VODAFONE ITALIA: INTERIM RESULTS FOR H1 2007

STRONG DATA AND MESSAGING REVENUE GROWTH, UP 22.5%

CUSTOMERS UP 15.9% TO 29.2 MILLION AND VOICE TRAFFIC UP 14.3%

GUINDANI: URGENT NEED FOR ACTION ON FREQUENCIES TO RESPOND TO GROWTH IN VOICE AND DATA TRAFFIC

Milan, 13 November 2007 **([1])** - Vodafone Italia has closed the six months ended 30 September 2007 with 29,151,000 customers (up 15.9% on 30 September 2006), after net additions of 1,785,000 over the first half from April to September. Contract customers are up 23.2%, with the business segment performing particularly well thanks to extended sales channels.

Service revenue of €3,878 million is down 2.7% on the previous first half, reflecting the elimination of top-up fees on prepaid cards and the reduction in termination rates. The decline in revenues was mitigated by increased traffic volumes, with voice traffic rising 14.3% on the six months ended 30 September 2006. Outgoing voice traffic performed exceptionally well to register an increase of 17.8%. This improvement was achieved as a result of commercial initiatives designed to boost the use of services and increase the number of high value customers, above all in the business segment. Total revenue is €4,016 million.

Messaging and data services performed strongly, with revenue up 22.5% to €847 million and the contribution to service revenue rising to 21.9%, compared with the 17.4% of the previous first half. Messaging revenue again performed well, increasing 18.4% thanks to the success of various commercial initiatives designed to encourage customers to send more messages. Non-messaging data revenue also performed extremely well, growing 35.4% due to increased use of the Vodafone Mobile Connect Card, the Vodafone Internet Box and multimedia services. At 30 September 2007 the number of UMTS handsets and connect cards registered on Vodafone's network is up 66% compared with September 2006 to 6,114,000.

EBITDA amounts to €1,983 million, marking a reduction of 7.6%. The decrease primarily reflects the fall in service revenues, although the reduction is also due to the 5.7% rise in termination charges, as a result of increased voice traffic, above all to other mobile operators, and the 18.5% increase in customer acquisition costs, reflecting the increase in customers, primarily in the high value category. As a result, the EBITDA margin for the first half of the current financial year is 49.4% (a fall of 2.5 percentage points). EBIT is down 6.8% to €1,501 million.

"The interim results show strong growth in data traffic and revenue," commented Vodafone Italia's CEO, Pietro Guindani. "Voice revenue is down, however, despite a sustained increase in traffic. The overall result reflects a highly dynamic situation with regard to innovation and new service offerings, whilst registering a downturn in revenues and margins, which is more apparent in the current year due to the recent elimination of top-up fees and ongoing cuts in termination charges. In order to cope with growing demand for voice and data services," continued Guindani, "there is an increasingly urgent need to take action to boost and rationalise the availability of 900 and 2100 Mhz frequencies. This will reduce both the cost and the environmental impact of continuing network investment by Vodafone and other operators."

([1]) The Vodafone Italia figures in this release have been taken from the interim financial statements for the six months ended 30 September 2007. They have been calculated by converting the figures communicated by the Group prepared under IFRS into euros on a non-proportionate basis.