MONTHLY REPORT

February - 2011

Comisión del
Mercado de las
Telecomunicaciones

CONTENT

NOTES

1) Data from January 2011 onwards is colected from a representative subset of operators: eight for fixed telephony and 31 for mobile including new MVOs (21 operators report lines and 31 report data portability). Since data provided by operators is not consolidated there might be subsequent changes that shall appear on the following monthly reports.

2) The population figure used in 2011 corresponds to the update based on censuses of central so in 2001 the National Statistics Institute (INE)*,which at 1 January 2010 amounted to 47,021,031 inhabitants. This updated population data represents an increase of 275,224 inhabitants of the data used in 2010.

* Information available at www.ine.es

1. SNAPSHOT

1. FIXED LINES*

	FIXED TELEPHONY
Monthly variation	-12.641
Residential	6.791
Business	-19.432
Annual cumulative	-16.046
Total	19.729.926
Year-on-year variation rate (February 2011 - February 2010)	-0,7 %

2. MOBILE LINES**

	MOBILE TELEPHONY
Monthly variation	-41.892
Prepayment lines	-212.171
Prepayment lines	162.555
Datacards	7.724
Annual cumulative	163.966
Mobile lines	55.013.626
Machine to Machine lines (M2M)	2.270.475
Total	57.284.101
Year-on-year variation rate (February 2011 - February 2010)	5,2 %

3. BROADBAND LINES

	BROADBAND
Monthly variation	50.318
DSL	34.106
Cable modem	12.269
FTTH	3.943
Annual cumulative	113.637
Total	10.735.491
Year-on-year variation rate (February 2011 - February 2010)	7,8 %

* Ono made an adjustment in its fixed corporate lines reported figures for January 2011, increasing by 20,498 lines.
** From January 2011 onwards, datacard lines are detailed separately from mobile lines but they are included in Total mobile lines figure as in previous months.

2. FIXED TELEPHONY

A) LINES

In February the total amount of fixed lines decreased by 12.641 lines. At the end of the month, a total of 19.729.926 lines were registered. This figure represented a Year-on-Year decrease of 0,7 per 100 and a proportion of 42 lines per 100 inhabitants.

4. FIXED LINES

	RESIDENTIAL	BUSINESS	TOTAL
Monthly variation	6.791	-19.432	-12.641

5. CUMULATIVE LINES

	February 2011	Y-o-Y VARIATION RATE February 2011- February 2010
Residential	13.284.210	1,0 %
Business	6.445.716	-4,0 %
Total	19.729.926	-0,7 %

6. PENETRATION

	February 2010	February 2011
Lines / 100 inhabitans	42,5	42,0

B) PORTABILITY AND PRE-SELECTION

In February, 176.248 fixed numbers were transferred, a 16,3 per 100 more than the figure registered in February 2010. The number of pre-selected lines decreased by 16.731 lines.

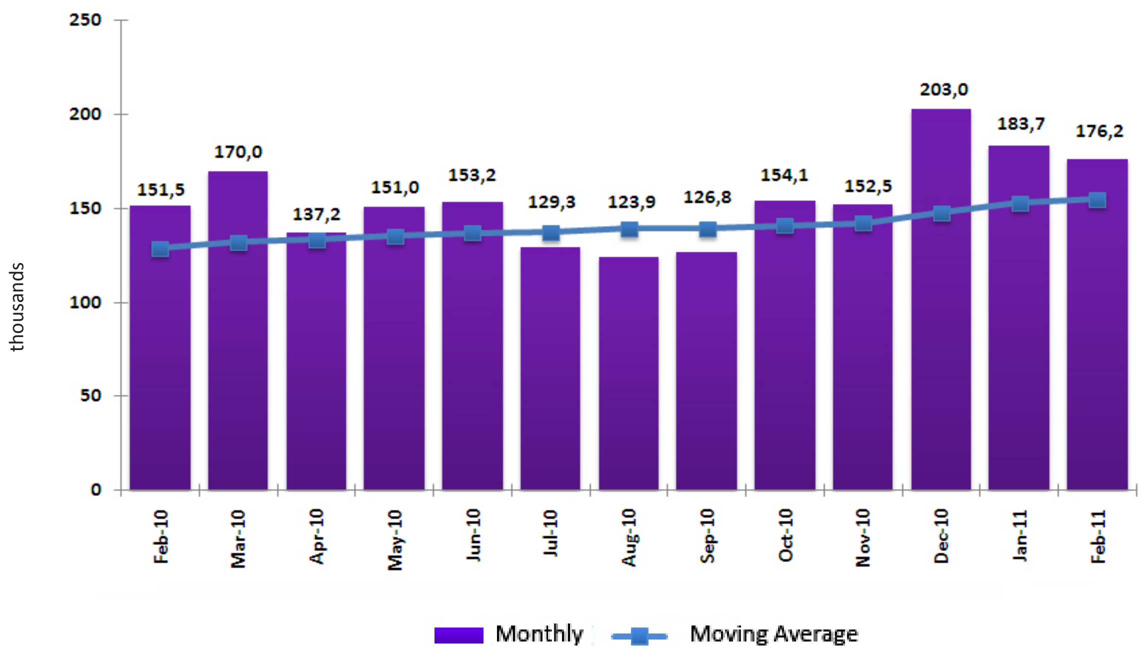
7. PORTABILITY AND PRE-SELECTION

	February 2010	February 2011
Monthly variation of portability*	151.508	176.248
Monthly variation of pre-selection	-39.054	-16.731

8. PORTABILITY AND PRE-SELECTION : CUMULATIVE

	February 2011	Y-o-Y VARIATION RATE February 2011 - February 2010
Annual cumulative of portability*	359.921	32,0 %
Annual cumulative of pre-selection	-31.931	-51,4 %

9. MONTHLY PORTABILITY AND MOVING AVERAGE EVOLUTION



* Part of February 2011 increase can be explained by a significant volume of numbers transferred/carried between Opera and Incotel. This volume represents a 5,7% (10.120 numbers) of the total February 2011 fixed portabilities.

3. MOBILE TELEPHONY

A) MOBILE LINES*

In February, the total number of mobile lines and datacards decreased by 41.892 lines. In turn, mobile lines declined by 49.616 lines and datacards grew up to 7.724 lines. At the end of the month a total of 55.013.626 lines were registered. This figure implies a Year-on-Year growth of 4,8 per 100 vs February 2010 and a proportion of 117 lines per 100 inhabitants.

10. MOBILE LINES

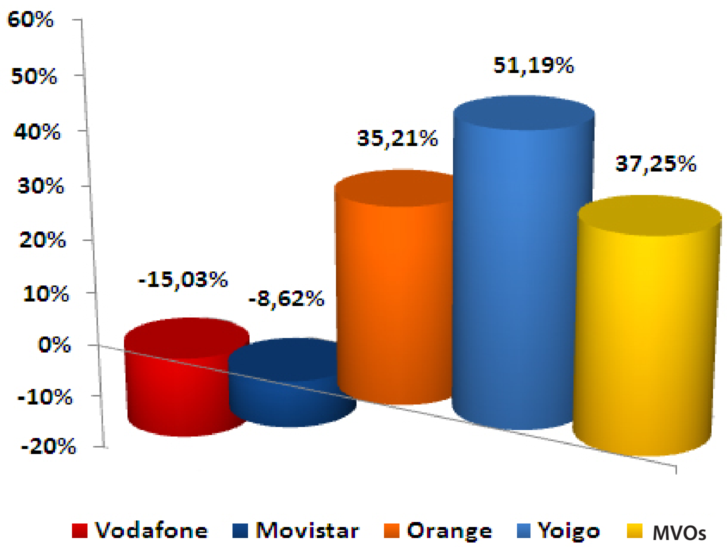
	Prepayment	Postpayment	Datacards	Total
Monthly variation	-212.171	162.555	7.724	-41.892

11. CUMULATIVE LINES

	February 2011	Y-o-Y VARIATION RATE February 2011 - February 2010
Prepayment lines	19.946.944	-0,4%
Postpayment lines	31.704.521	4,4%
Datacards	3.362.161	60,8%
Mobile lines	55.013.626	4,8%
Machine to Machine lines	2.270.475	17,9%
Total	57.284.101	5,2%

* Mobile lines are understood as lines associated to personal communications, i.e. lines related to mobile terminals and/or data cards. Lines associated to telemetry (M2M) services are excluded. Therefore in tables 10 and 13 and graphics 12 and 14 M2M lines are not considered.

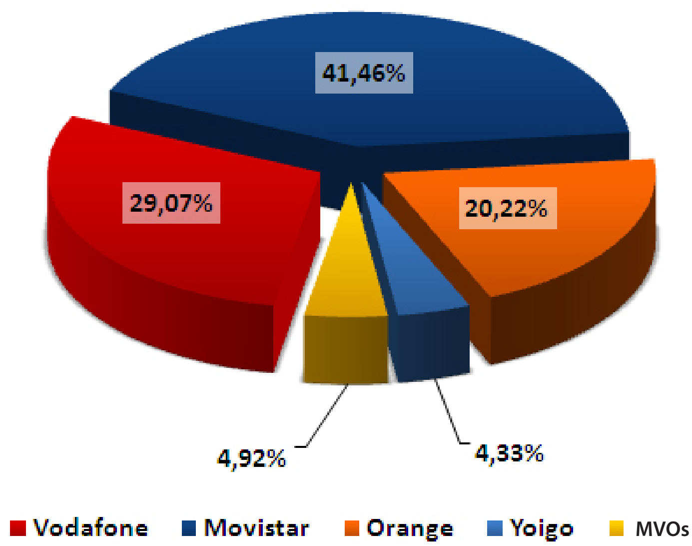
12. LINES NET GAIN SHARE*



13. PENETRATION

	February 2010	February 2011
Mobile lines / 100 inhabitants	114,1	117,0

14. MOBILE LINES MARKET SHARE



* Average of mobile lines (datacards included) gained by operators in last 3 months over all lines gained by all operators during the same period.

In January 2011, 3 new mobile virtual operators (MVO) were included in the report. In order to eliminate the statistical effect of these new operators lines on the market share graph, the mobile lines share for January 2011 is calculated based on last three months net gain of lines, taking into account the mobile lines that operators reported for those previous months.

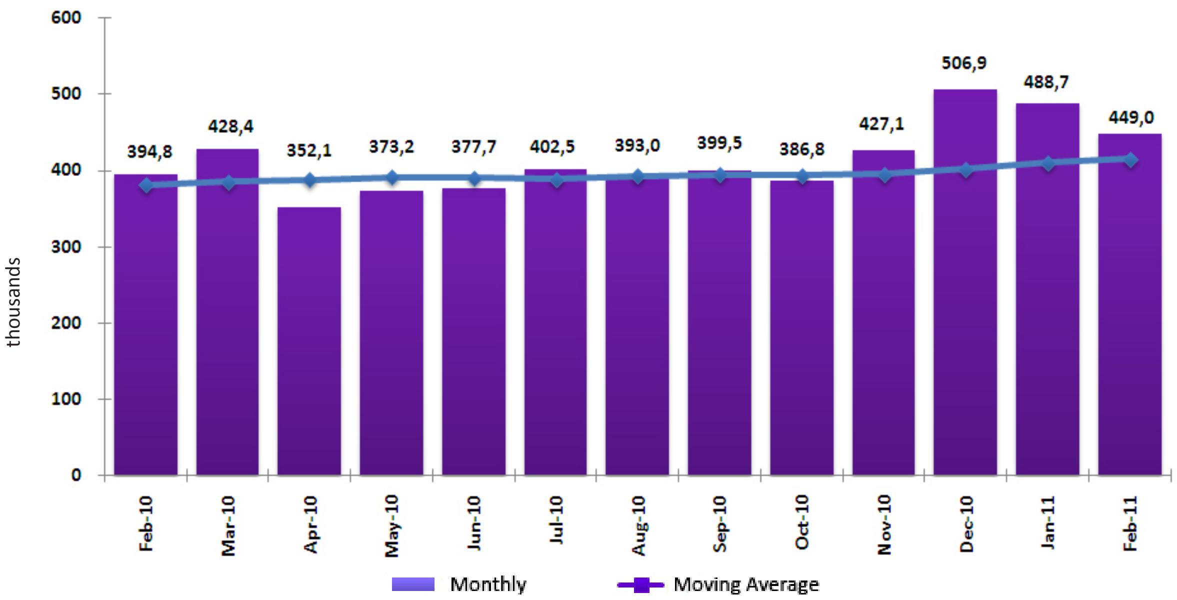
B) PORTABILITY

In February a total of 448.996 mobile numbers were transferred. This figure implies a Year-on-Year increase of 13,7 per 100 vs February 2010.

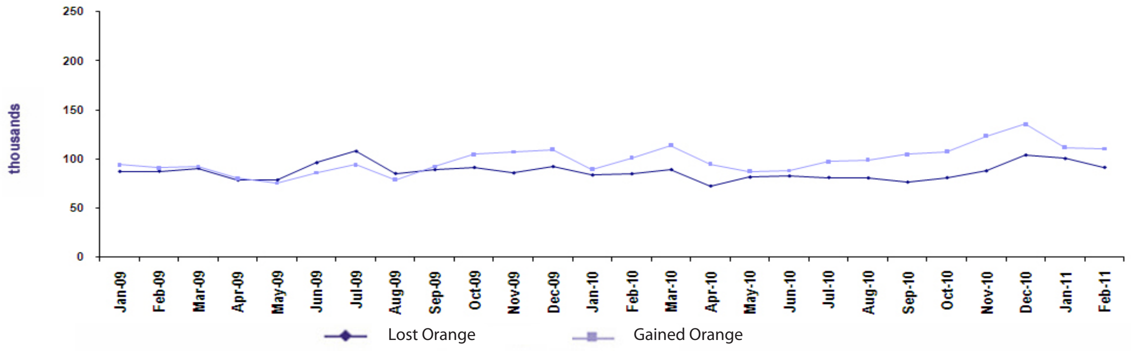
15. PORTABILITY

	February 2011	Y-o-Y VARIATION RATE February 2011 - February 2010
Monthly variation	448.996	13,7 %

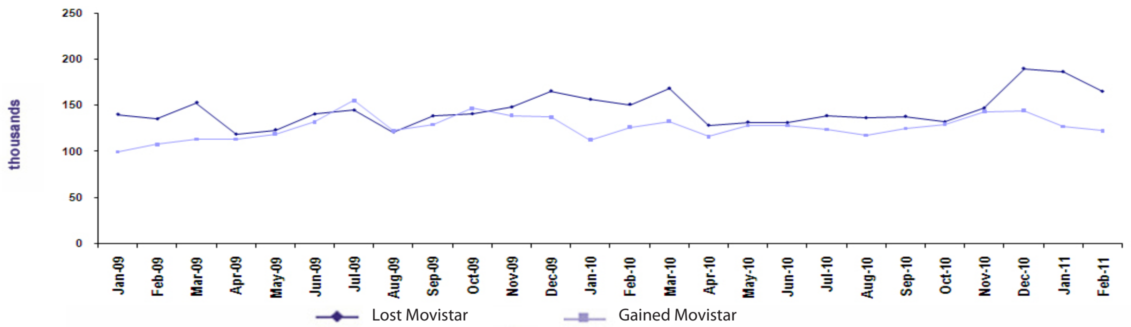
16. MONTHLY EVOLUTION OF PORTABILITY AND MOVING AVERAGE



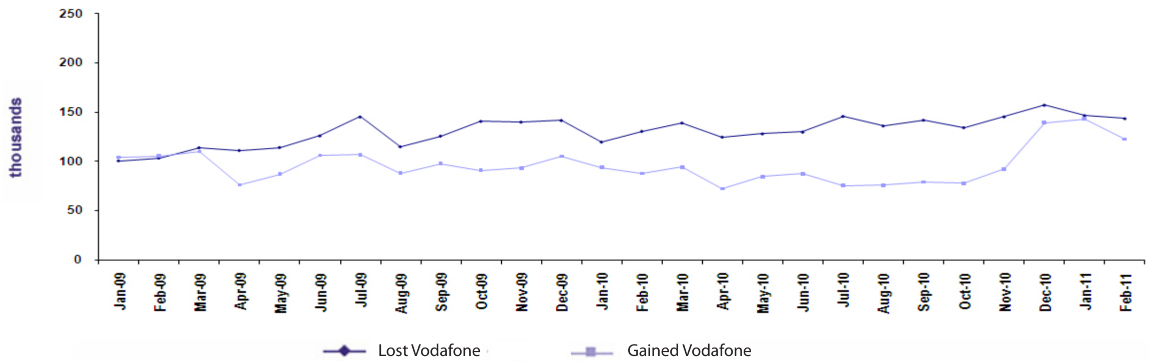
17. ORANGE´S MONTHLY EVOLUTION



18. MOVISTAR´S MONTHLY EVOLUTION



19. VODAFONE´S MONTHLY EVOLUTION



20. LINES

	EXPORTED (lost)	IMPORTED (gained)
Movistar	165.017	122.394
Vodafone	143.617	122.530
Orange	91.290	110.156
Yoigo	27.066	62.933
MVOs	22.006	30.983

4. BROADBAND

A) RETAIL*

In February 2011, the number of broadband lines increased by 50.318. By the end of the month a total of 10.735.491 broadband lines were registered. This figure implies a Year-on-Year increase of 7,8 per 100 and a proportion of 22,8 lines per 100 inhabitants.

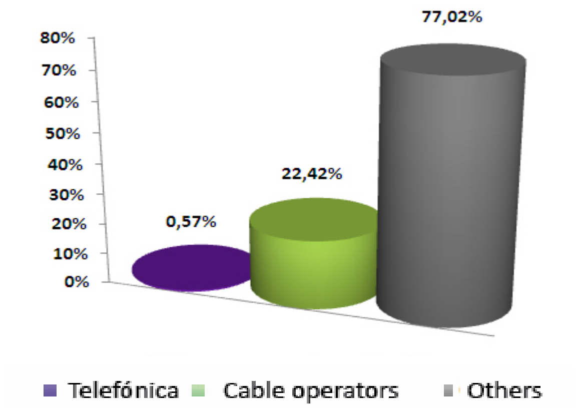
21. BROADBAND LINES

	DSL	CABLE MODEM	FTTH	TOTAL
Monthly variation	34.106	12.269	3.943	50.318

22. CUMULATIVE LINES

	February 2011	Y-o-Y VARIATION RATE February 2011 - February 2010
Broadband	10.735.491	7,8 %
DSL**	8.686.455	7,8 %
Telefónica	5.546.369	1,8 %
Others	3.140.086	20,1 %
Cable modem	1.982.996	5,6 %
FTTH	66.040	231,5 %

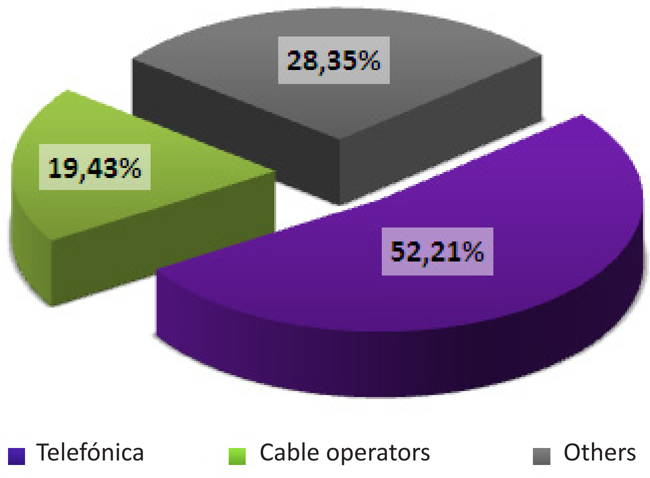
23. LINES NET GAIN SHARE***



In February the number of DSL lines increased by 34.106, meaning at the end of month a total of 8.686.455 lines. On the other hand, cable modem lines have increased by 12.269 reaching a total of 1.982.996 lines. Regarding FTTH, these lines registered an increase of 3.943 and a total of 66.040 lines.

* Wireless access lines are not included.
** All fully unbundled loops are considered to be supplying DSL services. There is no breakdown by speed available.
*** Average of broadband lines gained by each operator on the last 3 months over the average of total lines gained by all operators within the same period. In order to eliminate the statistical effect of these new FTTH lines on the lines net gain share graph, the FTTH lines variation for January 2011 is calculated based on last three months net gain of lines, taking into account the FTTH lines that operators reported for those previous months.

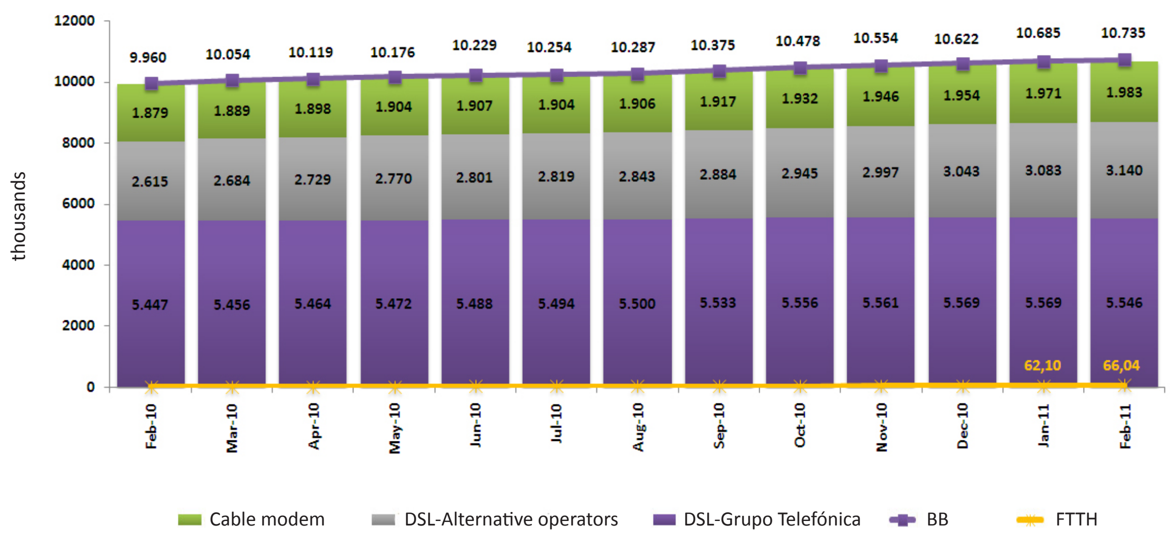
24. BROADBAND LINES MARKET SHARE



25. PENETRATION

	February 2010	February 2011
Lines / 100 inhabitants	21,3	22,8

26. BROADBAND EVOLUTION



B) WHOLESALE

INDIRECT ACCESS AND UNBUNDLED LOOPS

In February indirect access increased by 18.351 lines, representing at the end of the month a total of 602.707 accesses opposite to 2.537.379 unbundled loops. Regarding indirect access, a total of 225.782 accesses were naked accesses (indirect w/o TTS).

27. INDIRECT ACCESS

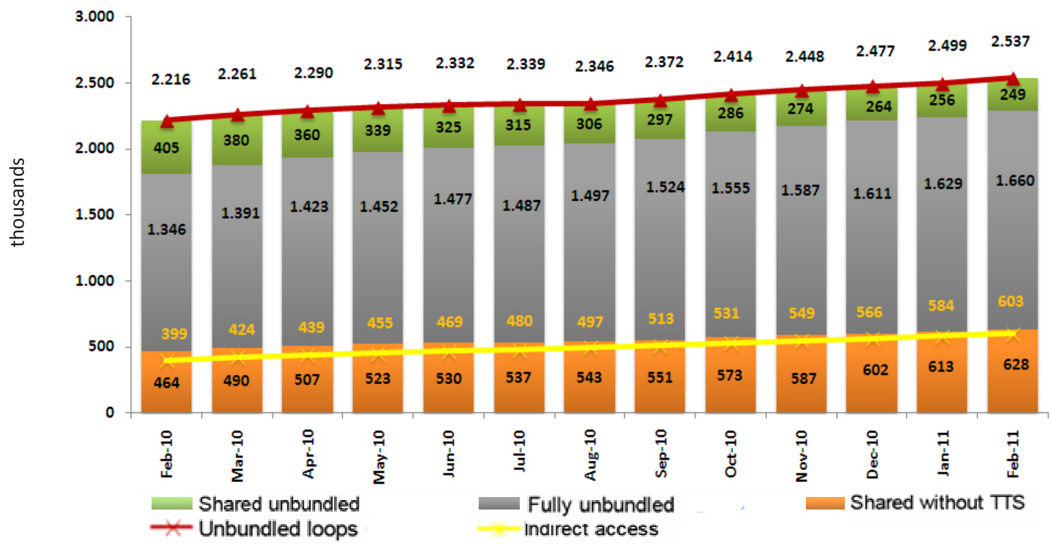
	GIGADSL	ADSL IP	TOTAL
Monthly variation	1.406	16.945	18.351
Total Cumulative	150.224	452.483	602.707
Year-on-Year variation rate (February 2011 - February 2010)			50,9 %

Unbundled loops have increased by 38.863, meaning 23,6 per 100 of final broadband lines. By types, fully unbundled loops increased by 30.635, reaching a total cumulative of 1.659.864. In turn, shared unbundled loops decreased by 6.640, while shared unbundled loops without traditional telephone service (shared w/o TTS) increased by 14.868 reaching a total cumulative of 249.181 and 628.334 loops, respectively.

28. UNBUNDLED LOOPS*

	FULLY UNBUNDLED	SHARED W/O TTS	SHARED UNBUNDLED	TOTAL
Monthly variation	30.635	14.868	-6.640	38.863
Total Cumulative	1.659.864	628.334	249.181	2.537.379
Year-on-Year variation rate (February 2011 - February 2010)				14,5 %

29. ACCESS MODALITIES EVOLUTION



* There are 3 possibilities for hiring local loops:
- Fully unbundled service, according to which the alternative operator is allowed to use all the frequencies of the copper pair.
- Shared unbundled service without traditional telephone service, when the alternative operator only uses the high frequencies of the cooper pair to offer broadband services.
- Shared unbundled service, in which Telefónica uses low frequencies to offer traditional telephone services, while the alternative operator uses high frequencies of the cooper pair to offer broadband services.