ICTs in Spanish households
27th Panel Survey

First Quarter 2010 January-March

This report on the 27th edition Survey Panel "ICTs in Spanish Households" conducted by the ONTSI (Spanish Observatory for Telecommunications and the Information Society) has been drawn up by the ONTSI survey team:

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HIGHLIGHTS

55.5% of Spanish households have an Internet connection, which represents a figure of 9.4 million households.

In the last year, 1.3 million households have acquired an Internet connection, which represents a 7 point increase in terms of Internet penetration in the residential market compared to the previous year

The number of Internet users aged 10 and over is almost 27 million

26.9 million individuals aged ten and over, that is to say 65.4% of the population, use the Internet, and most of them are regular users who connect frequently or very frequently.

52.3% of the population aged 15 and over used the Internet in the last week

This means that 20.4 million people aged 15 and over frequently use the Internet (at least once a week), which represents 81.8% of all individuals who have ever accessed the Internet.

Total expenditure on ICT services has recorded a fall of 1.7%, and stands at €3,438 million

For the first time, the expenditure of households on ICT services has fallen to €3,438 million (data from the first quarter of 2010) due to the market contraction in the mobile/fixed telephony and pay TV sectors.

The Internet is the only ICT service that has recorded an increase in terms of household expenditure in the last year

Internet has risen significantly (16.7%) in terms of household expenditure in the last year, reaching €642 million in the first quarter of 2010 and representing 18.7% of all the services considered

More than 15 million households (90%) have at least one mobile phone

With a year-on-year increase of 2 percentage points and 600,000 households, the mobile telephone was present in 90% of the households in the first quarter of 2010, which means over 15 million households (15.286 million).

There are more than 18 million loyal users of the Internet who started using it more than three years ago

With a year-on-year increase in the first quarter of 2010 of 14.6%, the percentage of users who had been using the Internet for more than three years is 73.4%, which evidences the loyalty on the Internet.

A total of 23.9% of the population aged 15 and over have contacted the public administration via the Internet

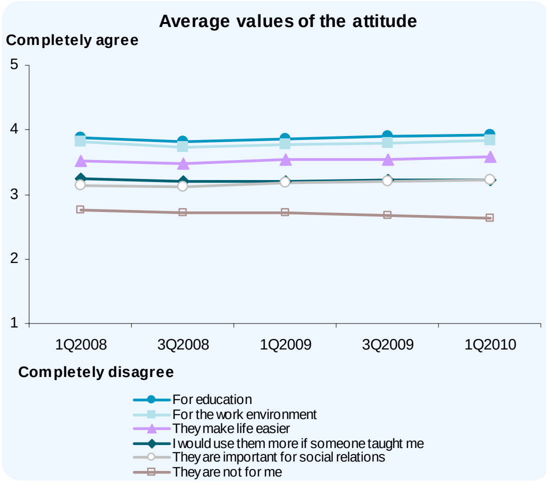
Over 9.3 million people, that is to say 23.9% of the population aged 15 and over, have contacted e-Government at least in one occasion, with approximately 983.000 new users over the previous year.

CONTENTS

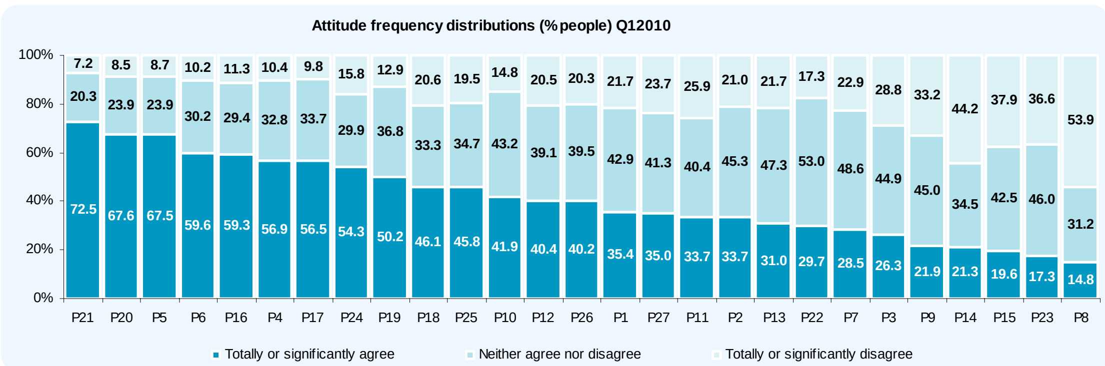
1. ATTITUDE TOWARDS NEW TECHNOLOGIES

	Average values (1 totally disagree - 5 totally agree)	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
P21	Awareness of new technologies will be fundamental to education	3.88	3.82	3.86	3.89	3.92
P5	Public administrations should help raise awareness of new technologies	3.80	3.81	3.83	3.84	3.84
P20	Knowledge of new technologies is important in the work environment	3.83	3.73	3.78	3.79	3.83
P16	Those who do not adapt to new technologies are going to find things difficult	3.59	3.55	3.58	3.58	3.61
P4	New technologies often do not justify their price	3.63	3.62	3.68	3.64	3.60
P6	New technologies help to resolve some problems	3.50	3.51	3.53	3.55	3.59
P17	New technologies make life easier and more convenient	3.52	3.48	3.53	3.54	3.58
P19	New technologies make it difficult to separate work from leisure time	3.46	3.44	3.50	3.48	3.48
P24	My relationship with new technologies is very practical	3.44	3.45	3.44	3.48	3.46
P18	New technologies cause people to communicate less	3.39	3.38	3.38	3.34	3.35
P10	NTs allow me to do what I want, when and where I want	3.22	3.20	3.22	3.30	3.32
P25	I am only interested in technologies that are easy to set up and use	3.32	3.30	3.32	3.33	3.30
P26	I would use more technological products and services if someone taught me	3.23	3.21	3.21	3.23	3.23
P12	Some knowledge of new technologies is important for social relations	3.14	3.11	3.17	3.20	3.23
P1	Price is the most important factor for me when choosing	3.20	3.19	3.23	3.20	3.17
P2	I am interested in the new technologies, but I find them very expensive	3.19	3.18	3.22	3.21	3.16
P27	The Internet presents more disadvantages for children than advantages	3.19	3.21	3.28	3.18	3.16
P22	New technologies do not fulfil all their promises	3.17	3.21	3.18	3.19	3.15
P13	I use them when they have been sufficiently tested	3.08	3.11	3.13	3.12	3.08
P7	I am not planning on buying NTs until their prices drop	3.10	3.13	3.11	3.14	3.06
P11	I like to try new technological advances	3.04	3.01	3.01	3.06	3.06
P3	New technologies help me to develop as a person	2.87	2.84	2.84	2.90	2.93
P9	I start to use new technologies when I see several other people using them	2.80	2.82	2.82	2.82	2.80
P15	I am not sure what new technologies can do for me	2.81	2.82	2.81	2.78	2.73
P23	Shopping on the Internet is safe	2.57	2.63	2.63	2.68	2.69
P14	New technologies are not for me	2.75	2.71	2.72	2.68	2.64
P8	I am one of the first to buy NTs in my environment	2.36	2.38	2.33	2.38	2.39

A more positive attitude towards new technologies is observed among the population in general in the first quarter of 2010. The most highly valued aspects continued to be the contribution of new technologies in education and in the world of work. Likewise, over the last year we have seen a rise in the number of citizens who consider new technologies to be part of their lives, and as something that is increasingly more and more available to traditionally non tech-savvy citizens.



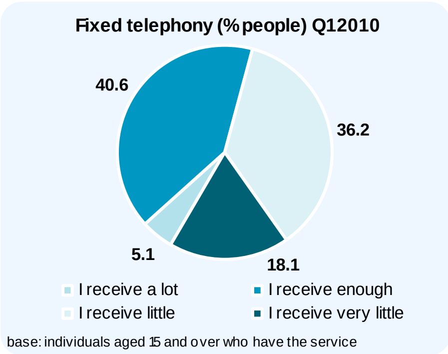
By putting the past years into scope, we see that the biggest change has been in the amount of importance that citizens confer to the role that Internet plays in their social relationships.

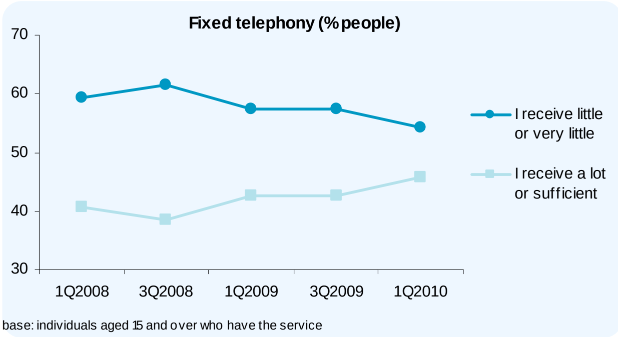


72.5% of the population consider that new technologies are fundamental for education, 67.6% think they are important in the work environment and 67.5% say that the Public Administration must contribute to their promotion.

2. ICT COST-BENEFIT RATIO

2.1. Cost-benefit ratio of ICT services

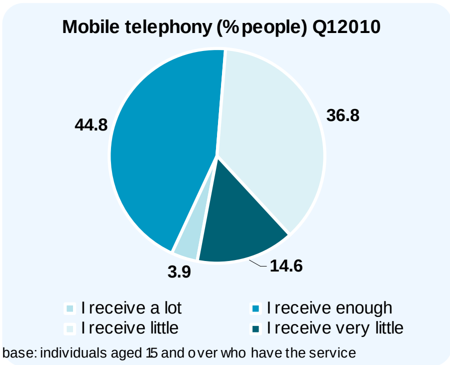


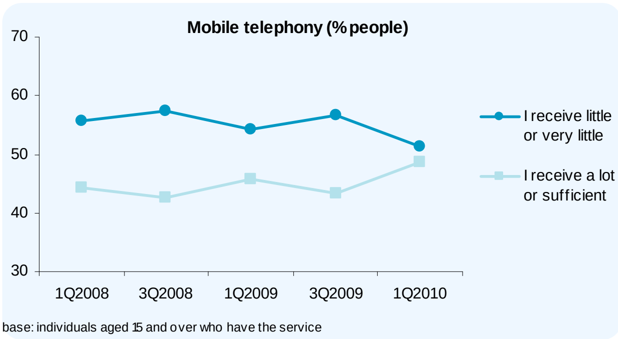


% individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
I receive a lot	4.6	5.0	5.5	6.1	**5.1**
I receive enough	36.1	33.6	37.0	36.5	**40.6**
I receive little	39.1	40.4	38.6	36.7	**36.2**
I receive very little	20.2	21.0	18.9	20.7	**18.1**

Base: individuals aged 15 and over who have the service

Fixed telephony services have improved their cost/benefit ratio in the last year: 45.7% of those who have fixed telephone consider that they receive a lot or sufficient for what they pay for.

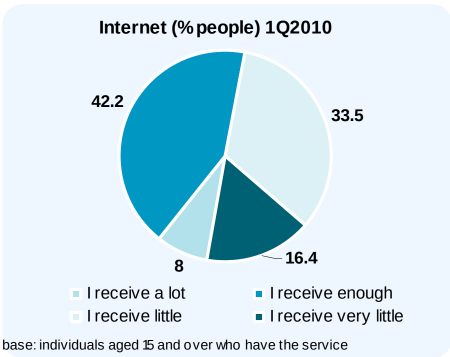


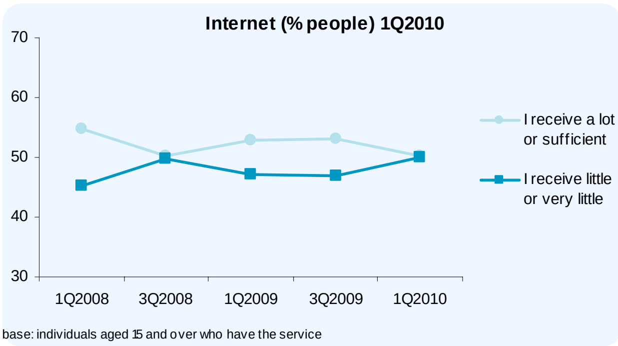


% individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
I receive a lot	4.2	3.3	4.0	3.1	**3.9**
I receive enough	40.1	39.3	41.8	40.2	**44.8**
I receive little	40.5	41.1	38.2	39.6	**36.8**
I receive very little	15.2	16.3	16.0	17.1	**14.6**

Base: individuals aged 15 and over who have the service

The valuation of mobile telephony cost/benefit ratio by users has improved considerably, and 48.7% of them claim to receive an excellent or adequate service in return for the price paid.

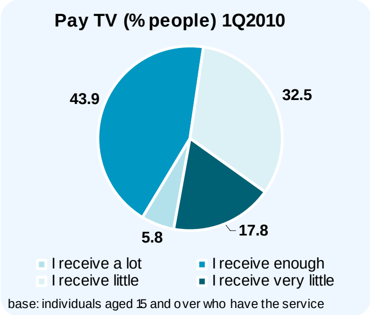


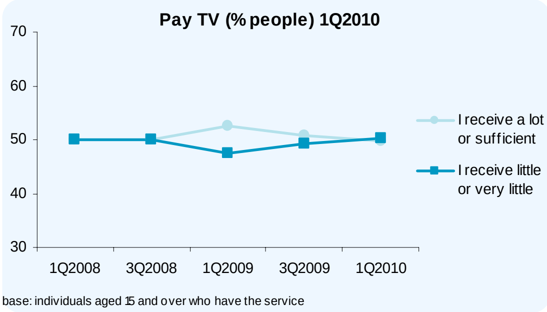


% individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
I receive a lot	8.4	7.7	9.3	8.5	**8.0**
I receive enough	46.3	42.6	43.5	44.6	**42.2**
I receive little	30.3	33.8	33.1	29.2	**33.5**
I receive very little	14.9	15.9	14.1	17.7	**16.4**

Base: individuals aged 15 and over who have the service

The Internet continues to be the most highly valued service, but experiences a drop. 50.2% of those who had this service made a positive evaluation.





The second service considered best value was pay TV, with 49.7% of individuals satisfied with what they received for what they paid. However, the global valuation has fallen this year due to the increase in the number of individuals that claim they receive little or very little in return for the price paid.

% individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
I receive a lot	3.7	5.2	6.3	5.0	**5.8**
I receive enough	46.4	44.8	46.2	45.7	**43.9**
I receive little	35.9	35.4	34.5	36.3	**32.5**
I receive very little	14.0	14.6	13.0	13.0	**17.8**

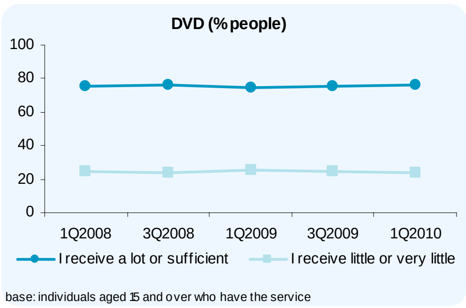
Base: individuals aged 15 and over who have the service

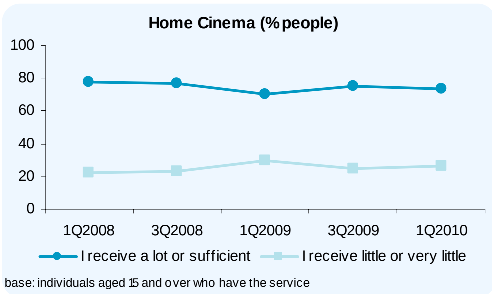
2.2. Cost-benefit ratio of ICT devices

	% individuals	1Q2007	3Q2007	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
DVD	I receive a lot	12.5	12.8	11.4	10.8	13.8	10.9	**10.7**
	I receive enough	67.8	64.9	64.0	65.5	60.9	64.6	**65.6**
	I receive little	14.2	15.7	16.7	15.6	18.0	15.1	**15.2**
	I receive very little	5.6	6.6	8.0	8.1	7.3	9.4	**8.5**
Home Cinema	I receive a lot	12.9	16.7	13.1	11.6	14.6	7.0	**8.9**
	I receive enough	65.9	63.8	64.7	65.4	55.8	68.0	**64.8**
	I receive little	14.1	14.5	14.2	14.9	25.0	17.0	**15.0**
	I receive very little	7.1	5.0	8.0	8.1	4.7	8.0	**11.3**
Video console	I receive a lot	11.4	12.0	11.0	10.7	14.7	8.8	**11.2**
	I receive enough	58.7	56.7	54.2	56.2	55.9	56.7	**57.1**
	I receive little	19.3	22.1	23.0	19.0	20.0	19.8	**18.0**
	I receive very little	10.6	9.2	11.8	14.1	9.5	14.7	**13.7**

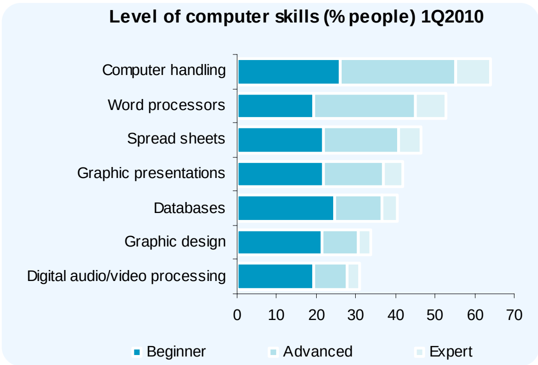
Base: individuals aged 15 and over who have the equipment

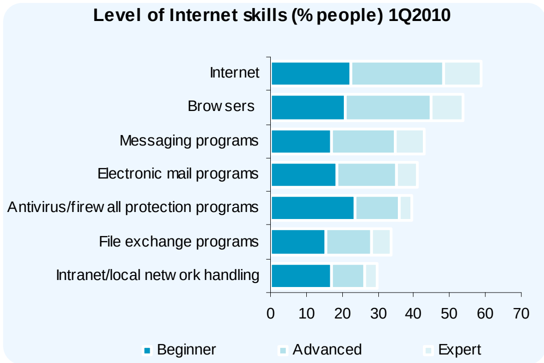
In 2010 the cost/benefit ratio of DVD and Home Cinema improves with respect to the previous year, due to the increase in the number of individuals that claim they receive sufficient in return for the price paid. Three out four people claimed to receive an excellent or adequate service in return for the price paid in both cases. For videoconsoles, is 68.3%.





3. COMPUTER AND INTERNET SKILLS





63.9% of the population aged 15 and over use computers. Most of them are advanced users (29%) or experts (8,7%) and 26.2% are beginners.

58.9% of the Spanish population are Internet users. Also here most of them are advanced users (25.9%) or experts (10.4%) and 22.6% are beginners.

Compared to the same period of the previous year, the percentage of individuals with computer knowledge has risen by 2.6 points, and the percentage of individuals with Internet knowledge has risen by 4.8 points, reaching 59% of the population.

Computer knowledge

% individuals (1Q2010)	Beginner	Advanced	Expert	I am not a user	DK/NA
Computer handling	26.2	29.0	8.7	28.3	7.9
Word processors	19.4	25.7	7.6	37.3	10.0
Spread sheets	21.8	18.9	5.9	43.3	10.1
Graphic presentations	21.7	15.4	4.9	47.6	10.3
Databases	24.5	12.2	3.9	49.0	10.3
Graphic design	21.5	9.1	3.0	56.1	10.4
Digital audio/video processing	19.5	8.3	3.1	58.3	10.7

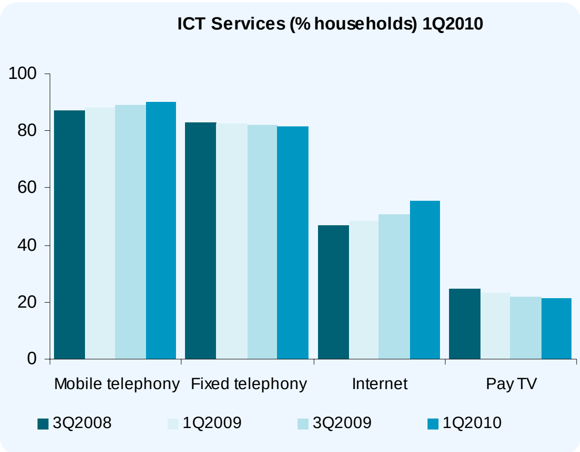
The most popular IT applications for users are word processors (52.7%) and spreadsheets (46.6%). On the other hand, on the Internet, browsers (53.8%), messaging (42.9%) and email programs (41.1%) are the most used.

Internet knowledge

% individuals (1Q2010)	Beginner	Advanced	Expert	I am not a user	DK/NA
Internet	22.6	25.9	10.4	31.2	9.9
Browsers	20.9	24.0	8.9	35.9	10.3
Messaging programs	17.2	17.6	8.1	46.7	10.4
Electronic mail programs	18.7	16.6	5.8	48.4	10.5
Antivirus/firewall protection programs	23.6	12.3	3.4	50.1	10.6
File exchange programs	15.5	12.8	5.2	56.0	10.6
Intranet/local network handling	17.1	9.3	3.4	59.4	10.9

4. ICT EQUIPMENT AND SERVICES

4.1. ICT Services

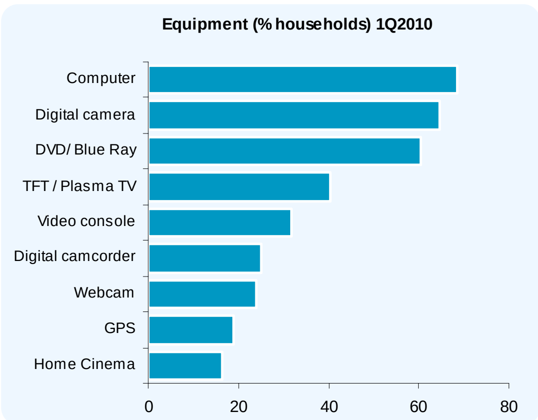


% households	Mobile telephony	Fixed telephony	Internet	Pay TV
1Q2008	86.9	83.0	44.5	21.9
3Q2008	87.0	82.8	46.8	24.8
1Q2009	88.2	82.4	48.5	23.3
3Q2009	89.1	82.0	50.7	21.8
1Q2010	90.2	81.3	55.5	21.3

There is at least one mobile telephony line in 90% of Spanish households, and 81% of them have fixed telephony. Hover half of them (55.5%) have Internet access.

The service with the most relevant evolution was the Internet, which has increased 11 percentage points in penetration over the last two years, and 7 percentage points in the last year. At the same time, pay television experiences a drop down to 21.3% in the first quarter of 2010.

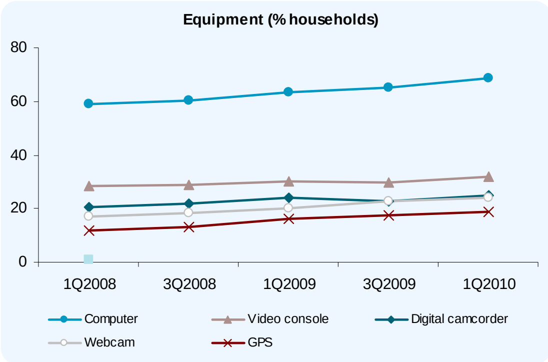
4.2. Household equipment

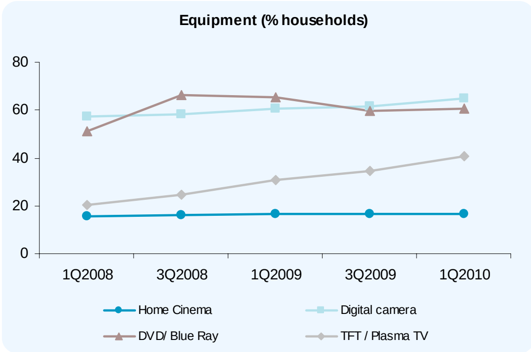


The most frequent ICT devices in the home were computers, digital cameras and DVDs/Blue Ray, with percentages ranging from 70% and 60%. Almost 7 out of 10 households have a computer, mainly a desktop computer. The presence of Home Cinemas at home has almost not changed in the last two years. 16.4% of households have this type of device.

% households	Computer	Digital camera	DVD/ Blue Ray	TFT / Plasma TV	Video console	Digital camcorder	Webcam	GPS	Home Cinema
1Q2008	59.1	57.1	50.9	20.4	28.3	20.5	17.0	12.0	15.8
3Q2008	60.4	58.2	66.5	24.4	28.8	21.7	18.2	13.0	16.0
1Q2009	63.4	60.7	65.2	30.7	30.1	24.0	20.0	16.1	16.7
3Q2009	65.0	61.4	59.8	34.7	29.8	22.9	22.7	17.3	16.8
1Q2010	68.5	64.7	60.4	40.5	31.7	25.0	24.0	19.0	16.4

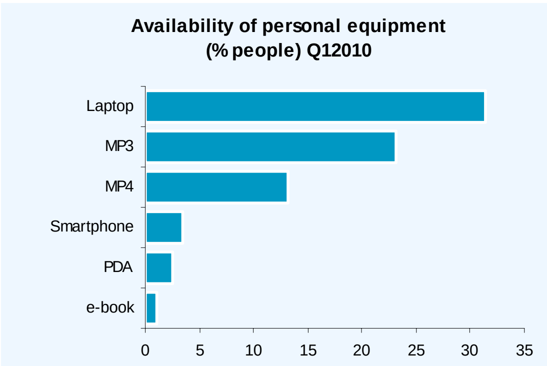
The most notable evolution was that recorded by TFT/ Plasma TV that has doubled its presence in households during the last two years, reaching 40.5% of them in the first quarter of 2010, followed by the computer.





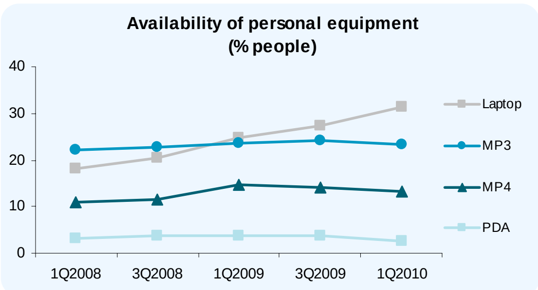
percentage points increase	Computer	Digital camera	DVD/ Blue Ray	TFT / Plasma TV	Video console	Digital camcorder	Webcam	Home Cinema	GPS
1Q2008 – 1Q2009	4.3	3.6	14.3	10.3	1.8	3.5	3.0	0.9	4.1
3Q2008 – 3Q2009	4.6	3.2	-6.7	10.3	1.0	1.2	4.5	0.8	4.3
1Q2009 – 1Q2010	**5.1**	**4.0**	**-4.8**	**9.8**	**1.6**	**1.0**	**4.0**	**-0.3**	**2.9**

4.3. Individual equipment



% Individuals	Laptop	MP3	MP4	Smartphone	PDA	e-book
1Q2008	18.2	22.3	10.8	---	3.2	---
3Q2008	20.3	22.8	11.4	---	3.6	---
1Q2009	24.8	23.6	14.7	---	3.8	---
3Q2009	27.3	24.3	14.0	2.7	3.6	0.5
1Q2010	**31.4**	**23.2**	**13.2**	**3.4**	**2.5**	**1.0**

Laptop computer continued to be the ICT equipment most commonly owned by individuals (31.4%). Almost 25% of individuals aged 15 and over have a MP3 player, and 13.2% of them a MP4 player. Smartphones are still not very widespread (3.4%) but have experienced an important growth in the last 6 months. E-books are owned only by 1% of the population.



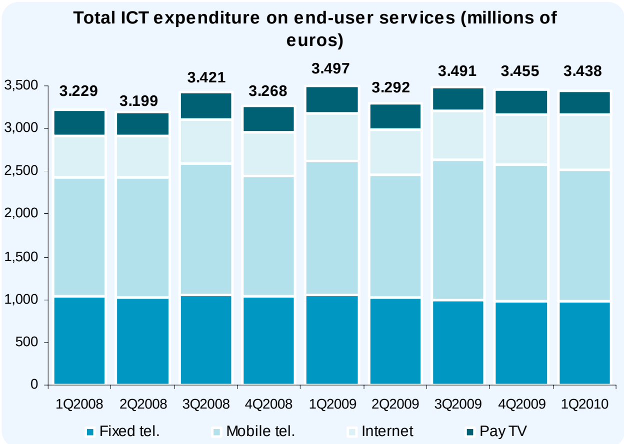
percentage points increase	MP3	MP4	PDA	Laptop
1Q2008 – 1Q2009	1.3	3.9	0.6	6.6
3Q2008 – 3Q2009	1.5	2.6	0.0	7.0
1Q2009 – 1Q2010	**-0.4**	**-1.5**	**-1.3**	**6.6**

The penetration of laptops in the population, as well as the penetration of computers in households, has recorded a constant growth in the last years, with year-on-year increases of around 7 points. Both MP4 players and PDAs have experienced a slight drop in the first quarter of 2010, compared to the same quarter of the previous year, while MP3 players have remained practically the same.

5. ICT EXPENDITURE

ICT service expenditure (1Q2010)	% households	Num. of households (thousands)	ICT service expenditure (€ million)
Fixed telephony	81.3	13,772	979
Mobile telephony	90.2	15,286	1,536
Internet	55.5	9,393	642
Pay TV	21.3	3,609	281
Total	100	16,939	3,438

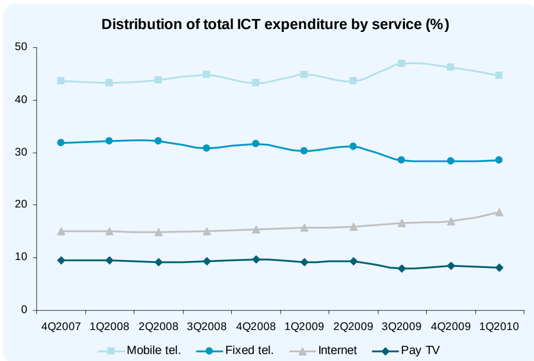
In the first quarter of 2010, Spanish households spent €3,438 million on information and communication technology services. For the first time, ICT expenditure has experienced a year-on-year decrease of 1.7%.



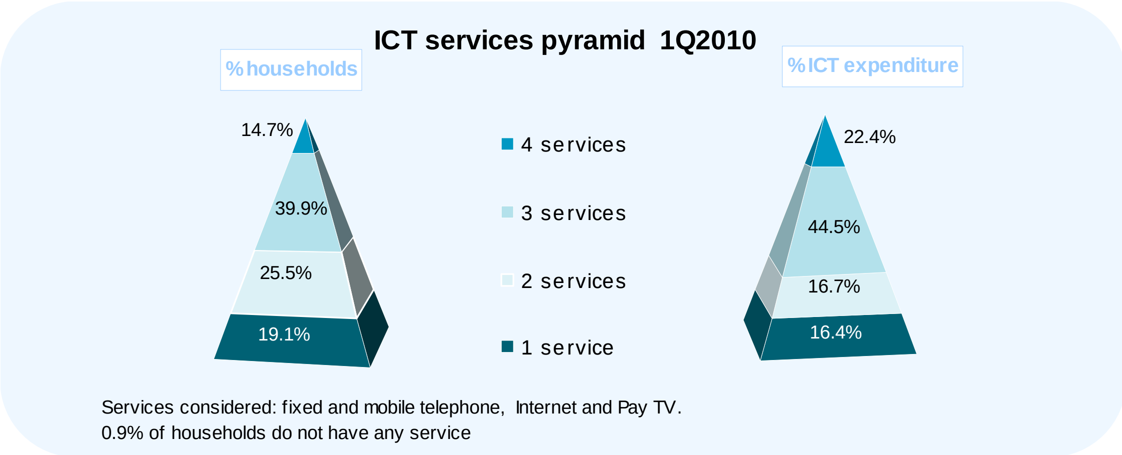
The Internet is the only ICT service that has recorded a very notable increase (16.7%) in terms of household expenditure in the last year. By contrast, there was a drop of 2.2% in expenditure on mobile telephony. Total expenditure on the other ICT services -fixed telephony and pay TV- has also fallen by 7.3% and 12.5% respectively.

ICT service expenditure	Million euros					Percentage			
	Fixed tel.	Mobile tel.	Internet	Pay TV	Total	Fixed tel.	Mobile tel.	Internet	Pay TV
1Q2008	1,038	1,397	484	310	3,229	32.1	43.3	15.0	9.6
2Q2008	1,028	1,401	478	292	3,199	32.1	43.8	14.9	9.1
3Q2008	1,055	1,533	512	321	3,421	30.8	44.8	15.0	9.4
4Q2008	1,037	1,412	505	314	3,268	31.7	43.2	15.5	9.6
1Q2009	1,056	1,570	550	321	3,497	30.2	44.9	15.7	9.2
2Q2009	1,025	1,437	525	305	3,292	31.1	43.7	15.9	9.3
3Q2009	997	1,638	579	277	3,491	28.6	46.9	16.6	7.9
4Q2009	980	1,595	587	293	3,455	28.3	46.2	17.0	8.5
1Q2010	979	1,536	642	281	3,438	28.5	44.7	18.7	8.2

Mobile telephony is at the top of the list of ICT service expenditure distribution with a percentage of 44.7%, almost the same as the previous year. Internet services have continued growing, with an increase of 3 percentage points in the first quarter of 2010 and representing 18.7% of total expenditure on ICT services.

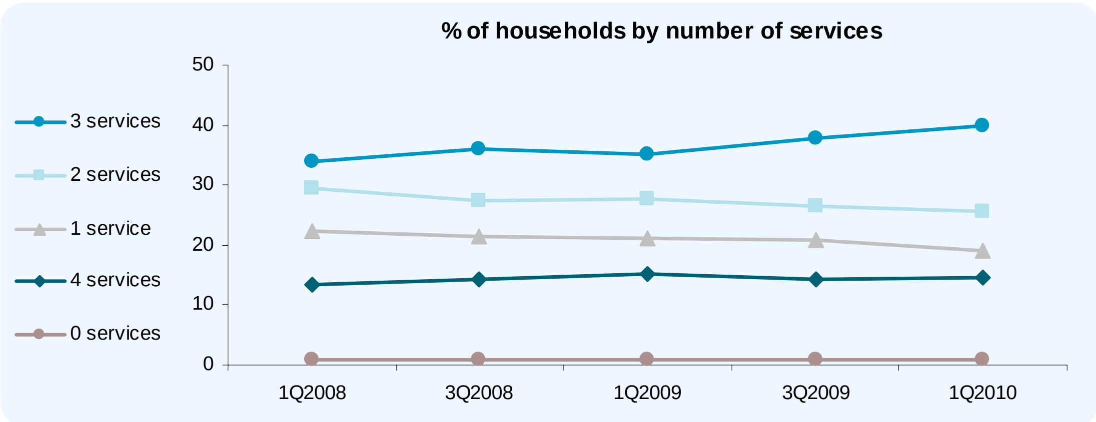


6. ICT SERVICES PYRAMID



In the third quarter of 2010, 55% of Spanish households were subscribed to more than 2 ICT services. Specifically, 40% of them were subscribed to 3 services (typically mobile telephony, fixed telephony and Internet) and almost 15% were subscribed to the 4 services considered in this report: fixed telephony, mobile telephony, Internet and pay TV. As to ICT expenditure, a third part of it corresponds to households subscribed to 1 or 2 services and 44.5% to households with 3 services.

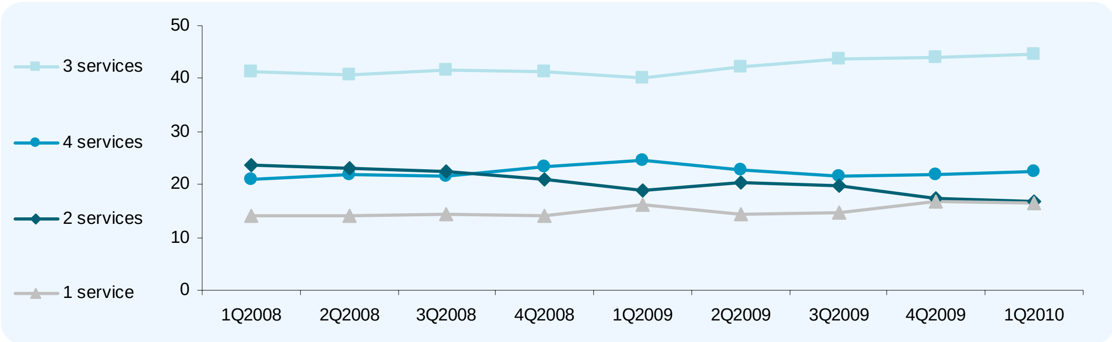
6.1. Percentage of households by number of services



As in the previous quarter, households subscribed to 3 services recorded the highest year-on-year rise of almost five percentage points. The percentage of households with four services has remained stable, and of those with 1 or 2 services, has fallen by 2.1 and 2.3 percentage points respectively.

% households	1Q2007	3Q2007	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
4 services	12.1	12.1	13.3	14.3	15.2	14.2	**14.7**
3 services	32.1	32.5	33.9	36.0	35.0	37.8	**39.9**
2 services	31.1	32.4	29.5	27.3	27.8	26.4	**25.5**
1 service	23.8	22.2	22.3	21.3	21.2	20.8	**19.1**
0 services	0.9	0.9	1.0	1.0	0.9	0.8	**0.9**

6.2. Percentage of expenditure by number of services



The relative increase in the number of households subscribed to 3 ICT services is reflected in the relative increase in their expenditure. Thus, the expenditure of households with 3 ICT services has risen by 4.3 percentage points over the last year. Similarly, households with to services have reduced their expenditure by 2.3 percentage points.

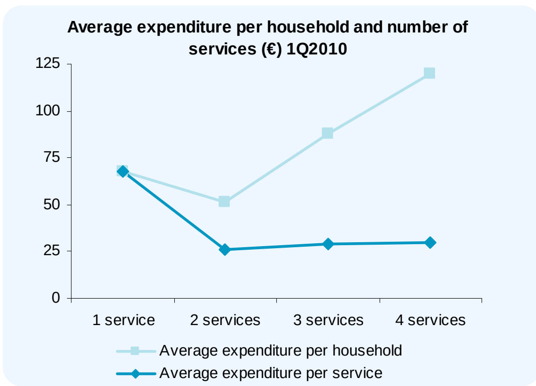
% expenditure	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
4 services	20.9	22	21.7	23.4	24.6	22.8	21.7	21.9	**22.4**
3 services	41.2	40.7	41.5	41.4	40.2	42.3	43.8	43.9	**44.5**
2 services	23.7	23.1	22.4	21	19	20.5	19.7	17.4	**16.7**
1 service	14.2	14.2	14.4	14.2	16.2	14.4	14.8	16.8	**16.4**

6.3. Evolution of average monthly expenditure per household and number of services

Average expenditure per household (€)	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
1 service	49.5	48.9	55.6	52.3	55.6	52.2	57.9	64.7	**67.4**
2 services	62.4	60.3	67.6	60.6	62.1	56.3	60.4	53.0	**51.4**
3 services	94.4	92.5	94.8	90.4	93.3	92.4	94.0	93.2	**87.7**
4 services	122.1	127.3	124.6	128.3	131.8	115.0	124.2	124.1	**119.9**

Households subscribed to four ICT services expend €120/month on average, 12 euros less than the previous year. At the other extreme, households with the lowest expenditure are those subscribed to 2 services (typically mobile and fixed telephony), with €51.4/month, 11 euros less than the previous year.

Considering the average expenditure per subscribed service we observe that it is very similar for households with 3 and 4 services, around €30 per service. In households with only one service the average expenditure reaches €67.4, almost double. The lowest average expenditure is found in households with 2 services: €26 per service.

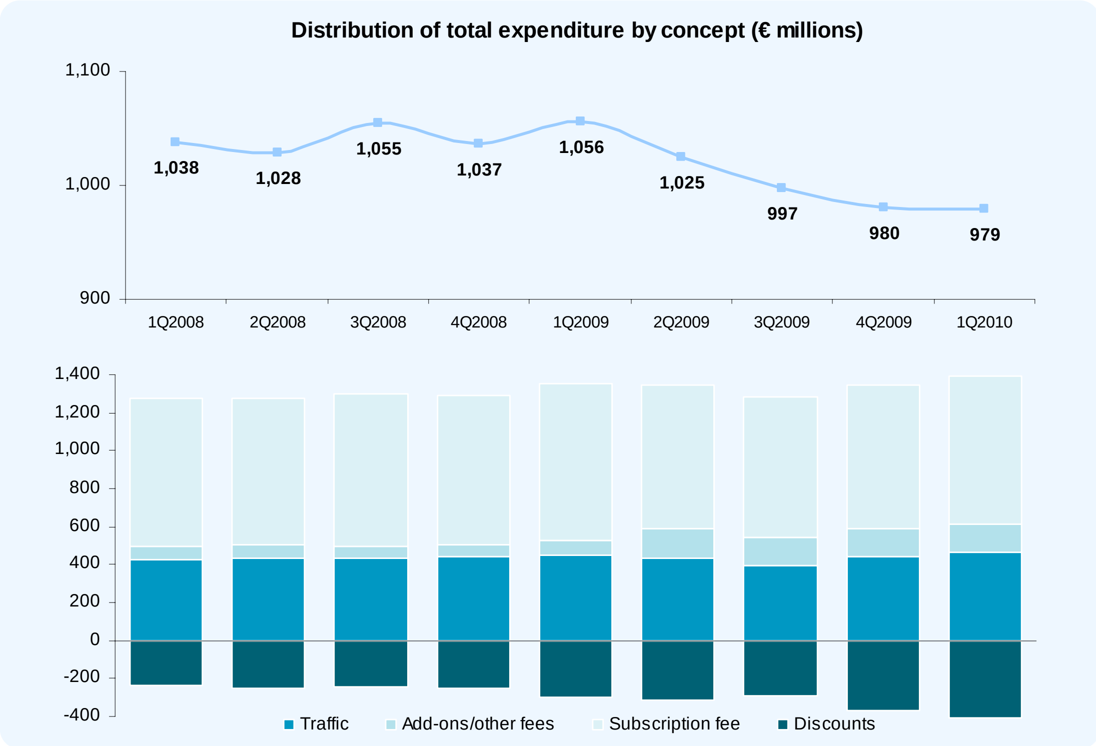


Average expenditure per service (€)	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
1 service	49.5	48.9	55.6	52.3	55.6	52.2	57.9	64.7	**67.4**
2 services	31.2	30.1	33.8	30.3	31.1	28.2	30.2	26.5	**25.7**
3 services	31.5	30.8	31.6	30.1	31.1	30.8	31.3	31.1	**29.2**
4 services	30.5	31.8	31.2	32.1	32.9	28.7	31.0	31.0	**30.0**

The analysis of the monthly average expenditure per subscribed service reflects that households with only one service have increased their expenditure over the last two years, with a year-on-year increase in the first quarter of 2010 of almost €12. However, households with 2, 3 and 4 services have reduced their average expenditure, ranging from 2 euros (in the case of households with 3 services) and 5.4 euros (in those with 2 services).

7. FIXED TELEPHONY

7.1. Total expenditure and distribution by concept



Fixed telephony expenditure in Spanish households in the first quarter of 2010 was €979 million, recording a slight decrease of 1 million euros with respect to the previous quarter of the year, and a drop of €77 million compared to the same quarter of 2009, which means a year-on-year decrease of 7.3%.

€ Millions	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
Traffic	429	436	434	439	452	437	396	443	**468**
Add-ons/other fees	68	65	66	67	74	150	147	146	**148**
Subscription fee	776	777	800	786	827	755	744	758	**773**
Discounts	-236	-250	-245	-255	-297	-318	-290	-367	**-410**
Total expenditure	1,038	1,028	1,055	1,037	1,056	1,025	997	980	**979**

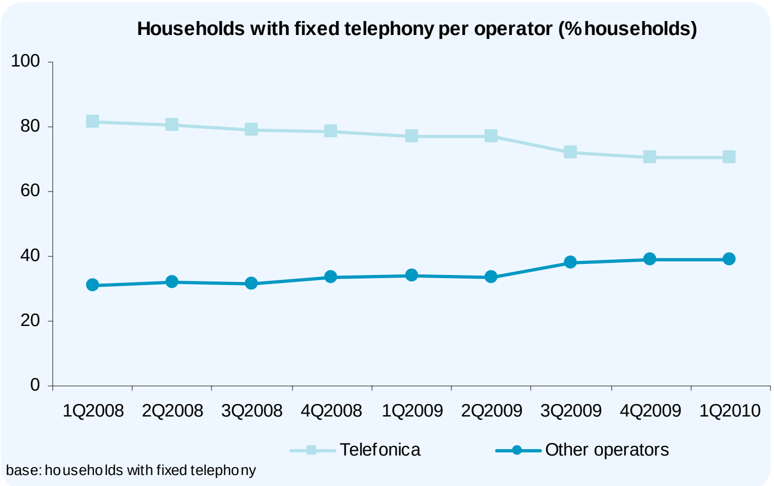
This year-on-year decrease is a result of both the increased discounts applied by operators, which totalled €410 million in the first quarter of 2010 (38% more than the previous year), and the reduction of subscription fees which accounted for €54 million (representing a year-on-year decrease of 7%). However, both decreases are compensated by the increase of 4% in traffic and, specially, by the increase in values for add-ons/other fees[1] which has doubled compared to the previous year.

[1] Since the second quarter of 2009, certain services such as telephone rental, 3-way calling, voice mail, etc. are included within "Fees for other Services" (within add-ons/other fees), with the aim of differentiating between the line rental fee and the line/telephone services fees, provided that this services can be separately identified.

7.2. Households and expenditure per operator

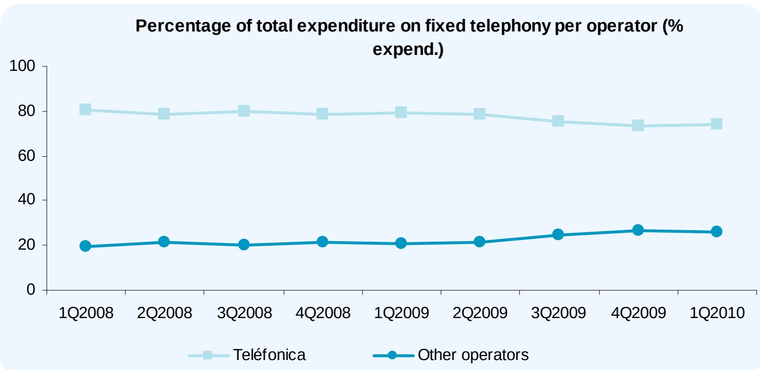
HOUSEHOLDS	Percentage		Absolute (thousands of households)	
	Telefonica	Other operators	Telefonica	Other operators
1Q2008	81.3	31.0	10,842	4,139
2Q2008	80.3	31.8	10,701	4,246
3Q2008	78.8	31.5	10,487	4,188
4Q2008	78.7	33.3	10,474	4,427
1Q2009	76.8	34.1	10,540	4,683
2Q2009	76.9	33.6	10,548	4,610
3Q2009	71.9	37.9	9,819	5,181
4Q2009	70.7	39.1	9,658	5,339
1Q2010	70.7	39.1	9,733	5,383

Base: households with fixed telephone lines



The number of fixed telephony subscribers through Telefónica experienced a year-on-year drop of 7.7%, standing at 9.7 million households over the last quarters. Telefónica's share fell from 76.8% in the first quarter of 2009 to 70.7% in the first quarter of 2010. Almost four out of ten households (39.1%) subscribed to fixed telephony services through other operators, 5.5 percentage points more than the previous year.

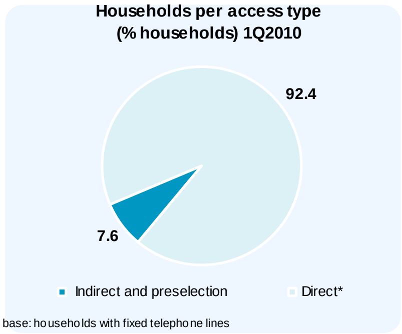
EXPENDITURE	Percentage		Absolute (€ Millions)	
	Telefonica	Other operators	Telefonica	Other operators
1Q2008	80.3	19.7	833	205
2Q2008	78.7	21.3	810	219
3Q2008	79.9	20.1	843	212
4Q2008	78.6	21.4	815	222
1Q2009	79.3	20.7	837	219
2Q2009	78.3	21.7	803	223
3Q2009	75.2	24.8	750	247
4Q2009	73.1	26.9	716	264
1Q2010	73.9	26.1	723	256



As to expenditure per operator, Telefónica reduces its revenue from fixed telephony by more than €100 million between 1Q2009 and 1Q2010, and accumulates 73.9% of the total expenditure on this service. The other operators accounted for €256 million of the total, with a year-on-year increase of 19%, similarly as in previous periods.

7.3. Households, call minutes and expenditure per access type[2]

Households by access type

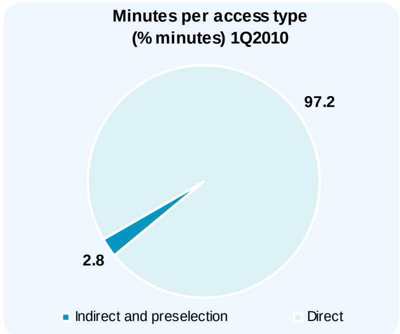


Households	Percentage		Absolute (Thousands)	
	Indirect and preselection	Direct*	Indirect and preselection	Direct*
1Q2008	10.9	89.1	1,455	11,878
2Q2008	10.5	89.5	1,403	11,930
3Q2008	9.2	90.8	1,225	12,081
4Q2008	9.4	90.6	1,247	12,059
1Q2009	9.2	90.8	1,264	12,460
2Q2009	9.2	90.8	1,264	12,460
3Q2009	8.4	91.6	1,146	12,510
4Q2009	8.1	91.9	1,113	12,543
1Q2010	7.6	92.4	1,041	12,731

Base: households with fixed telephony   * *only households with direct access*

The number of households with indirect access continued falling. In the first quarter of 2010, 7.6% of households with fixed telephony had this type of access, this means over 1 million households.

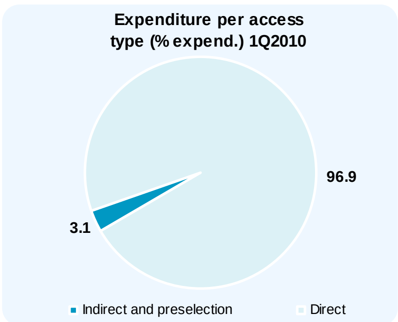
Minutes used by type of access



Minutes	Percentage		Absolute (Millions)	
	Indirect and preselection	Direct	Indirect and preselection	Direct
1Q2008	6.0	94.0	522	8,201
2Q2008	6.0	94.0	526	8,006
3Q2008	4.4	95.6	369	8,013
4Q2008	5.2	94.8	447	8,065
1Q2009	4.6	95.4	419	8,709
2Q2009	3.9	96.1	335	8,152
3Q2009	3.3	96.7	247	7,179
4Q2009	2.9	97.1	240	8,024
1Q2010	2.8	97.2	254	8,785

As to the number of minutes used, with a year-on-year variation of -1%, there is a downward trend in the number of households with indirect access (only 2.8% of the total), while the number of minutes used through direct access reaches 8,785 million, that is 97.2% of the total.

Expenditure by type of access



Expenditure	Percentage		Absolute (€ Millions)	
	Indirect and preselection	Direct	Indirect and preselection	Direct
1Q2008	4.6	95.4	47	990
2Q2008	4.5	95.5	46	983
3Q2008	3.8	96.2	40	1,014
4Q2008	3.9	96.1	40	997
1Q2009	3.6	96.4	38	1,018
2Q2009	3.6	96.4	37	989
3Q2009	3.5	96.5	35	962
4Q2009	3.6	96.4	36	945
1Q2010	3.1	96.9	30	949

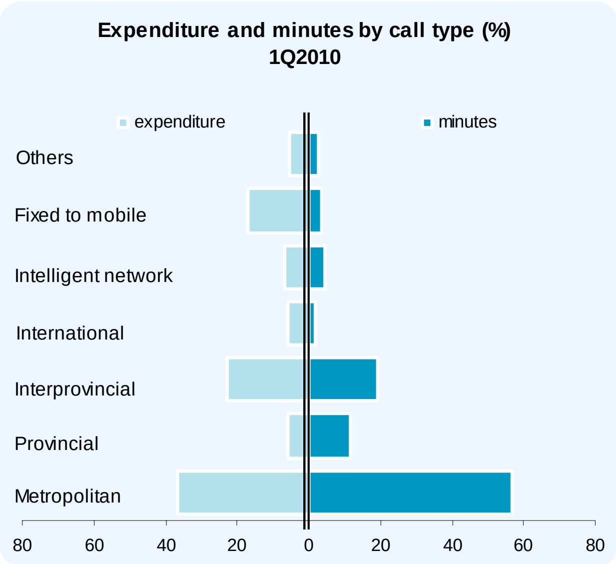
The percentage of expenditure corresponding to indirect access falls. After remaining stable at 3.6% of the total for a year, in the first quarter of 2010 it goes down to 3.1% (which means €30 million). On the other hand, direct access represents 96.9% of the total, totalling €949 million.

[2] Neither minutes consumed nor associated expenditure for flat rate fixed telephony lines have been included.

7.4. Minutes and expenditure by call type

Percentage of *minutes* consumed by call type

% minutes	Metropolitan	Provincial	Interprovincial	International	Intelligent network	Fixed to mobile	Others
1Q2008	61.9	10.0	16.2	2.1	4.7	5.1	0.0
2Q2008	60.3	8.6	15.6	2.1	4.8	5.4	3.1
3Q2008	61.6	8.7	14.3	2.4	4.8	5.7	2.6
4Q2008	58.9	9.3	16.2	2.3	5.8	4.6	2.9
1Q2009	59.3	9.8	16.5	2.7	4.2	3.9	3.6
2Q2009	57.5	10.2	16.5	2.4	4.7	4.5	4.3
3Q2009	58.4	10.7	14.8	2.5	4.5	5.2	3.9
4Q2009	56.8	10.4	19.0	2.7	4.4	4.3	2.4
1Q2010	**56.6**	**11.7**	**19.3**	**1.6**	**4.3**	**3.7**	**2.8**



As to the number of minutes used in fixed telephony by call type, provincial and interprovincial calls continue their upward trend in the first quarter of 2010. On the contrary, the number of minutes used in metropolitan and international calls and calls from fixed to mobile telephones falls. Metropolitan calls account for 56.6% of the total, and provincial and interprovincial calls reach 11.7% and 19.3% of the total respectively.

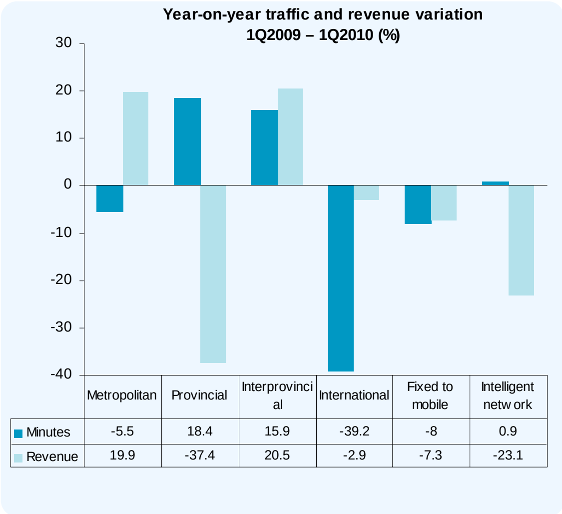
The expenditure on metropolitan calls and interprovincial calls has gone up to 36.8% and 22.6% respectively of the total expenditure on fixed telephony. The expenditure on calls from fixed to mobile telephones falls; it represents 16.9% of the total with a year-on-year variation of -2.2 points. The most dramatic year-on-year fall corresponds to provincial calls (-3,9 points), down to 6% of the total.

Percentage of expenditure made by call type[3]

% expenditure	Metropolitan	Provincial	Interprovincial	International	Intelligent network	Fixed to mobile	Others
1Q2008	32.3	9.9	17.8	5.8	10.3	23.8	0.1
2Q2008	30.0	8.3	16.5	4.8	11.8	23.3	5.3
3Q2008	30.9	8.5	16.1	6.1	11.7	24.3	2.4
4Q2008	29.7	9.0	18.2	7.0	10.1	20.3	5.6
1Q2009	31.7	9.9	19.4	5.9	8.8	18.9	5.3
2Q2009	30.7	10.2	18.9	5.9	9.1	19.6	5.6
3Q2009	29.8	10.4	17.3	5.8	10.2	22.4	4.1
4Q2009	31.5	7.0	21.3	6.9	8.0	18.5	6.8
1Q2010	**36.8**	**6.0**	**22.6**	**5.6**	**6.6**	**16.9**	**5.5**

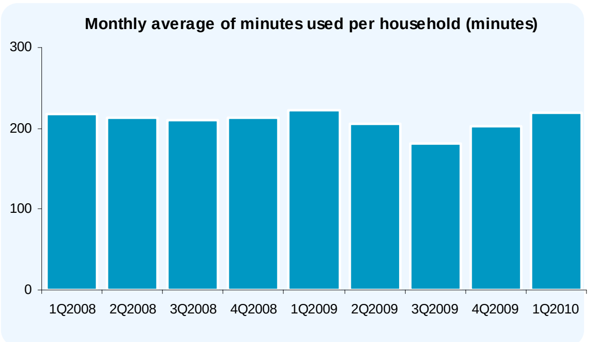
[3] Since the second quarter of 2009, the expenditure on VoIP (e.g. Skype) and on pre-paid cards for fixed telephone (often used for international calls) is also included. Expenditure is recorded for these types but it is not possible to record the traffic. Throughout the report, this expenditure is grouped in the category 'Others'.

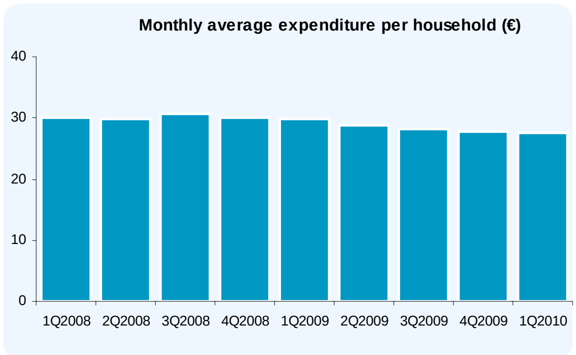
Year-on-year traffic and revenue variation



Although the number of minutes used in metropolitan calls was reduced by 5.5% between 1Q2009 and 1Q2010, the associated expenditure showed a growth of 19.9%. On the contrary, for provincial calls, their traffic increased by 18.4% and their revenues decreased by more than 37.4%.
On the other hand, international calls and calls from fixed to mobile telephones recorded a drop in traffic and revenue, while interprovincial calls increased both in the number of minutes and in revenues.

7.5. Average minutes and expenditure per household



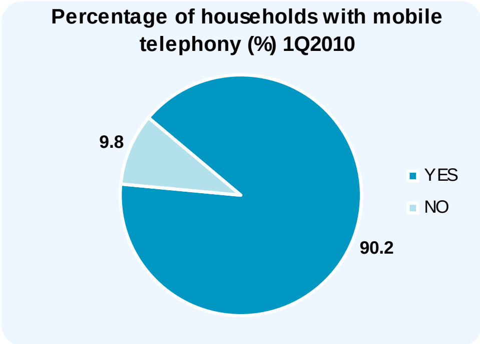


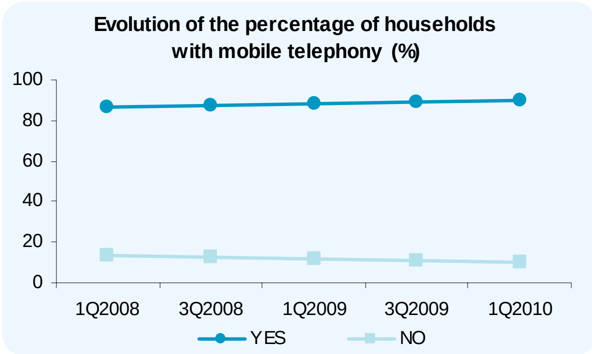
The first quarter of 2010, the average number of minutes used in fixed telephony per household was 219 minutes and the average expenditure €27.5, including VAT. In both cases, we observe the downward trend started the same quarter of the previous year. In the last period, traffic falls by 3 minutes to the level of two years ago. As to expenditure per household, the reduction is of 2.3 euros over the last year.

Monthly average per household	1Q2008	2Q2008	3Q2008	4Q2008	1Q2009	2Q2009	3Q2009	4Q2009	1Q2010
Minutes	218	213	210	213	222	206	181	202	219
Euros	30.1	29.8	30.7	30.1	29.8	28.9	28.2	27.7	27.5

8. MOBILE TELEPHONY

8.1. Households with mobile telephony

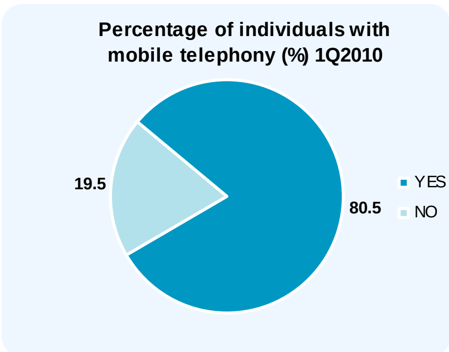


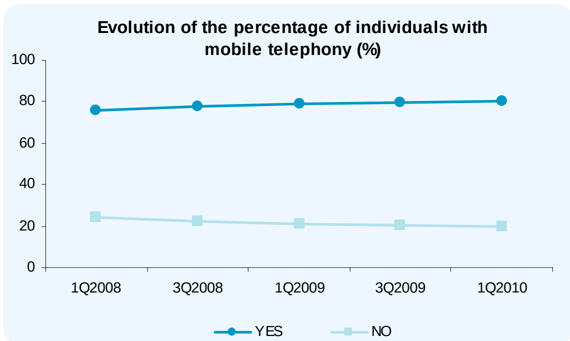


With a year-on-year increase of 2 percentage points and 600,000 households, the mobile telephone was present in 90.2% of the households in the first quarter of 2010, which means over 15 million households.

Households with mobile telephony	Percentage	Absolute (thousands of households)
1Q2007	85.7	13,700
3Q2007	86.5	13,833
1Q2008	86.9	13,961
3Q2008	87.0	13,975
1Q2009	88.2	14,688
3Q2009	89.1	14,842
1Q2010	**90.2**	**15,286**

8.2. Individuals with mobile telephony

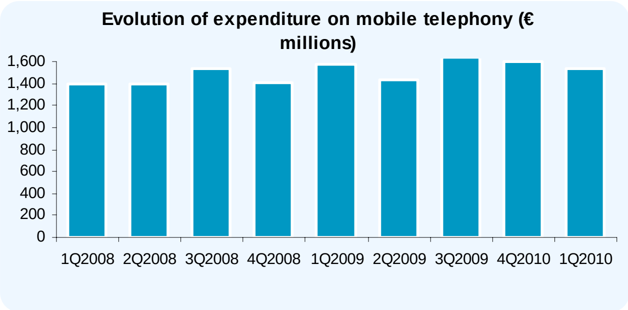




Individuals with mobile telephony	Percentage	Absolute (thousands of individuals)
1Q2007	75.1	28,191
3Q2007	75.2	28,219
1Q2008	76.0	28,717
3Q2008	77.5	29,285
1Q2009	78.8	30,052
3Q2009	79.6	30,372
1Q2010	**80.5**	**31,415**

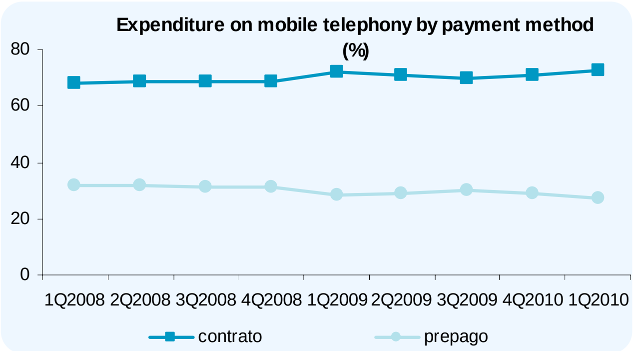
80.5% of individuals aged 15 and over have at least one active mobile telephone (used in the last month), which means over 31 million individuals. This number continues its upward trend year after year. Specifically, it increased by 1.7 points over the last period, which means almost 1.4 million individuals and a relative increase of 4.5%.

8.3. Total and average expenditure per household on mobile telephony



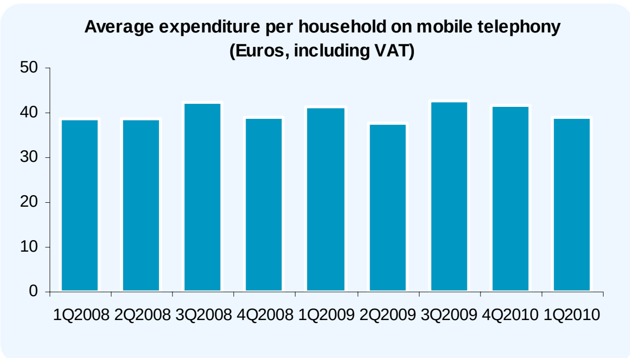
Total expenditure (€ Millions)	contract	Pay as you go	total
1Q2008	952	445	1,397
2Q2008	959	442	1,401
3Q2008	1,051	482	1,533
4Q2008	972	440	1,412
1Q2009	1,127	443	1,570
2Q2009	1,020	417	1,437
3Q2009	1,147	491	1,638
4Q2009	1,136	459	1,595
1Q2010	1,113	423	1,536

Household expenditure on mobile telephony falls in the first quarter of 2010, contrary to its year-on-year upward trend, down to €1,536 million. This decrease represents a year-on-year decrease of -2.2%. The drop is recorded in the two modalities: contract –which accounts for €1,113– and pay as you go –with €423 million–.



Mobile expenditure (%)	Contract	Pay as you go
2Q2008	68.5	31.5
3Q2008	68.6	31.4
4Q2008	68.9	31.1
1Q2009	71.8	28.2
2Q2009	71.0	29.0
3Q2009	70.0	30.0
4Q2009	71.2	28.8
1Q2010	72.5	27.5

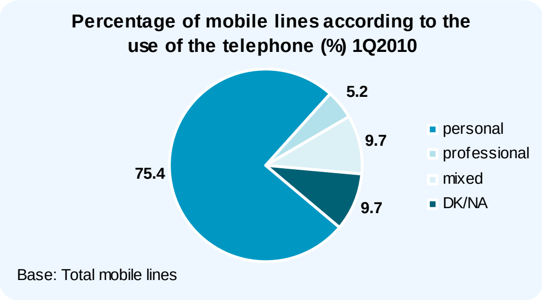
In spite of this change in the trend for total expenditure, the distribution of expenditure by payment method (contract or pay as you go) remains the same. Contracts continue to gain ground with an increase of 1.3 points compared to the last quarter of 2009, reaching 72.5% of the total, in detriment of pay as you go that only represents 27.5%.



€ (including VAT)	Average expenditure per household
1Q2008	38.7
2Q2008	38.8
3Q2008	42.4
4Q2008	39.1
1Q2009	41.3
2Q2009	37.8
3Q2009	42.7
4Q2009	41.6
1Q2010	38.9

In the first quarter of 2010, the average expenditure per household on mobile telephony fell to €38.9, which means €2.7 less than in the previous quarter and €2.4 less than in the same period of the previous year.

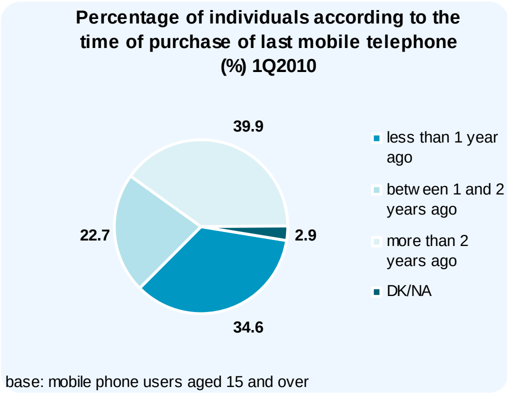
8.4. Main types of use of mobile telephony lines



% of lines	personal	professional	mixed	DK/NA
1Q2008	78.3	5.3	8.3	8.1
3Q2008	79.2	6.5	7.6	6.6
1Q2009	79.5	5.2	8.8	6.5
3Q2009	79.8	4.9	9.7	5.6
1Q2010	75.4	5.2	9.7	9.7

Three out of four mobile telephony lines are exclusively for private use, 5% for professional use, and 10% for mixed (private-professional) use.

8.5. Time of purchase of last mobile telephone

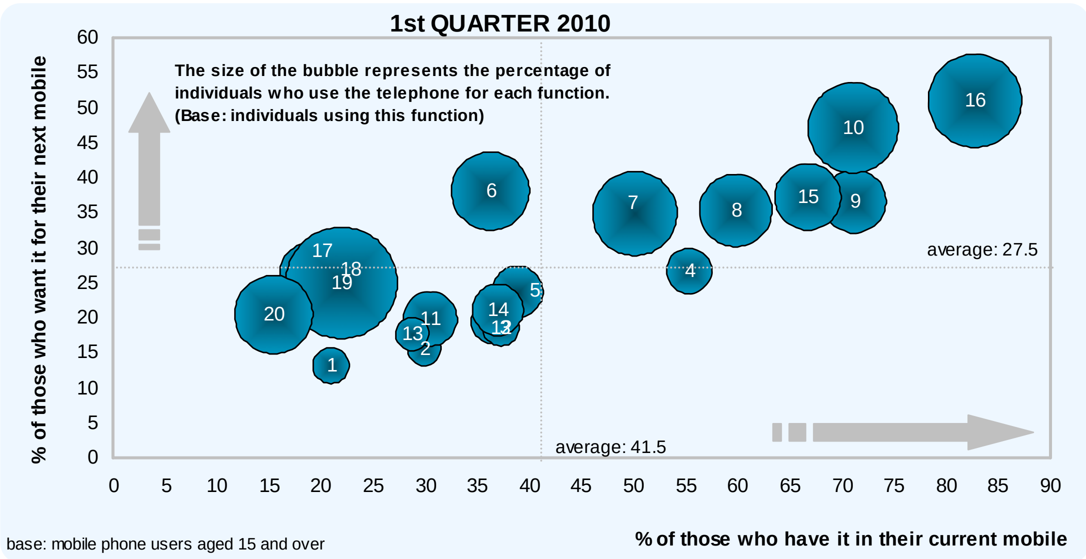


% of individuals	less than 1 year ago	between 1 and 2 years ago	more than 2 years ago	DK/NA
1Q2008	35.6	27.0	35.0	2.4
3Q2008	35.5	26.0	36.6	1.9
1Q2009	32.8	27.2	37.5	2.6
3Q2009	32.3	26.8	38.3	2.6
1Q2010	34.6	22.7	39.9	2.9

Base: mobile phone users aged 15 and over

62.6% of individuals purchased their last mobile telephone more than a year ago, and the percentage of those who purchased it within the last year goes up to 34.6%.

8.6. Current features of the mobile telephone compared to features of the next mobile



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

	(% indiv.) 1Q2010	Have it currently	Want it for next mobile	Use it
1	Chat	20.9	13.1	8.9
2	WAP Browsing	29.9	15.5	7.9
3	Voice dialling	36.4	19.3	12.6
4	Internet access	55.4	26.6	13.7
5	E-mail	38.9	23.7	17.2
6	Handsfree car kit	36.3	38.1	40.1
7	MP3	50.2	34.9	47.3
8	FM Radio	59.8	35.2	34.9
9	MMS	71.2	36.5	27.3
10	Bluetooth	71.1	47.1	53.0
11	Infrared	30.5	19.7	18.4
12	Video messages	37.2	18.5	9.4
13	Video calls	28.8	17.6	8.0
14	3G connection	37.0	21.0	17.6
15	Video recording	66.8	37.2	29.7
16	Camera	82.8	50.9	54.5
17	GPS	18.8	26.4	21.3
18	WiFi	20.5	23.8	33.1
19	Touch screen	21.9	25.0	77.4
20	Electronic agenda	15.4	20.5	38.8
	Base:	Have a mobile	Have a mobile	Have the function

The most frequent features in mobile telephone sets are digital camera (available to over 83% of mobile telephone users) multimedia messaging (MMS) and Bluetooth communication (both available to 71% of mobile users).

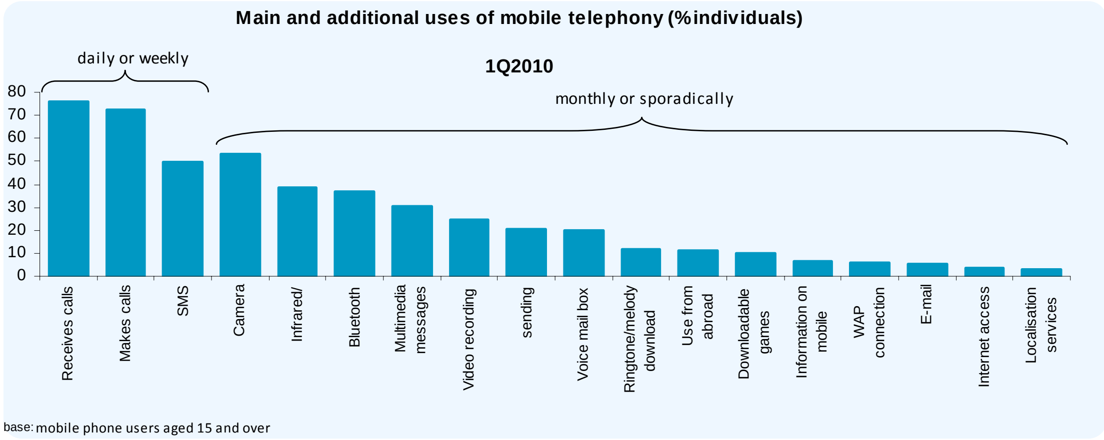
As regards use, touch screens are used by 77% of those who had this type of interface (21.9% of all mobile telephone users). In second place, cameras and Bluetooth are used by 54% and 53% of those who had these features respectively. These are also the most desired characteristics for future handsets. WAP navigation, video call, chat and video messages are the least used features and also the least desired for future sets.

8.7. Main uses and features of mobile telephony

% individuals		1Q2007	3Q2007	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Receives calls	Daily or weekly	70.2	72.6	72.8	73.6	76.6	74.2	75.8
	Monthly or sporadically	16.3	14.1	14.1	14.5	12.9	14.2	12.5
Makes calls	Daily or weekly	66.3	69.0	69.4	70.1	72.1	71.5	72.5
	Monthly or sporadically	18.9	16.7	16.2	16.7	16.3	16.4	15.2
SMS	Daily or weekly	48.3	48.9	50.5	48.9	50.0	50.4	49.7
	Monthly or sporadically	35.6	33.7	32.9	35.7	35.0	34.0	35.6
Voiz mail box	Daily or weekly	12.0	12.4	12.8	11.3	10.1	10.2	10.2
	Monthly or sporadically	26.3	24.0	23.6	24.4	22.8	23.4	24.8
Chat	Daily or weekly	0.9	0.9	1.2	1.1	1.1	0.9	1.1
	Monthly or sporadically	3.2	3.5	3.5	3.0	3.2	2.9	3.5
Messages between groups	Daily or weekly	1.4	1.3	1.5	-	-	-	-
	Monthly or sporadically	6.6	6.1	6.5	-	-	-	-
Internet access	Daily or weekly	0.6	1.3	1.3	1.6	3.2	2.0	2.8
	Monthly or sporadically	3.5	3.8	4.1	4.5	4.1	5.0	5.6
Use from abroad	Daily or weekly	0.4	0.6	0.6	0.7	0.8	0.8	0.8
	Monthly or sporadically	17.9	22.0	19.9	21.6	20.1	21.4	19.8
Information on mobile	Daily or weekly	2.0	1.6	1.7	2.6	2.2	1.6	2.1
	Monthly or sporadically	12.8	12.6	12.0	12.7	11.8	12.4	11.1
Downloadable games	Daily or weekly	0.9	0.8	0.9	1.1	0.9	0.8	1.0
	Monthly or sporadically	14.9	14.7	14.0	14.6	12.7	11.7	11.8
Multimedia messages	Daily or weekly	1.6	2.9	3.4	3.8	3.0	2.8	2.7
	Monthly or sporadically	33.1	32.5	32.9	36.4	36.2	35.3	36.6
Ringtone/melody download	Daily or weekly	1.6	1.2	1.6	1.4	1.3	1.0	0.9
	Monthly or sporadically	26.9	24.4	23.5	24.4	20.8	20.0	20.2
WAP connection	Daily or weekly	0.7	0.8	1.2	1.5	2.0	2.1	2.7
	Monthly or sporadically	11.1	9.4	8.6	8.4	7.9	7.2	10.1
E-mail	Daily or weekly	1.4	1.2	1.4	1.8	2.6	2.8	3.2
	Monthly or sporadically	5.3	5.5	5.5	5.5	5.0	6.5	6.2
Infrared/ Bluetooth	Daily or weekly	9.1	9.8	10.9	10.9	12.2	12.0	11.0
	Monthly or sporadically	24.9	28.7	30.7	34.8	33.2	34.8	38.6
Video recording sending	Daily or weekly	4.1	4.3	4.3	5.2	5.3	4.0	4.6
	Monthly or sporadically	19.7	24.3	25.4	27.4	28.8	28.2	30.6
Camera	Daily or weekly	12.1	13.2	13.6	14.9	16.1	15.5	15.4
	Monthly or sporadically	38.9	42.4	44.8	47.8	50.3	50.6	53.4
Localisation services	Daily or weekly	0.3	0.2	0.7	1.2	0.9	0.9	1.3
	Monthly or sporadically	3.6	3.6	4.0	3.7	4.3	5.2	5.5
Mobile TV	Daily or weekly	-	-	-	0.7	0.7	0.4	0.6
	Monthly or sporadically	-	-	-	2.4	1.9	2.1	2.7

Base: mobile phone users aged 15 and over

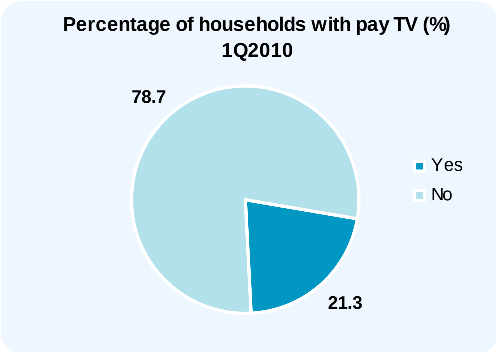
In the first quarter of 2010, over half the users of mobile telephony (49.7%) received and/or sent SMS on a daily or weekly basis, which represents a year-on-year decrease of 0.3 percentage points. On the other hand, the percentage of users who used their mobile phone to make a call on a daily or weekly basis increases by 0.4 points, reaching 72.5% of the users, while those who used their mobile phone to receive a call with that frequency reaches 75.8% of the users.

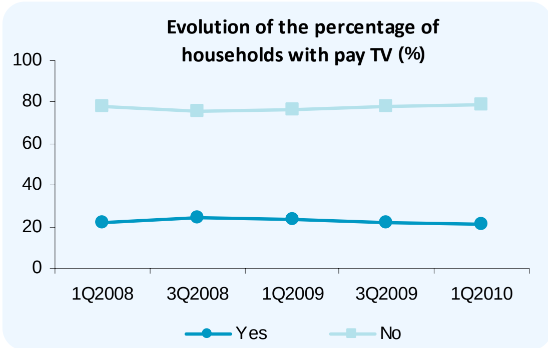


Digital camera is monthly or sporadically used by 53.4% of mobile users aged 15 and over, with a significant increase of 3.1 percentage points compared to the same quarter of the previous year. Bluetooth connection is the feature recording the greatest increase (5.4 points) in number of non-regular users (monthly or sporadic use), reaching a percentage of 38.6%.

9. PAY TELEVISION

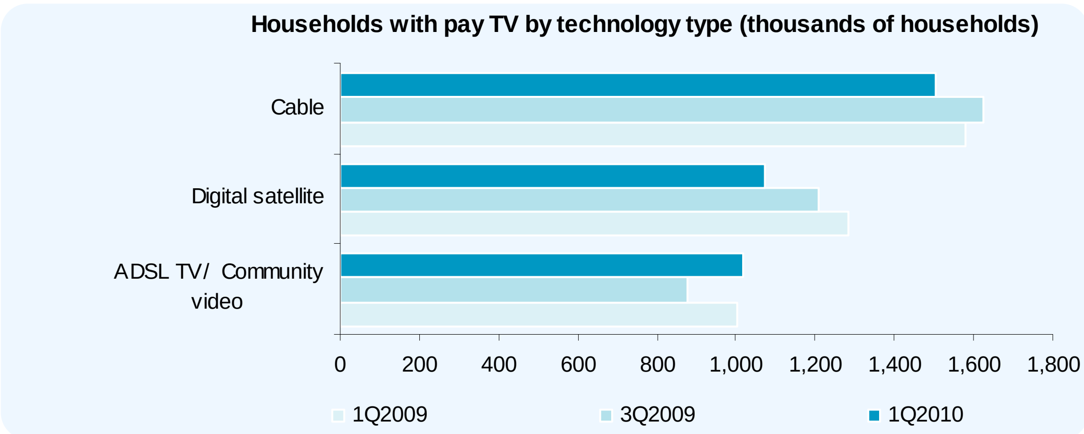
9.1. Households with Pay TV





Households with Pay TV	Percentage	Absolute (thousands)
1Q2008	21.9	3,528
3Q2008	24.8	3,981
1Q2009	23.3	3,876
3Q2009	21.8	3,628
1Q2010	21.3	3,609

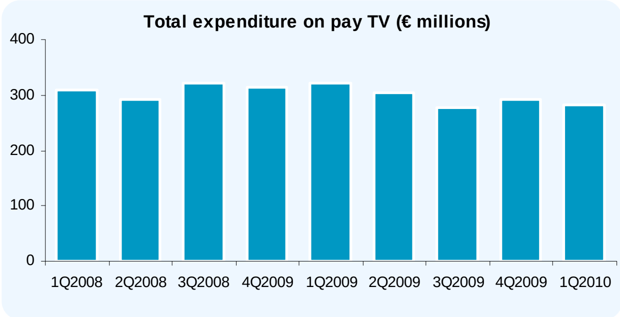
In the first quarter of 2010, the percentage of households used as main/first residence with pay TV was 21.3%, which means 3.6 million households and a penetration rate 2 points lower than in the previous year.



Thousands of households	Cable	Digital satellite	ADSL TV/ Community video /Not specified
1Q2008	1,501	1,122	868
3Q2008	1,721	1,186	981
1Q2009	1,580	1,285	1,005
3Q2009	1,627	1,210	875
1Q2010	1,505	1,074	1,020

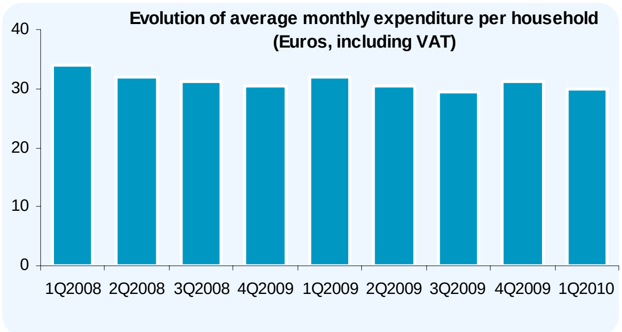
ADSL pay television records a slight growth of 15,000 households, totalling 1 million households. Cable pay television is present in 1.5 million households, and digital satellite pay television in 1,074,000 households, recording decreases of 75,000 and 211,000 households respectively compared to the same period of the previous year.

9.2. Total and average expenditure per household on pay TV



Total expenditure (€ Millions)	fee	price	discounts	Total
1Q2008	311	25	26	310
2Q2008	297	15	20	292
3Q2008	332	8	19	321
4Q2009	322	13	21	314
1Q2009	332	12	23	321
2Q2009	310	14	19	305
3Q2009	287	5	15	277
4Q2009	306	4	17	293
1Q2010	**296**	**6**	**21**	**281**

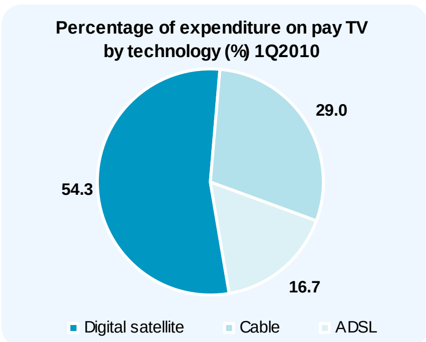
Total expenditure on pay TV in the last quarter of 2010 by Spanish households drops to €281 million (after applying the discounts made by the operators), which represents a year-on-year decrease of 12.5% for this period.

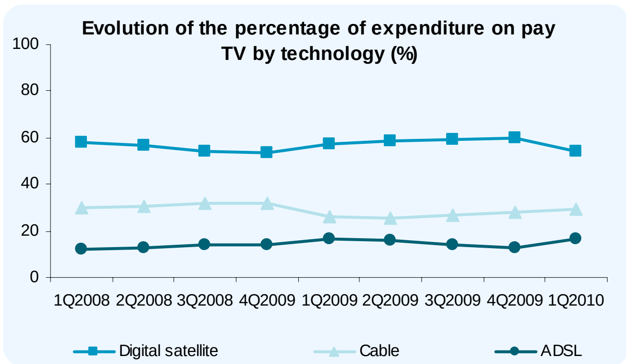


Average monthly expenditure per household	€ (including VAT)
1Q2008	34.0
2Q2008	32.0
3Q2008	31.2
4Q2009	30.5
1Q2009	32.0
2Q2009	30.4
3Q2009	29.5
4Q2009	31.2
1Q2010	**30.0**

During the first three months of 2010, average monthly expenditure on pay TV per household decreases by €1.2 compared to the previous quarter, and by €2 compared to the same period of the previous year, standing at €30/household/month.

9.3. Expenditure by type of technology





Of the €281 millions spent in pay TV, 54.3% corresponds to digital satellite technology (compared to 57.4% in the same period the same year), 29% to cable technology (26.2% the previous year), and 16.7% to ADSL technology (16.3% the previous year).

Expenditure (%)	Digital satellite	Cable	ADSL
1Q2008	57.9	30.0	12.1
2Q2008	56.9	30.5	12.6
3Q2008	53.9	32.1	14.0
4Q2009	53.5	32.1	14.3
1Q2009	57.4	26.2	16.3
2Q2009	58.9	25.3	15.8
3Q2009	59.2	26.9	13.9
4Q2009	59.6	27.9	12.5
1Q2010	**54.3**	**29.0**	**16.7**

Expenditure (€ Mill.)	Digital satellite	Cable	ADSL	Total
1Q2008	180	93	37	310
2Q2008	166	89	37	292
3Q2008	173	103	45	321
4Q2009	168	101	45	314
1Q2009	184	84	52	321
2Q2009	180	77	48	305
3Q2009	164	74	39	277
4Q2009	175	82	37	293
1Q2010	**153**	**81**	**47**	**281**

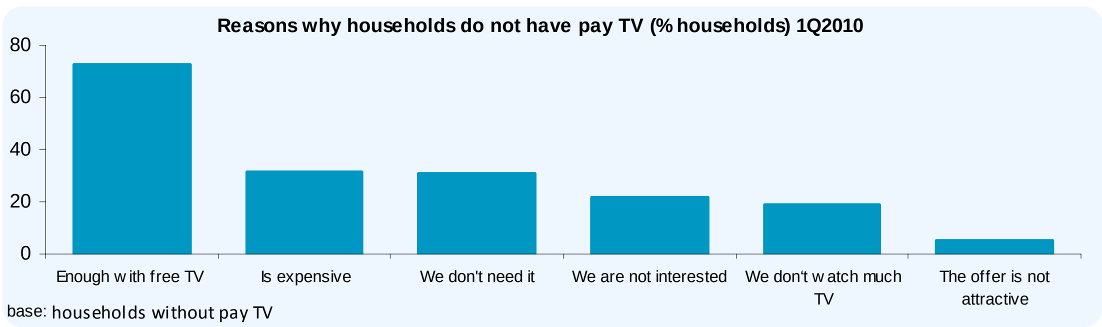
At the beginning of 2010, the downward trend recorded by ADSL over 2009 is reversed.

9.4. Reasons why households do not have pay TV

% households	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Enough with free TV	59.1	62.1	75.3	73.5	**72.6**
Is expensive	25.6	24.6	32.1	31.1	**31.6**
We don't need it	22.8	22.7	28.8	28.6	**30.7**
We are not interested	14.7	16.2	22.0	20.9	**22.0**
We don't watch much TV	19.4	19.1	21.5	25.1	**18.8**
The offer is not attractive	5.6	5.1	6.7	7.8	**5.1**

Base: households without pay TV

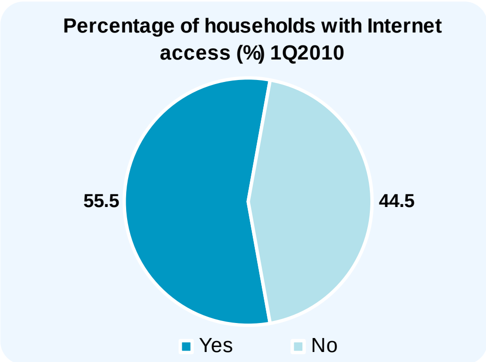
In the first quarter of 2010, 72.6% of the Spanish households that did not have pay TV said that they had enough with the free television they currently received (compared to 75.3% the previous year). The percentage of those who state as a reason for not having pay TV not watching TV that much falls by 2.7 points, totalling 18.8%. The percentage of those who state as a reason that the offer is not attractive also falls by 1.6 points, accounting for 5.1% of the households. On the contrary, the percentage of households claiming they need this service increases by 1.9 points, accounting for 30.7% of the total.

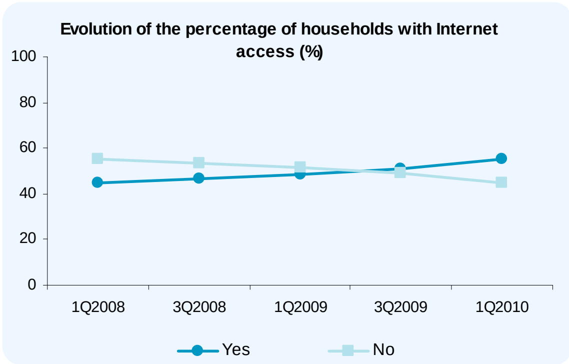


The second factor most mentioned, namely price, has reduced its percentage from 32.1% to 31.6%, while lack of interest remains at the same level as in the previous year.

10. INTERNET

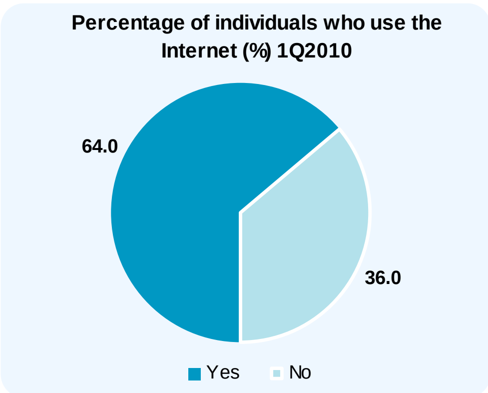
10.1. Households with Internet and individuals who have used the Internet

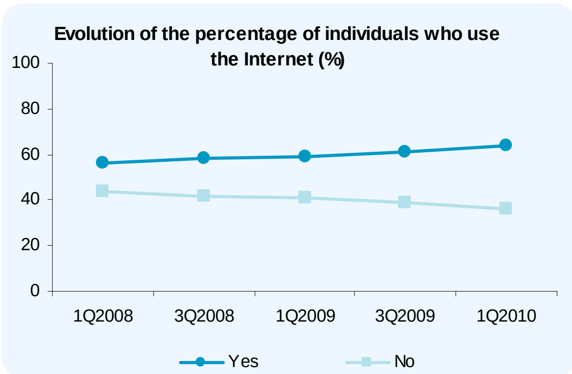




55.5% of Spanish households have an Internet connection, which represents a figure of 9.4 million households. In the last year, 1.3 million new households have connected to the Internet.

Households with Internet	Percentage	Absolute (thousands of households)
1Q2008	44.5	7,145
3Q2008	46.8	7,518
1Q2009	48.5	8,071
3Q2009	50.7	8,434
1Q2010	**55.5**	**9,393**





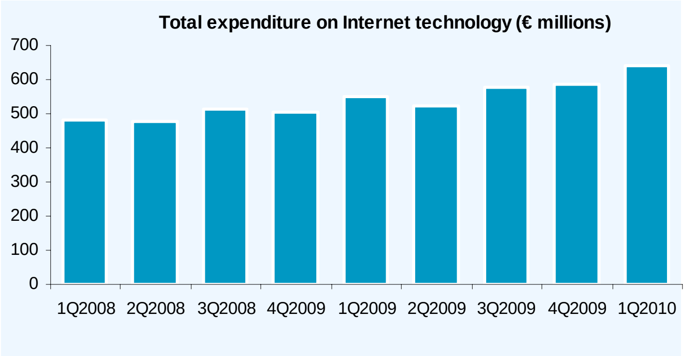
64% of the population aged 15 and over have used the Internet at some time, which means 25 million people. This figure has increased by 10.8% over the last twelve months, which means more than 2.4 million people.

Taking into consideration the population aged 10 and over, this figure reaches 26.9 million.

Internet Users	Percentage	Absolute (thousands of individuals)
1Q2008	56.3	21,271
3Q2008	58.3	22,034
1Q2009	59.1	22,538
3Q2009	61.2	23,329
1Q2010	**64.0**	**24,965**

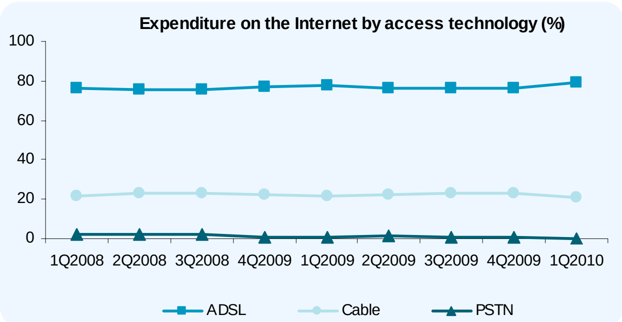
10.2. Total and average expenditure per household on the Internet

In the first quarter of 2010, the total household expenditure on Internet services reached, following a year-on-year increase of 16.7% and an increase of 9.4% compared to the last quarter of 2009, a figure of €642 million.



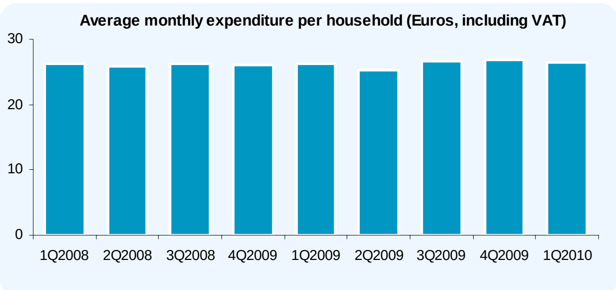
This increase in the total expenditure is completely due to the rise of ADSL, while the year-on-year increase is also due to the rise of cable technology (though this rise is lower than that of ADSL). These increases result in €448 million expenditure on ADSL Internet services and €152 million on cable Internet services. Expenditure on RTB Internet services continues falling down to €2 million.

Absolute (€ Mill.)	ADSL	Cable	PSTN	Cable discount	Total - Cable discount
1Q2008	368	127	10	21	484
2Q2008	360	134	9	25	478
3Q2008	387	129	9	13	512
4Q2009	387	132	4	18	505
1Q2009	426	140	4	20	550
2Q2009	402	132	6	15	525
3Q2009	443	153	3	20	579
4Q2009	448	152	3	16	587
1Q2010	507	150	2	17	642



Internet exp. (%)	ADSL	Cable	PSTN
1Q2008	76.0	21.9	2.1
2Q2008	75.3	22.8	1.9
3Q2008	75.6	22.7	1.8
4Q2009	76.6	22.6	0.8
1Q2009	77.5	21.8	0.7
2Q2009	76.6	22.3	1.1
3Q2009	76.5	23.0	0.5
4Q2009	76.3	23.2	0.5
1Q2010	79.0	20.7	0.3

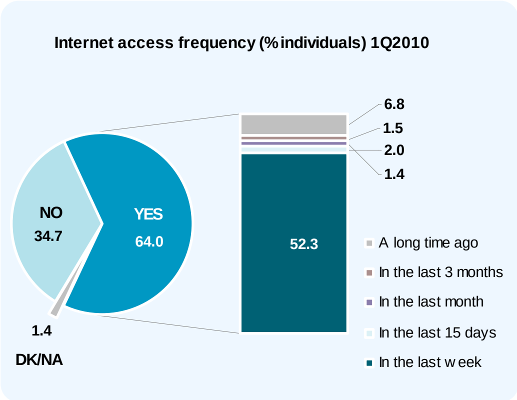
So, 79% of the total expenditure on the Internet corresponds to ADSL technology, while the expenditure on cable technology falls over this quarter down to 20.7%. Regarding PSTN or public switched telephone network, it only accounts for a residual amount of 0.3%.



Average monthly expenditure per household	€ (including VAT)
1Q2008	26.2
2Q2008	25.9
3Q2008	26.3
4Q2009	26.0
1Q2009	26.3
2Q2009	25.2
3Q2009	26.6
4Q2009	26.9
1Q2010	26.4

Average monthly expenditure per household on Internet in the first quarter of 2010 was €26.4 including VAT, with a decrease of 0.5 euros compared to the previous quarter and a year-on-year increase of 0.1.

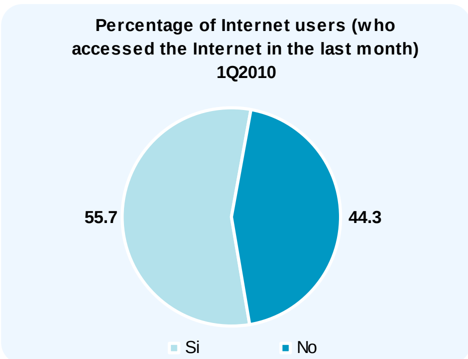
10.3. When the Internet was last used.

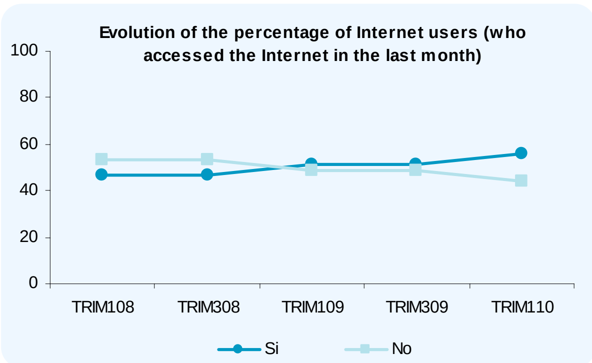


81.1% of those who have ever accessed the Internet (64% of the population aged 15 and over) have done so at least once in the last week, which represents 52.3% of all individuals aged 15 and over. This means more than 20.4 million people, most of which are regular users (who use the Internet at least once a week).

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	A long time ago
1Q2008	16,047	15,578	1,194	870	778	2,851
3Q2008	15,300	15,429	1,114	1,222	1,300	2,968
1Q2009	15,100	17,847	1,007	667	662	2,355
3Q2009	14,315	17,800	832	810	986	2,901
1Q2010	13,539	20,415	798	538	579	2,636

% of individuals	Internet access frequency (accumulated)					
	Never	In the last week	In the last 15 days	In the last month	In the last 3 months	A long time ago
1Q2008	42.4	41.2	44.4	46.7	48.7	56.2
3Q2008	40.5	40.8	43.8	47.0	50.4	58.3
1Q2009	39.6	46.8	49.3	51.1	52.8	59.1
3Q2009	37.5	46.7	48.9	51.0	53.6	61.2
1Q2010	34.7	52.3	54.3	55.7	57.2	64.0

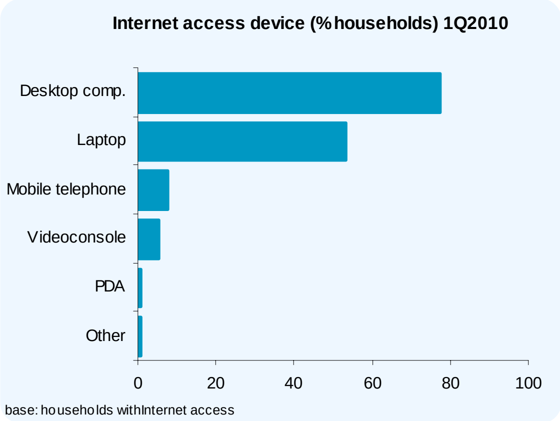




The percentage of users who accessed the Internet in the last month (at least once) amounts to 55.7% of the population, which means nearly 22 million Internet users.

Internet Users (last month)	Percentage	Absolute (thousands of individuals)
1Q2008	46.7	
3Q2008	47.0	17,765
1Q2009	51.1	19,521
3Q2009	51.0	19,442
1Q2010	55.7	21,751

10.4. Device and place of Internet access

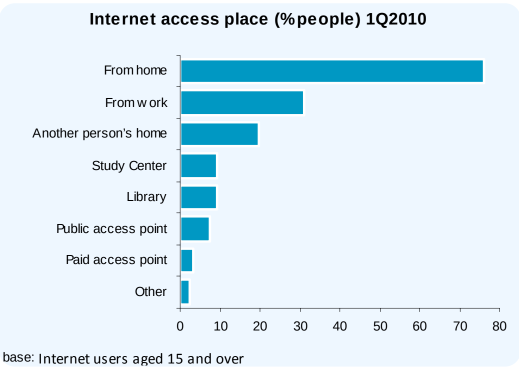


The desktop computer continues to be the most common device for accessing the Internet in the home, 77.3% of households use it. However, the dramatic year-on-year increase recorded by laptops again this quarter is noteworthy. Laptop computer is the medium to access the Internet in 53.1 % of the households. On the other hand, mobile telephones are the medium in 7.7% of them.

Thousands of households	Desktop comp.	Laptop	Mobile telephone	Videoconsole	PDA	Other
1Q2008	6,109	2,197	131	156	71	27
3Q2008	6,274	2,594	173	164	96	41
1Q2009	6,688	3,401	255	302	115	30
3Q2009	6,725	3,901	346	302	174	46
1Q2010	**7,264**	**4,986**	**723**	**503**	**84**	**59**

% of households	Desktop comp.	Laptop	Mobile telephone	Videoconsole	PDA	Other
1Q2008	85.5	30.7	1.8	2.2	1.0	0.4
3Q2008	83.5	34.5	2.3	2.2	1.3	0.5
1Q2009	82.9	42.1	3.2	3.7	1.4	0.4
3Q2009	79.7	46.3	4.1	3.6	2.1	0.6
1Q2010	**77.3**	**53.1**	**7.7**	**5.4**	**0.9**	**0.6**

Base: households with Internet access



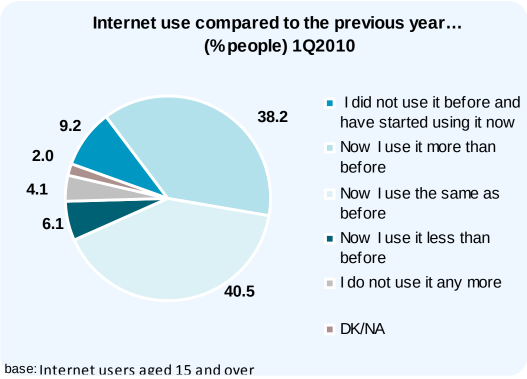
The home is the main place for accessing the Internet (76% of the users), amounting to 18.9 million. The workplace continues to be the second location to access the Internet, though it records a drop in the number of individuals and percentage. The rest of locations record year-on-year increases, with the exception of paid access points.

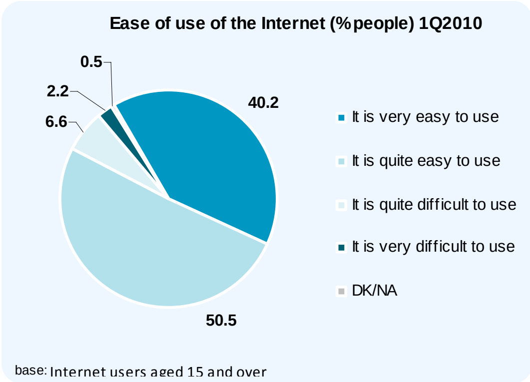
Thousands of individuals	From home	From work	Another person's home	Study Center	Library	Paid access point	Public access point	Other
1Q2008	15,445	8,667	3,845	2,408	2,074	1,292	1,278	368
3Q2008	16,422	8,353	4,475	2,347	1,977	1,102	1,343	342
1Q2009	17,542	9,005	4,541	2,039	1,884	1,140	1,561	326
3Q2009	18,416	9,058	4,922	1,968	2,108	894	1,295	382
1Q2010	**18,982**	**7,705**	**4,894**	**2,350**	**2,301**	**835**	**1,888**	**570**

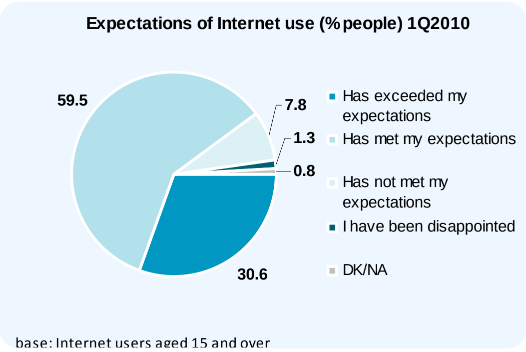
% of individuals	From home	From work	Another person's home	Study Center	Library	Paid access point	Public access point	Other
1Q2008	72.6	40.7	18.1	11.3	9.8	6.1	6.0	1.7
3Q2008	74.5	37.9	20.3	10.7	9.0	5.0	6.1	1.6
1Q2009	77.8	40.0	20.1	9.0	8.4	5.1	6.9	1.4
3Q2009	78.9	38.8	21.1	8.4	9.0	3.8	5.6	1.6
1Q2010	**76.0**	**30.9**	**19.6**	**9.4**	**9.2**	**3.3**	**7.6**	**2.3**

Base: Internet users aged 15 and over

10.5. Internet use, simplicity and expectations







90.7% of Internet users consider the Internet to be easy or very easy to use: 50.5% believes it is easy and 40.2% that it is very easy.

90.1% of those who have accessed the Internet at some time state that the Internet had met (59.5%) or exceeded (30.6%) their use and content expectations.

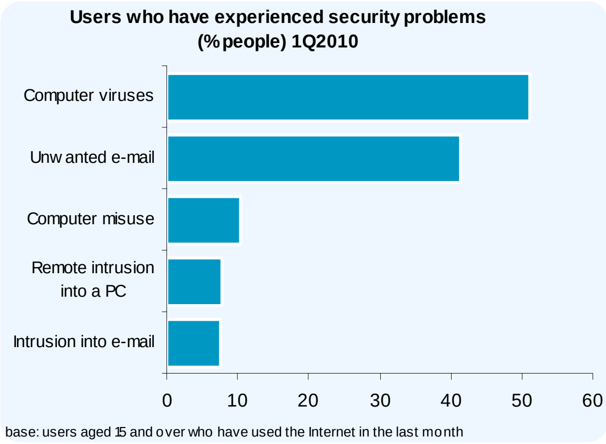
% of individuals	Internet use compared to the previous year...					
	I did not use it before and have started using it now	Now I use it more than before	Now I use the same as before	Now I use it less than before	I do not use it any more	DK/NA
1Q2008	9.3	39.0	38.1	6.5	5.3	1.8
3Q2008	8.6	38.8	39.2	6.4	5.3	1.7
1Q2009	7.7	39.5	40.6	5.3	5.5	1.4
3Q2009	8.3	34.4	42.8	7.0	5.8	1.7
1Q2010	**9.2**	**38.2**	**40.5**	**6.1**	**4.1**	**2.0**

% of individuals	Based on your experience, you would say that the Internet...				
	It is very easy to use	It is quite easy to use	It is quite difficult to use	It is very difficult to use	DK/NA
1Q2008	36.4	52.7	7.2	2.1	1.6
3Q2008	36.2	53.2	7.7	1.6	1.3
1Q2009	41.4	48.5	7.0	1.8	1.3
3Q2009	38.2	49.1	8.7	2.6	1.4
1Q2010	**40.2**	**50.5**	**6.6**	**2.2**	**0.5**

% of individuals	On your expectations, you would say that the Internet...				
	Has exceeded my expectations	Has met my expectations	Has not met my expectations	I have been disappointed	DK/NA
1Q2008	27.9	58.0	10.9	1.5	1.7
3Q2008	27.3	59.4	9.6	2.0	1.6
1Q2009	30.0	57.0	9.9	1.5	1.5
3Q2009	29.3	58.2	8.3	2.3	1.9
1Q2010	**30.6**	**59.5**	**7.8**	**1.3**	**0.8**

Base: Internet users aged 15 and over

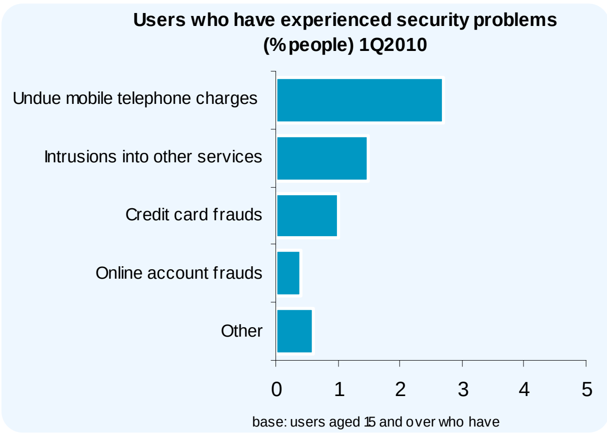
10.6. Technological security problems



This quarter records a decline in percentage of users affected by IT security problems, with some exceptions recorded by problems of minor incidence. 51.2% of Internet users encountered problems related to computer viruses, compared to 59.6% of users in the previous year and 56.1% in the previous semester.

% individuals (last month)	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Computer viruses	54.8	58.2	59.6	56.1	**51.2**
Unwanted e-mail	45.6	49.5	46.2	43.2	**41.3**
Computer misuse	11.8	11.7	10.3	9.8	**10.5**
Remote intrusion into a PC	12.6	14.5	11.4	10.3	**7.9**
Intrusion into e-mail	9.2	9.3	9.8	6.7	**7.6**

Base: Internet users aged 15 and over in the last month

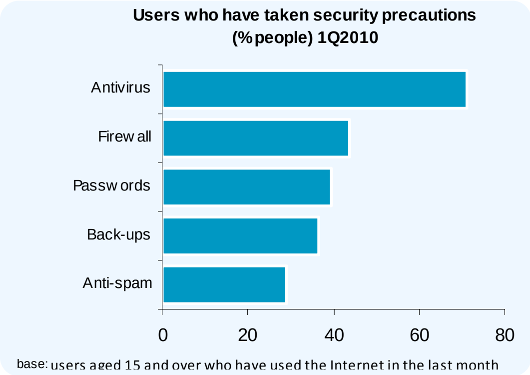


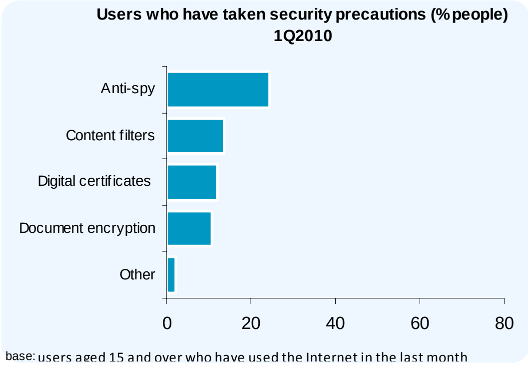
The second IT security problem that affects the Internet population the most is unwanted e-mail (the so called spam), which affected 41.3% of users in the first quarter of 2010, compared to 46.2% of them in the same period of the previous year.

% individuals (last month)	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Undue mobile telephone charg	2.4	1.8	2.3	2.5	**2.7**
Intrusions into other services	2.7	2.0	1.5	1.6	**1.5**
Credit card frauds	1.5	1.3	1.2	1.3	**1.0**
Online account frauds	0.7	0.5	0.2	0.5	**0.4**
Other	0.6	0.7	1.1	0.2	**0.6**

Base: Internet users aged 15 and over in the last month

10.7. Internet security precautions





There is a generalised drop, in relative terms or in percentage, in all security precautions taken by users, except the use of content filters, digital certificates and document encryption, which increased slightly.

In the first quarter of 2010, 71.3% of individuals who had used the Internet in the last month had an antivirus program installed in the device they used to access the Internet. Firewalls are used by approximately 44% of these users and passwords and back-ups by 39.6% and 36.6% respectively.

% individuals (last month)	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Antivirus (updated in the last mo	70.5	72.3	74.3	70.7	**71.3**
Firewall	49.6	50.1	52.4	45.7	**43.9**
Passwords	40.3	41.0	43.1	37.7	**39.6**
Back-ups	39.0	39.4	39.1	35.9	**36.6**
Anti-spam	29.0	30.4	31.0	29.2	**29.0**

Base: Internet users aged 15 and over in the last month

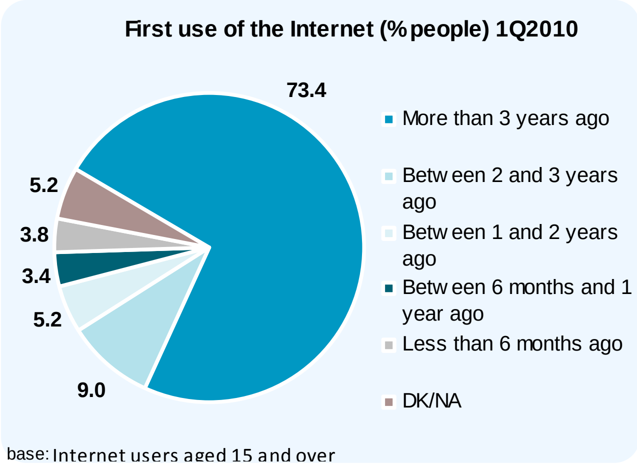
% individuals (last month)	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Anti-spy	31.2	30.3	30.2	27.5	**24.5**
Content filters	14.3	14.4	12.5	12.0	**13.6**
Digital certificates	10.6	10.1	8.9	11.4	**12.2**
Document encryption	10.1	8.8	8.4	8.3	**10.7**
Other	1.1	0.8	1.4	1.1	**2.3**

Base: Internet users aged 15 and over in the last month

Less common security precautions, with values of around 25%-30% of Internet users, were anti-spam and anti-spy programs.

Among Internet security precautions that experimented a year-on-year growth this quarter, digital certificates increased by 3.3 percentage points, used by 12.2% of users using the Internet in the last month.

10.8. First use of the Internet and availability of e-mail

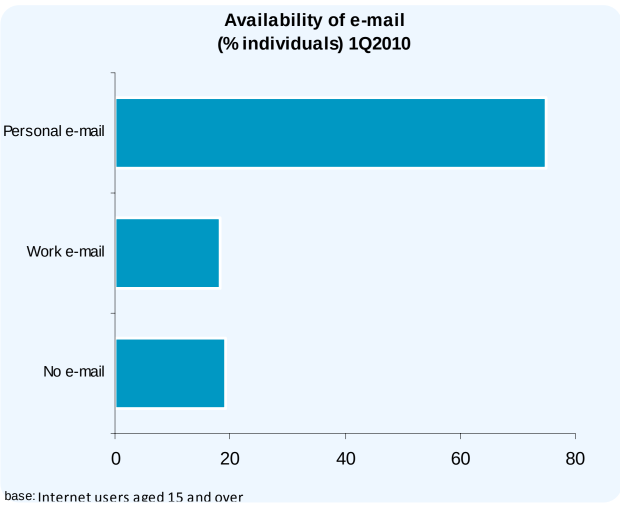


Regarding experience, there are more than 18 million Internet users who started using it more than three years ago, which evidences the loyalty on the Internet. With a year-on-year increase in the first quarter of 2010 of 14.6%, the percentage of users who had been using the Internet for more than three years is 73.4%.

% individuals (last month)	More than 3 years ago	Between 2 and 3 years ago	Between 1 and 2 years ago	Between 6 months and 1 year ago	Less than 6 months ago	DK/NA
1Q2008	66.9	10.3	7.7	3.5	6.6	5.0
3Q2008	68.1	10.2	7.2	4.2	5.2	5.1
1Q2009	70.9	10.5	6.7	3.2	4.0	4.7
3Q2009	72.0	8.3	7.3	3.8	3.8	4.8
1Q2010	**73.4**	**9.0**	**5.2**	**3.4**	**3.8**	**5.2**

Base: Internet users aged 15 and over

Thousands of individuals	More than 3 years ago	Between 2 and 3 years ago	Between 1 and 2 years ago	Between 6 months and 1 year ago	Less than 6 months ago
1Q2008	14,223	2,185	1,629	747	1,405
3Q2008	15,000	2,249	1,587	933	1,155
1Q2009	15,983	2,368	1,521	728	901
3Q2009	16,793	1,927	1,697	889	892
1Q2010	**18,324**	**2,239**	**1,289**	**847**	**943**



Following a year-on-year increase in the first quarter of 2010 of 16%, 18.7 million people have a personal e-mail address, which represents 75% of Internet users aged 15 and over.

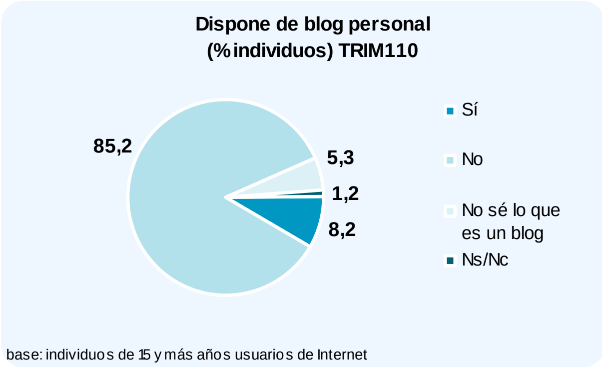
Regarding company e-mail addresses, a little over 18% of these users have one.

% individuals (Internet users)	No e-mail	Work e-mail	Personal e-mail
1Q2008	24.2	17.9	68.3
3Q2008	22.6	16.9	69.9
1Q2009	21.3	19.4	71.6
3Q2009	20.3	18.1	72.0
1Q2010	**19.3**	**18.2**	**75.0**

Base: Internet users aged 15 and over

Thousands of individuals	No e-mail	Work e-mail	Personal e-mail
1Q2008	5,139	3,803	14,538
3Q2008	4,981	3,713	15,393
1Q2009	4,858	4,367	16,141
3Q2009	4,729	4,220	16,787
1Q2010	**4,830**	**4,555**	**18,712**

10.9. Availability, reading and writing of blogs

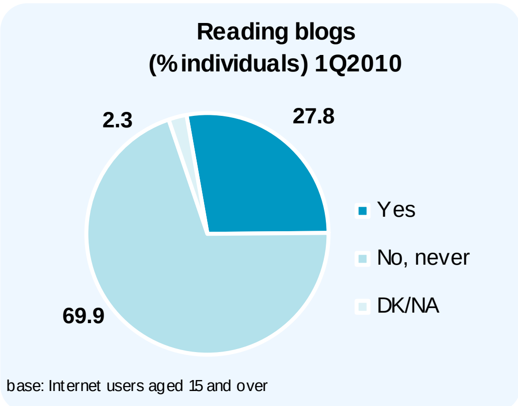


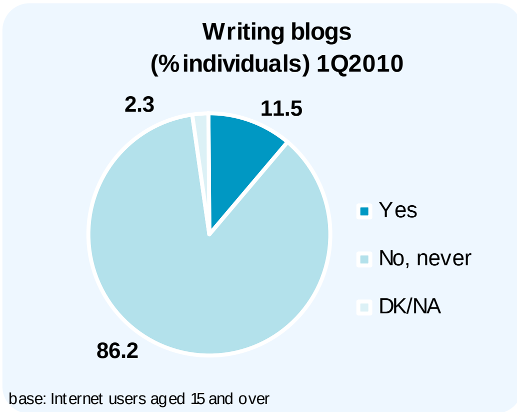
8.2% of Internet users over 14 years stated having a personal blog, exactly the same percentage as the previous year.

5.3% of them do not know what a blog is. However, the unfamiliarity with blogs records a downward trend.

% individuos (usuarios de Internet)	Sí	No	No sé lo que es un blog	Ns/Nc
TRIM108	7,4	78,6	12,1	1,9
TRIM308	6,8	83,7	7,4	2,1
TRIM109	8,2	81,8	6,7	3,2
TRIM309	9,0	81,9	6,6	2,5
TRIM110	**8,2**	**85,2**	**5,3**	**1,2**

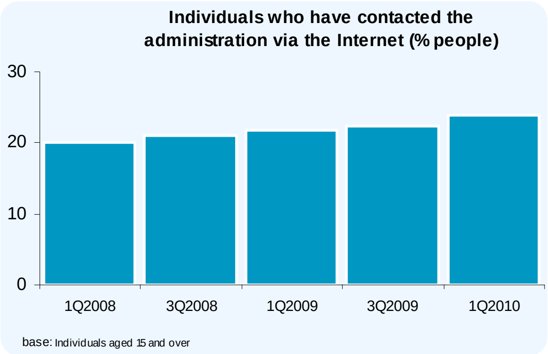
Base: Internet users aged 15 and over





27.8% of individuals who have ever used the Internet have read a blog, compared to 26.9% in the previous year. In terms of writing one's own blog (and/or participation in another's blog), this was an activity performed by 11.5% of the user population, down from 11.6% in the same period of the previous year.

10.10. Public administration via the Internet



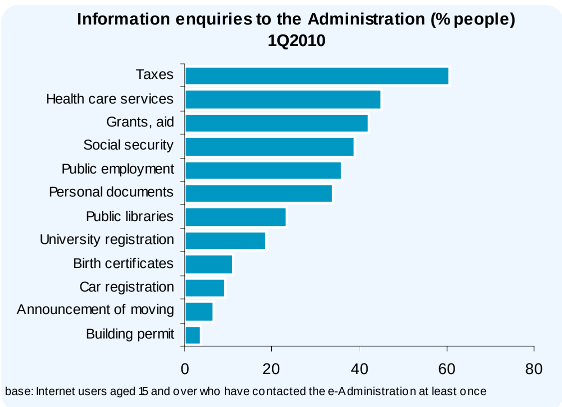
Contact with administration	Percentage	Absolute (thousands of individuals)
1Q2008	20.0	7,557
3Q2008	21.0	7,925
1Q2009	21.8	8,334
3Q2009	22.4	8,528
1Q2010	23.9	9,317

A total of 23.9% of the population aged 15 and over have contacted the public administration (central, regional and/or local) via the Internet at least in one occasion. This means more than 9.3 million people who have contacted the public administration to make a consultation, download a form and/or carry out official procedures. Compared to the same period of the previous year, there are 983,000 new e-Administration users.

10.11. Information enquiries to the Administration

% of individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Taxes	59.8	62.1	60.9	58.9	60.6
Health care services	31.3	32.9	34.2	37.1	45.2
Grants, aid	43.2	39.6	36.8	40.6	42.1
Social security	31.0	32.5	36.0	38.0	39.0
Public employment	34.7	31.0	37.9	35.3	36.0
Personal documents	16.1	28.3	22.8	29.4	34.0
Public libraries	23.1	22.5	21.6	22.9	23.3
University registration	17.4	15.3	14.0	16.7	18.8
Birth certificates	8.9	11.3	9.5	9.6	11.1
Car registration	7.0	6.9	6.5	6.3	9.4
Announcement of moving	7.5	5.6	5.1	8.7	6.6
Building permit	5.4	6.9	6.1	4.9	3.9

Base: Internet users aged 15 and over who have contacted the e-Administration at least once

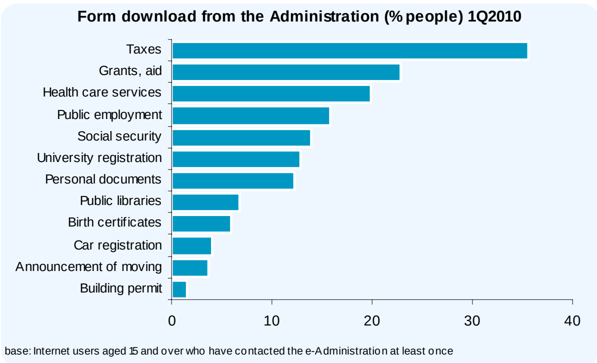


The consultations via the Internet with the greatest year-on-year increases in percentage of users were about healthcare services and personal documents, each with an increase of 11 points. These were followed by grants and aid, and university registration with an increase of around 5 points. Consultations on building permits and public employment decreased slightly.

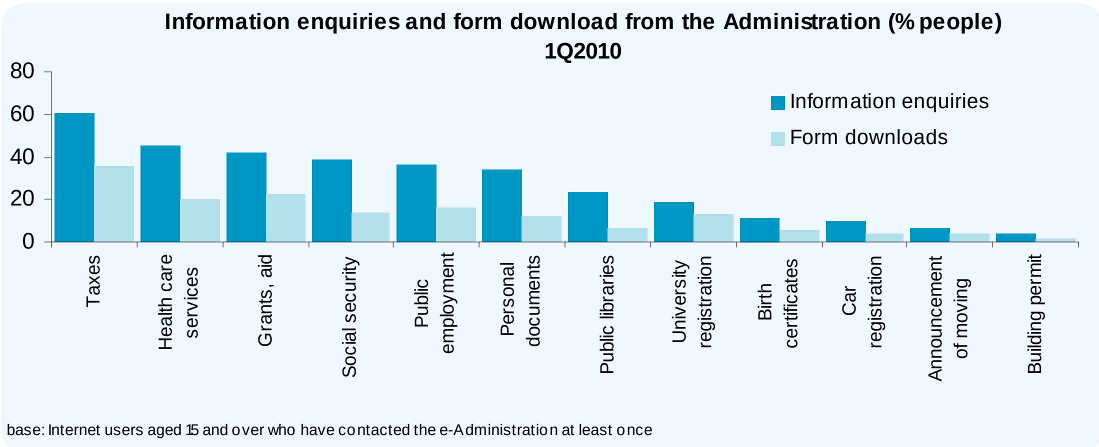
10.12. Official administration form downloads

% of individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Taxes	31.0	30.7	32.1	33.1	35.6
Grants, aid	18.5	17.2	17.8	19.9	22.8
Health care services	10.8	9.6	13.5	13.3	19.9
Public employment	11.2	9.9	13.3	16.4	15.8
Social security	7.8	10.7	13.6	15.5	13.9
University registration	10.4	9.8	9.6	9.8	12.9
Personal documents	3.1	4.8	7.0	7.7	12.3
Public libraries	4.7	5.6	6.8	5.1	6.8
Birth certificates	4.3	4.0	3.9	5.3	6.0
Car registration	4.0	2.1	2.7	2.4	4.1
Announcement of moving	3.1	2.0	2.3	5.2	3.7
Building permit	2.1	1.5	1.6	1.4	1.5

Base: Internet users aged 15 and over who have contacted the e-Administration at least once



The aforementioned increase of consultations via the Internet is reflected in a greater downloading of official forms on the relevant topics, compared to the previous year. Downloading of taxation forms also increases by 3.5 points, reaching 35.6% of the users who had ever contacted the e-Administration.

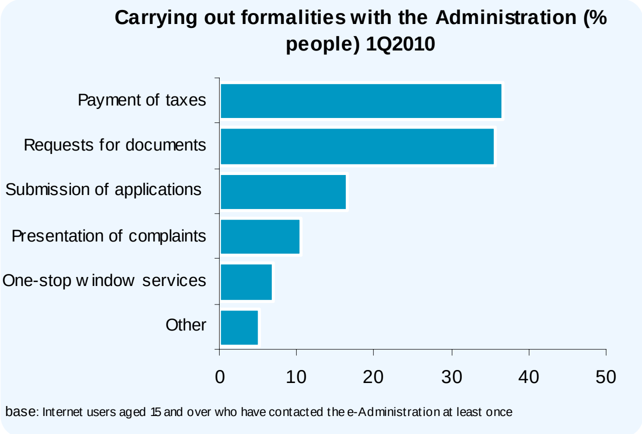


University registration forms were the most frequently downloaded in terms of prior information searches. A certain parallel can also be observed between the number of those looking up information and those downloading forms from the Public Administration via the Internet.

10.13. Carrying out formalities with the administration

% of individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Payment of taxes	31.6	37.5	35.6	40.8	36.6
Requests for documents	29.2	31.8	34.0	37.0	35.6
Submission of applications	12.5	12.9	14.6	14.7	16.6
Presentation of complaints	9.2	10.1	8.7	10.0	10.6
One-stop window services	5.1	4.3	4.2	8.4	7.0
Other	3.5	3.7	4.0	3.6	5.1

Base: Internet users aged 15 and over who have contacted the e-Administration at least once



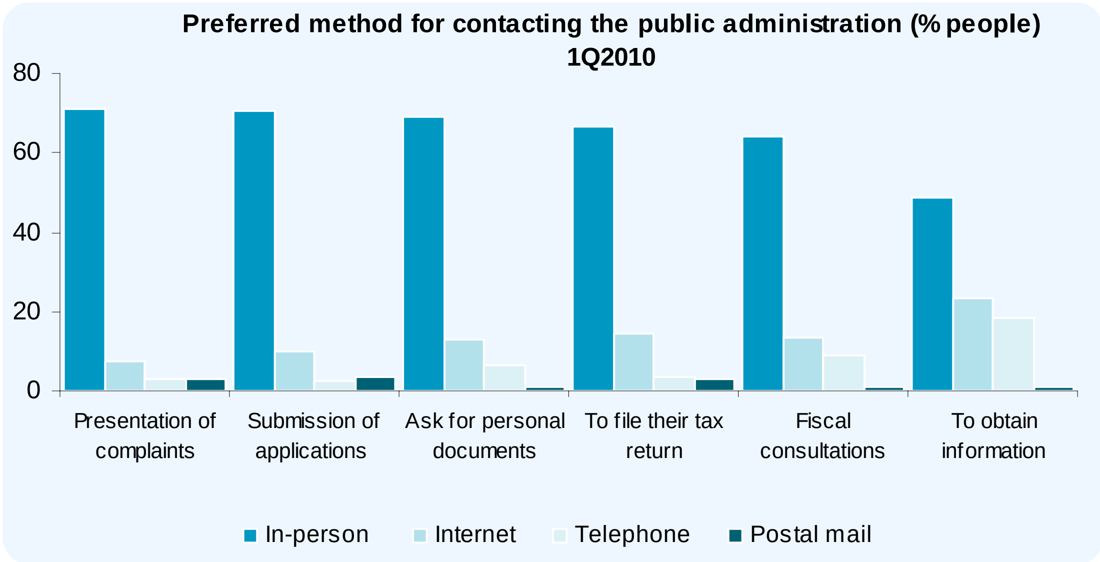
One-stop window services record the greatest year-on-year increase in terms of percentage of users who have used e-Administration services (a 3 point increase reaching 7% of the users). These were followed by submission of applications and presentation of complaints, with an increase of around two points each.

10.14. Preferred method for contacting the public administration

% of individuals	Contact Type	1Q2008*	3Q2008	1Q2009	3Q2009	1Q2010
To obtain information	In-person	45.8	49.2	49.6	50.1	48.5
	Telephone	22.7	21.5	20.6	19.3	18.4
	Postal mail	1.7	1.2	1.1	0.9	1.1
	Internet	19.0	19.3	19.9	20.9	23.5
To file their tax return	In-person	67.9	68.7	69.2	67.7	66.5
	Telephone	3.4	3.0	3.1	3.0	3.5
	Postal mail	3.9	2.7	3.0	2.1	3.0
	Internet	10.5	13.7	12.6	15.0	14.4
Fiscal consultations	In-person	62.3	64.6	64.5	63.9	63.9
	Telephone	11.2	9.9	9.7	9.8	8.9
	Postal mail	1.5	1.3	1.3	0.8	1.0
	Internet	10.6	11.1	11.5	12.5	13.5
Ask for personal documents	In-person	67.8	71.4	69.7	69.6	69.1
	Telephone	7.8	6.6	7.2	6.8	6.5
	Postal mail	2.0	1.6	1.7	1.2	1.2
	Internet	9.6	9.8	10.2	11.7	13.0
Submission of applications	In-person	69.5	73.0	71.5	72.2	70.8
	Telephone	2.1	1.7	1.6	1.7	2.4
	Postal mail	4.8	3.7	3.6	3.3	3.4
	Internet	8.3	8.0	9.6	9.8	9.9
Presentation of complaints	In-person	70.8	74.1	72.1	72.5	71.1
	Telephone	3.2	2.5	2.6	2.1	3.1
	Postal mail	3.6	3.0	3.4	3.1	3.0
	Internet	6.3	6.2	7.6	8.1	7.7

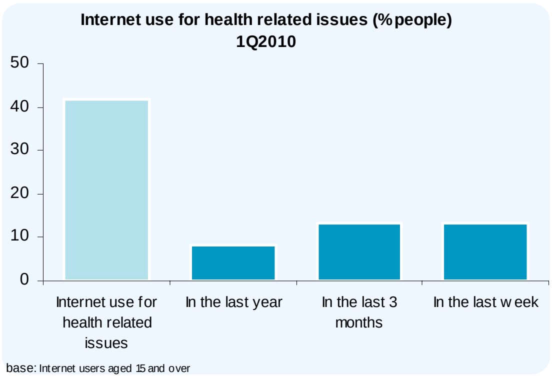
Base: Internet users aged 15 and over who have contacted the e-Administration at least once
** Data corrected with respect to the report for the 20th Survey*

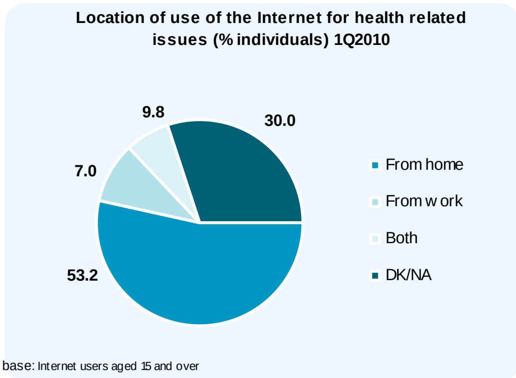
In-person contact continues to be the preferred way to interact with Public Administrations for carrying out official procedures and obtaining information. However, over this quarter, virtual contact over the Internet continued to show a year-on-year rise and in-person contact fell, for all the uses considered in this study.



Base: Internet users aged 15 and over who have contacted the e-Administration at least once

10.15. Internet use for health related issues





41.7% of Internet users aged 15 and over said that they had used the Internet for health related issues at some time.

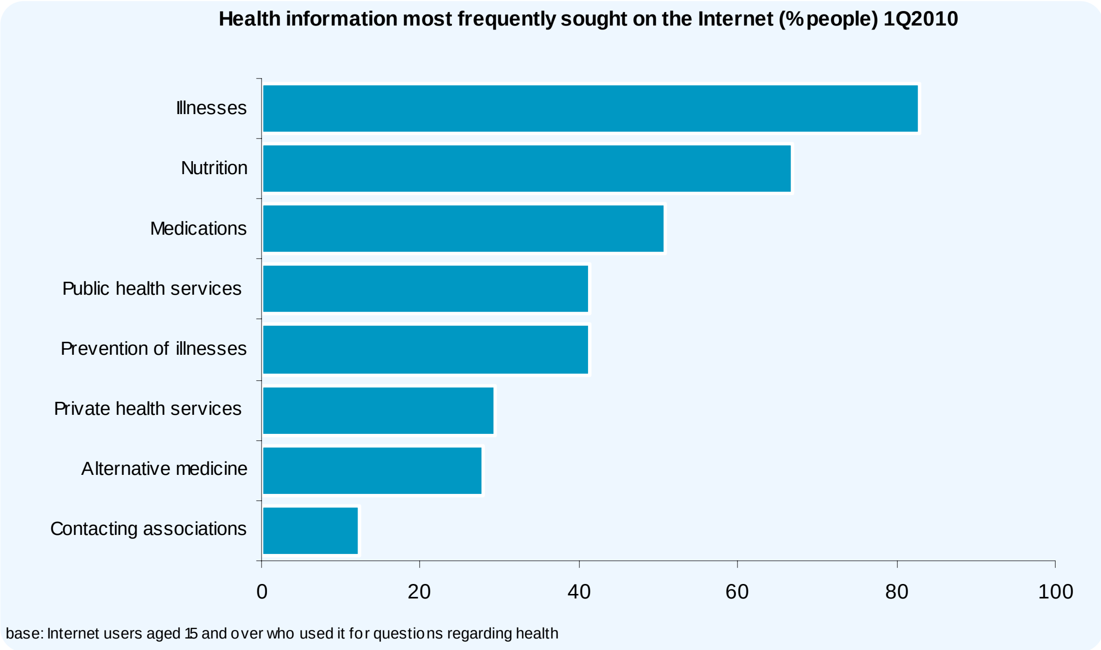
Over half of these users (53.2%) declared to have carried out this virtual contact for health related issues from home.

% of individuals	3Q2008	1Q2009	3Q2009	1Q2010
Internet use for health related issues	38.8	39.3	41.4	41.7
In the last year	8.6	7.9	9.4	8.1
In the last 3 months	14.3	13.5	13.3	13.3
In the last week	8.3	10.8	10.8	13.4

Base: Internet users aged 15 and over

	3Q2008	1Q2009	3Q2009	1Q2010
From home	52.6	55.1	56.4	53.2
From work	12.2	12.1	10.6	9.8
Both	6.7	7.3	7.5	7.0
DK/NA	28.5	25.5	25.6	30.0

Base: Internet users aged 15 and over



The health information most frequently sought on the Internet was about illnesses, with a percentage of 82.8% of Internet users. 66.9% of these users sought about nutrition, which represents an increase of almost 9 points compared to the previous year. It was followed by searches on prevention of illnesses, with a year-on-year increase of 6.9 percentage points and 50.8% of the users.

All types of healthcare information consultations increased, except for consultations on contacting associations that remained almost stable with a slight year-on-year decrease of 0.4 points.

% of individuals	1Q2008	3Q2008	1Q2009	3Q2009	1Q2010
Illnesses	79.9	84.1	78.7	79.9	82.8
Nutrition	57.9	60.6	58.5	57.3	66.9
Medications	39.0	44.9	43.9	44.9	50.8
Prevention of illnesses	33.9	38.5	38.5	42.4	41.3
Public health services	36.3	38.0	38.0	42.5	41.4
Private health services	25.8	24.3	25.3	29.5	29.4
Alternative medicine	22.3	25.8	21.9	25.3	28.0
Contacting associations	9.3	10.1	12.8	9.8	12.4

Base: Internet users aged 15 and over who used it for questions regarding health

11. OBJECTIVES AND METHODOLOGY

11.1. Scope of the study

A dynamic sector such as this requires a group of uniform, reliable and comprehensive indicators that will be a benchmark for establishing regulatory initiatives, designing promotion policies and supporting business decisions.

Since 2003, Red.es, in collaboration with Taylor Nelson Sofres (TNS) has been conducting a survey panel to analyse the demand for telecommunication and Information Society services in Spanish households. The survey provides indicators of the penetration of equipment, services and technologies, consumption levels and average expenditure, in addition to uses and attitudes towards technology, classified under five areas: fixed telephony, mobile telephony, Internet, audiovisual and pay TV, and ICT services and devices.

In March 2008 Red.es signed an agreement with the Telecommunications Market Commission (CMT) to jointly prepare and conduct this sample panel survey.

This analysis of demand in the residential segment and the use by individuals inside and outside the household gives greater insight into the sector and complements surveys conducted by and indicators obtained from other entities and institutions regarding the offer of services both in residential and business areas.

11.2. Data definitions

Universes: 16,938,727 households. Individuals aged 15 and over: 39.038 million. Individuals aged 10 and over: 41.138 million.
The data published in this quarterly report refers to individuals aged 15 and over.

Sample: 3,128 households and 6,620 individuals aged 10 and over were included in the questionnaire analysis, 6,225 individuals aged 15 and over. A total of 2,871 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: Proportional stratification by type of home, with social segment quotas, number of persons per household and presence of children under 16 years in the household, for each autonomous region.

Questionnaires: In addition to quarterly collection of invoices, a postal survey is carried out every six months including a household questionnaire and another questionnaire directed at all the members of the household aged 10 and over. The first questionnaire collects data on technological equipment in the household and the second asks about individuals' uses, habits and attitudes.

Field work: The field work and data processing has been carried out by Taylor Nelson Sofres (TNS). The collection of invoices for the period January-March 2010 was completed during May 2010.

Sampling error: Assuming simple random sampling, for the case of maximum uncertainty (p=q=50%) and a confidence level of 95%, sampling errors were ±1.75% for households and ±1.24% for individuals aged 15 and over.