

VODAFONE ITALIA

RESULTS FOR YEAR ENDED 31 MARCH 2007

CUSTOMERS UP 13.8% TO 27.4M
STRONG DATA AND MULTIMEDIA (UP 8.4%),
WITH UMTS HANDSETS UP 67% TO 4.9M

BERSANI DECREE REDUCES VALUE OF COMPANY BY €5.1BN

**GUINDANI: THE FUTURE LIES IN MOBILE INTERNET AND
INTEGRATED FIXED-MOBILE SOLUTIONS**

*Milan, 29 May 2007 (*)* - Vodafone Italia closed the financial year ended 31 March 2007 with **27,366,000 customers**, representing an increase of **13.8%** on 31 March 2006. Net activations were also up strongly, rising by more than 3,300,000, with contract customers up 16.9%.

Service revenue of **€7,834 million** reflects strong **organic growth of 3.6%**, which accelerated to 3.8% during the second half of the year, despite the loss deriving from the elimination of top-up charges on prepaid cards introduced by the Bersani Decree from March 2007. The reduction in termination rates and changes to the accounting treatment of certain types of revenue (**) led to nominal reductions of 1.5% in service revenue (up 0.5% in the second half) and of 2.2% in total revenue (€8,145 million).

Data and multimedia traffic rose strongly, with revenue **up 8.4%** to €1,443 million and the contribution to service revenue rising to 18.4%, compared with 16.7% in March of last year, and reaching 20.4% in the final quarter to 31 March 2007. Messaging revenue performed well, increasing 7.6% and accelerating strongly in the second half (up 10.2% on the same period of the previous year). This was thanks to the success of the Infinity offering, which encourages customers to send more messages. Non-messaging data revenue also rose, growing 10.8% due to increased use of the Vodafone Mobile Connect Card and the Vodafone Internet Box. At 31 March 2007 the number of UMTS handsets and connect cards registered on Vodafone's network was up 67% to 4,895,000.

Growth in **voice traffic** was also significant, **rising 9.5%** thanks to new prices, offerings targeted at specific customer segments and our focus on high value customers. Voice revenue totals €6,387 million.

The Bersani Decree only affected the last month of the financial year. The measure has, however, significantly reduced the value of the Company. Following a review of Vodafone Italia's long-term prospects, in accordance with IFRS the Vodafone Group has written down its investment in Vodafone Italia by approximately €5.1 billion. (This follows on from the earlier write-down of €2.08 billion announced in November 2006, as a result of rising interest rates.)

* The Vodafone Italia figures in this release have been taken from the financial statements for the year ended 31 March 2007. They have been calculated by converting the figures communicated by the Group prepared under IFRS into euros on a non-proportionate basis.

** As of the financial year ended 31 March 2007 the accounting presentation of certain types of revenue has been changed in order to take account of the related external costs.

EBITDA amounts to €4,123 million, marking a decline of 4.9% due to a number of one-off events relating to termination rate cuts, the accounting separation applied to the Data Centre for southern Europe and the abolition of top-up charges. As a result of the same one-off events, the EBITDA margin for the financial year ended 31 March 2007 is 50.6%. EBIT is down 5.3% to €3,028 million.

“The Company has responded strongly to increased market competition and growing regulatory pressures”, **commented Vodafone Italia’s CEO, Pietro Guindani**. “This year’s good results, but above all the outlook for the future, have been affected by application of the Bersani Decree. This measure has reduced the value of our Company by €5.1 billion, due to the negative impact it is expected to have on our future results, despite being partially offset by increased traffic volumes following the abolition of top-up charges. We shall continue”, explained Guindani, “with implementation of our growth strategies. We have opened up the market to virtual operators and we have entered into agreements with major internet companies, with a view to putting their services on mobile phones. We are now looking to make a decisive entry into the market for integrated fixed-mobile solutions: the Ministry of Communications has acknowledged the legitimacy of offering fixed-line services over mobile phones, and we are simply awaiting the go-ahead from the Communications Authority”.