# Households panel survey 20th Edition

## 2nd Quarter 2008 April-June

MINISTERIO DE INDUSTRIA, TURISMO Y COMERCIO
red.es
ontsi observatorio nacional de las telecomunicaciones y de la SI

# HIGHLIGHTS

**In the second quarter of 2008 Spanish households spent €3.199 billion on ICT services**

Household expenditure on landline telephony, mobile telephony, Internet and Pay TV was €3.199 billion in the second quarter of 2008, which represents a year on year increase of 6% and is €177 million more than in the same period of the previous year.

**The monthly expenditure in households with two, three or four ICT services was around €30-€31 per service**

At around €30-€31 per service, the monthly expenditure in households with two, three of four services has changed little since 2007, while the average cost for households with one service has oscillated between €45-€50 throughout the year since the second quarter of 2007.

**The number of minutes of landline telephony calls per household and month rose by 11% to 213, whilst average expenditure increased 3%, reaching €29.80.**

Total landline telephony traffic increased compared with the previous year; the number of direct access minutes rose sharply by 15%, whilst indirect access minutes fell by 20%.

**Expenditure on mobile telephony continued its upward trend with a year on year growth of 7%**

Each household spent an average of €2.00 more than a year ago, with average monthly expenditure reaching €38.80 in the second quarter of 2008, compared with €36.80 in April-June 2007.

**Year on year decrease in Pay TV expenditure for the second consecutive quarter, with a drop of 4%**

Expenditure on Pay TV in April-June 2008 amounted to €297 million, which represented a year on year decrease of 4%. This reduction in spending was due partially to a small drop in fees and an increase in the discounts applied by operators. The reduction in total spending was cushioned by the rise in Pay per View (PPV) expenditure.

**Monthly Internet expenditure per home remained stable at €26.00, only €0.20 more than last year**

ADSL technology accounted for 75.3% of the Internet expenditure, which is similar to last year's figure, while cable increased its share by 3.8 points, approaching 23%. PSTN lost ground and expenditure on this technology is now minor, around 2% of the total.

***19th Edition***
***January-March 2008***

The marked headings contain information relating to the previous edition or quarter, that is, the 19th Edition/1st Quarter.

This is because this report corresponds to an edition that is not based on questionnaires. Said information is obtained half-yearly, in alternate editions, while information from invoices is collected quarterly, as is the case of this 20th Edition/2nd Quarter.

# CONTENTS

# 1. ATTITUDES TOWARDS THE NEW TECHNOLOGIES

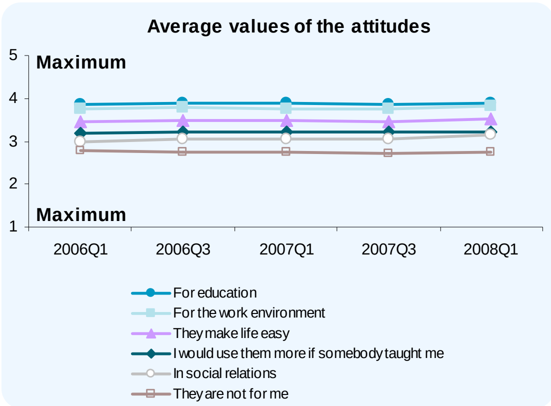


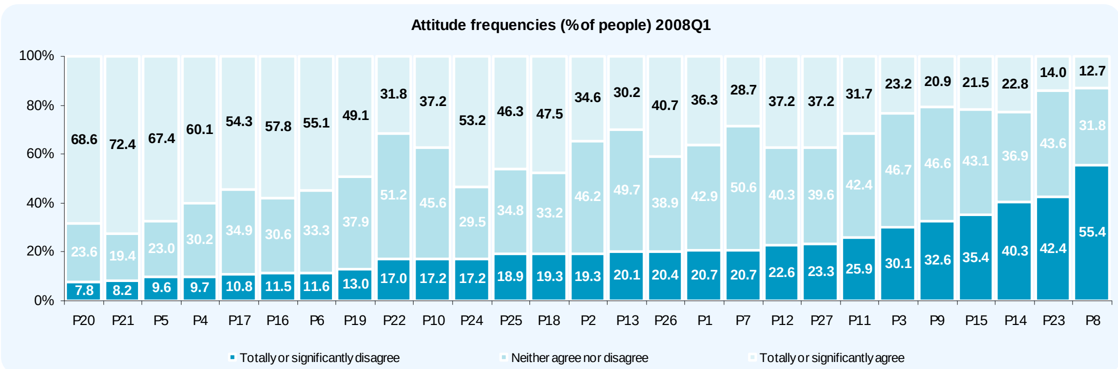
## 1.1. Attitudes

| Average values (1 totally disagree- 5 totally agree) | | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|
| P21 | Knowledge of the new technologies will be fundamental in education | 3.84 | 3.89 | 3.88 | 3.84 | **3.88** |
| P5 | Public Administrations should help spread information about new technologies | 3.86 | 3.84 | 3.86 | 3.81 | **3.80** |
| P20 | Knowledge of the new technologies is important in the work environment | 3.74 | 3.79 | 3.77 | 3.76 | **3.83** |
| P4 | The new technologies often do not justify their price | 3.66 | 3.66 | 3.65 | 3.64 | **3.63** |
| P16 | Those who do not adapt to the new technologies are going to find things difficult | 3.52 | 3.53 | 3.55 | 3.52 | **3.59** |
| P6 | The new technologies help to resolve some problems | 3.49 | 3.50 | 3.51 | 3.51 | **3.50** |
| P17 | The new technologies make life easier and more comfortable | 3.46 | 3.49 | 3.48 | 3.47 | **3.52** |
| P19 | The new technologies make it difficult to separate work from leisure time | 3.42 | 3.46 | 3.47 | 3.48 | **3.46** |
| P24 | My relationship with the new technologies is very practical | 3.40 | 3.43 | 3.44 | 3.42 | **3.44** |
| P18 | The new technologies lead people to communicate less | 3.42 | 3.41 | 3.39 | 3.42 | **3.39** |
| P25 | I am only interested in technologies that are easy to set up and use | 3.33 | 3.32 | 3.32 | 3.28 | **3.32** |
| P27 | The Internet has more disadvantages for children than advantages | 3.22 | 3.18 | 3.22 | 3.21 | **3.19** |
| P22 | The new technologies do not fulfil all the promises | 3.20 | 3.20 | 3.22 | 3.21 | **3.17** |
| P26 | I would use more technological products and services if someone taught me | 3.17 | 3.21 | 3.22 | 3.22 | **3.23** |
| P10 | The NTs allow me to do what I want, when and where I want | 3.12 | 3.18 | 3.17 | 3.18 | **3.22** |
| P2 | I am interested in the new technologies, but I find them very expensive | 3.23 | 3.21 | 3.15 | 3.20 | **3.19** |
| P1 | Price is the most important factor for me when choosing | 3.19 | 3.18 | 3.15 | 3.19 | **3.20** |
| P7 | I am not planning on buying NTs until their prices drop | 3.14 | 3.13 | 3.12 | 3.12 | **3.10** |
| P13 | I will join in when they have been sufficiently tested | 3.15 | 3.15 | 3.11 | 3.11 | **3.08** |
| P12 | Some knowledge of NTs is important for social relations | 2.99 | 3.07 | 3.06 | 3.05 | **3.14** |
| P11 | I like to try the new technological advances | 2.98 | 3.02 | 3.02 | 3.01 | **3.04** |
| P15 | I am not sure what the new technologies can do for me | 2.85 | 2.83 | 2.84 | 2.83 | **2.81** |
| P9 | I will start to use NTs when I see several other people using them | 2.77 | 2.81 | 2.79 | 2.83 | **2.80** |
| P3 | The new technologies help me to develop as a person | 2.77 | 2.83 | 2.77 | 2.83 | **2.87** |
| P14 | The new technologies are not for me | 2.79 | 2.73 | 2.74 | 2.72 | **2.75** |
| P23 | Shopping on the Internet is safe | 2.52 | 2.52 | 2.58 | 2.60 | **2.57** |
| P8 | I am one of the first to buy NTs in my environment | 2.30 | 2.34 | 2.33 | 2.36 | **2.36** |

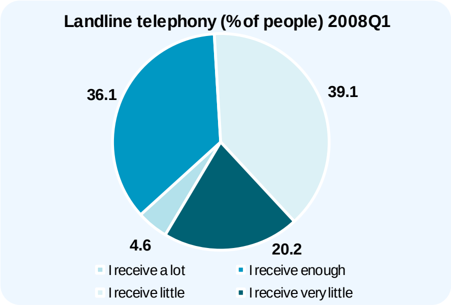
The positive attitude towards new technologies remains virtually unchanged. In the last period studied, corresponding to the first few months of 2008, there seems to be a slight increase in the importance given to the new technologies within social relations.

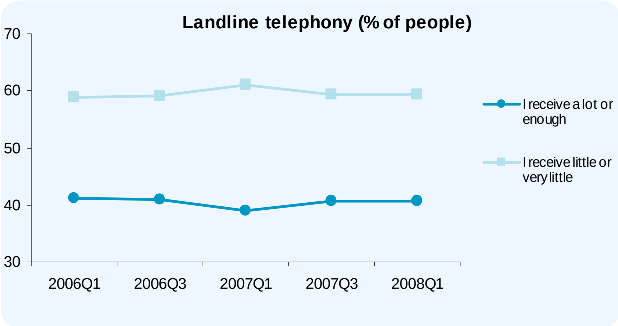
Seven out of ten people considered these new technologies are essential for education and in the work environment.



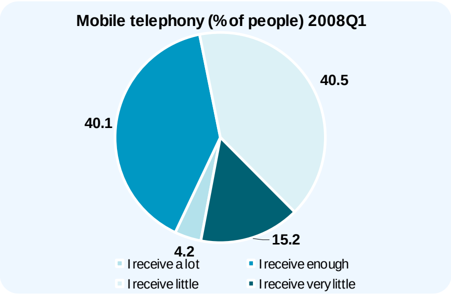
## 1.2. ITC services price-value relationship

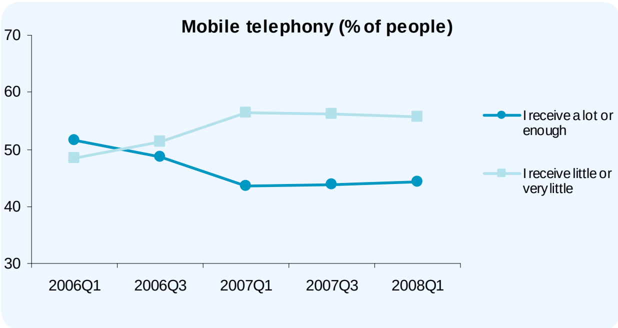



| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| I receive a lot | 4.2 | 4.4 | 4.2 | 4.8 | 4.6 |
| I receive enough | 36.9 | 36.4 | 34.8 | 35.9 | 36.1 |
| I receive little | 38.5 | 39.8 | 40.8 | 40.0 | 39.1 |
| I receive very little | 20.4 | 19.4 | 20.2 | 19.3 | 20.2 |

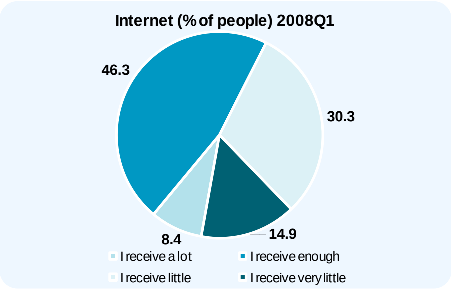
Four out of ten people declared they receive a lot or enough landline telephony services for their money, compared with six out of ten who considered they receive little or very little.

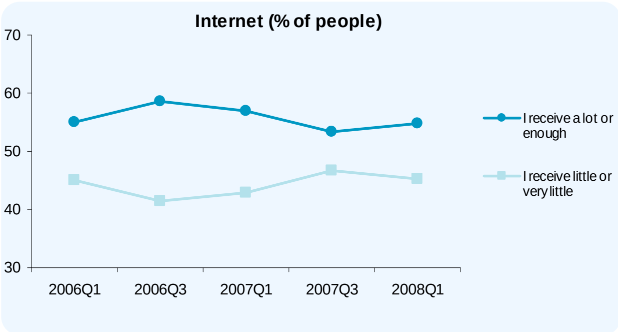



| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| I receive a lot | 4.1 | 4.5 | 3.2 | 4.0 | 4.2 |
| I receive enough | 47.5 | 44.2 | 40.4 | 39.7 | 40.1 |
| I receive little | 34.9 | 38.3 | 39.5 | 39.4 | 40.5 |
| I receive very little | 13.6 | 13.0 | 16.9 | 16.9 | 15.2 |

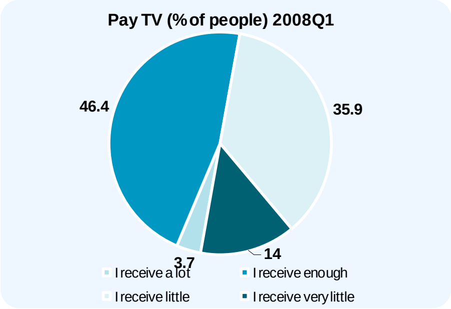
During the first quarter of 2008, 44.3% of those aged 15 or over considered they receive a lot or enough mobile telephony services.

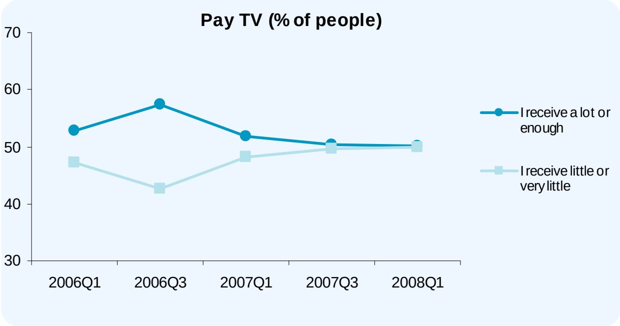



| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| I receive a lot | 8.6 | 8.8 | 8.0 | 9.0 | 8.4 |
| I receive enough | 46.5 | 49.7 | 49.0 | 44.3 | 46.3 |
| I receive little | 32.1 | 29.8 | 29.3 | 32.5 | 30.3 |
| I receive very little | 12.8 | 11.7 | 13.6 | 14.2 | 14.9 |

The Internet continues to offer the best price-value relationship and has been considered even more positively this last half year, with 54.7% declaring that they receive a lot or enough services for their money.



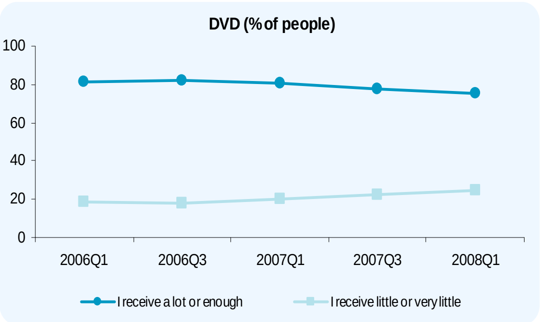

Likewise, during the first quarter of 2008 half the people aged 15 and over considered that Pay TV also offers a good ratio between price and the evaluation of the services provided.

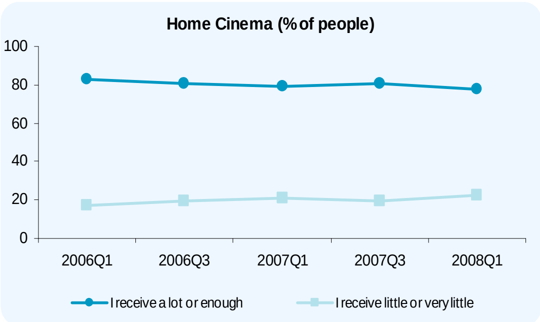
| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| I receive a lot | 6.7 | 5.6 | 4.9 | 4.2 | **3.7** |
| I receive enough | 46.1 | 51.8 | 47.0 | 46.1 | **46.4** |
| I receive little | 31.7 | 32.8 | 32.8 | 35.6 | **35.9** |
| I receive very little | 15.6 | 9.8 | 15.4 | 14.1 | **14.0** |

## 1.3. ICT equipment price-value relationship

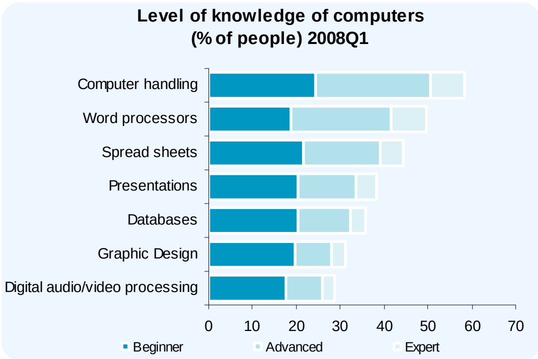
| | % of individuals | 2005Q3 | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|---|
| **DVD** | I receive a lot | 13.1 | 13.1 | 13.4 | 12.5 | 12.8 | **11.4** |
| | I receive enough | 70.1 | 68.5 | 68.6 | 67.8 | 64.9 | **64.0** |
| | I receive little | 12.2 | 12.5 | 12.3 | 14.2 | 15.7 | **16.7** |
| | I receive very little | 4.6 | 6.1 | 5.8 | 5.6 | 6.6 | **8.0** |
| **Home Cinema** | I receive a lot | 15.9 | 15.8 | 11.9 | 12.9 | 16.7 | **13.1** |
| | I receive enough | 69.0 | 67.2 | 69.0 | 65.9 | 63.8 | **64.7** |
| | I receive little | 10.6 | 12.6 | 15.6 | 14.1 | 14.5 | **14.2** |
| | I receive very little | 4.6 | 4.4 | 3.5 | 7.1 | 5.0 | **8.0** |
| **Games console** | I receive a lot | 14.6 | 14.9 | 12.3 | 11.4 | 12.0 | **11.0** |
| | I receive enough | 58.3 | 57.2 | 58.6 | 58.7 | 56.7 | **54.2** |
| | I receive little | 18.0 | 19.1 | 17.7 | 19.3 | 22.1 | **23.0** |
| | I receive very little | 9.1 | 8.9 | 11.3 | 10.6 | 9.2 | **11.8** |

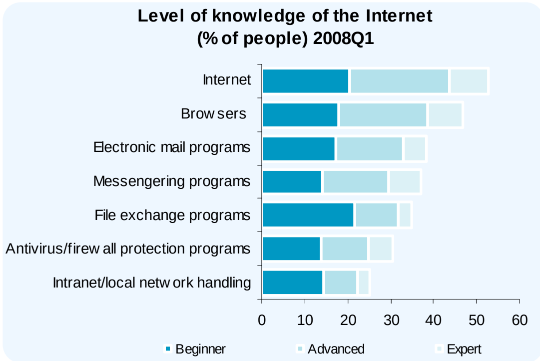
Regarding ICT devices in the home, it should be noted that three out of four people aged 15 and over declared they receive a lot or enough for what they pay for DVD (75.4%) or Home Cinema (77.8%) equipment. Although these are very positive results, the price-value ratio for these devices has dropped slightly during the last year.



## 1.4. Level of knowledge of computers and the Internet




Six out of ten people aged 15 and over declared to know how to operate a computer (58.2%) and a half of the Spanish population have some knowledge of text processors (49.5%).

It is also interesting that five out of ten Spanish people have some knowledge regarding the Internet (52.7%), and three out of ten call themselves expert or advanced users, while two out of ten consider themselves as beginners. Almost a half of the population (46.8%) knows how to use a web browser.

### *Computer* knowledge

| % of people (2008Q1) | Beginner | Advanced | Expert | I am not a user | DK/NA |
|---|---|---|---|---|---|
| Computer handling | 24.3 | 26.2 | 7.7 | 31.5 | 10.3 |
| Word processors | 18.9 | 22.8 | 7.8 | 38.0 | 12.5 |
| Spread sheets | 21.7 | 17.3 | 5.4 | 43.0 | 12.7 |
| Presentations | 20.3 | 13.3 | 4.8 | 48.9 | 12.7 |
| Databases | 20.2 | 12.1 | 3.4 | 51.2 | 13.0 |
| Graphic Design | 19.7 | 8.3 | 3.0 | 55.7 | 13.3 |
| Digital audio/video processing | 17.7 | 8.2 | 2.7 | 58.2 | 13.3 |

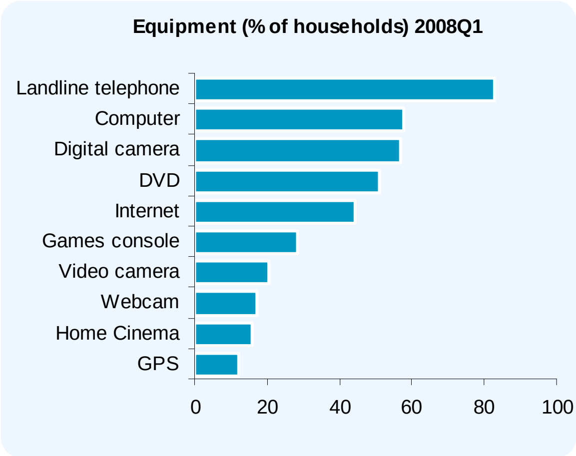
### *Internet* knowledge

| % of people (2008Q1) | Beginner | Advanced | Expert | I am not a user | DK/NA |
|---|---|---|---|---|---|
| Internet | 20.5 | 23.1 | 9.1 | 35.0 | 12.3 |
| Browsers | 17.8 | 20.9 | 8.1 | 40.3 | 12.9 |
| Electronic mail programs | 17.2 | 15.8 | 5.5 | 48.6 | 12.9 |
| Messengering programs | 14.0 | 15.4 | 7.5 | 50.1 | 13.0 |
| Antivirus/firewall protection programs | 13.8 | 11.1 | 5.5 | 56.6 | 13.1 |
| File exchange programs | 21.7 | 10.2 | 3.1 | 52.2 | 12.8 |
| Intranet/local network handling | 14.6 | 7.6 | 3.0 | 61.6 | 13.2 |

## 2. ICT EQUIPMENT

19th Edition
January-March 2008

### 2.1. Household equipment[1]

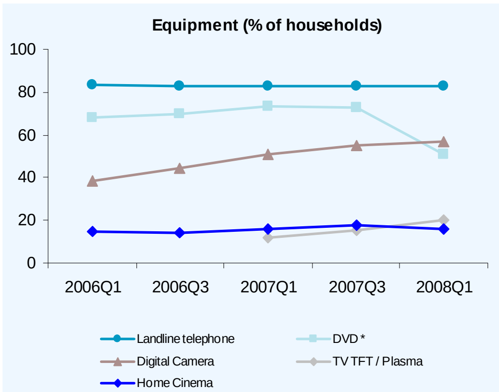



The personal computer is one of the most common ICT devices found in households, present in about 60% of them, as well as digital cameras, which have a penetration of 57.1%. The latter, together with TFT and plasma televisions and GPS, have shown the highest growth rates during the last year with increases of 6.5, 8.7 and 5.8 percentage points, respectively.

| % of households | Landline telephone | DVD * | Computer | Digital Camera | Internet | Video console | Digital video camera | TV TFT / Plasma | Home Cinema | Webcam | GPS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006Q1 | 83.5 | 68.3 | 51.5 | 38.4 | 33.9 | 24.7 | 15.3 | 0.0 | 14.5 | 10.6 | 2.6 |
| 2006Q3 | 82.8 | 69.8 | 54.1 | 44.4 | 35.6 | 24.4 | 15.7 | 0.0 | 14.3 | 11.4 | 4.1 |
| 2007Q1 | 82.7 | 73.5 | 57.8 | 50.6 | 40.0 | 27.6 | 17.0 | 11.7 | 16.2 | 15.1 | 6.2 |
| 2007Q3 | 82.7 | 72.9 | 57.8 | 54.8 | 42.2 | 27.2 | 21.0 | 15.2 | 17.6 | 17.6 | 9.4 |
| 2008Q1 | 83.0 | 50.9 | 57.7 | 57.1 | 44.5 | 28.3 | 20.5 | 20.4 | 15.8 | 17.0 | 12.0 |

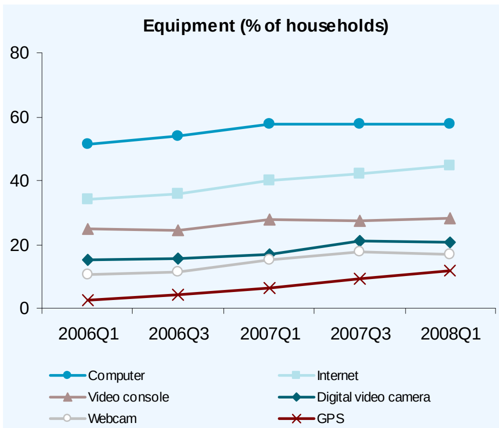
The most noteworthy data regarding services are the increases of 4.5 percentage points in Internet in the last year and the rise by three tenths in landline telephony. The increase in webcam use, which rose by around 2 percentage points, is also interesting.

| percentage points increase | Landline telephone | DVD | Digital camera | Home Cinema | TV TFT / Plasma |
|---|---|---|---|---|---|
| 2006Q1 to 2006Q3 | -0.7 | 1.5 | 6.0 | -0.2 | 0.0 |
| 2006Q3 to 2007Q1 | -0.1 | 3.7 | 6.2 | 1.9 | 0.0 |
| 2007Q1 to 2007Q3 | 0.0 | -0.6 | 4.2 | 1.4 | 3.5 |
| 2007Q3 to 2008Q1 | 0.3 | -22.0 | 2.3 | -1.8 | 5.2 |



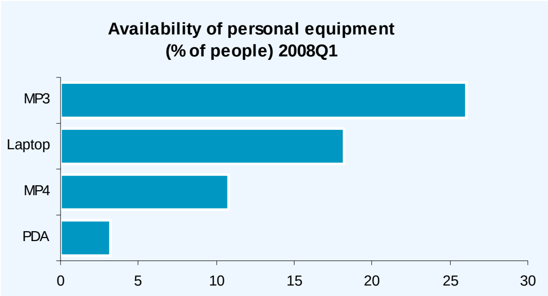

Although six out of ten households have a computer, between the beginning of 2007 and 2008 the rate of growth has become somewhat more stable.

| percentage points increase | Computer | Internet | Video console | Video Camera | GPS | Webcam |
|---|---|---|---|---|---|---|
| 2006Q1 to 2006Q3 | 2.6 | 1.7 | -0.3 | 0.4 | 1.5 | 0.8 |
| 2006Q3 to 2007Q1 | 3.7 | 4.4 | 3.2 | 1.3 | 2.1 | 3.7 |
| 2007Q1 to 2007Q3 | 0.0 | 2.2 | -0.4 | 4.0 | 3.2 | 2.5 |
| 2007Q3 to 2008Q1 | -0.1 | 2.3 | 1.1 | -0.5 | 2.6 | -0.6 |




[1] (*) As from 2008Q1, the DVD item on the questionnaire was modified to ask about "DVD/Blue Ray/HD DVD" in place of just "DVD". Consequently, the data obtained would imply 22 percentage points less penetration. For subsequent editions, the question will be reformulated to explicitly include all types of DVD.

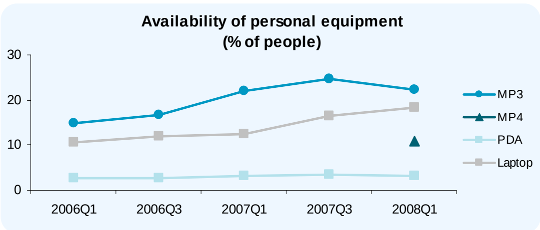
## 2.2. Personal equipment




| % of individuals | MP3 | MP4 | PDA | Laptop |
|---|---|---|---|---|
| 2006Q1 | 14.9 | --- | 2.7 | 10.7 |
| 2006Q3 | 16.7 | --- | 2.7 | 11.8 |
| 2007Q1 | 22.1 | --- | 3.2 | 12.5 |
| 2007Q3 | 24.6 | --- | 3.4 | 16.6 |
| 2008Q1 | **22.3** | **10.8** | **3.2** | **18.2** |

Laptop computers continue to show strong year on year growth, with a clear upward trend. In the first quarter of 2008, one out of five people aged 15 and over declared they own a laptop, which represents 18.2% of the population.

One out of four people (26%) have a portable audio-visual or audio player, with or without video (MP3 and/or MP4). Taken individually, a little over 10% have an MP4 player, whilst 22.3% have an MP3. Electronic organisers (PDAs) show the same penetration level as the previous year.

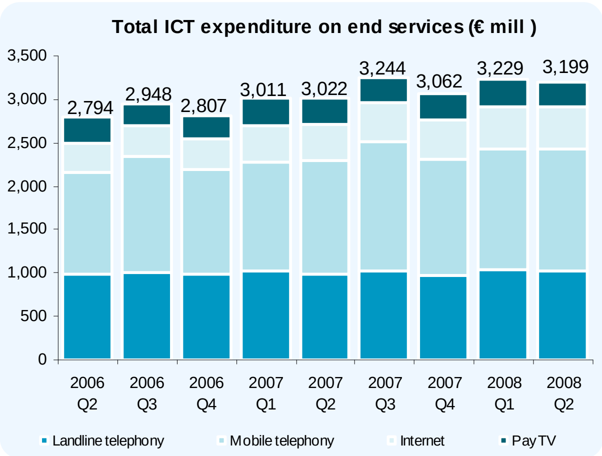



| percentage points increase | MP3 | MP4 | PDA | Laptop |
|---|---|---|---|---|
| 2006Q1 to 2006Q3 | 1.8 | --- | 0.0 | 1.1 |
| 2006Q3 to 2007Q1 | 5.4 | --- | 0.5 | 0.7 |
| 2007Q1 to 2007Q3 | 2.6 | --- | 0.2 | 4.0 |
| 2007Q3 to 2008Q1 | **-2.3** | **---** | **-0.2** | **1.6** |

## 3. ICT EXPENDITURE

| ICT Services expenditure (2008Q2) | % of households | No. of households (thousands) | ICT services expenditure (€ millions) |
|---|---|---|---|
| Landline telephony | 83.0 | 13,333 | 1,028 |
| Mobile telephony | 86.9 | 13,961 | 1,401 |
| Internet | 44.5 | 7,145 | 478 |
| Pay TV | 21.9 | 3,528 | 292 |
| Total | 100 | 16,071 | 3,199 |

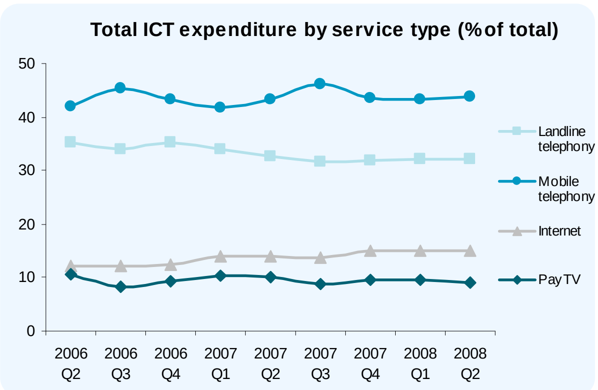
In the second quarter of 2008, total expenditure in Spanish households on end-user ICT services amounted to €3.199 billion, which represents a year on year increase of 6% and is €177 million more than for the same period in the previous year.




Within this €177 million increase in the ICT services market, €97 million correspond to increased mobile telephony expenditure and €53 million are accounted for by the Internet.

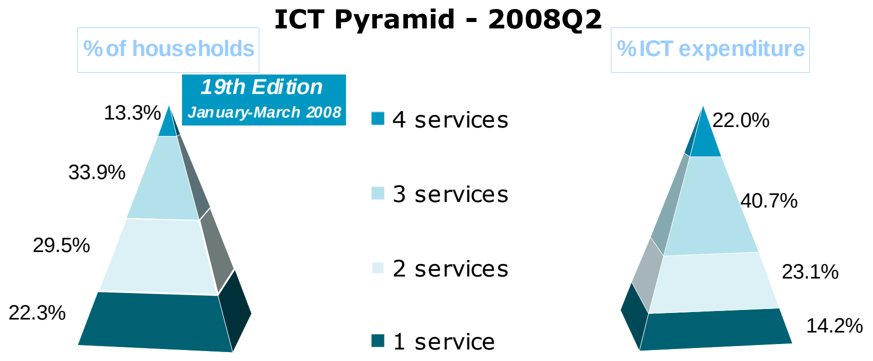
Due to these absolute increases, the percentages of mobile telephony and Internet expenditure in the total ICT expenditure rose by 0.6 and 0.8 percentage points, respectively.

| Expenditure per ICT service | Millions of euros | | | | | Percentage | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Landline telephony | Mobile telephony | Internet | Pay TV | Total | Landline telephony | Mobile telephony | Internet | Pay TV |
| 2006Q2 | 988 | 1,171 | 339 | 296 | 2,794 | 35.4 | 41.9 | 12.1 | 10.6 |
| 2006Q3 | 1,003 | 1,340 | 359 | 246 | 2,948 | 34.0 | 45.5 | 12.2 | 8.3 |
| 2006Q4 | 986 | 1,211 | 348 | 262 | 2,807 | 35.1 | 43.1 | 12.4 | 9.3 |
| 2007Q1 | 1,022 | 1,253 | 421 | 315 | 3,011 | 33.9 | 41.6 | 14.0 | 10.5 |
| 2007Q2 | 989 | 1,304 | 425 | 304 | 3,022 | 32.7 | 43.2 | 14.1 | 10.1 |
| 2007Q3 | 1,024 | 1,493 | 444 | 283 | 3,244 | 31.6 | 46.0 | 13.7 | 8.7 |
| 2007Q4 | 974 | 1,335 | 459 | 294 | 3,062 | 31.8 | 43.6 | 15.0 | 9.6 |
| 2008Q1 | 1,038 | 1,397 | 484 | 310 | 3,229 | 32.1 | 43.3 | 15.0 | 9.6 |
| 2008Q2 | 1,028 | 1,401 | 478 | 292 | 3,199 | 32.1 | 43.8 | 14.9 | 9.1 |




From the total expenditure on ICT services in the residential market, almost four and a half euro (€4.40) out of every ten were spent on mobile telephony and more than three euro (€3.20) out of every ten were spent on landline telephony.

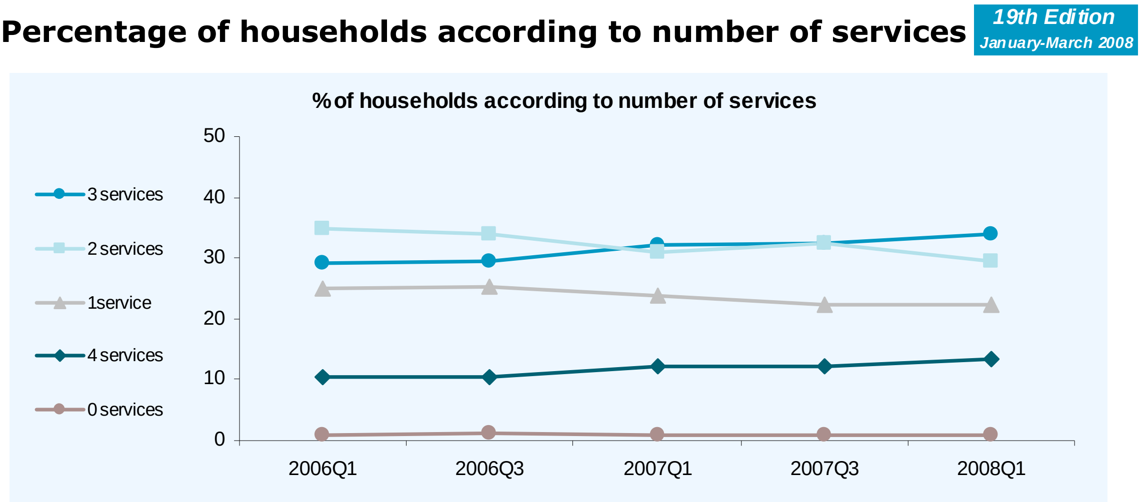
## 4. ICT SERVICES PYRAMID




Services considered: Landline, mobile, Internet and Pay TV - 1.0% of households have no service

In the second quarter of 2008, one in three households had three ICT services, accounting for almost 41% of the total expenditure (40.7%). Households with 4 ICT services represented about 13% of the total and accounted for 22% of the expenditure.

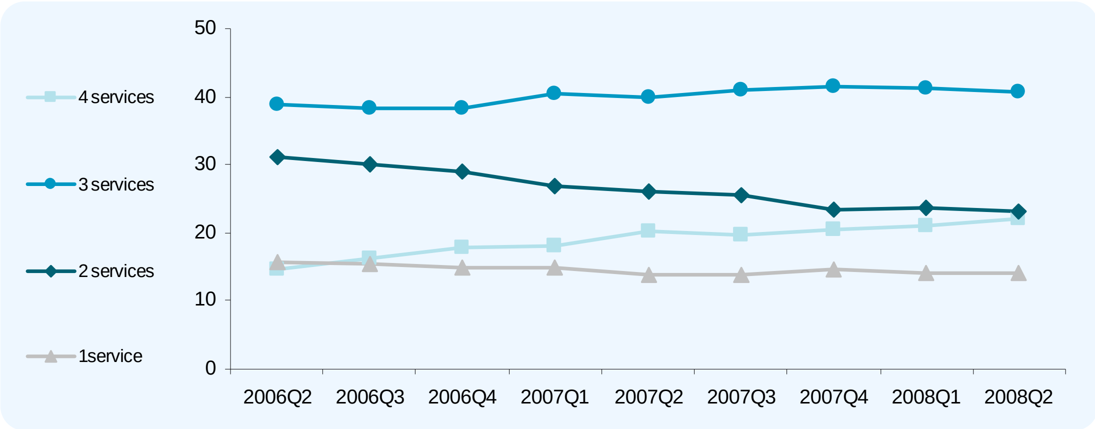
### Percentage of households according to number of services




The upward trend in the percentage of households with 3 and 4 contracted ICT services is stronger in the 3 services group, where households tend to have landline telephony, mobile telephony and Internet services. In the last two years, the percentage of households with 3 ICT services has increased by around five percentage points, coinciding more or less with the reduction in households with two services.

| % of households | 2005Q3 | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|
| 4 services | 8.8 | 10.3 | 10.4 | 12.1 | 12.1 | **13.3** |
| 3 services | 29.0 | 29.1 | 29.4 | 32.1 | 32.5 | **33.9** |
| 2 services | 36.4 | 34.8 | 34.0 | 31.1 | 32.4 | **29.5** |
| 1 service | 25.0 | 25.0 | 25.2 | 23.8 | 22.2 | **22.3** |
| 0 services | 0.9 | 0.8 | 1.1 | 0.9 | 0.9 | **1.0** |

## Percentage of expenditure according to number of services



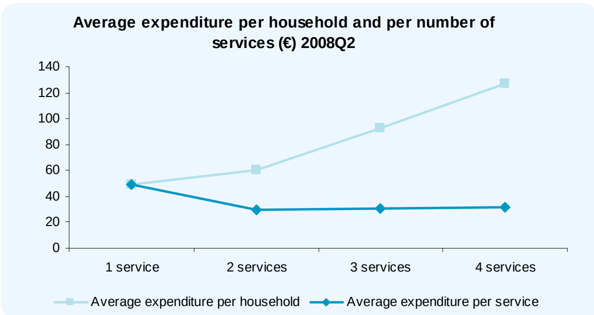

Households with two services reduced their significance in the total expenditure in the second quarter of 2008, which dropped by 2.9 percentage points compared with the previous year, while those with four services increased their percentage in relation to the total expenditure by 1.9 percentage points.

| % of expenditure | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 |
|---|---|---|---|---|---|---|---|---|---|
| 4 services | 14.5 | 16.1 | 17.8 | 18.1 | 20.1 | 19.8 | 20.5 | 20.9 | **22.0** |
| 3 services | 38.7 | 38.4 | 38.2 | 40.3 | 40 | 41 | 41.5 | 41.2 | **40.7** |
| 2 services | 31.1 | 30.1 | 29.0 | 26.8 | 26 | 25.6 | 23.4 | 23.7 | **23.1** |
| 1 service | 15.7 | 15.4 | 15.0 | 14.8 | 13.9 | 13.7 | 14.6 | 14.2 | **14.2** |

## Evolution of the average monthly expenditure per *household* (€, including VAT)

| Average expenditure (€) | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 |
|---|---|---|---|---|---|---|---|---|---|
| 1 service | 43.7 | 45.2 | 41.8 | 45.1 | 42.5 | 48.4 | 48.7 | 49.5 | **48.9** |
| 2 services | 62.3 | 65.1 | 59.9 | 62.8 | 61.1 | 61.9 | 53.5 | 62.4 | **60.3** |
| 3 services | 92.8 | 95.9 | 90.9 | 91.4 | 91.2 | 99.0 | 94.7 | 94.4 | **92.5** |
| 4 services | 98.8 | 114.7 | 120.4 | 109.0 | 121.1 | 127.8 | 125.0 | 122.1 | **127.3** |

Monthly household expenditure showed a year on year increase of €6.00 in the second quarter of 2008, both for households with one service and those with four services. In the last two years there has been little change in household expenditure in those with two or three ICT services.



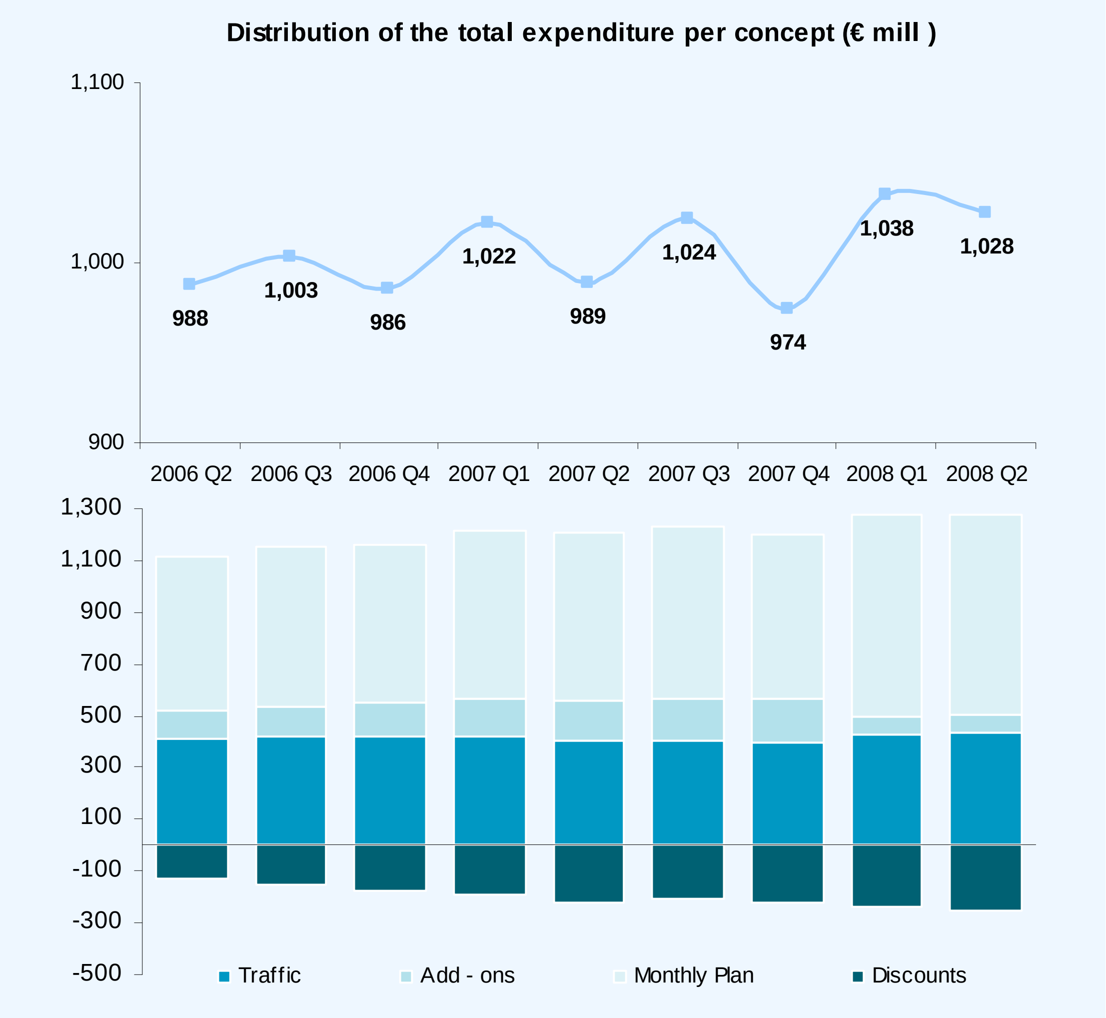

Average expenditure per household and number of contracted services for those with two, three or four services has changed little since 2007, being around €30-€31 per service. For households with one service the average costs has oscillated between €45-€50 throughout the year since the second quarter of 2007.

## Average monthly expenditure per *number of services* (€, including VAT)

| Average expenditure (€) | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 |
|---|---|---|---|---|---|---|---|---|---|
| 1 service | 43.7 | 45.1 | 41.8 | 45.1 | 42.5 | 48.4 | 48.7 | 49.5 | **48.9** |
| 2 services | 31.1 | 32.6 | 29.9 | 31.4 | 30.6 | 31.0 | 26.8 | 31.2 | **30.1** |
| 3 services | 30.9 | 32.0 | 30.3 | 30.5 | 30.4 | 33.0 | 31.6 | 31.5 | **30.8** |
| 4 services | 24.7 | 28.7 | 30.1 | 27.3 | 30.3 | 31.9 | 31.3 | 30.5 | **31.8** |

# 5. LANDLINE TELEPHONY

## 5.1. Distribution of expenditure[2]




| € Millions | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 |
|---|---|---|---|---|---|---|---|---|---|
| Traffic | 410 | 421 | 423 | 420 | 406 | 407 | 394 | 429 | 436 |
| Add - ons | 107 | 117 | 125 | 146 | 153 | 159 | 173 | 68 | 65 |
| Monthly Plan | 601 | 615 | 611 | 649 | 651 | 664 | 632 | 776 | 777 |
| Discounts | -130 | -150 | -173 | -193 | -221 | -207 | -224 | -236 | -250 |
| **Total expenditure** | 988 | 1,003 | 986 | 1,022 | 989 | 1,024 | 974 | 1,038 | 1,028 |

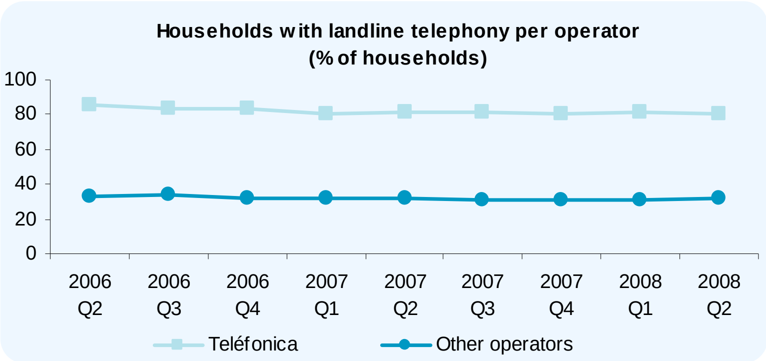
The total market for landline telephony in April-June was €1.028 billion, around 4% higher than in the same quarter the previous year.

Monthly Plan and traffic expenditure was €777 million and €436 million respectively, while add-on totalled €65 million. The discounts applied by the operators in this market rose by 13%, reaching €250 million.

[2] As from the first quarter of 2008, the classification of expenditure for a commercial landline telephony + ADSL Internet package was changed, reassigning the expenditure on landline telephony to Monthly Plan and not to Add-on as was done before.

## 5.2. Households and expenditure per operator

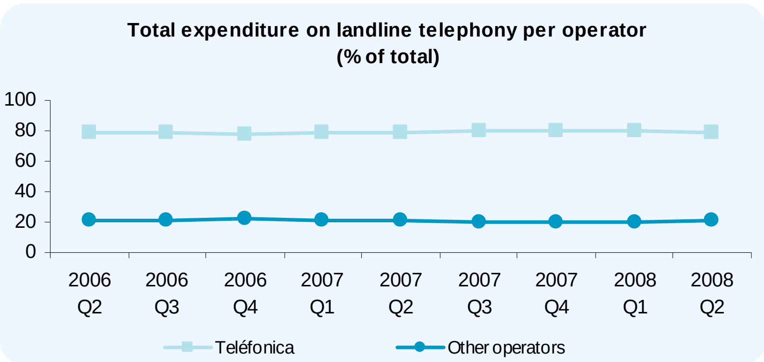
| HOUSEHOLDS | Percentage | | Absolute (thousands of households) | |
|---|---|---|---|---|
| | Teléfonica | Other operators | Teléfonica | Other operators |
| 2006Q2 | 85.2 | 33.5 | 11,033 | 4,332 |
| 2006Q3 | 83.6 | 33.6 | 10,727 | 4,310 |
| 2006Q4 | 83.5 | 32.1 | 10,718 | 4,118 |
| 2007Q1 | 81.4 | 31.9 | 10,768 | 4,224 |
| 2007Q2 | 81.2 | 31.8 | 10,743 | 4,203 |
| 2007Q3 | 81.4 | 30.7 | 10,764 | 4,062 |
| 2007Q4 | 80.9 | 31.4 | 10,700 | 4,189 |
| 2008Q1 | 81.3 | 31.0 | 10,842 | 4,139 |
| 2008Q2 | 80.3 | 31.8 | 10,701 | 4,246 |




The number of landline telephony subscribers through Telefónica de España has remained constant since the middle of 2006 at around 10.7 million households, amounting to 80.3% of the market in the second quarter of 2008.

Around 31.8% of households have service contracts with other operators (either indirect access or through a cable operator).

| EXPENDITURE | Percentage | | Absolute (€ Million) | |
|---|---|---|---|---|
| | Teléfonica | Other operators | Teléfonica | Other operators |
| 2006Q2 | 79.1 | 20.9 | 782 | 206 |
| 2006Q3 | 79.2 | 20.8 | 794 | 208 |
| 2006Q4 | 77.9 | 22.1 | 768 | 218 |
| 2007Q1 | 78.8 | 21.2 | 806 | 217 |
| 2007Q2 | 78.3 | 21.7 | 774 | 215 |
| 2007Q3 | 80.5 | 19.5 | 824 | 200 |
| 2007Q4 | 79.5 | 20.5 | 775 | 200 |
| 2008Q1 | 80.3 | 19.7 | 833 | 205 |
| 2008Q2 | 78.7 | 21.3 | 810 | 219 |

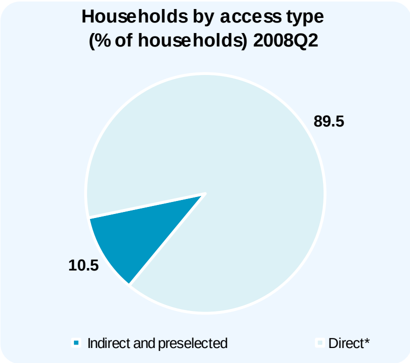



A slight increase in the growth rate of expenditure has been observed.

Compared with the same quarter last year, spending with Telefónica de España increased by 5% to €810 million, representing a market share of almost 79%. With an increase of 2% in sales, the other operators have reached €219 million, which represents 21.3% of the total landline telephony market.

## 5.3. Households, minutes and expenditure per access type[3]

### *Households* per access type

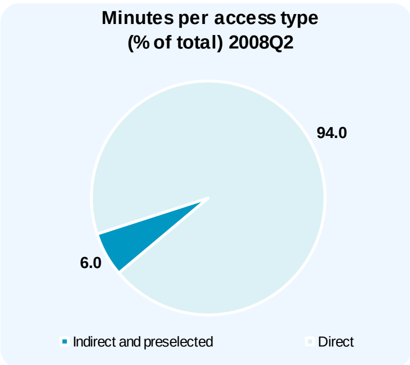



| Households | Percentage | | Absolute (Thousands) | |
|---|---|---|---|---|
| | Indirect and preselected | Direct* | Indirect and preselected | Direct* |
| 2006Q2 | 18.0 | 82.0 | 2,332 | 10,611 |
| 2006Q3 | 16.5 | 83.5 | 2,123 | 10,709 |
| 2006Q4 | 15.0 | 85.0 | 1,924 | 10,908 |
| 2007Q1 | 12.4 | 87.6 | 1,653 | 11,570 |
| 2007Q2 | 11.7 | 88.3 | 1,569 | 11,654 |
| 2007Q3 | 11.3 | 88.7 | 1,499 | 11,720 |
| 2007Q4 | 11.3 | 88.7 | 1,496 | 11,723 |
| 2008Q1 | 10.9 | 89.1 | 1,455 | 11,878 |
| 2008Q2 | 10.5 | 89.5 | 1,403 | 11,930 |

** only households with direct access*

The trend towards a reduction in the number of households with indirect access has continued, compared with both the previous quarter and with the same period in 2007, with which 90% of households now use direct access.

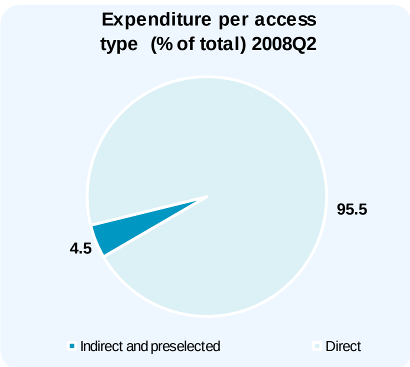
### *Minutes* per access type




| Minutes | Percentage | | Absolute (Millions) | |
|---|---|---|---|---|
| | Indirect and preselected | Direct | Indirect and preselected | Direct |
| 2006Q2 | 13.0 | 87.0 | 1,015 | 6,792 |
| 2006Q3 | 11.7 | 88.3 | 895 | 6,740 |
| 2006Q4 | 10.5 | 89.5 | 812 | 6,894 |
| 2007Q1 | 9.1 | 90.9 | 762 | 7,571 |
| 2007Q2 | 8.6 | 91.4 | 657 | 6,951 |
| 2007Q3 | 5.2 | 94.8 | 382 | 7,027 |
| 2007Q4 | 5.7 | 94.3 | 460 | 7,557 |
| 2008Q1 | 6.0 | 94.0 | 522 | 8,201 |
| 2008Q2 | 6.0 | 94.0 | 526 | 8,006 |

The total traffic in minutes increased compared with the previous year; the number of direct access minutes rose sharply by 15%, whilst indirect access minutes fell by 20%.

### *Expenditure* per access type




| Expenditure | Percentage | | Absolute (€ Million ) | |
|---|---|---|---|---|
| | Indirect and preselected | Direct | Indirect and preselected | Direct |
| 2006Q2 | 6.9 | 93.1 | 68 | 920 |
| 2006Q3 | 6.4 | 93.6 | 64 | 939 |
| 2006Q4 | 6.8 | 93.2 | 67 | 919 |
| 2007Q1 | 5.1 | 94.9 | 52 | 970 |
| 2007Q2 | 4.9 | 95.1 | 48 | 940 |
| 2007Q3 | 4.4 | 95.6 | 45 | 979 |
| 2007Q4 | 4.5 | 95.5 | 44 | 930 |
| 2008Q1 | 4.6 | 95.4 | 47 | 990 |
| 2008Q2 | 4.5 | 95.5 | 46 | 983 |

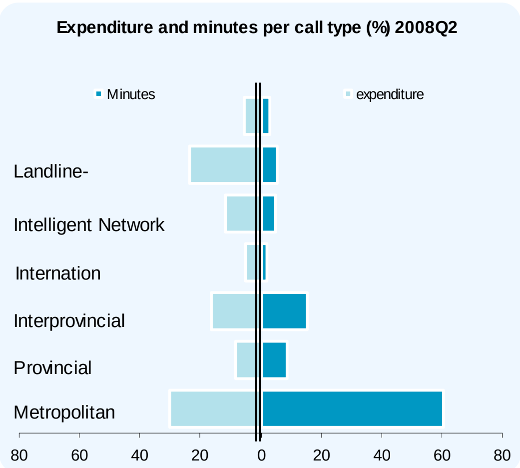
3 Neither minutes nor associated expenditure for flat rate landline telephony have been included.

Of the total residential consumption in landline telephony, 95.5% was made by households with direct access, while traffic through indirect access represented less than 5% of the total expenditure.

## 5.4. Minutes and expenditure per call type[4]

### Percentage of *minutes* per call type

| % minutes | Metropolitan | Provincial | Interprovincial | International | Intelligent Network | Landline-Mobile | Rest |
|---|---|---|---|---|---|---|---|
| 2006Q2 | 64.8 | 8.3 | 15.8 | 1.3 | 3.2 | 6.3 | 0.1 |
| 2006Q3 | 65.2 | 8.8 | 13.4 | 1.3 | 3.8 | 7.4 | 0.1 |
| 2006Q4 | 60.6 | 9.6 | 16.0 | 1.8 | 4.8 | 7.2 | 0.0 |
| 2007Q1 | 64.0 | 9.3 | 15.4 | 1.9 | 3.3 | 6.1 | 0.0 |
| 2007Q2 | 61.0 | 10.0 | 17.1 | 2.3 | 3.7 | 5.9 | 0.0 |
| 2007Q3 | 59.8 | 10.4 | 17.0 | 2.5 | 3.6 | 6.8 | 0.0 |
| 2007Q4 | 58.0 | 11.9 | 17.2 | 1.9 | 5.5 | 5.4 | 0.1 |
| 2008Q1 | 61.9 | 10.0 | 16.2 | 2.1 | 4.7 | 5.1 | 0.0 |
| 2008Q2 | **60.3** | **8.6** | **15.6** | **2.1** | **4.8** | **5.4** | **3.1** |




During the second quarter of 2008, the percentage of minutes in metropolitan calls was 60%.

The second type of call with a high percentage of minutes was interprovincial, which accounted for between 15 and 16 minutes out of every 100 minutes of calls.

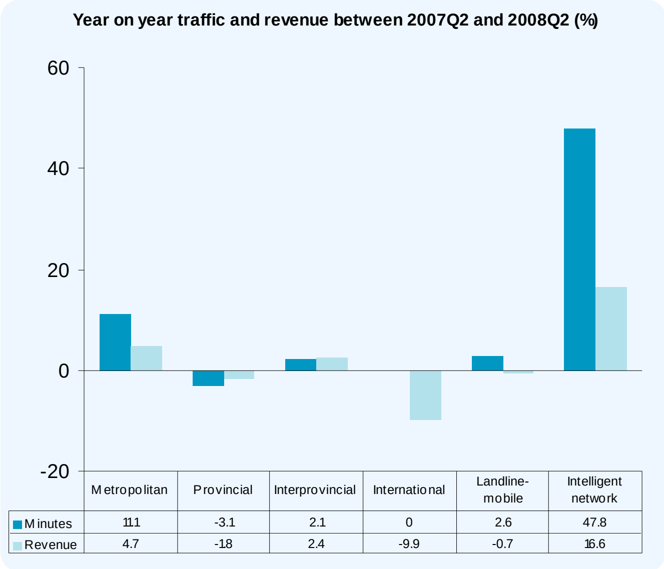
More than half the expenditure on landline telephony was accounted for by the sum of metropolitan calls and calls made to mobiles, with percentages of 30% and 23% respectively.

### Percentage of *expenditure* per call type

| % of expenditure | Metropolitan | Provincial | Interprovincial | International | Intelligent Network | Landline-Mobile | Rest |
|---|---|---|---|---|---|---|---|
| 2006Q2 | 34.1 | 7.5 | 16.0 | 4.5 | 10.0 | 27.5 | 0.5 |
| 2006Q3 | 32.2 | 7.8 | 13.5 | 3.9 | 12.3 | 29.8 | 0.6 |
| 2006Q4 | 30.7 | 8.2 | 15.4 | 5.4 | 11.5 | 28.6 | 0.2 |
| 2007Q1 | 34.0 | 8.8 | 15.8 | 4.7 | 10.4 | 26.1 | 0.2 |
| 2007Q2 | 30.9 | 9.1 | 17.4 | 5.7 | 10.9 | 25.4 | 0.6 |
| 2007Q3 | 30.2 | 9.1 | 16.6 | 5.6 | 11.2 | 27.0 | 0.4 |
| 2007Q4 | 30.1 | 10.8 | 18.1 | 5.5 | 10.8 | 24.5 | 0.2 |
| 2008Q1 | 32.3 | 9.9 | 17.8 | 5.8 | 10.3 | 23.8 | 0.1 |
| 2008Q2 | **30.0** | **8.3** | **16.5** | **4.8** | **11.8** | **23.3** | **5.3** |

[4] Increase in the category "Other" within the landline telephony call types, due to the absence of specified consumption breakdown in the invoices of one of the operators.

## Year on year traffic and revenue variations

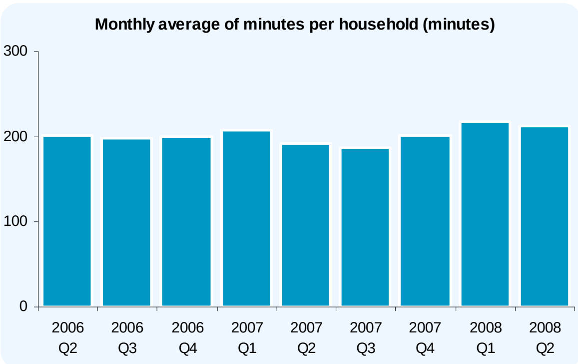


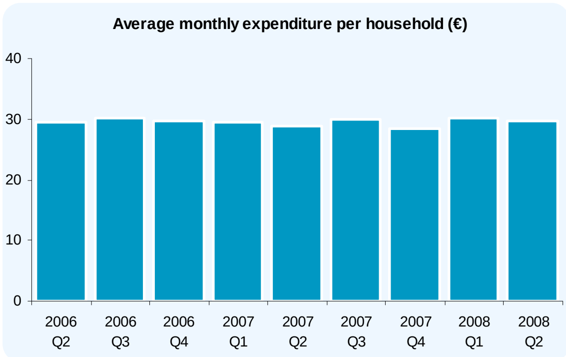

Minutes for all types of calls increased compared with the same quarter last year, except for provincial calls, which fell and international calls, which stayed the same.

Expenditure varied in accordance with the variations in minutes consumed, except for landline-to-mobile calls, where an increase in traffic was accompanied by a drop in expenditure, and in international calls, where expenditure fell, although the number of call minutes remained unchanged.

** Not all the data is available for this year-on-year analysis due the lack of classification by call type of 3% of minutes and 5% of expenditure in the 20th Edition (see note 4).*

## 5.5. Average minutes and expenditure per household



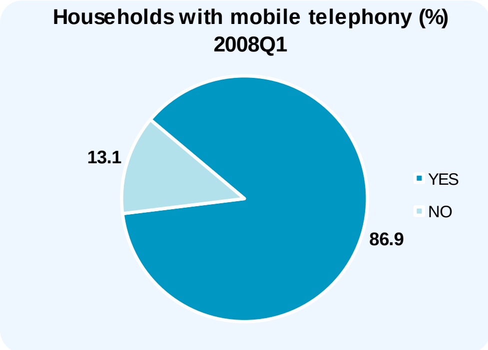

There was an 11% increase in traffic measured as monthly minutes per household compared with a year ago. The average expenditure per household increased by 3%. In the second quarter of 2008, the average minutes per household was 213 and the average monthly expenditure was €29.80 (including VAT), 21 minutes and €0.90 more than in the same quarter the previous year.

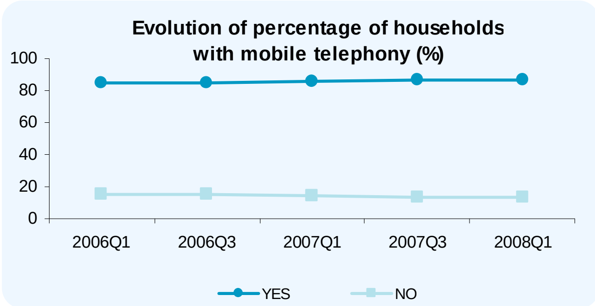
| Monthly average per household | 2006Q2 | 2006Q3 | 2006Q4 | 2007Q1 | 2007Q2 | 2007Q3 | 2007Q4 | 2008Q1 | 2008Q2 |
|---|---|---|---|---|---|---|---|---|---|
| Minutes | 201 | 198 | 200 | 208 | 192 | 187 | 202 | 218 | **213** |
| Euros | 29.5 | 30.2 | 29.7 | 29.6 | 28.9 | 29.9 | 28.5 | 30.1 | **29.8** |

## 6. MOBILE TELEPHONY

### 6.1. Households with mobiles

**19th Edition** *January-March 2008*



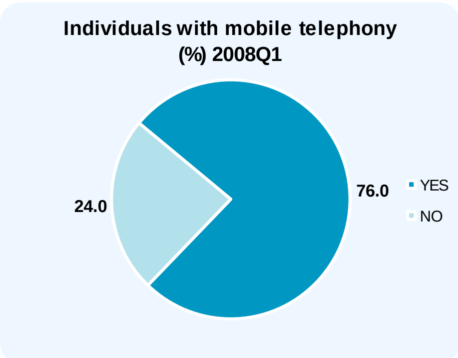



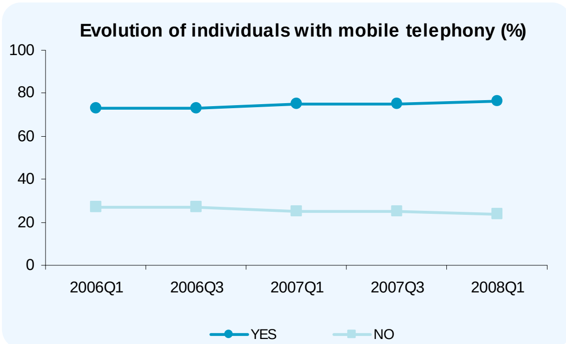

In the first quarter of 2008, 14 million Spanish households had at least one mobile telephone, representing 86.9% of all households and a year on year increase of 2%.

| Households with mobiles | Percentage | Absolute (thousands of households) |
|---|---|---|
| 2005Q3 | 83.5 | 12,689 |
| 2006Q1 | 84.3 | 13,064 |
| 2006Q3 | 84.4 | 13,082 |
| 2007Q1 | 85.7 | 13,700 |
| 2007Q3 | 86.5 | 13,833 |
| 2008Q1 | 86.9 | 13,961 |

### 6.2. Individuals with mobiles

**19th Edition** *January-March 2008*

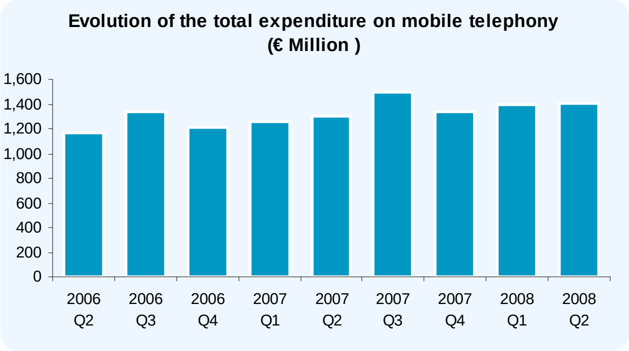



| Individuals with mobiles | Percentage | Absolute (thousands of individuals) |
|---|---|---|
| 2005Q3 | 71.6 | 26,470 |
| 2006Q1 | 73.0 | 27,115 |
| 2006Q3 | 73.2 | 27,170 |
| 2007Q1 | 75.1 | 28,191 |
| 2007Q3 | 75.2 | 28,219 |
| 2008Q1 | **76.0** | **28,717** |

Compared with the same period the previous year, 500,000 more people had an active mobile telephone (one that had been used in the last month). Thus, the percentage of the Spanish population with a mobile telephone that had used it in the last month reached 76%.

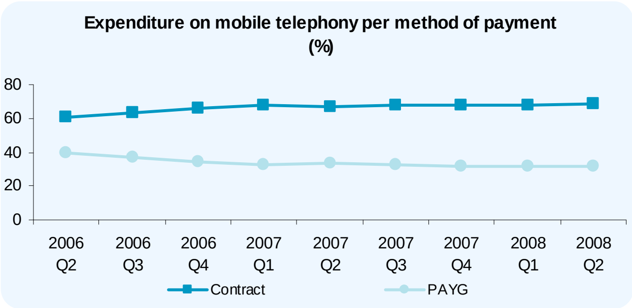
## 6.3. Total and average expenditure per household on mobile telephony



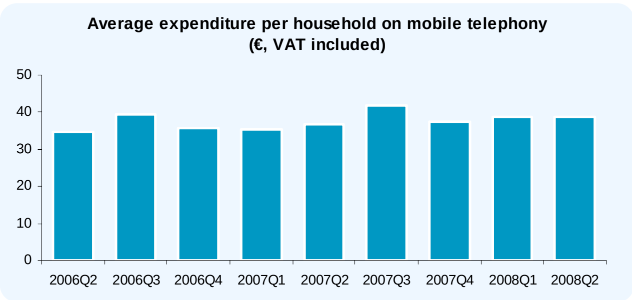

| Total expenditure (€ Millions) | Contract | PAYG | Total |
|---|---|---|---|
| 2006Q2 | 713 | 459 | 1,171 |
| 2006Q3 | 851 | 489 | 1,340 |
| 2006Q4 | 796 | 415 | 1,211 |
| 2007Q1 | 850 | 403 | 1,253 |
| 2007Q2 | 874 | 431 | 1,304 |
| 2007Q3 | 1,010 | 483 | 1,493 |
| 2007Q4 | 909 | 426 | 1,335 |
| 2008Q1 | 952 | 445 | 1,397 |
| 2008Q2 | 959 | 442 | 1,401 |

Expenditure on mobile telephony continues to rise, increasing by 7% compared with the same period last year to reach €1.4 billion in the second quarter of 2008. Expenditure per contract has increased by 10%, whilst pay-as-you-go (PAYG) spending has increased by 3%.

Payment through a contract continues to prevail, accounting for 68.5% of the expenditure, whilst 31.5% of the expenditure is linked to pay-as-you-go use.




| Mobile expenditure (%) | Contract | PAYG |
|---|---|---|
| 2006Q2 | 60.9 | 39.2 |
| 2006Q3 | 63.5 | 36.5 |
| 2006Q4 | 65.7 | 34.3 |
| 2007Q1 | 67.8 | 32.2 |
| 2007Q2 | 67.0 | 33.0 |
| 2007Q3 | 67.6 | 32.4 |
| 2007Q4 | 68.1 | 31.9 |
| 2008Q1 | 68.1 | 31.9 |
| 2008Q2 | 68.5 | 31.5 |

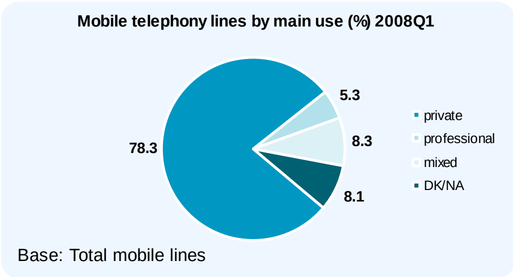



| € (including VAT) | Average expenditure per household |
|---|---|
| 2006Q2 | 34.7 |
| 2006Q3 | 39.6 |
| 2006Q4 | 35.8 |
| 2007Q1 | 35.3 |
| 2007Q2 | 36.8 |
| 2007Q3 | 41.7 |
| 2007Q4 | 37.3 |
| 2008Q1 | 38.7 |
| 2008Q2 | 38.8 |

Each household spent an average of €2.00 more than a year ago, with an average monthly expenditure of €38.80 in the second quarter of 2008, compared with €36.80 in April-June 2007.

## 6.4. Mobile telephone lines main use[5]

**19th Edition**
*January-March 2008*

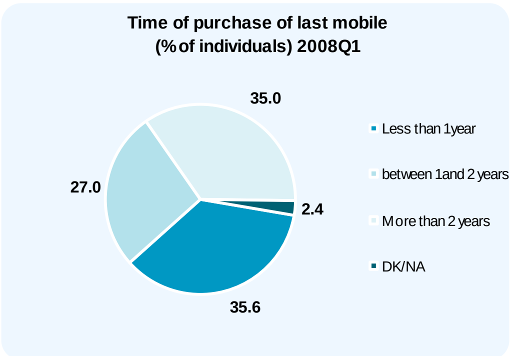



| % of lines | private | professional | mixed | DK/NA |
|---|---|---|---|---|
| 2007Q1 | 79.7 | 5.9 | 7.5 | 6.9 |
| 2007Q3 | 79.2 | 6.5 | 7.6 | 6.6 |
| 2008Q1 | **78.3** | **5.3** | **8.3** | **8.1** |

Around 78.3% of mobile telephony lines are for personal use, compared with 5.3% that are for professional use and 8.3% for mixed use.

## 6.5. Time of purchase of last mobile

**19th Edition**
*January-March 2008*

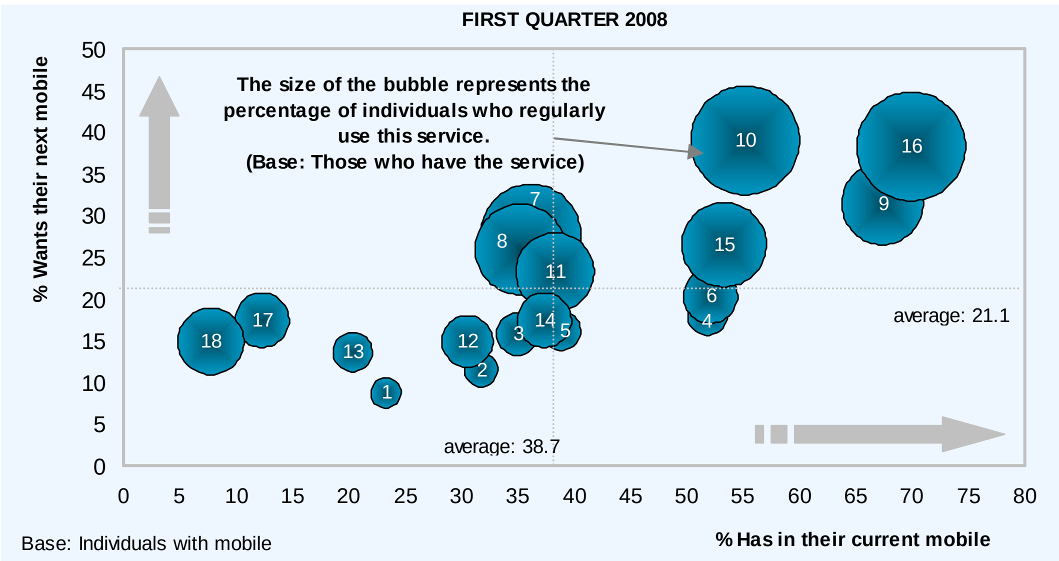



| % of individuals | Less than 1 year | between 1 and 2 years | More than 2 years | DK/NA |
|---|---|---|---|---|
| 2006Q1 | 42.1 | 26.4 | 28.3 | 3.3 |
| 2006Q3 | 39.0 | 27.4 | 31.3 | 2.4 |
| 2007Q1 | 39.2 | 26.5 | 31.8 | 2.6 |
| 2007Q3 | 39.2 | 24.9 | 32.8 | 3.0 |
| 2008Q1 | **35.6** | **27.0** | **35.0** | **2.4** |

Sixty-two percent of individuals declared that their handset was older than one year.

## 6.6. Current mobile uses compared with uses of the next mobile

**19th Edition**
*January-March 2008*




See the following table with the list of services corresponding to each bubble on the graph

[5] This section refers to the number of mobile telephony lines and not to the number of individual users, as was recorded in reports prior to the 18th Edition.

| No. | Mobile services (% of people) 2008Q1 | Have | Use | Want |
|---|---|---|---|---|
| 1 | Chat | 23.3 | 4.7 | 8.7 |
| 2 | WAP Browsing | 31.7 | 5.5 | 11.5 |
| 3 | Voice dialling | 35.0 | 8.4 | 15.8 |
| 4 | Internet access | 51.9 | 6.8 | 17.9 |
| 5 | Electronic mail access | 38.9 | 7.5 | 16.2 |
| 6 | Voice recorder | 52.1 | 13.6 | 20.3 |
| 7 | MP3 | 36.2 | 43.1 | 27.8 |
| 8 | FM Radio | 35.3 | 37.1 | 25.9 |
| 9 | MMS | 67.4 | 29.5 | 31.4 |
| 10 | Bluetooth | 55.2 | 52.3 | 39.0 |
| 11 | Infrared | 38.3 | 27.7 | 23.1 |
| 12 | Video messages | 30.5 | 11.9 | 14.9 |
| 13 | Video calls | 20.4 | 6.7 | 13.6 |
| 14 | GPRS data connection | 37.4 | 13.8 | 17.4 |
| 15 | Video recording | 53.3 | 31.0 | 26.4 |
| 16 | Camera | 70.0 | 53.3 | 38.3 |
| 17 | GPS | 12.3 | 12.8 | 17.4 |
| 18 | WiFi | 7.8 | 19.8 | 14.9 |
| | BASE: | Have a mobile | Have the service | Have a mobile |

The digital camera is the service most often found on users' current mobile handsets; seven out of ten individuals have a camera and a little over half of them use it. Almost seven out of 10 users have MMS functionality, although only three out of ten of those who have it use it.

The most desired services are Bluetooth and digital camera, with percentages of 39% and 38.3% respectively.

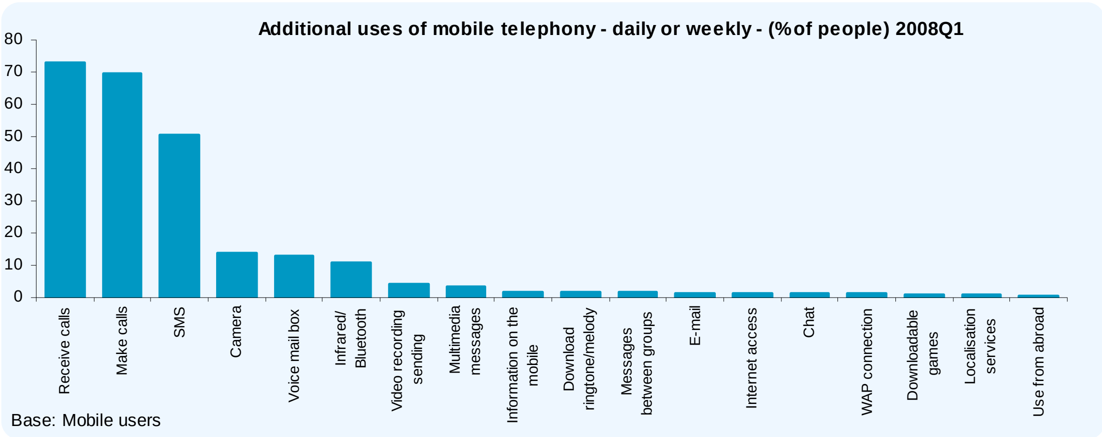
## 6.7. Main uses of mobile telephony

*19th Edition*
*January-March 2008*

| % of individuals | | 2005Q1 | 2005Q3 | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|---|---|
| Receive calls | Daily or weekly | 65.9 | 66.3 | 66.6 | 69.2 | 70.2 | 72.6 | 72.8 |
| | Monthly or sporadically | 19.3 | 16.8 | 17.0 | 15.2 | 16.3 | 14.1 | 14.1 |
| Make calls | Daily or weekly | 61.3 | 62.2 | 62.3 | 65.8 | 66.3 | 69.0 | 69.4 |
| | Monthly or sporadically | 23.7 | 20.0 | 20.6 | 17.7 | 18.9 | 16.7 | 16.2 |
| SMS | Daily or weekly | 44.2 | 47.2 | 45.1 | 46.0 | 48.3 | 48.9 | 50.5 |
| | Monthly or sporadically | 30.2 | 31.4 | 31.3 | 31.6 | 35.6 | 33.7 | 32.9 |
| Voice mail box | Daily or weekly | 11.3 | 12.3 | 12.2 | 12.3 | 12.0 | 12.4 | 12.8 |
| | Monthly or sporadically | 18.4 | 22.9 | 20.0 | 20.4 | 26.3 | 24.0 | 23.6 |
| Chat | Daily or weekly | 0.9 | 0.5 | 0.6 | 1.4 | 0.9 | 0.9 | 1.2 |
| | Monthly or sporadically | 2.6 | 4.2 | 3.0 | 2.8 | 3.2 | 3.5 | 3.5 |
| Messages between groups | Daily or weekly | 1.5 | 0.8 | 1.2 | 1.4 | 1.4 | 1.3 | 1.5 |
| | Monthly or sporadically | 3.3 | 4.5 | 3.6 | 4.1 | 6.6 | 6.1 | 6.5 |
| Internet access | Daily or weekly | 0.5 | 0.6 | 0.8 | 1.1 | 0.6 | 1.3 | 1.3 |
| | Monthly or sporadically | 3.0 | 3.7 | 2.6 | 3.4 | 3.5 | 3.8 | 4.1 |
| Use from abroad | Daily or weekly | 0.3 | 0.4 | 0.3 | 0.8 | 0.4 | 0.6 | 0.6 |
| | Monthly or sporadically | 11.3 | 13.9 | 13.3 | 14.8 | 17.9 | 22.0 | 19.9 |
| Information on the mobile | Daily or weekly | 1.9 | 2.6 | 2.0 | 2.2 | 2.0 | 1.6 | 1.7 |
| | Monthly or sporadically | 9.4 | 10.5 | 9.2 | 9.5 | 12.8 | 12.6 | 12.0 |
| Downloadable games | Daily or weekly | 1.0 | 1.1 | 1.2 | 1.3 | 0.9 | 0.8 | 0.9 |
| | Monthly or sporadically | 10.0 | 12.3 | 10.3 | 12.6 | 14.9 | 14.7 | 14.0 |
| Multimedia messages | Daily or weekly | 2.2 | 2.5 | 2.6 | 3.4 | 1.6 | 2.9 | 3.4 |
| | Monthly or sporadically | 16.5 | 21.9 | 23.5 | 25.1 | 33.1 | 32.5 | 32.9 |
| Download ringtone/melody | Daily or weekly | 1.0 | 1.3 | 1.3 | 2.0 | 1.6 | 1.2 | 1.6 |
| | Monthly or sporadically | 21.8 | 23.7 | 22.2 | 21.0 | 26.9 | 24.4 | 23.5 |
| WAP connection | Daily or weekly | 0.7 | 0.6 | 0.8 | 1.0 | 0.7 | 0.8 | 1.2 |
| | Monthly or sporadically | 6.7 | 9.7 | 7.8 | 9.3 | 11.1 | 9.4 | 8.6 |
| E-mail | Daily or weekly | 0.6 | 0.7 | 1.1 | 1.6 | 1.4 | 1.2 | 1.4 |
| | Monthly or sporadically | 2.6 | 4.5 | 3.6 | 4.1 | 5.3 | 5.5 | 5.5 |
| Infrared/ Bluetooth | Daily or weekly | 1.8 | 3.9 | 6.2 | 8.1 | 9.1 | 9.8 | 10.9 |
| | Monthly or sporadically | 7.0 | 11.5 | 14.4 | 17.4 | 24.9 | 28.7 | 30.7 |
| Video recording sending | Daily or weekly | 0.9 | 2.1 | 3.0 | 3.5 | 4.1 | 4.3 | 4.3 |
| | Monthly or sporadically | 4.9 | 8.0 | 9.9 | 13.7 | 19.7 | 24.3 | 25.4 |
| Camera | Daily or weekly | 5.7 | 9.3 | 10.5 | 11.8 | 12.1 | 13.2 | 13.6 |
| | Monthly or sporadically | 13.5 | 19.8 | 25.1 | 28.9 | 38.9 | 42.4 | 44.8 |
| Localisation services | Daily or weekly | 0.2 | 0.4 | 0.3 | 0.5 | 0.3 | 0.2 | 0.7 |
| | Monthly or sporadically | 2.7 | 3.4 | 2.6 | 3.4 | 3.6 | 3.6 | 4.0 |

During the first quarter of 2008, seven out of ten mobile telephony users used their mobile telephone daily or weekly to receive or make calls. Half of all users used their mobile telephone to send or receive short messages by SMS during the same period.

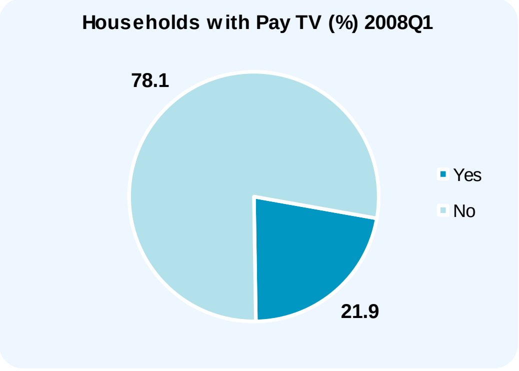
The trend of intensive use (daily or weekly) of these three main or basic functions of mobile telephony - making and receiving calls and short messages - continues to rise. There is also a marked tendency towards increased use of data transmission via Bluetooth and digital cameras.

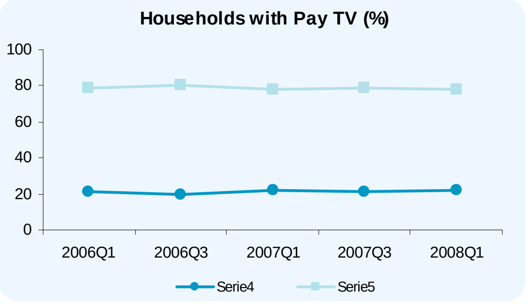


# 7. PAY TELEVISION

## 7.1. Households with Pay TV

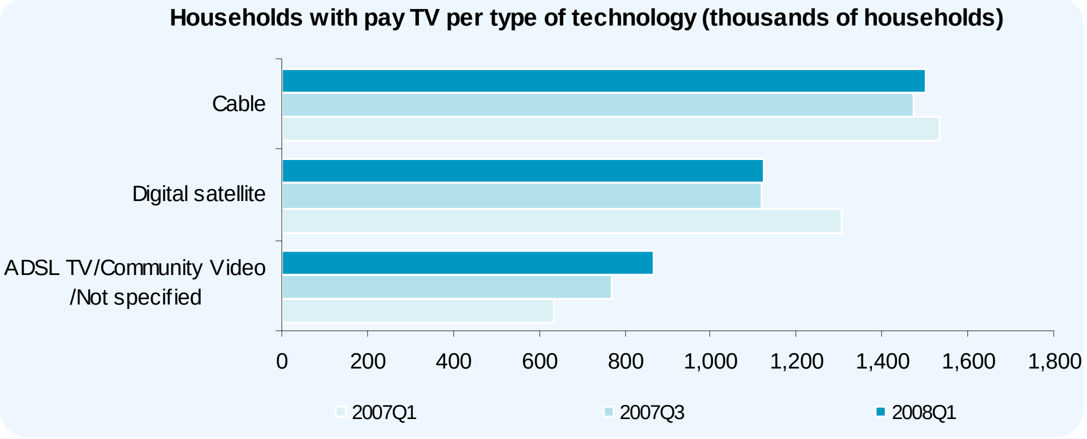
19th Edition
January-March 2008




| Households with Pay TV | Percentage | Absolute (Thousands) |
|---|---|---|
| 2006Q1 | 21.2 | 3,288 |
| 2006Q3 | 19.9 | 3,084 |
| 2007Q1 | 22.3 | 3,563 |
| 2007Q3 | 21.4 | 3,420 |
| 2008Q1 | **21.9** | **3,528** |

Pay TV penetration in households is around 22% (21.9% in January-March 2008) with presence, as in 2007, in over 3.5 million households in this first quarter of the year.

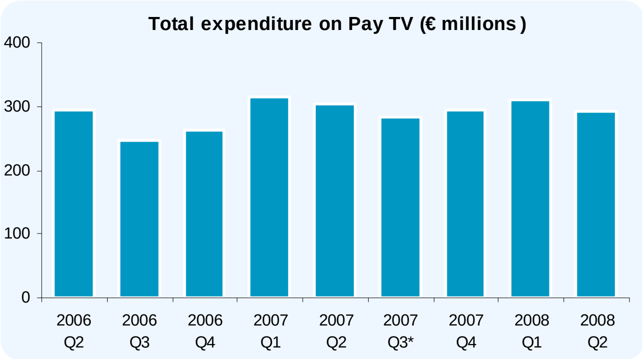



| Thousands of households | Cable | Digital satellite | ADSL TV/Community Video /Not specified |
|---|---|---|---|
| 2006Q1 | 1,571 | 1,428 | 306 |
| 2006Q3 | 1,523 | 1,236 | 474 |
| 2007Q1 | 1,536 | 1,306 | 635 |
| 2007Q3 | 1,472 | 1,117 | 771 |
| 2008Q1 | **1,501** | **1,122** | **868** |

Pay TV via cable is the most frequent, appearing in over 1.5 million households, although the year on year increase has been falling moderately in the last few years.

Connection via ADSL has grown by 36.7% in the last twelve months, reaching 868 thousand households.

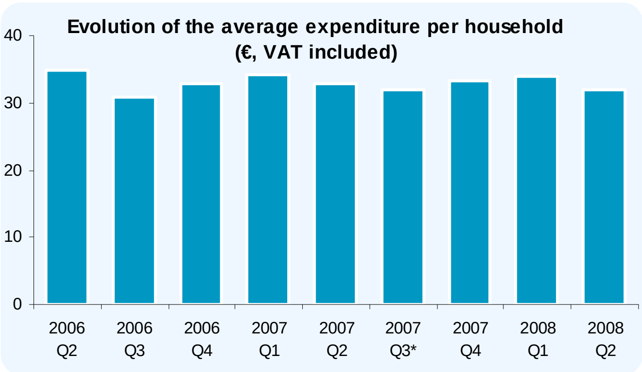
## 7.2. Total and average expenditure per household on Pay TV




| Total expenditure € millions | Plan | PPV | Direct | Total |
|---|---|---|---|---|
| 2006Q2 | 290 | 17 | 11 | 296 |
| 2006Q3 | 247 | 8 | 9 | 246 |
| 2006Q4 | 257 | 12 | 7 | 262 |
| 2007Q1 | 316 | 20 | 21 | 315 |
| 2007Q2 | 302 | 12 | 10 | 304 |
| 2007Q3* | 290 | 8 | 15 | 283 |
| 2007Q4 | 299 | 12 | 17 | 294 |
| 2008Q1 | 311 | 25 | 26 | 310 |
| 2008Q2 | **297** | **15** | **20** | **292** |

** Data corrected with respect to the 17th Edition report*

Expenditure on Pay television was €297 million in the second quarter of 2008, with a year on year decrease for the second consecutive quarter of 4%. This was due to a slight reduction in fees, on one hand, and an increase in the discounts applied by the operators, on the other. This drop in total market expenditure was cushioned by an increase in expenditure on Pay per View television (PPV).

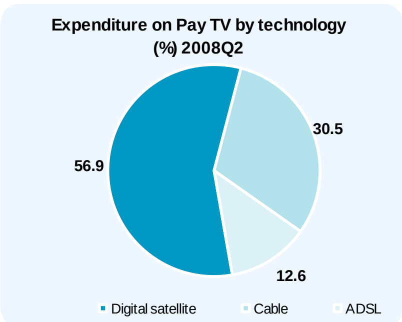


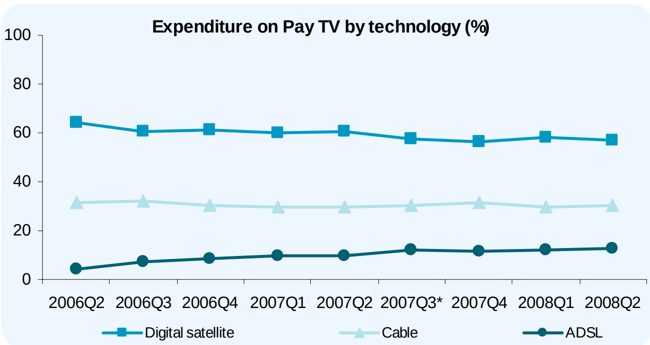

| Average expenditure per household | € (including VAT) |
|---|---|
| 2006Q2 | 34.9 |
| 2006Q3 | 30.9 |
| 2006Q4 | 32.8 |
| 2007Q1 | 34.2 |
| 2007Q2 | 32.9 |
| 2007Q3* | 32.0 |
| 2007Q4 | 33.2 |
| 2008Q1 | 34.0 |
| 2008Q2 | **32.0** |

** Data corrected with respect to the 17th Edition report*

The average expenditure per household and month on Pay TV was €32 in April-June 2008, which is €0.09 less than that recorded a year ago.

## 7.3. Expenditure per type of technology




In April-June 2008, 56.9% of the expenditure on Pay TV was for digital satellite technology, 30.5% for cable and 12.6% for ADSL. The market share of the latter has grown in the last two years by 8.1 percentage points.

| Expenditure (%) | Digital satellite | Cable | ADSL |
|---|---|---|---|
| 2006Q2 | 64.1 | 31.4 | 4.5 |
| 2006Q3 | 60.7 | 31.8 | 7.4 |
| 2006Q4 | 61.0 | 30.5 | 8.5 |
| 2007Q1 | 60.2 | 29.8 | 10.0 |
| 2007Q2 | 60.4 | 29.8 | 9.8 |
| 2007Q3* | 57.4 | 30.2 | 12.4 |
| 2007Q4 | 56.6 | 31.8 | 11.5 |
| 2008Q1 | 57.9 | 30.0 | 12.1 |
| 2008Q2 | **56.9** | **30.5** | **12.6** |

| Expenditure (€ Mill) | Digital satellite | Cable | ADSL | Total |
|---|---|---|---|---|
| 2006Q1 | 194 | 88 | 11 | 293 |
| 2006Q2 | 190 | 93 | 13 | 296 |
| 2006Q3 | 150 | 78 | 18 | 246 |
| 2006Q4 | 159 | 80 | 22 | 261 |
| 2007Q1 | 190 | 94 | 31 | 315 |
| 2007Q2 | 183 | 91 | 30 | 304 |
| 2007Q3* | 163 | 85 | 35 | 283 |
| 2007Q4 | 166 | 94 | 34 | 294 |
| 2008Q1 | 180 | 93 | 37 | 310 |
| 2008Q2 | **166** | **89** | **37** | **292** |

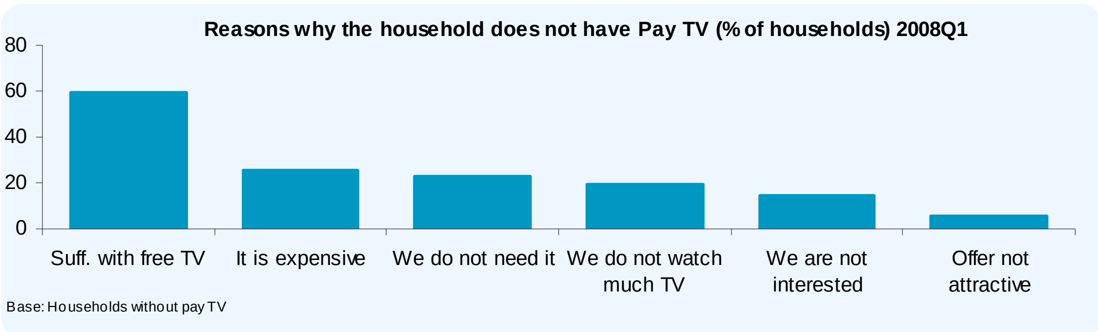
** Data corrected with respect to the 17th Edition report*

## 7.4. Reasons why the household does not have Pay TV

*19th Edition*
*January-March 2008*

| % of households | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Suff. with free TV | 65.5 | 62.7 | 60.8 | 58.3 | **59.1** |
| It is expensive | 29.5 | 24.9 | 24.9 | 24.3 | **25.6** |
| We do not need it | 26.7 | 24.3 | 24.7 | 22.7 | **22.8** |
| We do not watch much TV | 23.3 | 22.1 | 19.8 | 18.3 | **19.4** |
| We are not interested | 20.3 | 19.5 | 17.7 | 16.7 | **14.7** |
| Offer not attractive | 6.9 | 5.2 | 5.1 | 5.2 | **5.6** |

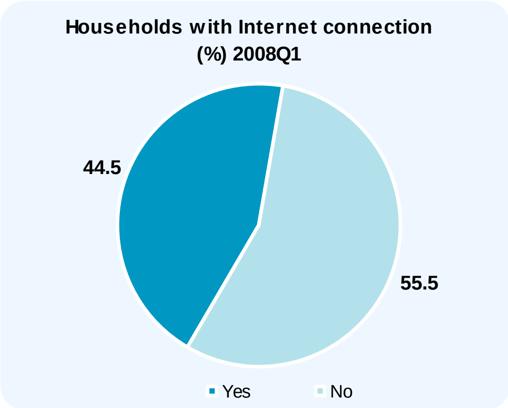
Among households without Pay TV, the majority, 59%, declared that free television is currently sufficient for them and more than a quarter, 26%, declared that they did not have Pay TV because it is expensive.

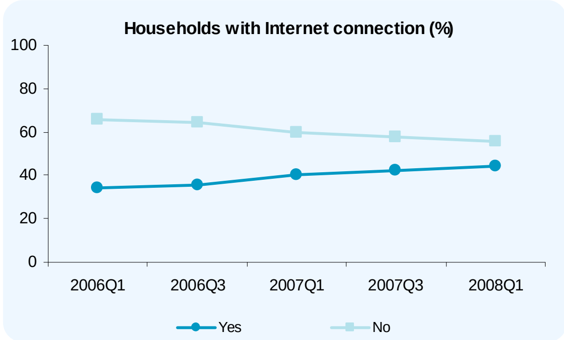


# 8. INTERNET

## 8.1. Households and individuals with Internet

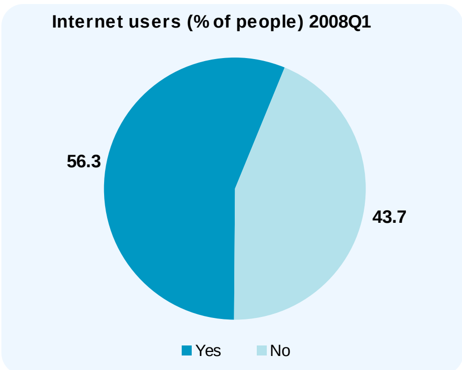
**19th Edition**
*January-March 2008*

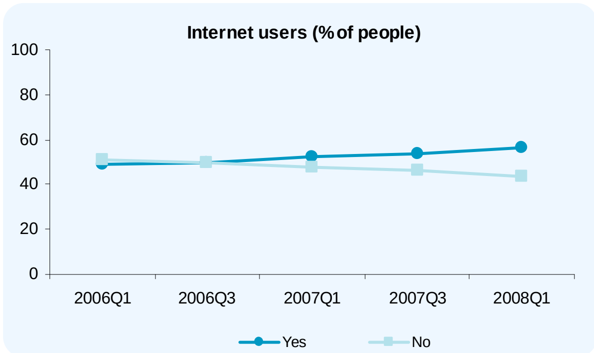



In the first quarter of 2008, the number of households connected to the Internet exceeded seven million (7,145,000), which represented 44.5% of Spanish households, an increase of 12% compared with the same period last year.

| Households with Internet connect. | Percentage | Absolute (thousands of households) |
|---|---|---|
| 2006Q1 | 33.9 | 5,247 |
| 2006Q3 | 35.6 | 5,517 |
| 2007Q1 | 40.0 | 6,396 |
| 2007Q3 | 42.2 | 6,754 |
| 2008Q1 | **44.5** | **7,145** |

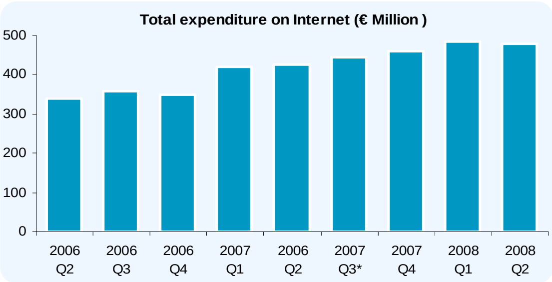



The figures for the first months of 2008 showed that up to 56.3% of the population had accessed the Internet on at least one occasion: 21,271,000 individuals aged 15 and over (thereby excluding children) had had at least one web session. The rate of growth compared with the same period the previous year remained at 8%.

| Internet Users | Percentage | Absolute (thousands of individuals) |
|---|---|---|
| 2006Q1 | 48.9 | 18,148 |
| 2006Q3 | 50.0 | 18,578 |
| 2007Q1 | 52.4 | 19,690 |
| 2007Q3 | 53.5 | 20,097 |
| 2008Q1 | **56.3** | **21,271** |

## 8.2. Total and average expenditure per household on Internet

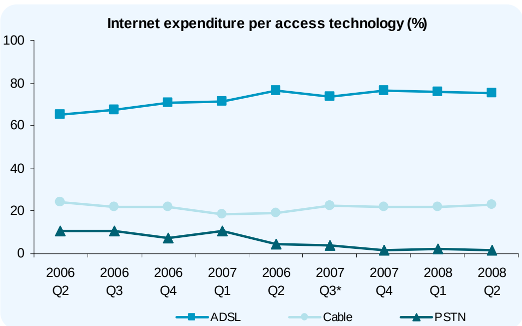



| Absolute (€ Million ) | ADSL | Cable | PSTN | Cable discount | Total - cable discount |
|---|---|---|---|---|---|
| 2006Q2 | 221 | 96 | 36 | 14 | 339 |
| 2006Q3 | 242 | 89 | 38 | 10 | 359 |
| 2006Q4 | 246 | 92 | 25 | 15 | 348 |
| 2007Q1 | 299 | 90 | 43 | 12 | 421 |
| 2007Q2 | 326 | 95 | 18 | 14 | 425 |
| 2007Q3* | 326 | 117 | 17 | 16 | 444 |
| 2007Q4 | 350 | 115 | 8 | 14 | 459 |
| 2008Q1 | 368 | 127 | 10 | 21 | 484 |
| 2008Q2 | 360 | 134 | 9 | 25 | 478 |

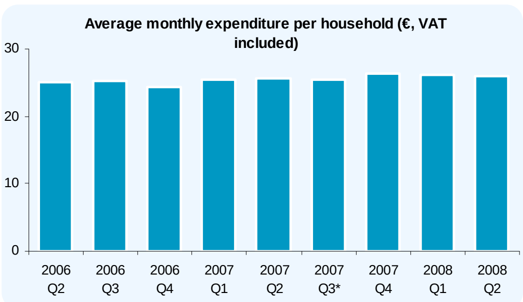
Expenditure on Internet continued its upward trend, reaching a total of €478 million in the second quarter of 2008, an increase of 12% compared with the previous year.

Expenditure on ADSL rose by 10% to €360 million, while expenditure on cable, with an increase of 41%, reached €134 million, following application of the discounts given by the operators of these technologies. These discounts have been increasing significantly in 2008.

Three quarters (75.3%) of the total expenditure on Internet corresponded to ADSL technology, which is a similar ratio to the previous year. Expenditure on cable increased its proportion of end user services expenditure in the Internet market, with an increase of 3.8 points, bringing it close to 23%. Meanwhile, PSTN lost ground and expenditure on this technology is now minor, around 2% of the total.




| Internet expenditure (%) | ADSL | Cable | PSTN |
|---|---|---|---|
| 2006Q2 | 65.3 | 24.1 | 10.5 |
| 2006Q3 | 67.5 | 21.9 | 10.5 |
| 2006Q4 | 70.8 | 22.1 | 7.1 |
| 2007Q1 | 71.1 | 18.5 | 10.4 |
| 2007Q2 | 76.6 | 19.0 | 4.4 |
| 2007Q3* | 73.4 | 22.7 | 3.8 |
| 2007Q4 | 76.3 | 22.0 | 1.7 |
| 2008Q1 | 76.0 | 21.9 | 2.1 |
| 2008Q2 | 75.3 | 22.8 | 1.9 |



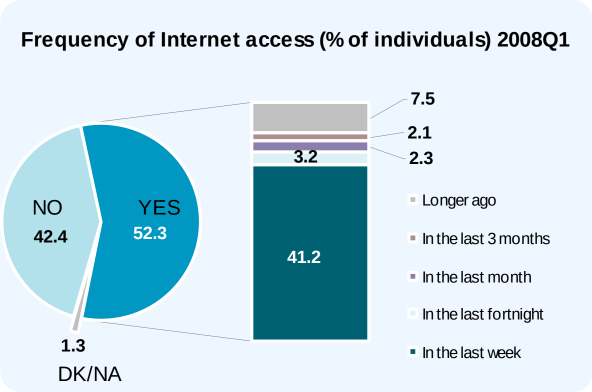

| Average monthly expenditure per household | € (including VAT) |
|---|---|
| 2006Q2 | 25.0 |
| 2006Q3 | 25.2 |
| 2006Q4 | 24.4 |
| 2007Q1 | 25.4 |
| 2007Q2 | 25.7 |
| 2007Q3* | 25.4 |
| 2007Q4 | 26.3 |
| 2008Q1 | 26.2 |
| 2008Q2 | 25.9 |

The average monthly expenditure per household on Internet during April-June 2008 remained around €26, an increase of €0.20 compared with the same period of the previous year.

** Data corrected with respect to the 17th Edition report*

## 8.3. Frequency of Internet access

**19th Edition**
*January-March 2008*

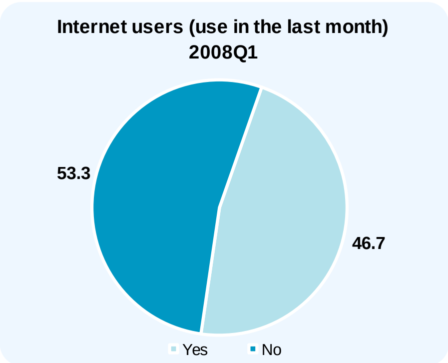


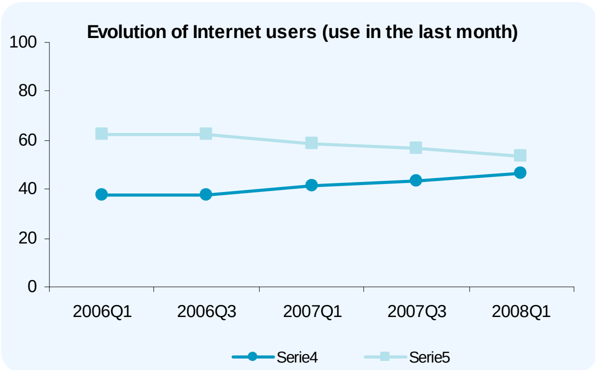

Of the 21,271,000 individuals aged 15 and over who had accessed the Internet on at least one occasion (56.3% of the population aged 15 and over), around 73.2% were frequent users (at least one access per week).

This group of frequent users represents 41.2% of the population of those aged 15 and over.

| Thousands of individuals | Internet access frequency | | | | | |
|---|---|---|---|---|---|---|
| | Never | In the last week | In the last 15 days | In the last month | In the last 3 months | Longer ago |
| 2006Q1 | 18,340 | 11,740 | 1,268 | 1,053 | 1,071 | 3,016 |
| 2006Q3 | 18,090 | 11,338 | 1,232 | 1,412 | 1,375 | 3,221 |
| 2007Q1 | 17,327 | 13,409 | 1,020 | 1,138 | 1,067 | 3,055 |
| 2007Q3 | 16,873 | 14,250 | 971 | 1,069 | 959 | 2,848 |
| 2008Q1 | **16,047** | **15,578** | **1,194** | **870** | **778** | **2,851** |

| % of individuals | Internet access frequency (accumulated) | | | | | |
|---|---|---|---|---|---|---|
| | Never | In the last week | In the last fortnight | In the last month | In the last 3 months | Longer ago |
| 2006Q1 | 49.5 | 31.6 | 35.0 | 37.8 | 40.7 | 48.9 |
| 2006Q3 | 48.7 | 30.5 | 33.8 | 37.6 | 41.3 | 50.0 |
| 2007Q1 | 46.1 | 35.7 | 38.4 | 41.4 | 44.2 | 52.4 |
| 2007Q3 | 44.9 | 37.9 | 40.5 | 43.4 | 45.9 | 53.5 |
| 2008Q1 | **42.4** | **41.2** | **44.4** | **46.7** | **48.7** | **56.2** |



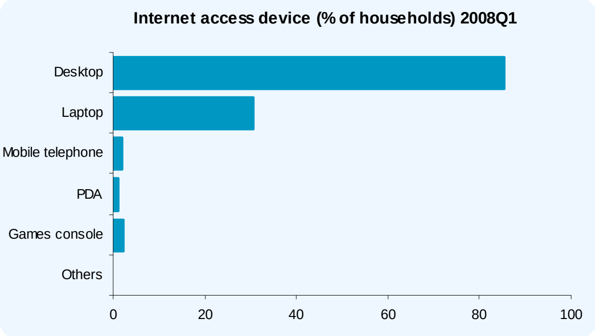




Between January and March 2008, around 17.6 million people had used the Internet in the last month, representing 46.7% of the population aged 15 and over, and 82.9% of those who had accessed the Web at least once.

| Internet users (in the last month) | Percentage | Absolute (thousands) |
|---|---|---|
| 2006Q1 | 37.8 | 14,061 |
| 2006Q3 | 37.6 | 13,982 |
| 2007Q1 | 41.4 | 15,568 |
| 2007Q3 | 43.4 | 16,290 |
| 2008Q1 | **46.7** | **17,642** |

## 8.4. Device and place of access to internet

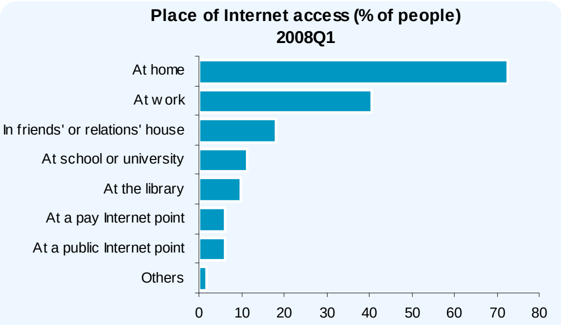
19th Edition
January-March 2008




The main device for accessing the Internet in households was the desktop computer, present in 85.5%, that is, 6.1 million households, which represents a year on year increase of 635,000 households this quarter. However, the laptop computer is the device that has shown the greatest increase, with a rise of more than 8 percentage points (775,000 more households), accounting for 30.7% of the means of access to Internet.

| Thousands of households | Desktop | Laptop | Mobile telephone | PDA | Games console | Others |
|---|---|---|---|---|---|---|
| 2006Q1 | 4,181 | 965 | 146 | 48 | 41 | 7 |
| 2006Q3 | 4,714 | 1,143 | 88 | 35 | 10 | 16 |
| 2007Q1 | 5,474 | 1,442 | 86 | 46 | 106 | 3 |
| 2007Q3 | 5,669 | 1,824 | 172 | 61 | 67 | 2 |
| 2008Q1 | **6,109** | **2,197** | **131** | **71** | **156** | **27** |

| % of households | Desktop | Laptop | Mobile telephone | PDA | Games console | Others |
|---|---|---|---|---|---|---|
| 2006Q1 | 79.7 | 18.4 | 2.8 | 0.9 | 0.8 | 0.1 |
| 2006Q3 | 85.4 | 20.7 | 1.6 | 0.6 | 0.2 | 0.3 |
| 2007Q1 | 85.6 | 22.5 | 1.3 | 0.7 | 1.7 | 0.0 |
| 2007Q3 | 83.9 | 27.0 | 2.6 | 0.9 | 1.0 | 0.0 |
| 2008Q1 | **85.5** | **30.7** | **1.8** | **1.0** | **2.2** | **0.4** |




Base: Internet user

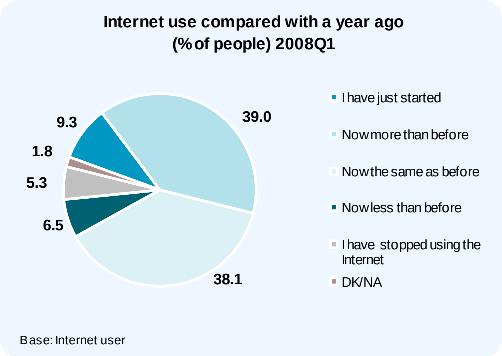
The number of people who accessed the Internet from home in the first months of 2008 rose to 15,445,000, representing 72.6% of the population aged 15 and over, 5 percentage points more than in the same period a year ago. Around 8.7 million individuals, 40.7% of the population accessed the Internet at work.

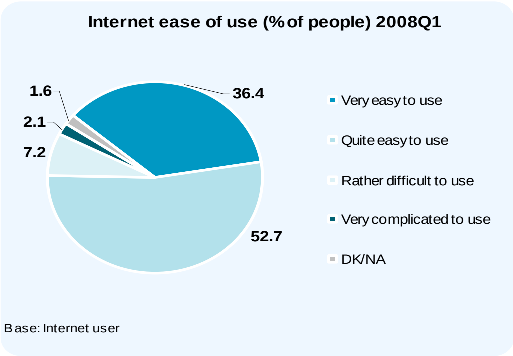
| Thousands of individuals | At home | At work | In friends or relations' house | At school or university | At the library | At a pay Internet point | At a public Internet point | Others |
|---|---|---|---|---|---|---|---|---|
| 2006Q1 | 10,343 | 6,398 | 3,902 | 2,534 | 1,599 | 1,934 | 1,183 | 221 |
| 2006Q3 | 11,205 | 6,779 | 3,835 | 2,270 | 1,488 | 1,702 | 1,148 | 221 |
| 2007Q1 | 13,195 | 8,251 | 4,166 | 2,504 | 1,648 | 1,445 | 1,181 | 291 |
| 2007Q3 | 14,548 | 8,379 | 4,035 | 2,226 | 1,660 | 1,226 | 1,309 | 273 |
| 2008Q1 | **15,445** | **8,667** | **3,845** | **2,408** | **2,074** | **1,292** | **1,278** | **368** |

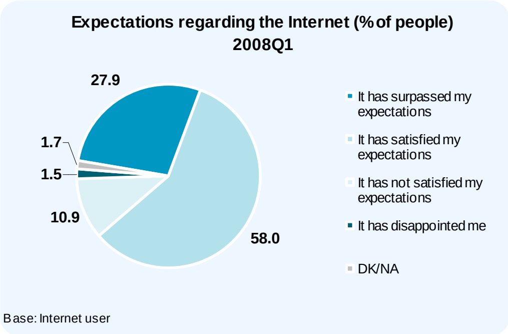
| % of individuals | At home | At work | In friends or relations' house | At school or university | At the library | At a pay Internet point | At a public Internet point | Others |
|---|---|---|---|---|---|---|---|---|
| 2006Q1 | 57.0 | 35.3 | 21.5 | 14.0 | 8.8 | 10.7 | 6.5 | 1.2 |
| 2006Q3 | 60.3 | 36.5 | 20.6 | 12.1 | 8.0 | 9.2 | 6.2 | 1.2 |
| 2007Q1 | 67.0 | 41.9 | 21.2 | 12.7 | 8.4 | 7.3 | 6.0 | 1.5 |
| 2007Q3 | 72.4 | 41.7 | 20.1 | 11.1 | 8.3 | 6.1 | 6.5 | 1.4 |
| 2008Q1 | **72.6** | **40.7** | **18.1** | **11.3** | **9.8** | **6.1** | **6.0** | **1.7** |

## 8.5. Internet use, simplicity and expectations

19th Edition
January-March 2008




The Internet continues to grow as a media that fulfils or exceeds users' expectations, with 85.9% of users declaring that it satisfies or has surpassed their expectations. Their perception that they are using the Internet more is also increasing (77.1% of users declared they used the Internet the same or more than before) and it continues to be considered a media that is easy or very easy to use (the opinion of 89.1% of users).

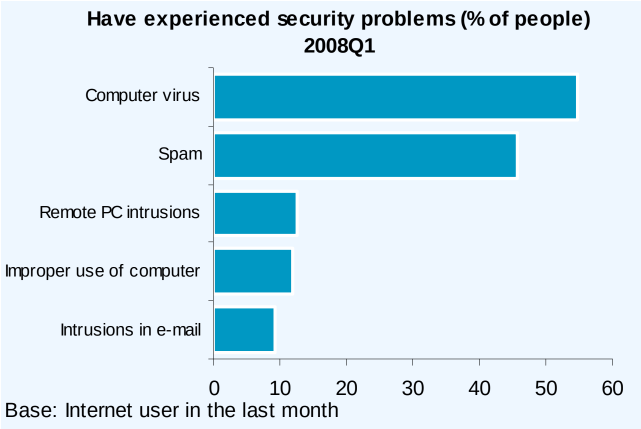
| % of individuals | Comparison with the use of internet a year ago… | | | | | |
|---|---|---|---|---|---|---|
| | I have just started | Now more than before | Now the same as before | Now less than before | I have stopped using the Internet | DK/NA |
| 2006Q1 | 10.8 | 33.7 | 36.5 | 8.4 | 7.8 | 2.8 |
| 2006Q3 | 9.7 | 34.3 | 37.0 | 9.4 | 7.6 | 2.1 |
| 2007Q1 | 10.7 | 38.9 | 34.8 | 6.8 | 6.5 | 2.2 |
| 2007Q3 | 8.0 | 40.9 | 35.8 | 7.3 | 5.6 | 2.4 |
| 2008Q1 | **9.3** | **39.0** | **38.1** | **6.5** | **5.3** | **1.8** |

| % of individuals | With your experience of the Internet, would you say that it is… | | | | |
|---|---|---|---|---|---|
| | Very easy to use | Quite easy to use | Rather difficult to use | Very complicated to use | DK/NA |
| 2006Q1 | 34.3 | 54.1 | 7.8 | 2.1 | 1.7 |
| 2006Q3 | 34.5 | 54.5 | 7.8 | 1.8 | 1.4 |
| 2007Q1 | 36.7 | 52.1 | 7.9 | 1.9 | 1.4 |
| 2007Q3 | 37.0 | 53.2 | 7.4 | 1.0 | 1.4 |
| 2008Q1 | **36.4** | **52.7** | **7.2** | **2.1** | **1.6** |

| % of individuals | Based on your expectations of the Internet, you would say… | | | | |
|---|---|---|---|---|---|
| | It has surpassed my expectations | It has satisfied my expectations | It has not satisfied my expectations | It has disappointed me | DK/NA |
| 2005Q3 | 20.4 | 61.4 | 14.3 | 2.5 | 1.4 |
| 2006Q1 | 20.6 | 60.3 | 14.3 | 2.6 | 2.3 |
| 2006Q3 | 24.0 | 59.3 | 12.7 | 2.4 | 1.6 |
| 2007Q1 | 27.5 | 56.6 | 12.4 | 1.7 | 1.9 |
| 2007Q3 | 25.7 | 59.0 | 11.2 | 2.3 | 1.9 |
| 2008Q1 | **27.9** | **58.0** | **10.9** | **1.5** | **1.7** |

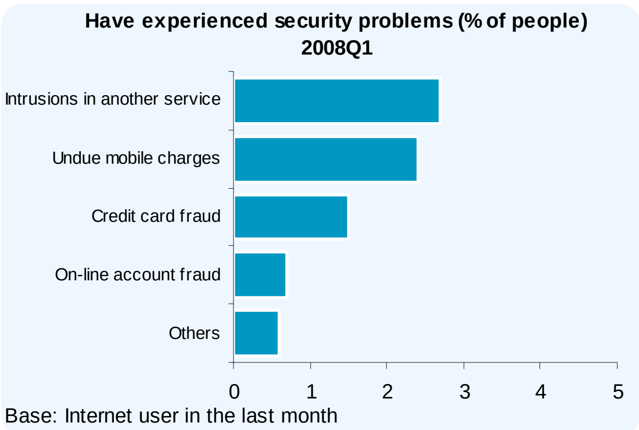
## 8.6. Technological security problems

19th Edition
January-March 2008




In the last year, there was a drop in the number of security problems reported by regular Internet users (those who had used the Internet in the last month). The two most frequent incidents, computer viruses and unwanted mail or spam, fell by 0.7 and 3.6 percentage points, respectively compared with the same period the previous year.

| % of people (users in the last month) | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Computer virus | 53.3 | 57.4 | 55.5 | 55.2 | **54.8** |
| Spam | 50.4 | 50.8 | 49.2 | 47.0 | **45.6** |
| Remote PC intrusions | 14.5 | 15.7 | 15.5 | 12.2 | **12.6** |
| Improper use of computer | 12.9 | 14.4 | 13.5 | 11.3 | **11.8** |
| Intrusions in e-mail | 9.7 | 12.5 | 9.8 | 9.8 | **9.2** |

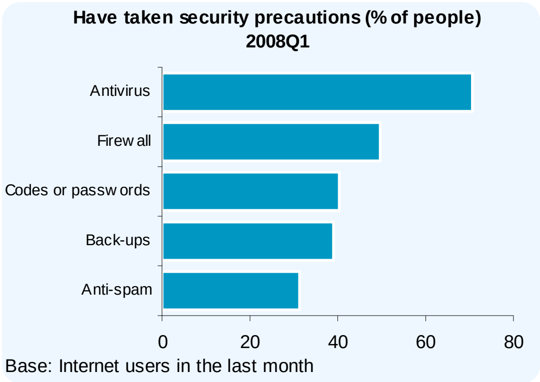


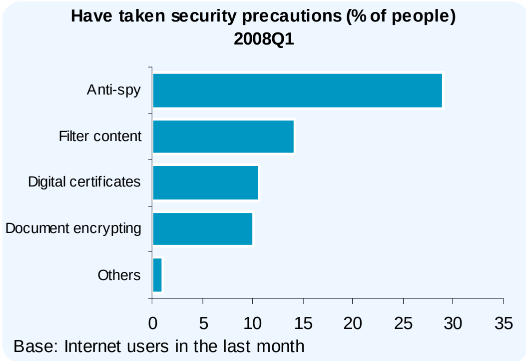

Other problems related to ICT security, such as on-line account fraud and credit card fraud, all of them with marginal frequency, also showed decreases compared with the previous year. The exception was intrusions in another service (not financial or banking) which showed a slight increase of 0.5 percentage points, compared with the same period the previous year.

| % of people (users in the last month) | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Undue mobile charges | 1.6 | 1.8 | 2.8 | 1.5 | **2.4** |
| Credit card fraud | 0.8 | 1.2 | 2.2 | 0.6 | **1.5** |
| Intrusions in another service | 2.1 | 2.1 | 2.2 | 2.1 | **2.7** |
| On-line account fraud | 0.2 | 0.5 | 0.8 | 0.5 | **0.7** |
| Others | 0.5 | 0.7 | 1.0 | 0.5 | **0.6** |

## 8.7. Internet security precautions

19th Edition
January-March 2008




A generalised increase in the use of computer security precautions was observed in January-March 2008 compared with the same period last year. This may have resulted in the reduction in ICT problems indicated in the previous section. This also seems to indicate increased knowledge by users about the Internet and of its possible risks in this respect.

| % of people (users in the last month) | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Antivirus (updated in the last month) | 65.0 | 67.9 | 67.7 | 71.0 | **70.5** |
| Firewall | 41.9 | 45.2 | 47.4 | 47.4 | **49.6** |
| Codes or passwords | 40.6 | 40.0 | 38.7 | 39.5 | **40.3** |
| Back-ups | 36.5 | 39.1 | 38.2 | 38.5 | **39.0** |
| Anti-spam | 26.3 | 25.5 | 26.7 | 27.2 | **31.2** |

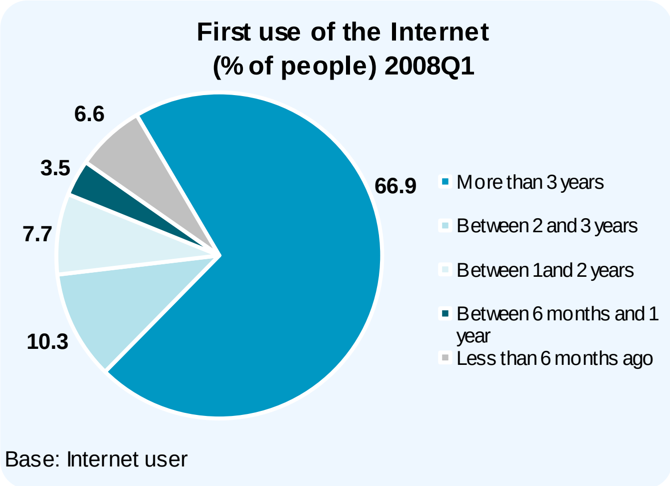
| % of people (users in the last month) | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Anti-spy | 25.1 | 26.1 | 26.3 | 26.6 | **29.0** |
| Filter content | 10.8 | 10.9 | 11.5 | 11.7 | **14.3** |
| Document encrypting | 7.8 | 8.3 | 8.3 | 9.2 | **10.1** |
| Digital certificates | 6.1 | 6.7 | 7.8 | 9.1 | **10.6** |
| Others | 0.9 | 1.0 | 1.1 | 0.9 | **1.1** |

The anti-spam program is the security measure that has shown the highest rise in penetration in the first quarter of 2008; with an increase of 4.5 percentage points compared with the same period a year ago, this measure is now being used by 31.2% of Internet users.

The second major increase was in antivirus software with monthly update, as well as content filters and digital certificates, which increased by 2.8 percentage points in the period studied, reaching penetration levels of 70.5%, 14.3% and 10.6% respectively. There was also an increase of around three percentage points in anti-spyware programs, which were used by 29% of Internet users in the first quarter of 2008.

## 8.8. First use of the Internet and availability of e-mail

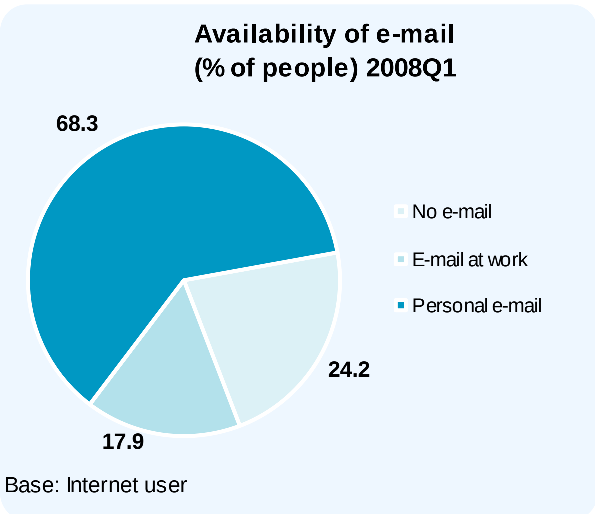
19th Edition
January-March 2008




Together with the continued expansion in Internet use, a trend towards progressive loyalty of Internet users has also been observed, analysed here based on the number of years individuals have been using this media: 14.2 million people (66.9%) used the Web for the first time more than three years ago, that is, 3.1 percentage points more than in the same period the previous year.

| % of people (Internet users) | More than 3 years | Between 2 and 3 years | Between 1 and 2 years | Between 6 months and 1 year | Less than 6 months ago |
|---|---|---|---|---|---|
| 2006Q1 | 59.1 | 15.5 | 9.1 | 4.9 | 6.8 |
| 2006Q3 | 61.6 | 13.4 | 8.8 | 5.7 | 6.4 |
| 2007Q1 | 63.8 | 12.0 | 9.0 | 4.8 | 7.1 |
| 2007Q3 | 68.1 | 11.2 | 8.6 | 3.6 | 4.3 |
| 2008Q1 | 66.9 | 10.3 | 7.7 | 3.5 | 6.6 |

| Thousands of individuals | More than 3 years | Between 2 and 3 years | Between 1 and 2 years | Between 6 months and 1 year | Less than 6 months ago |
|---|---|---|---|---|---|
| 2006Q1 | 10,728 | 2,808 | 1,654 | 895 | 1,240 |
| 2006Q3 | 11,453 | 2,485 | 1,629 | 1,061 | 1,191 |
| 2007Q1 | 12,558 | 2,353 | 1,775 | 945 | 1,400 |
| 2007Q3 | 13,679 | 2,254 | 1,722 | 718 | 862 |
| 2008Q1 | 14,223 | 2,185 | 1,629 | 747 | 1,405 |

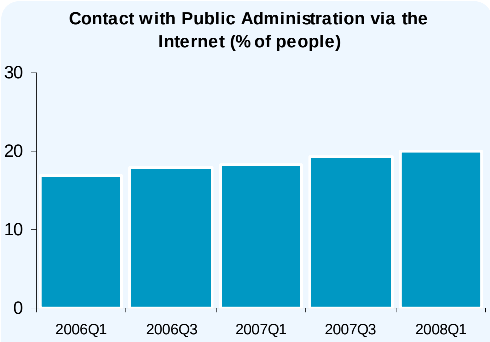



For another consecutive quarter, electronic mail penetration continued to rise: at the beginning of 2008, the percentage of Internet users without e-mail had dropped to 24.2%, that is 1.1 percentage point less than in the same period the previous year. The clear predominance of personal addresses, 68.3%, over work addresses, 17.9%, was reinforced in this period.

| % of people (Internet users) | No e-mail | E-mail at work | Personal e-mail |
|---|---|---|---|
| 2006Q1 | 29.6 | 18.9 | 60.3 |
| 2006Q3 | 27.8 | 19.0 | 62.8 |
| 2007Q1 | 25.3 | 16.8 | 65.7 |
| 2007Q3 | 23.4 | 18.3 | 69.2 |
| 2008Q1 | **24.2** | **17.9** | **68.3** |
| **Thousands of individuals** | **No e-mail** | **E-mail at work** | **Personal e-mail** |
| 2006Q1 | 5,374 | 3,431 | 10,947 |
| 2006Q3 | 5,161 | 3,525 | 11,665 |
| 2007Q1 | 4,990 | 3,313 | 12,927 |
| 2007Q3 | 4,702 | 3,683 | 13,903 |
| 2008Q1 | **5,139** | **3,803** | **14,538** |

## 8.9. Public Administration via the Internet

*19th Edition*
*January-March 2008*




Base: Individuals aged 15 and

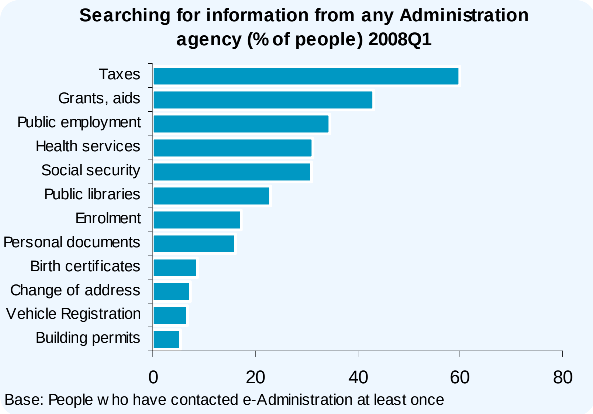
| Contact with Public Administration | % of individuals | Thousands of individuals |
|---|---|---|
| 2006Q1 | 16.9 | 6,285 |
| 2006Q3 | 17.9 | 6,646 |
| 2007Q1 | 18.3 | 6,855 |
| 2007Q3 | 19.3 | 7,240 |
| 2008Q1 | **20.0** | **7,557** |

Around 20% of the population aged 15 and over, that is, one in every five individuals, has now contacted the Public Administration (National, Regional or Local) via the Internet on at least one occasion (to complete an official formality, make an enquiry, etc. ). This was 700,000 more individuals than for same period the previous year, bringing the total accumulated in this area to 7.5 million people.

## 8.10. Administration information enquiry

*19th Edition*
*January-March 2008*

| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Taxes | 62.1 | 63.5 | 64.5 | 66.2 | 59.8 |
| Grants, aids | 42.5 | 42.0 | 44.7 | 47.7 | 43.2 |
| Public employment | 40.9 | 35.7 | 34.8 | 34.3 | 34.7 |
| Social security | 22.4 | 20.7 | 28.2 | 22.8 | 31.0 |
| Health services | 14.4 | 17.0 | 21.6 | 25.7 | 31.3 |
| Enrolment | 17.5 | 19.4 | 16.5 | 18.1 | 17.4 |
| Personal documents | 9.0 | 9.6 | 13.2 | 11.9 | 16.1 |
| Birth certificates | 5.5 | 6.2 | 8.2 | 9.0 | 8.9 |
| Change of address | 4.5 | 4.4 | 6.2 | 7.1 | 7.5 |
| Public libraries | 19.4 | 16.9 | 20.1 | 15.7 | 23.1 |
| Vehicle Registration | 5.4 | 5.8 | 6.0 | 6.2 | 7.0 |
| Building permits | 3.5 | 4.8 | 3.6 | 5.1 | 5.4 |

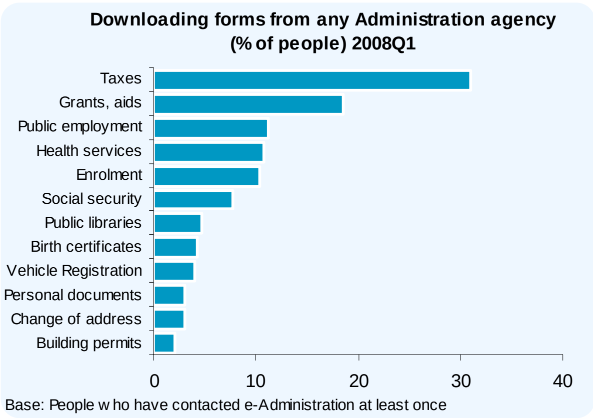



In the first quarter of 2008, 59.8% of those who contacted e-Administration were searching for information on taxes, 43.2% for information on study grants and financial aid, 34.7% for information on public employment and 31.3% and 31.0%, respectively, for information about the health services and Social Security.

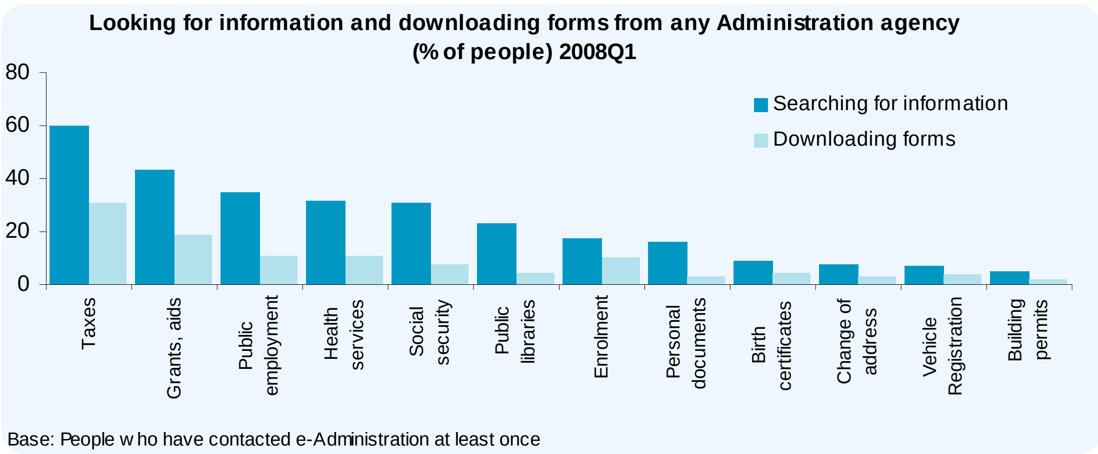
## 8.11. Downloading official Administration forms

**19th Edition**
*January-March 2008*

| % of individuals | 2005Q3 | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|
| Taxes | 29.5 | 32.3 | 32.0 | 32.5 | 30.8 | 31.0 |
| Grants, aids | 12.7 | 16.5 | 16.3 | 17.9 | 21.3 | 18.5 |
| Public employment | 10.9 | 13.3 | 11.6 | 11.9 | 11.7 | 11.2 |
| Enrolment | 7.8 | 9.4 | 9.9 | 8.9 | 10.8 | 10.4 |
| Social security | 8.6 | 5.8 | 7.8 | 7.5 | 8.5 | 7.8 |
| Health services | 3.3 | 2.9 | 6.1 | 6.7 | 9.3 | 10.8 |
| Birth certificates | 1.4 | 3.0 | 3.8 | 4.2 | 4.7 | 4.3 |
| Public libraries | 3.0 | 3.7 | 3.0 | 3.9 | 3.0 | 4.7 |
| Personal documents | 1.7 | 3.2 | 2.7 | 2.5 | 3.3 | 3.1 |
| Change of address | 1.8 | 1.9 | 2.0 | 2.3 | 2.5 | 3.1 |
| Vehicle Registration | 1.3 | 1.0 | 2.6 | 2.3 | 2.0 | 4.0 |
| Building permits | 1.3 | 1.4 | 1.8 | 1.1 | 1.4 | 2.1 |




The official forms most frequently downloaded were those on taxes, carried out by 31% of the Internet users who contacted e-Administration, followed by forms for study grants (18.5%), public employment (11.2%), health services (10.8%) and university entrance (10.4%).



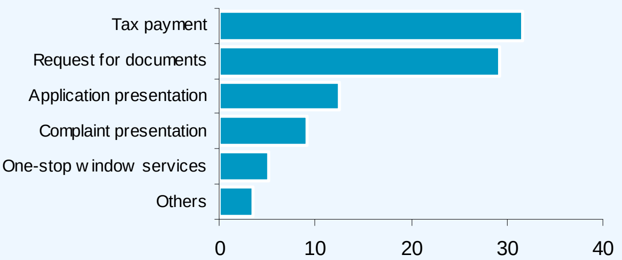
Although the figures for official form downloads were well below those for information searches, certain proportionality can be observed between the two, with higher levels of form downloads for the most frequently consulted services. University entrance forms had the highest download rate in relation to prior information searches.

## 8.12. Carrying out formalities with the Administration

19th Edition
January-March 2008

| % of individuals | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|
| Request for documents | 29.0 | 26.9 | 31.5 | 32.5 | 29.2 |
| Tax payment | 26.9 | 30.5 | 30.7 | 31.8 | 31.6 |
| Application presentation | 12.9 | 14.0 | 14.8 | 13.8 | 12.5 |
| Complaint presentation | 7.0 | 7.7 | 9.2 | 7.3 | 9.2 |
| One-stop window services | 3.3 | 5.0 | 5.1 | 5.2 | 5.1 |
| Others | 3.3 | 4.2 | 4.6 | 4.7 | 3.5 |

Carrying out official formalities with any Administration agency (% of people) 2008Q1




Base: People who have contacted e-Administration at least once

Payment of taxes and requests for official documents were the official formalities most frequently carried out via the Internet, with 31.6% of those who contacted e-Administration completing the former formality on-line, whilst the latter formality accounted for 29.2% of the contacts.

## 8.13. Preferences for contacting Public Administrations

19th Edition
January-March 2008

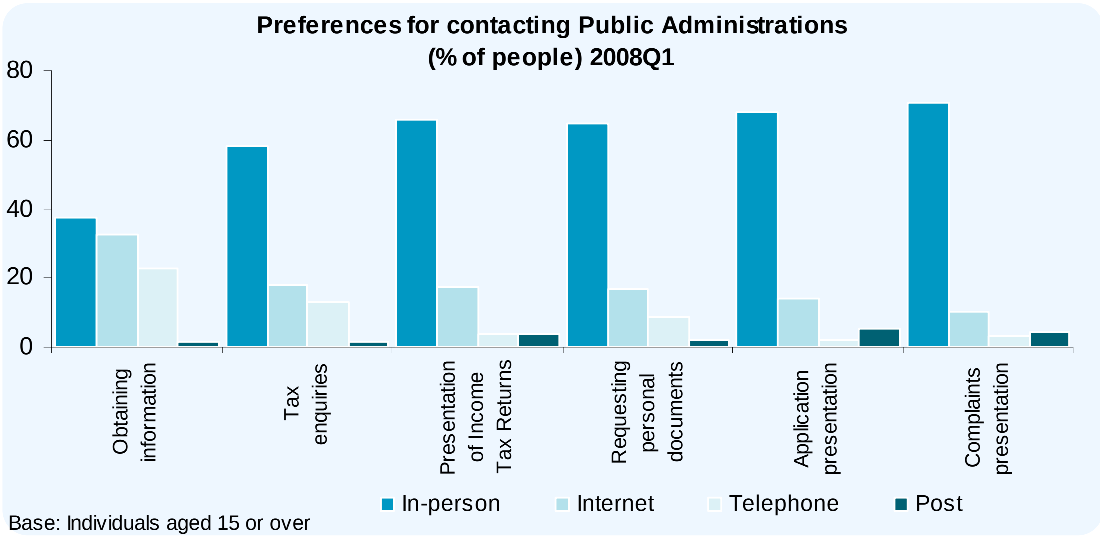
| % of individuals | Contact type | 2006Q1 | 2006Q3 | 2007Q1 | 2007Q3 | 2008Q1 |
|---|---|---|---|---|---|---|
| Obtaining information | In-person | 48.2 | 47.4 | 46.3 | 47.1 | 37.4 |
| | Telephone | 24.3 | 23.1 | 22.9 | 22.6 | 22.9 |
| | Post | 2.0 | 2.0 | 2.0 | 1.7 | 1.6 |
| | Internet | 14.5 | 15.4 | 17.0 | 17.8 | 32.9 |
| Presentation of Income Tax Return | In-person | 69.6 | 68.6 | 68.1 | 67.8 | 65.7 |
| | Telephone | 3.5 | 3.8 | 3.4 | 4.3 | 3.8 |
| | Post | 5.2 | 3.6 | 4.2 | 3.7 | 3.7 |
| | Internet | 7.5 | 8.4 | 9.4 | 10.1 | 17.5 |
| Tax enquiries | In-person | 64.5 | 62.6 | 62.0 | 61.1 | 58.2 |
| | Telephone | 12.0 | 12.2 | 12.4 | 11.7 | 13.0 |
| | Post | 1.5 | 1.2 | 1.2 | 1.3 | 1.9 |
| | Internet | 7.8 | 8.4 | 9.4 | 10.7 | 18.2 |
| Requesting personal documents | In-person | 72.2 | 70.5 | 68.6 | 68.6 | 64.8 |
| | Telephone | 7.1 | 6.6 | 7.8 | 7.0 | 8.9 |
| | Post | 2.5 | 2.3 | 2.0 | 2.5 | 2.4 |
| | Internet | 5.7 | 6.4 | 7.6 | 8.8 | 16.6 |
| Application presentation | In-person | 72.4 | 70.9 | 70.1 | 70.2 | 68.2 |
| | Telephone | 2.0 | 2.0 | 1.8 | 2.3 | 2.3 |
| | Post | 5.6 | 4.6 | 5.5 | 4.9 | 5.3 |
| | Internet | 5.8 | 6.3 | 7.0 | 7.7 | 14.0 |
| Complaints presentation | In-person | 73.5 | 72.2 | 71.0 | 71.2 | 70.7 |
| | Telephone | 2.9 | 2.8 | 3.0 | 2.9 | 3.4 |
| | Post | 4.4 | 3.8 | 4.4 | 3.8 | 4.2 |
| | Internet | 4.3 | 4.5 | 5.5 | 6.4 | 10.6 |

Although the preferred manner of contacting Public Administrations continues to be in person, virtual contact via the Internet is becoming increasingly popular among citizens as a means of contacting Public Administrations.

In the first months of 2008, preference for using the Internet as a means of obtaining Public Administration information practically doubled, reaching 32.9% of the population aged 15 and over, that is 15.9 percentage points more than the 17% who declared this preference of e-Administration contact in the same period the previous year.

As regards the preferential use of Internet when searching for taxation information or requesting personal documentation, both have increased by around 9 percentage points in the last year.

In the case of presenting income tax returns, preference for using the Internet increased by 8.1 percentage points, whilst preference for Internet use in making requests, sending written information or communications increased 7 percentage points and preference for using this media for submitting complaints, appeals and demands rose by 5.1 percentage points in the last year.



# 9. OBJECTIVES AND METHODOLOGY

## 9.1. Scope of the study

A dynamic sector such as this requires a group of homogenous, reliable and rigourous indicators that can serve as a benchmark for establishing regulatory initiatives, designing promotion policies and supporting business decisions.

Since 2003, Red.es has been carrying out a study that analyses the demands of Spanish households in telecommunication and the Information Society services. It provides indicators on equipment, services and technologies penetration, consumption levels, and average expenditure and usage motivation in families, in five areas: landline telephony, mobile telephony, Internet, Pay TV and ICT equipment.

This study of the demand in the residential segment provides improved knowledge of the sector, complementing the studies and indicators already carried out and provided by other organisations and institutions regarding the offer of services and their use in both the residential and business spheres.

## 9.2. Data Sheet

***Universes***: These have been updated to 2008, in accordance with the population increase in Spain, with the following results: 16,071,425 households. individuals aged 15 and over: 37.808 billion. individuals aged 10 and over: 39.865 billion.
Note: The data published in this report refers to individuals aged 15 and over.

***Sample:*** 3,182 households and 6,900 individuals aged 10 and over were included in the questionnaire analysis. A total of 2,804 households fulfilled the requirements for their invoices to be included in the analysis.

***Scope***: Mainland Spain, the Balearic Islands and the Canary Islands

***Sample design***: For each of the Autonomous Communities, proportional stratification by type of habitat, with social segment quotas and taking into account the number of persons in the household and the presence of children under 16.

***Questionnaires***: In addition to quarterly collection of invoices, a postal survey is sent every six months to the panel members. This includes the household questionnaire and another individual questionnaire for all household members aged 10 and over. The first questionnaire covers information on the household's technological equipment and the second, on individual uses, habits and attitudes.

***Field Work***: The field work and data processing has been carried out by Taylor Nelson Sofres (TNS). Collection of invoices for the period April-June 2008 was completed during August 2008.

***Sampling error***: Assuming simple random sampling criteria, for maximum uncertainty (p=q=50%) and a level of confidence of 95.5%, the maximum sampling errors made are ±1.77% for households and ±1.20% for individuals.