

- Net Income doubles since first quarter, reaches US\$ 0.30 per ADS
- Cash flow per share up 39% compared to 1Q99
- Strict policies designed to control delinquent accounts reduce Provisions for Uncollectibles
- Revenues increased 1.9% compared to 2Q98 despite the reduction of long distance tariffs and installation fees. Revenues (excluding telephone directories) grew 3.4% compared to the previous quarter
- Number of fixed pre-paid customers reaches 160,000
- Cellular subscribers up 11.5% from first quarter, while ARPU improves to US\$ 35 per month

june  
may  
april

Consolidated Results  
Second Quarter 1999  
Telefónica del Perú S.A.A.

*Telefonica*

- Telefónica del Perú S.A.A. announces Consolidated Results for the Second Quarter 1999 ended June 30
  - Highlights
  - Operating revenues have steadily increased since third quarter 1998
  - Operating expenses significantly down during first half of 1999
  - Comparable operating income and EBITDA up 19% and 13%, respectively, compared to the first quarter
  - Non operating results improve due to currency stability
  - Net income double that of first quarter
  - Tariffs - Economic Indicators - Depreciation
  - **Table 1:** CONSOLIDATED INCOME STATEMENTS IN ADJUSTED SOLES (000) AS OF JUNE 30, 1999
  - **Table 2:** CONSOLIDATED BALANCE SHEET IN ADJUSTED SOLES (000) AS OF JUNE 30, 1999
  - **Table 3:** Statistical Data, End of Period Figures
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## Telefónica del Perú S.A.A. announces Consolidated Results for the Second Quarter 1999 ended June 30

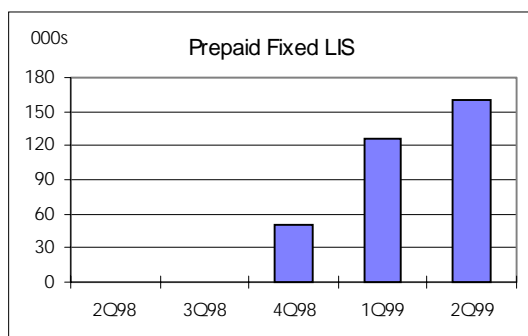
### 1 Ministry extends TDP's local carrier, switched telephony and long distance concessions

On June 23, 1999, the Transportation, Communications, Housing and Construction Ministry approved the extension of TDP's local carrier, switched telephony and the domestic and international long distance concessions for a period of five years. In 1994 TDP was granted the 20-year operating concession which now expires June 27, 2019 rather than June 27, 2014.

### 2 Allowance for bad debt improving

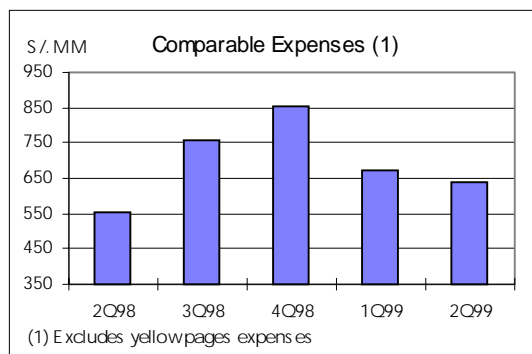
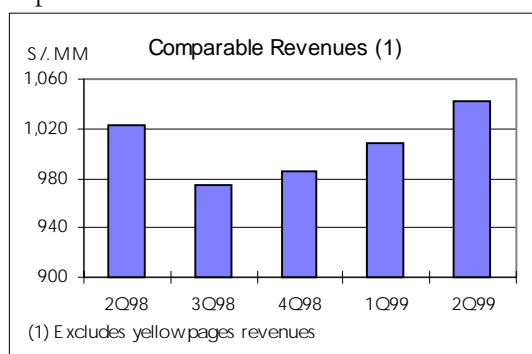
The allowance for bad debt expenses dropped to S/. 46 million from S/. 51 million in 1Q99. During 2Q99, these expenses represented 4.2% of total revenues compared to 4.5% in 1Q99.

### 3 Prepaid fixed lines increased 214% since December 1998, reaching 160,000 lines in service



### 4 Financial and operating results improve in 2Q99

Revenues (excluding yellow pages) increased 3.4% compared to 1Q99, while operating expenses decreased 4.6%.



Consequently, comparable operating income and EBITDA in second quarter 1999 increased 19.4% and 13.0%, respectively, while the EBITDA margin reached 55.2%.

Net income was S/. 208 million in 2Q99, which is double that of the previous quarter. As a result, EPS and EPADS increased to S/. 0.10 and US\$0.30, respectively. In addition, cash flow per share increased 39.0% to S/. 0.18 in 2Q99 from S/. 0.13 in 1Q99.

(Lima - Perú, July 15, 1999) Telefónica del Perú S.A.A. (NYSE : TDP, BVL : TELEFBC) announced today consolidated results for the second quarter of 1999. Figures are stated in Peruvian GAAP and were presented on June 30, 1999. The amounts are in constant Nuevos Soles and are adjusted for inflation according to the Wholesale Price Index.

### Main Consolidated Results

(In thousand Soles, except EPS)	2Q99	1Q99	2Q99/ 1Q99	2Q98	2Q99/ 2Q98
<b>Operating Revenues</b>	<b>1,046,873</b>	<b>1,100,145</b>	<b>-4.8%</b>	<b>1,027,531</b>	<b>1.9%</b>
<b>Operating Expenses</b>	<b>644,633</b>	<b>714,800</b>	<b>-9.8%</b>	<b>557,925</b>	<b>15.5%</b>
Provisions	45,628	51,151	-10.8%	15,524	193.9%
Depreciation	175,005	173,809	0.7%	146,395	19.5%
Cost of Cellular Sales	31,214	30,398	2.7%	10,371	201.0%
Others	392,786	459,442	-14.5%	385,635	1.9%
<b>Operating Income</b>	<b>402,240</b>	<b>385,345</b>	<b>4.4%</b>	<b>469,606</b>	<b>-14.3%</b>
Operating Margin	38.4%	35.0%		45.7%	
<b>EBITDA</b>	<b>577,245</b>	<b>559,154</b>	<b>3.2%</b>	<b>616,001</b>	<b>-6.3%</b>
EBITDA Margin	55.1%	50.8%		59.9%	
<b>Non Operating Income</b>	<b>(52,399)</b>	<b>(208,008)</b>	<b>-74.8%</b>	<b>(58,538)</b>	<b>-10.5%</b>
<b>Net Income</b>	<b>207,965</b>	<b>103,335</b>	<b>101.3%</b>	<b>257,747</b>	<b>-19.3%</b>
<b>Gross Cash Flow (1)</b>	<b>382,970</b>	<b>277,144</b>	<b>38.2%</b>	<b>404,142</b>	<b>-5.2%</b>
<b>Shares Outstanding (000)</b>	<b>2,104,598</b>	<b>2,104,598</b>	<b>0.0%</b>	<b>2,338,442</b>	<b>-10.0%</b>
EPS (S/.)	0.10	0.05	100.0%	0.11	-9.1%
Cash flow per Share (S/.)	0.18	0.13	38.5%	0.17	5.9%
EPADS (US\$)	0.30	0.15	100.0%	0.37	-18.9%
Cash flow per ADS (US\$)	0.55	0.39	41.0%	0.57	-3.5%

(1) Gross Cash Flow = Net Income + Depreciation

### Main Statistical Data

	2Q99	1Q99	2Q99/ 1Q99	2Q98	2Q99/ 2Q98
Total lines in service	1,589,857	1,565,711	1.5%	1,654,583	-3.9%
Prepaid lines in service	159,965	126,448	26.5%		
% of total LIS	10.1%	8.1%			
New lines in service	24,146	57,002	-57.6%	22,473	7.4%
Lines sold	49,907	81,526	-38.8%	45,741	9.1%
Public Telephones	50,561	48,094	5.1%	42,275	19.6%
Cellular subscribers	591,595	530,658	11.5%	381,668	55.0%
Cable TV subscribers	313,872	309,526	1.4%	291,726	7.6%
Total Traffic (Local + LD)	2,358,464	2,405,913	-2.0%	2,107,371	11.9%
Local Traffic (000 min)	2,101,826	2,151,917	-2.3%	1,841,565	14.1%
Internet Traffic (000 min)	175,850	144,998	21.3%	91,280	92.6%
Total LD Traffic (000 min)	256,637	253,996	1.0%	265,806	-3.4%

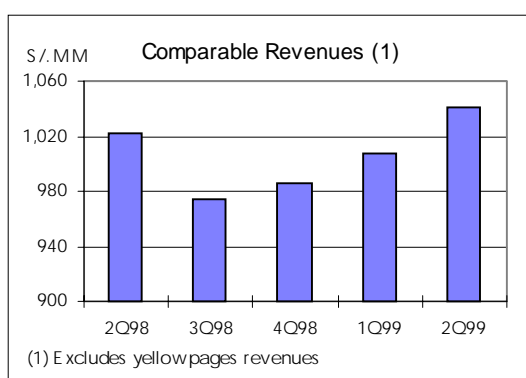
## Highlights

- Telefónica Multimedia S.A.C., Telefónica Marketing Directo S.A.C., Telefónica Servicios Financieros S.A.C. and Telefónica Servicios Internet del Perú S.A.C. increased their capital structures through the capitalization of loans provided by TDP. The amounts capitalized totaled S/. 132,216,637, S/. 30,488,948, S/. 12,051,786 and S/. 4,663,691, respectively.
- During the first half of October 1999, a dividend of S/. 0.0903 per share, or approximately US\$0.27 per ADS, will be paid.
- The total dividend payment of S/.0.1303 per share, which corresponds to the 1998 fiscal year, was approved at the March 1999 Shareholders Meeting. Of that, S/. 0.04 per share was paid in April 1999.
- On June 23, the Board of Directors accepted the resignations of Mr. Francisco Moreyra García and Mr. Jaime García Díaz as Director and Replacement Director of Telefónica del Perú. The Board designated Mr. Rafael Hernández García a Director of the Company.

Comparable Results (1)	2Q99		2Q99/1Q99		2Q99/2Q98	
	2Q99	1Q99	1Q99	2Q98	2Q98	2Q98
<b>Operating Revenues</b>	<b>1,041,460</b>	<b>1,007,480</b>	<b>3.4%</b>	<b>1,022,150</b>	<b>1.9%</b>	
<b>Operating Expenses</b>	<b>641,411</b>	<b>672,474</b>	<b>-4.6%</b>	<b>555,446</b>	<b>15.5%</b>	
<b>Operating Income</b>	<b>400,049</b>	<b>335,006</b>	<b>19.4%</b>	<b>466,704</b>	<b>-14.3%</b>	
Operating Margin	38.4%	33.3%		45.7%		
<b>EBITDA</b>	<b>575,054</b>	<b>508,815</b>	<b>13.0%</b>	<b>613,099</b>	<b>-6.2%</b>	
EBITDA Margin	55.2%	50.5%		60.0%		

(1) Excludes Yellow Pages revenues and expenses

## Operating revenues have steadily increased since third quarter 1998



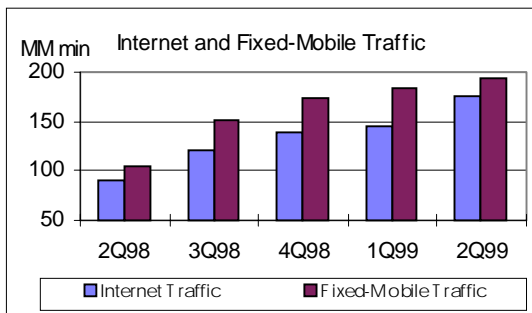
Operating revenues reached S/. 1,047 million in 2Q99. Revenues (excluding Yellow Pages) increased 3.4% to S/. 1,041 million compared to S/. 1,007 million in 1Q99. The increase was mainly due to a significant recovery in Mobile and Public Telephony, as well as International Long Distance and Business Communications.

In addition, operating revenues increased 1.9% compared to 2Q98 despite a significant decrease in long distance tariffs and installation fees.

### Local Telephone Service

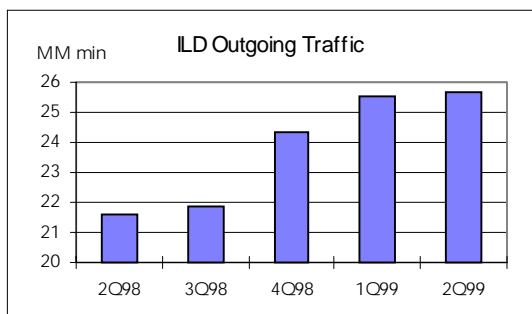
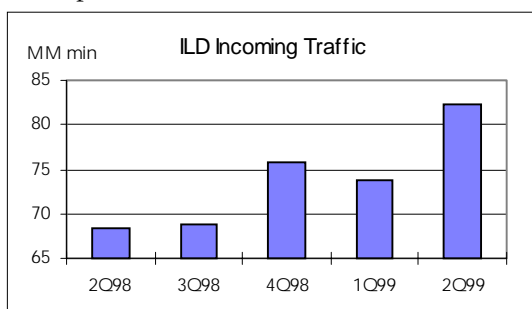
Local Telephony revenues decreased 2.4% in 2Q99 compared to 1Q99 but grew 1.3% when compared to 2Q98. The reduction was due to lower Monthly Service Charges recorded for pre-paid phones and a decrease in average billable lines which resulted in lower Monthly Service Charge revenues.

The number of lines in service totaled 1,589,857, a 1.5% increase. In 2Q99, 38,777 out of 49,907 lines sold were prepaid. Disconnections totaled 30,843 in 2Q99 and 62,344 for the first six months of the year. The figure is much improved when compared to



the approximately 340,000 lines that were disconnected during 1998.

In spite of a 3.9% drop in lines in service between 2Q98 and 2Q99, Local Telephony revenues increased 1.3%. The increase was due to a 25.2% growth in Measured Service revenues, primarily as a result of 14.1% growth in total local traffic. The main contributors to this growth were Internet (+92.6%) and fixed mobile (+118.5%) traffic. In addition, Measured Service revenues were positively affected by a higher weighted average tariff as a result of growth in fixed-mobile traffic which contributes to interconnection revenues at a rate of US\$ 0.029 per minute.



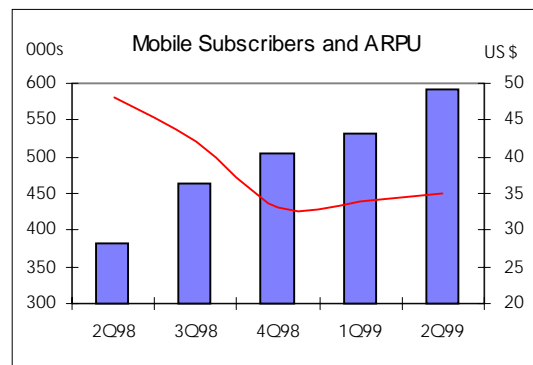
### Long Distance

Long Distance (LD) revenues increased 1.8% during 2Q99, and represented less than 20% of total operating revenues in the first half of 1999. Growth was mainly due to a 7.2% increase in International Long Distance (ILD) in 2Q99 compared to 1Q99. The increase made up for lower Domestic Long Distance (DLD) revenues.

Total LD traffic reached 256.64 million minutes, an increase of 1% since 1Q99. This increase was due in larger part to growth in IILD traffic - 0.5% for outgoing and 11.8% for incoming compared to 1Q99 and 18.7% and 20.5% compared to 2Q98.

DLD traffic dropped 15.5% between 2Q98 and 2Q99 because of the reclassification of intra-province traffic to local traffic. Approximately 25% of DLD traffic became local traffic at the time of the change.

### Mobile Services



Mobile Telephony revenues increased 9.9% between 1Q99 and 2Q99. Likewise, the subscriber base increased by 60,937 customers, which represents a quarterly growth rate of 11.5% when compared to 1Q99. In addition, the average monthly revenue per subscriber (ARPU) increased 3%, to US\$35 in 2Q99 compared to US\$34 in 1Q99.

Mobile disconnections were 28,458 in 2Q99 for a monthly churn rate of 1.7%.

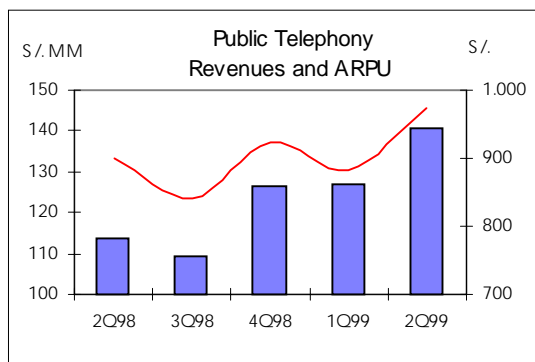
In 2Q99, 71.6% of new cellular subscribers opted for the prepaid plan. As of June 30, 1999, prepaid subscribers represented 59.2% of the total number of subscribers compared to 18.3% in the corresponding 1998 period.

In addition, subscriber acquisition costs (SAC) dropped to US\$137 as of June 1999 compared to US\$140 as of March 1999.

### Public Telephones

Public Telephony revenues increased 10.5% in 2Q99 compared to 1Q99 and 23.4% compared to 2Q98. Pay phone revenues accounted for 13.4% of total operating revenues in 2Q99 and 11.1% in 2Q98.

The improvement in pay phone revenues was due to a 5.1% growth in the number of



public telephones in service in 2Q99 compared to 1Q99 and a 19.6% improvement compared to 2Q98. In addition, there was an increase in the average revenue per public telephone. The increase was the result of operating efficiencies related to improved supervision and maintenance during the last few quarters which led to an increase in the average number of operating days per public telephone.

### Cable TV

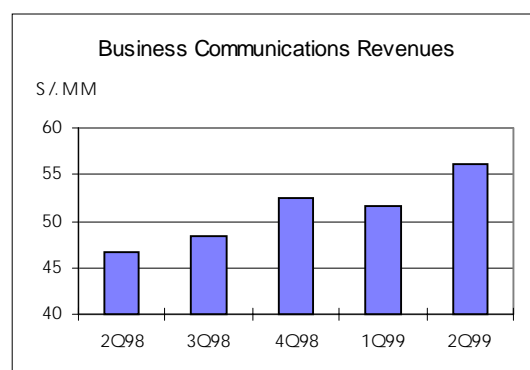
Lower advertising revenues contributed to a decrease in Cable TV revenues of 6.6% in 2Q99 compared to 1Q99. In addition, a greater number of customers signed up for the *basic package* of 38 channels rather than the full package of channels.

Despite the tough economic environment, TDP's Cable TV subscriber base increased 1.4% during 2Q99 (cable TV is a non-essential service). TDP's nationwide market share increased to 90% in 2Q99 compared to 89% in 1Q99.

### Business Communications

Business Communications revenues increased 8.6% in 2Q99 compared to 1Q99 and 20.2% compared to 2Q98 due to an increase in the data transmission network and the number of "turn-key" projects implemented for third parties.

Business Communications revenues increased its participation in the Company's total revenues to 5.4% in 2Q99 from 4.5% in 2Q98.



## Operating expenses significantly down during first half of 1999

Operating expenses decreased 9.8% in 2Q99 compared to 1Q99 due to reductions in Personnel of 19.0% and General and Administrative expenses of 20.0%. Comparable operating expenses, excluding yellow pages' publishing and distribution costs, dropped 4.6% in 2Q99.

With respect to 2Q98, operating expenses increased 15.5% due to higher Provisions, Depreciation and General and Administrative expenses (mainly due to higher commissions and cost of sales for cellular). However, in comparable terms (i.e. excluding yellow pages

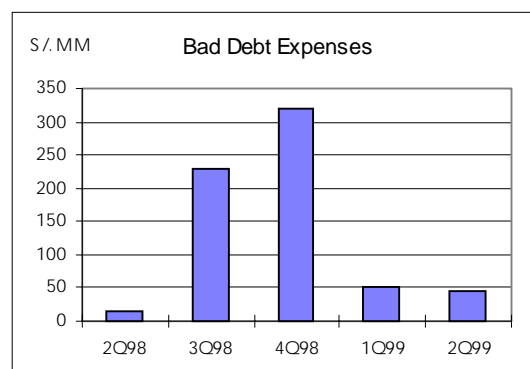
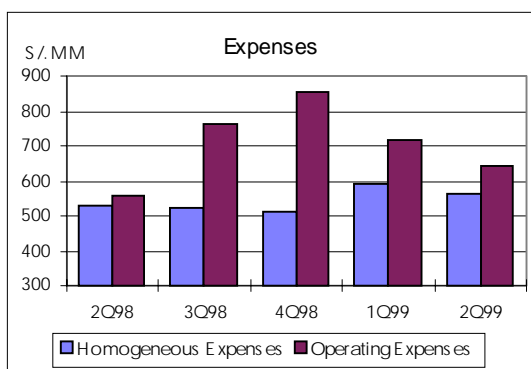
expenses, bad debt provisions and cellular commissions and cost of sales), total operating expenses increased 6.6%.

### Personnel

Personnel expenses dropped 19.0% to S/. 130 million in 2Q99 compared to S/. 160 million in 1Q99. This reduction was due to a change in the executive salary structure. In addition, S/. 8 million in personnel expenses for yellow pages was recorded in 1Q99 compared to less than S/. 1 million in 2Q99.

Operating Expenses and Homogeneous Oper. Expenses	2Q99	1Q99	2Q99/ 1Q99	2Q98	2Q99/ 2Q98
Operating Expenses	644,633	714,800	-9.8%	557,925	15.5%
(-) Commissions and Mobile					
Equipment Sales Expenses	31,214	30,398	2.7%	10,371	201.0%
(-) Provisions	45,628	51,151	-10.8%	15,524	193.9%
(-) Yellow Pages	3,222	42,326	-92.4%	2,479	30.0%
Homogeneous Expenses	564,569	590,925	-4.5%	529,551	6.6%

(1) Includes price-sales costs margin



### General and Administrative

General and Administrative expenses decreased 20.0% in 2Q99 compared to 1Q99 mainly due to a decrease of yellow pages' editing expenses to S/. 2 million in 2Q99 compared to S/. 32 million in 1Q99.

In addition, expense controls have resulted in a reduction of approximately S/.9 million in the cost of sales of cellular phones in 2Q99 compared to 1Q99.

### Provisions for Uncollectibles

General and Administrative expenses also decreased as the result of a 10.8% drop in the allowance for bad debt expenses to S/. 46 million in 2Q99 from S/. 51 million in 1Q99. Stricter policies established in 4Q98 have resulted in better control of delinquent accounts.

Consequently, the allowance for bad debt as a percentage of total revenues, decreased to 4.2% in 2Q99 from 4.5% in 1Q99.

### Depreciation

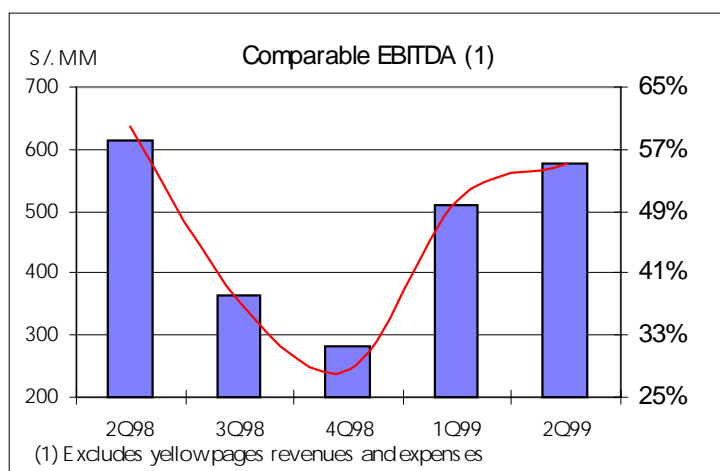
Depreciation reached S/. 175 million in 2Q99 compared to S/. 174 million in 1Q99. A total of S/. 232 million in Work in Progress was incorporated to assets. Consequently, the average depreciable assets reached S/. 8,735 million in 2Q99.

### Materials and Supplies

Materials and Supplies expenses increased to S/. 34 million in 2Q99 compared to S/. 23 million in 1Q99 due to an increase in cellular sales which resulted in a higher cost of sales for cellular equipment.



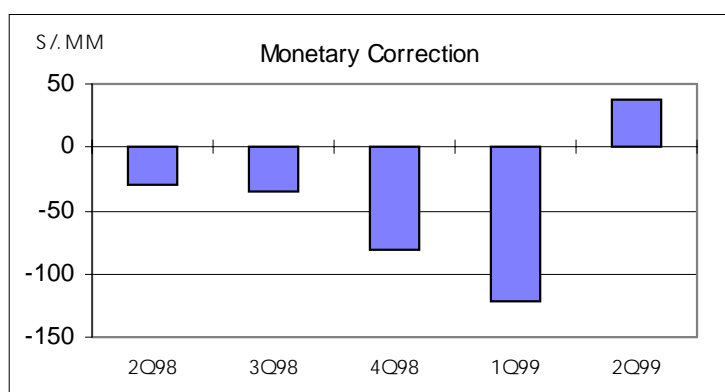
## Comparable operating income and EBITDA up 19% and 13%, respectively, compared to the first quarter



Operating income and EBITDA increased 4.4% and 3.2%, respectively, in 2Q99 compared to 1Q99. However, excluding Telephone Directories' revenues and expenses, the figures increase to 19.4% and 13.0%, respectively.

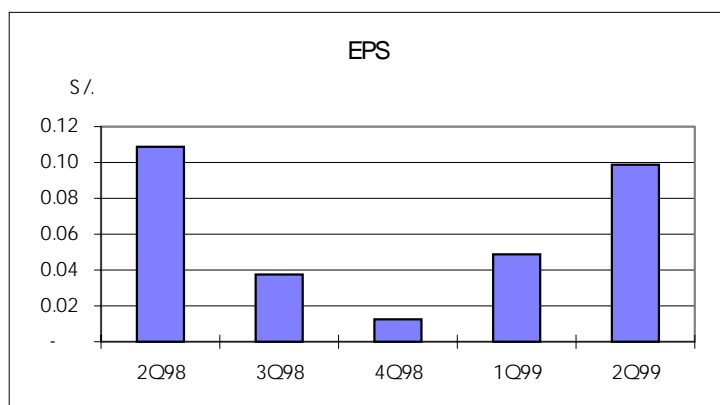
Operating and EBITDA margins increased to 38.4% and 55.1%, respectively, in 2Q99 compared to 35.0% and 50.8% in 1Q99. In addition, when yellow pages' revenues and expenses are excluded from the calculation of margins, the comparable operating margin increases from 33.3% in 1Q99 to 38.4% in 2Q99. EBITDA margin increases from 50.5% to 55.2%.

## Non operating results improve due to currency stability



Non operating results recovered from a severe loss in the first quarter. Non operating losses totaled S/. 52 million in 2Q99 compared to losses of S/. 208 million in 1Q99. The improvement was mainly due to a Monetary Correction gain of S/. 38 million in 2Q99 compared to a loss of S/. 122 million in 1Q99. The foreign exchange market was more stable in 2Q99 than in 1Q99.

## Net income double that of first quarter



Net income reached S/. 208 million in 2Q99 compared to S/. 103 million in 1Q99 due to an increase in the operating profit and a significantly better non operating result.

## Tariffs

(Nominal Soles, exc. VAT)	2Q99	2Q98	2Q99/2Q98
<b>Installation Fees</b>			
Residential	441.00	731.22	-39.7%
Business	441.00	862.24	-48.9%
<b>Monthly Rental Charge</b>			
Residential	46.18	40.74	13.4%
Business	46.18	46.15	0.1%
<b>Measured Service</b>			
Local (1)	0.079	0.076	3.9%
Domestic Long Distance	0.493	0.600	-17.8%
International Long Distance	2.253	3.593	-37.3%
<b>People's Phone (2)</b>	50.00	---	---

(1) Includes fixed-to-mobil interconnection rates (US\$ 0.029 per minute in 2Q99 and US\$ 0.37 in 2Q98).

(2) Monthly fee includes: S/. 43.22 for Rental Charge, S/. 5.63 for Installation Fee and S/. 1.15 for the handset.

## Economic Indicators

	2Q99	2Q98
Exchange rate (end of period)	3.337	2.931
Quarterly Depreciation	0.0%	4.3%
CPI	1.1%	1.1%
WPI	0.9%	0.9%
* GDP (%)	4.9%	-2.5%
* Domestic Demand (%)	-7.4%	0.1%
* Consumption	-5.2%	0.2%
* Investment	-11.8%	-0.1%
* Credit Account Deficit (% GDP)	-3.7%	-6.5%
Net Internat. Reserves (US\$ MM)	8,704	10,399

\* TDP Estimates for 2Q99

## Depreciation

	2Q99	2Q98
<b>Assets - Cost as of June 30</b>	<b>12,858,881</b>	<b>11,900,441</b>
<b>Less Non Depreciable Assets:</b>		
Work in Progress	975,032	2,031,221
Materials for Network Expansion	156,136	161,876
Land	149,716	137,545
Assets Receivable	2,465	2,156
Fully Depreciated Assets	2,341,702	2,204,109
<b>Assets subject to Depreciation</b>	<b>9,233,830</b>	<b>7,363,534</b>
<b>Quarterly Depreciation *</b>	<b>175,005</b>	<b>146,395</b>
<b>% Quarterly Depreciation</b>	<b>1.90%</b>	<b>1.99%</b>
<b>% Annual Depreciation</b>	<b>7.58%</b>	<b>7.95%</b>

\* Includes non-tangible assets

TABLE 1  
TELEFONICA DEL PERU S.A.A. AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS IN ADJUSTED SOLES (000) AS OF JUNE 30, 1999  
(Prepared In Accordance With Peruvian GAAP)

	2Q98		1Q99		2Q99		2Q99-2Q98	2Q99/ 2Q98	2Q99-1Q99	2Q99/ 1Q99
		%		%		%		%		%
<b>Local Telephone Service</b>	383.393	<b>37</b>	397.868	<b>36</b>	388.200	<b>37</b>	4.807	<b>1</b>	(9.668)	<b>(2)</b>
<b>Monthly Service Charge</b>	188.382	<b>18</b>	202.224	<b>18</b>	190.560	<b>18</b>	2.178	<b>1</b>	(11.664)	<b>(6)</b>
<b>Measured Service</b>	138.414	<b>13</b>	173.055	<b>16</b>	173.253	<b>17</b>	34.839	<b>25</b>	198	<b>0</b>
<b>Others</b>	22.084	<b>2</b>	16.899	<b>2</b>	19.197	<b>2</b>	(2.887)	<b>(13)</b>	2.298	<b>14</b>
<b>Installation Fees</b>	34.513	<b>3</b>	5.690	<b>1</b>	5.190	<b>0</b>	(29.323)	<b>(85)</b>	(500)	<b>(9)</b>
<b>International Long Distance</b>	148.559	<b>14</b>	119.542	<b>11</b>	128.113	<b>12</b>	(20.446)	<b>(14)</b>	8.571	<b>7</b>
<b>Domestic Long Distance</b>	108.800	<b>11</b>	75.387	<b>7</b>	70.390	<b>7</b>	(38.410)	<b>(35)</b>	(4.997)	<b>(7)</b>
<b>Public Telephones</b>	113.804	<b>11</b>	127.097	<b>12</b>	140.480	<b>13</b>	26.676	<b>23</b>	13.383	<b>11</b>
<b>Mobile Services</b>	172.898	<b>17</b>	180.875	<b>16</b>	198.790	<b>19</b>	25.892	<b>15</b>	17.915	<b>10</b>
<b>Cable TV</b>	45.426	<b>4</b>	50.733	<b>5</b>	47.372	<b>5</b>	1.946	<b>4</b>	(3.361)	<b>(7)</b>
<b>Business Communications</b>	46.711	<b>5</b>	51.680	<b>5</b>	56.143	<b>5</b>	9.432	<b>20</b>	4.463	<b>9</b>
<b>Telephone Directories</b>	5.381	<b>1</b>	92.665	<b>8</b>	5.413	<b>1</b>	32	<b>1</b>	(87.252)	<b>(94)</b>
<b>Others</b>	2.559	<b>0</b>	4.298	<b>0</b>	11.972	<b>1</b>	9.413	<b>368</b>	7.674	<b>179</b>
<b>Total Operating Revenues</b>	1.027.531	<b>100</b>	1.100.145	<b>100</b>	1.046.873	<b>100</b>	19.342	<b>2</b>	(53.272)	<b>(5)</b>
<b>Personnel</b>	134.093	<b>13</b>	160.181	<b>15</b>	129.724	<b>12</b>	(4.369)	<b>(3)</b>	(30.457)	<b>(19)</b>
<b>General and Administrative</b>	157.557	<b>15</b>	236.125	<b>21</b>	188.931	<b>18</b>	31.374	<b>20</b>	(47.194)	<b>(20)</b>
<b>Provisions</b>	15.524	<b>2</b>	51.151	<b>5</b>	45.628	<b>4</b>	30.104	<b>194</b>	(5.523)	<b>(11)</b>
<b>Depreciation</b>	146.395	<b>14</b>	173.809	<b>16</b>	175.005	<b>17</b>	28.610	<b>20</b>	1.196	<b>1</b>
<b>Technology Transfer and Management Fees</b>	110.442	<b>11</b>	104.881	<b>10</b>	106.393	<b>10</b>	(4.049)	<b>(4)</b>	1.512	<b>1</b>
<b>Materials and Supplies</b>	25.190	<b>2</b>	23.004	<b>2</b>	34.208	<b>3</b>	9.018	<b>36</b>	11.204	<b>49</b>
<b>Own Work Capitalized</b>	(31.276)	<b>(3)</b>	(34.351)	<b>(3)</b>	(35.256)	<b>(3)</b>	(3.980)	<b>13</b>	(905)	<b>3</b>
<b>Total Operating Costs and Expenses</b>	557.925	<b>54</b>	714.800	<b>65</b>	644.633	<b>62</b>	86.708	<b>16</b>	(70.167)	<b>(10)</b>
<b>Operating Income</b>	469.606	<b>46</b>	385.345	<b>35</b>	402.240	<b>38</b>	(67.366)	<b>(14)</b>	16.895	<b>4</b>
<b>EBITDA</b>	616.001	<b>60</b>	559.154	<b>51</b>	577.245	<b>55</b>	(38.756)	<b>(6)</b>	18.091	<b>3</b>
<b>Other Income (Expenses)</b>										
<b>Interest Income</b>	9.498	<b>1</b>	6.972	<b>1</b>	9.648	<b>1</b>	150	<b>2</b>	2.676	<b>38</b>
<b>Interest Expenses</b>	(44.379)	<b>(4)</b>	(84.284)	<b>(8)</b>	(101.678)	<b>(10)</b>	(57.299)	<b>129</b>	(17.394)	<b>21</b>
<b>Others Net</b>	5.581	<b>1</b>	(8.474)	<b>(1)</b>	1.750	<b>0</b>	(3.831)	<b>(69)</b>	10.224	<b>(121)</b>
<b>Inflation Gain (Loss)</b>	(29.238)	<b>(3)</b>	(122.222)	<b>(11)</b>	37.881	<b>4</b>	67.119	<b>-</b>	160.103	<b>-</b>
<b>Total Other Income (Expenses)</b>	(58.538)	<b>(6)</b>	(208.008)	<b>(19)</b>	(52.399)	<b>(5)</b>	6.139	<b>(10)</b>	155.609	<b>(75)</b>
<b>Early Retirement Expense</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>
<b>Income Before Taxes and Participations</b>	411.068	<b>40</b>	177.337	<b>16</b>	349.841	<b>33</b>	(61.227)	<b>(15)</b>	172.504	<b>97</b>
<b>Workers' Participation</b>	(41.587)	<b>(4)</b>	(20.707)	<b>(2)</b>	(37.638)	<b>(4)</b>	3.949	<b>(9)</b>	(16.931)	<b>82</b>
<b>Income Tax</b>	(111.734)	<b>(11)</b>	(53.295)	<b>(5)</b>	(104.238)	<b>(10)</b>	7.496	<b>(7)</b>	(50.943)	<b>96</b>
<b>Net Income</b>	257.747	<b>25</b>	103.335	<b>9</b>	207.965	<b>20</b>	(49.782)	<b>(19)</b>	104.630	<b>101</b>

**TABLE 2**  
**TELEFONICA DEL PERU S.A.A. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET IN ADJUSTED SOLES (000) AS OF JUNE 30, 1999 (1)**  
(End of Period Figures)

ASSETS						LIABILITIES AND SHAREHOLDERS' EQUITY					
	2Q99	1Q99	4Q98	3Q98	2Q98		2Q99	1Q99	4Q98	3Q98	2Q98
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	33.177	61.705	113.905	13.859	71.374	Accounts payable and accrued liabilities	610.507	603.061	860.593	669.150	576.064
Accounts and notes receivable - net	1.351.399	1.404.629	1.239.920	1.472.200	1.721.390	Other accounts payable	772.347	797.823	542.844	436.846	925.864
Other accounts receivable	483.139	489.076	188.019	268.147	266.013	Provision for severance indemnities	8.467	13.628	7.687	13.309	6.223
Inventory	169.629	148.362	168.848	115.654	130.204	Bank Loans	2.092.053	2.339.126	1.743.228	2.239.462	1.955.494
Prepaid expenses	380.649	327.896	523.819	259.621	200.435	Current maturities of long-term debt	80.188	54.424	7.702	9.582	8.964
Total current assets	2.417.993	2.431.668	2.234.511	2.129.481	2.389.416	Bonds	82.495	81.826	83.631	0	112.155
						Commercial Papers	40.812	0	0	3.090	41.540
						Total current liabilities	3.686.869	3.889.888	3.245.685	3.371.439	3.626.304
LONG-TERM INVESTMENTS	180.043	198.863	191.302	180.156	146.321	LONG-TERM DEBT	2.163.433	2.184.271	1.667.614	24.433	22.156
PROPERTY, PLANT AND EQUIPMENT	12.853.178	12.661.416	12.578.000	12.133.460	11.900.442	BONDS	410.410	412.264	408.866	493.455	473.536
						GUARANTY DEPOSITS	38.145	36.785	35.187	92.214	97.682
Accumulated depreciation	4.812.277	4.650.882	4.486.892	4.352.061	4.208.880	DEFERRED TAXES	353.358	301.220	247.051	218.073	185.013
	8.040.901	8.010.534	8.091.108	7.781.399	7.691.562	TEMPORARY EQUITY RESERVE	0	0	775.970	1.643.880	0
OTHER ASSETS, net	296.351	287.162	245.752	93.334	90.581	SHAREHOLDERS' EQUITY					
						Capital stock	3.091.936	3.091.936	3.327.885	3.327.885	3.327.885
TOTAL ASSETS	10.935.288	10.928.227	10.762.673	10.184.370	10.317.880	Additional paid-in capital	108.230	108.230	108.230	108.230	108.230
						Legal reserve	517.866	517.866	517.866	448.401	448.401
						Application of Temporary Equity Reserve	0	0	-775.970	-1.643.880	0
						Treasury Stock	0	0	-842.991	0	0
						Retained earnings	565.041	385.767	2.047.280	2.100.240	2.028.673
						TOTAL SHAREHOLDERS' EQUITY	4.283.073	4.103.799	4.382.300	4.340.876	5.913.189
						TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10.935.288	10.928.227	10.762.673	10.184.370	10.317.880

(1) Data is adjusted according to the WPI published by the National Statistics Institute

**TABLE 3**  
**TELEFONICA DEL PERU S.A.A. AND SUBSIDIARIES**  
**Statistical Data, End of Period Figures**

	<b>1Q98</b>	<b>2Q98</b>	<b>3Q98</b>	<b>4Q98</b>	<b>1Q99</b>	<b>2Q99</b>	<b>2Q99-2Q98</b>	<b>2Q99/ 2Q98</b>	<b>2Q99-1Q99</b>	<b>2Q99/ 1Q99</b>
<b>Fixed-Wire Telephone Service: Local+Long Distance</b>										
Lines Installed	1.937.019	1.956.951	1.958.559	2.012.141	2.003.101	2.007.385	50.434	<b>3</b>	4.284	<b>0</b>
New Lines Installed	17.328	19.932	1.608	53.582	(9.040)	4.284	(15.648)	<b>(79)</b>	13.324	<b>(147)</b>
Lines in Service	1.632.110	1.654.583	1.505.229	1.508.709	1.565.711	1.589.857	(64.726)	<b>(4)</b>	24.146	<b>2</b>
New Lines in Service	24.480	22.473	(149.354)	3.480	57.002	24.146	1.673	<b>7</b>	(32.856)	<b>(58)</b>
Lines in Service Including Public Telephones (1)	1.671.002	1.696.208	1.548.761	1.555.093	1.613.135	1.639.733	(56.475)	<b>(3)</b>	26.598	<b>2</b>
Local Traffic - Minutes (000) (2)	1.900.267	1.841.565	1.731.508	1.940.892	2.151.917	2.101.826	260.261	<b>14</b>	(50.091)	<b>(2)</b>
Domestic Long Distance - Minutes (000) (2)	170.204	175.852	144.014	136.982	154.769	148.614	(27.238)	<b>(15)</b>	(6.155)	<b>(4)</b>
International Long Distance Outgoing - Minutes (000) (2)	20.269	21.613	21.873	24.359	25.524	25.650	4.037	<b>19</b>	126	<b>0</b>
International Long Distance Incoming - Minutes (000) (2)	65.417	68.341	68.727	75.882	73.703	82.374	14.033	<b>21</b>	8.671	<b>12</b>
Lines Sold	47.657	45.741	68.445	79.667	81.526	49.907	4.166	<b>9</b>	(31.619)	<b>(39)</b>
Applications Pending	40.003	32.802	34.831	47.975	36.823	33.238	436	<b>1</b>	(3.585)	<b>(10)</b>
New Applications Registered	50.834	52.476	84.444	111.078	90.591	63.430	10.954	<b>21</b>	(27.161)	<b>(30)</b>
Number of Employees (Telefonica del Perú and Subsidiaries)	6.037	6.041	6.300	6.455	6.472	6.569	528	<b>9</b>	97	<b>1</b>
Number of Employees (Telefónica del Perú)	5.900	5.909	5.661	5.661	5.393	5.364	(545)	<b>(9)</b>	(29)	<b>(1)</b>
Lines in Service per Employee (Telefónica del Perú)	283	287	274	275	299	306	19	<b>6</b>	7	<b>2</b>
Digitalization Rate (%)	88	88	90	90	90	92	4	<b>5</b>	2	<b>2</b>
Lines in Service per 100 inhabitants	6,8	6,8	6,2	6,3	6,5	6,5	(0,3)	<b>(4)</b>	-	-
<b>PUBLIC TELEPHONES</b>										
Lines in Service (3)	39.665	42.275	44.188	47.040	48.094	50.561	8.286	<b>20</b>	2.467	<b>5</b>
<b>CELLULAR</b>										
Subscribers	332.705	381.668	463.186	504.995	530.658	591.595	209.927	<b>55</b>	60.937	<b>11</b>
<b>CABLE TV</b>										
Subscribers	272.923	291.726	308.558	305.200	309.526	313.872	22.146	<b>8</b>	4.346	<b>1</b>

**(1) Excluding Cellular Public Phones**

**(2) Volumes of March are estimated**

**(3) Including Cellular Public Phones**