53,2%) falls, if compared to previous year, by 1.7%, Vodafone and Wind gain cumulatively about 2 p.p.
- Avg. download speed increased. YoY lines with nominal speed equal to or greater than 2 Mbit/s increased from 80.8% to 86.5%.

(*) – This is consistent with the reduction of 197.000 units in the number of access lines operated by Fastweb in the third quarter of 2011 that was due to the settlement of a litigation

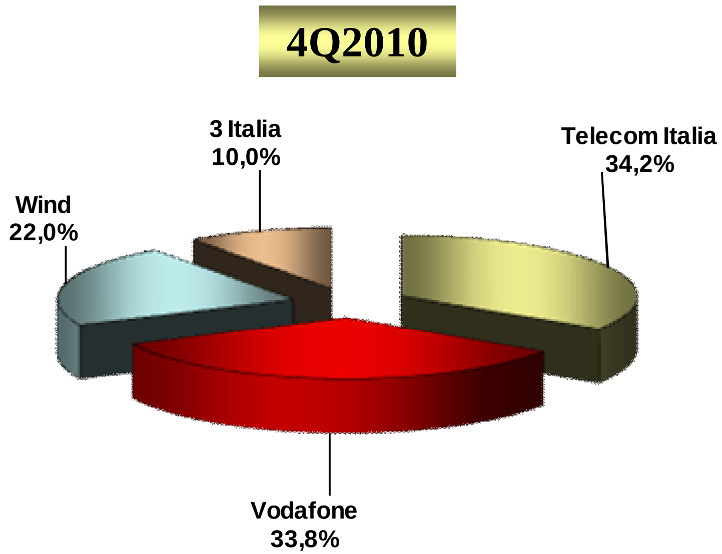
Source: Agcom on data provided by operators

4. Mobile subscribers – customer base (excl. Mvno, see figure 8)



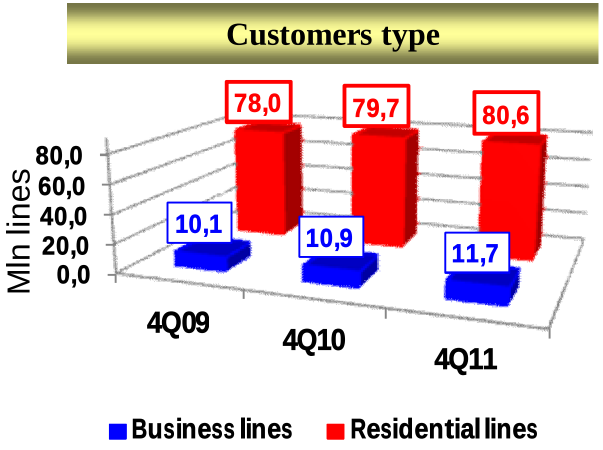


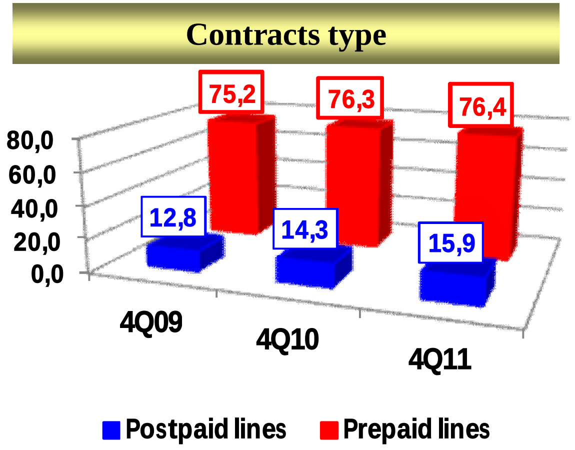
- On an annual basis, the growth of overall SIMs slows down (1.7 in 2011 vs. 2.6 millions in 2010).
- Almost all of the increase in the number of SIMs is due to the success of postpaid contracts.
- 45% of the growth in the customer base is due to business customers.
- TI and Wind market shares grow up (both +0.7%), Vodafone market share slows down by 1.3%.
- YoY, telephone traffic (more than 130 billion minutes) increased of almost 8%, SMSs sent (about 89 billion) increased by 3.7%.

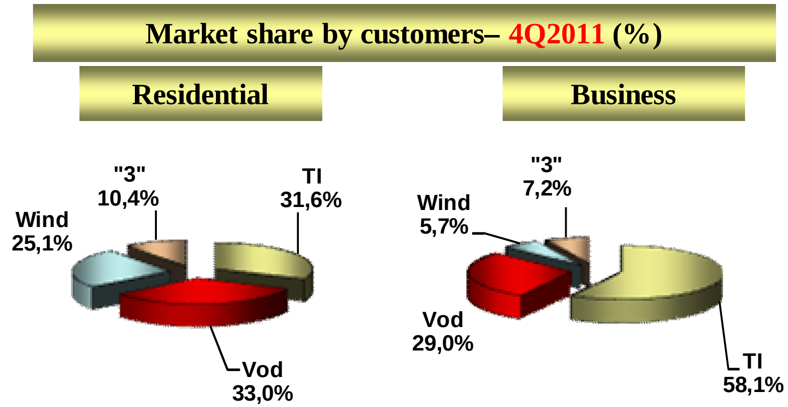


Source: Agcom on data provided by operators

5. Mobile subscribers – by customer/contract type

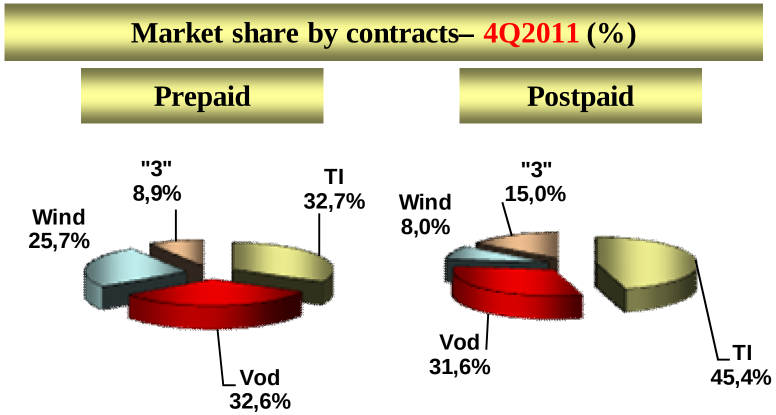






Customer type

- Business customers (11.7 mlns in December) have increased during the year by almost 800 thousands, in line with 2010 results.
- The business segment share on the total customer base increased from 12 to 12.7%.
- Vodafone leads the residential market (33%), followed by Telecom Italia and Wind.
- Telecom Italia holds a strong position in the business segment (58,1%).



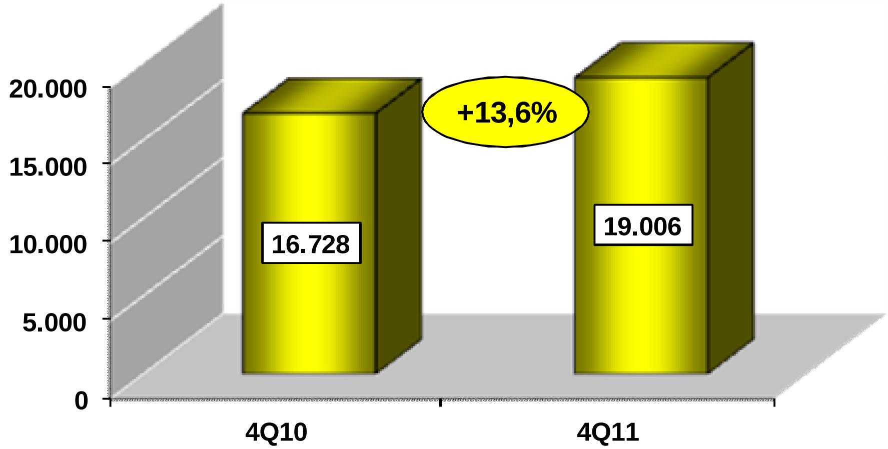
Contract type

- 82.7% of total lines are prepaid, a slight decrease from the end of 2010 share (84.2%).
- In the last two years postpaid lines increased by 3 millions.
- This is mainly due to the widespread use of smartphones and tablets which are usually sold in bundle with postpaid offers.
- Telecom Italia and Vodafone market shares are both slightly below 33% in the prepaid segment, while Telecom Italia exceeds 45% in the postpaid segment at EoY.

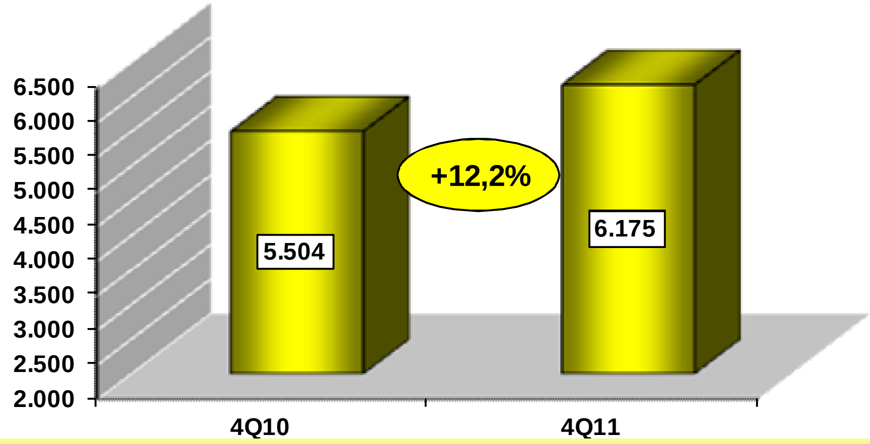
Source: Agcom on data provided by operators

6. Mobile broadband

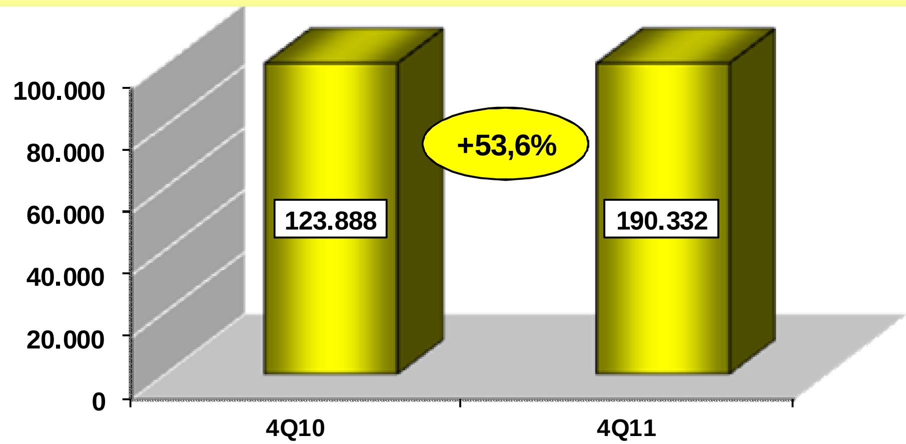
Sim data traffic (*1000)



Connect card (internet key) (*1000)



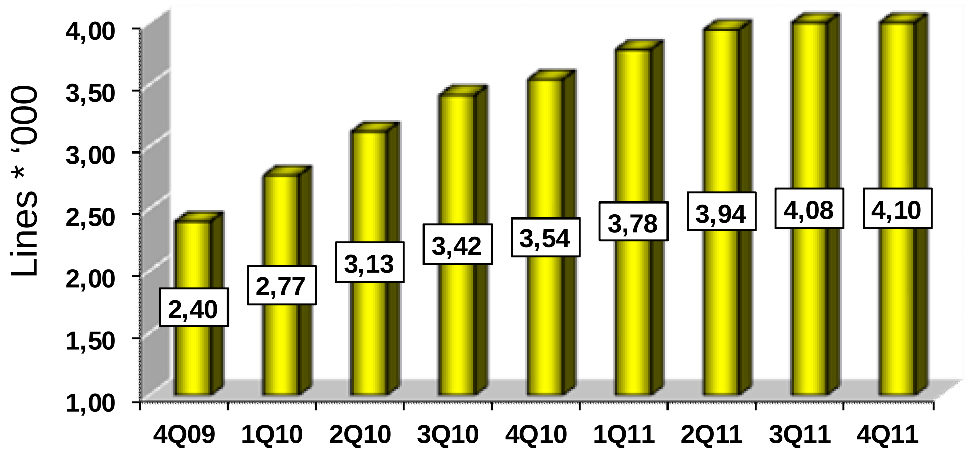
Data traffic from beginning year (terabyte)

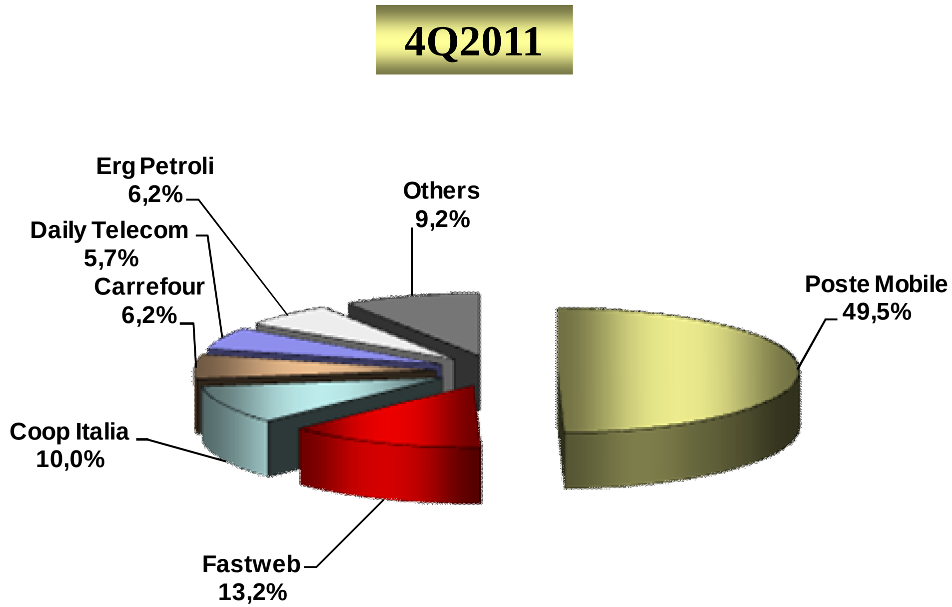


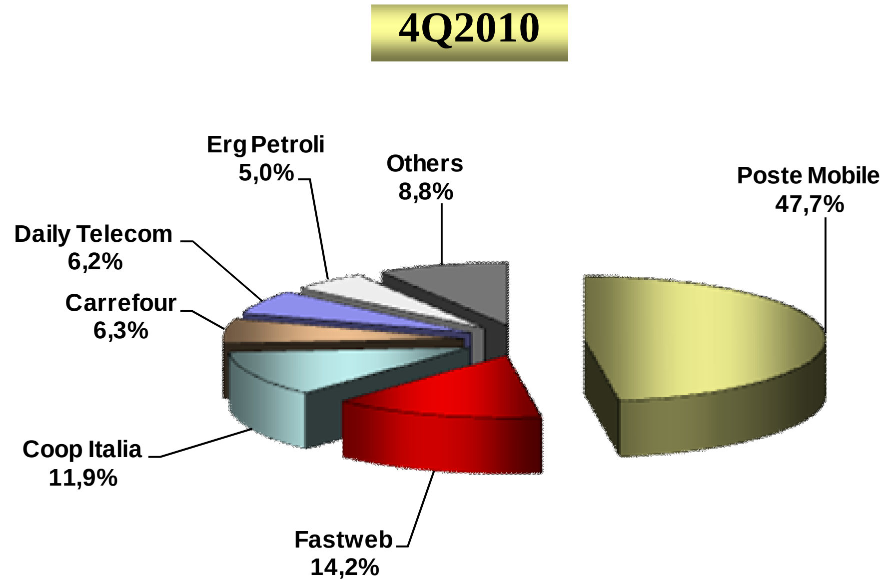
- In 4Q 2011, SIMs with broadband data traffic exceeded 19 million (+13.6% compared to Q4 2010), internet keys reached about 6.2 millions (+12.2%).
- This gives rise to an increase of 2.3 million active data SIMs, out of which 600 thousands are used in conjunction with internet keys and 1.7 millions with smartphones (with an increasing weight of tablets).
- During 2011, data traffic has grown more than 53%, with an increase of data traffic per SIM by about 35%.

Source: Agcom on data provided by operators

7. Mobile virtual operators (MVNO)



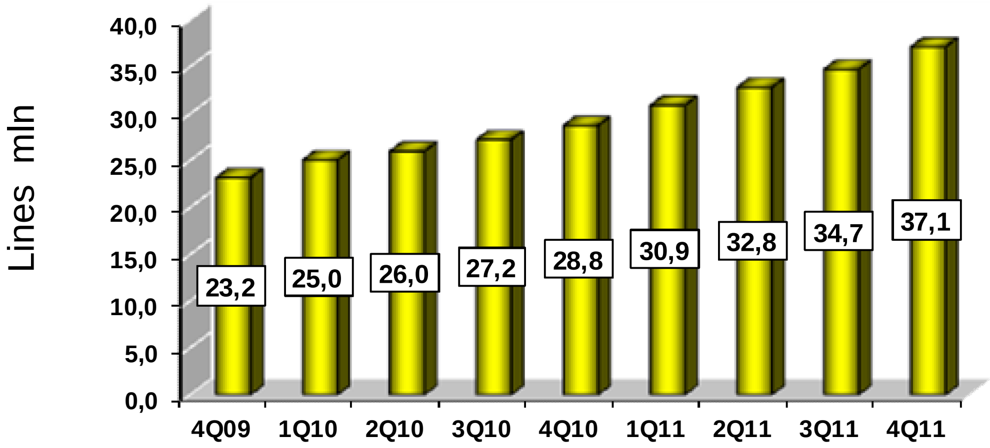




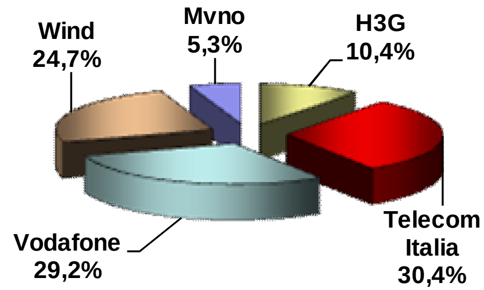
- The growth of MVNO subscribers continues (+0.6 millions in the last twelve months), leading to a total that exceeds 4.1 millions (around 4.3% of the total customer base).
- The MVNO customer base seems stabilized in the second half of the year (+200 thousands).
- Poste Mobile market share is nearly 50% (+1.7 percentage points) due to the integration of mobile and postal services.
- YoY, voice traffic and SMS sent increased by about 43% and more than 80%.

Source: Agcom on data provided by operators

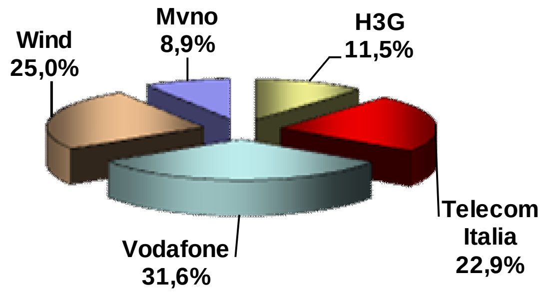
8. Mobile telephony: number portability



4Q11 - Lines as donor (in the quarter)



4Q11- Lines as recipient (in the quarter)



- In 4Q, the number of ported mobile lines reached 37.1 million (cumulative).
- Mobile virtual operators were able to gain more than 1m net adds in the number of lines.
- On a quarterly basis, H3G balance “donating-recipient" returns to be positive (from -31 thousand to +27 thousand ported lines).
- Vodafone’s net adds are constant, while TI’s (from -138 to -181 thousands ported lines) and Wind’s decreased (from +57 to +9 thousands).

Source: Agcom on data provided by operators