

*Telefonica*

---

**Quarterly Results**  
**Telefónica del Perú S.A.A. and Subsidiaries**

**April - June 2007**

## Significant Events

A summary containing the most significant events since April 2007 is presented below:

1. On April 20, 2007, the Board of Directors:
  - Formulated the individual and consolidated financial statements related to the first quarter 2007.
2. On June 15, 2007, Telefónica del Perú S.A.A. registered the 15F Format to the Securities and Exchange Commission (SEC), with the purpose of requesting the deregistration of its class B shares and concluding its obligation of providing information.

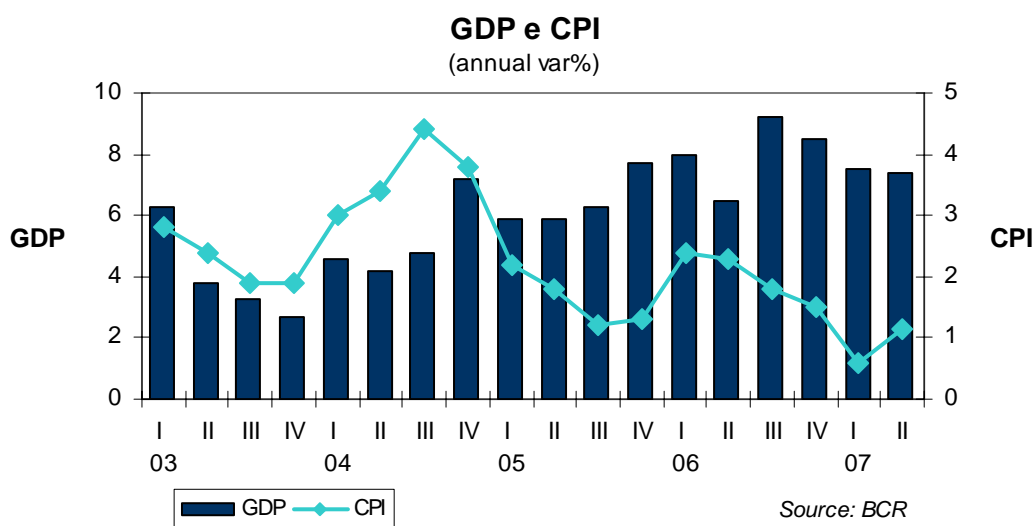
## Discussion and analysis of the second quarter results ended on June 30, 2007

*It is recommended the reading of this report along with the corresponding financial statements and their notes, presented at the same time, since they form integral part of this document and contain complementary information.*

### Economic Environment

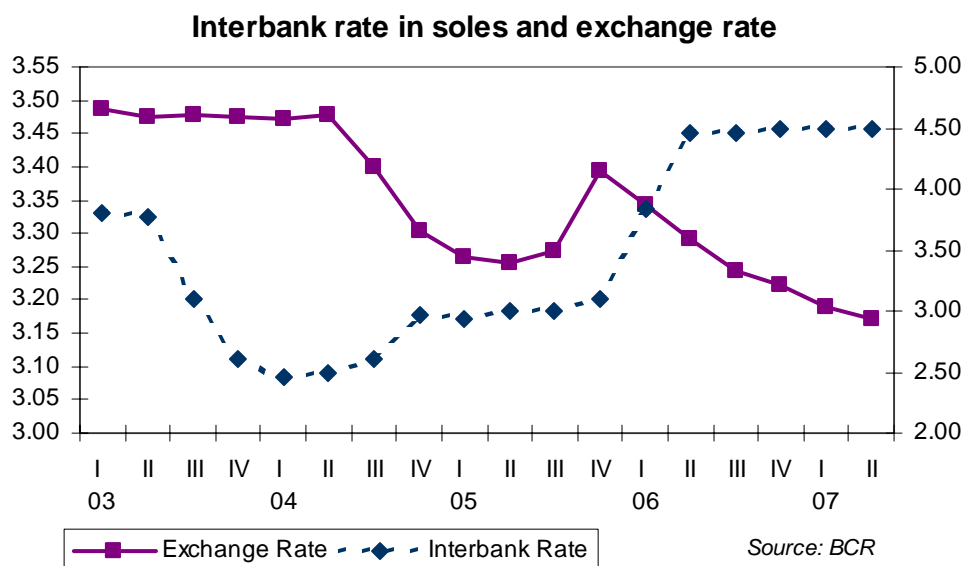
During the second quarter 2007, the Peruvian economy kept its economic dynamism. The Gross Domestic Product (GDP) increased in 7.5% over the second quarter 2006. Going forward in the trend of the last year, the sectors that showed more growth were construction, commerce and non-primary manufacture. It is also important to highlight the growth of domestic demand and, in particular, consumption and private investment.

Consumer Price Index (CPI) recorded moderated rises, fundamentally by seasonal factors such as the increase in fuel prices, in some foods, among which stresses the price increase of chicken. In the last 12 months, the inflation rate reached 1.5% in the Central Bank's target range (1% - 3%). For this year, it is expected an inflation rate of 2%.



In the last months, the pressure over the exchange rate has slightly decreased. Also, the *Nuevo Sol* appreciated 0.88% against the US dollar since January, and it is expected that this trend will continue. In this scenario, Central Bank (BCR) made US dollar purchases for more than US\$5 billion, increasing Net International Reserves above US\$22 billion.

Finally, despite the high volatility of Lima Stock Exchange, it kept higher yields than other Latin America stock exchanges. Thus, the General Index increased 74% up to the end of June. On the other hand, interbank interest rates reached 4.53%, similar to the one registered in the previous 12 months. However, in the first weeks of July, the BCR decided to increase the interbank interest in 25 basic points to 4.75%, what had an impact on the interest rates in all tranches.



## Competitive Environment

During second quarter 2007, some companies of the sector concluded mergers and acquisitions processes to consolidate its positions in the market, improving its products and services.

In the context, the Telmex's group acquired Virtecom's operations, the third Pay TV operator in Lima. It is important to highlight that it is the second company acquired by Telmex in 2007, after the Cable Express.

In May it was registered the acquisition of Impsat by the multinational Global Crossing, which will allow the expansion of its coverage capacity in the IP communications market and also convergent services to companies. Meanwhile, the absorption of Convergía Telecom by Convergía Peru, will allow the last one to offer fixed telephony over IP with long distance services.

Focused in the small business segment, Telefónica, launched the service "Informatic business job places", and in the Companies segment, Telefónica is offering the service "Converging Communication", a solution based in IP telephony.

Finally, in the last days of July the telecommunication regulator, OSIPTEL, will establish the productivity factor for setting regulated rates for the period 2007-2010.

## Operating Revenues<sup>1</sup>

The Company's **operating revenues** for 2Q07 reached S/. 1,114 million, similar to the level reached in 2Q06. The higher revenues from Internet (24.1%), Pay TV (25.1%), Long Distance (11.2%) and Others (20.1%), offset by the decrease of Public and Rural Telephony revenues (-25.4%), Local Telephony (-3.6%) and Data and Information Technology (-12.1%).

The operating revenues for 2Q07 reached S/. 2,229 million, decreasing -0.5% over 2Q06, explained by lower revenues from Public and Rural Telephony (-23.6%), Local Telephony (-3.6%) and Data and Information Technology (-8.4%). However, it where obtained higher revenues from Internet (25.1%), Pay TV (21.0%), Long Distance (7.5%) and Others (17.3%).

<sup>1</sup> In May 2006 the merger of Telefónica Empresas S. A. A. and Telefónica del Peru S. A. A. took place, as it was approved by the General Shareholders Meeting of April 24, 2006. In addition, in December 30, 2006 concluded the merger between Telefónica del Peru S. A. A and Telefónica Peru Holding S. A. C.

The Company continues developing its commercial strategy based on market penetration through offering services to each market segment, as well as through campaigns to keep customers loyalty. Thus, at the end of 2S07, the total number of clients in service showed an annual growth of (i) 5.1% in fixed telephony, (ii) 35.5% in broadband, (iii) 22.3% in Pay TV with the incorporation of satellite technology for those clients who live in remote places, and (iv) 3.4% in Public and Rural Telephony, despite the increase of illegal installations which resulted in a significant number of lines disconnected.

As for the performance of the businesses, **local telephony** revenues in 2Q07 reached S/. 391 million, 3.6% less over 2Q06, mainly explained by the lower revenues obtained from monthly fee (-12.7%), due to the 16.9% decrease in the average tariff. Average tariff decrease is explained by the implementation of the Productivity Factor and the execution of agreements established with the Government. Moreover, lower revenues also result from Pre-paid Cards (-18.8%) and from Paid Traffic fixed-fixed (-11.5%), this last one because of Productivity Factor.

In addition, the local telephony revenues of 2S07 totalized S/. 788 million 3.6% less over 2S06, explained by the same reasons, the monthly fee decrease of 11.5% and the decrease in the fixed-to-fixed Traffic of 14.5%. This is partially offset by higher Fixed-Mobile revenues (13.3%) and an annual increment in the lines in service of 4.9%, reaching 2.4 million accesses.

**Long Distance** revenues increased 11.2% in the 2Q07 over 2Q06, reaching S/. 104 million. The revenues increase of Domestic Long Distance (DLD) (10.3%), are mainly explained by the increment in the fixed-to-mobile traffic (18.3%); that offset the decrease of 18.2% from Pre-paid Cards' revenues due to a highly competitive environment. Furthermore, International Long Distance (ILD) increased revenues by 12.3% respect the same period 2006, explained by more outgoing traffic. In the 1S07, revenues totalized S/. 202 million, 7.5% increase stimulated by largest traffic of fixed-mobile DLD and also ILD.

On the other hand, the **Public Telephony** and **Rural Telephony** revenues reached S/. 364 million, up to the 2Q07, 23.6% lower than the ones obtained up to the 2Q06. The reduction is mainly explained by the substitution of services by mobile telephony, the growth of informal cells and the more competitive environment. The revenues decrease occurred despite the growth of the lines in service (3.4%), and the rural telephony revenues of 17.3%, as a result of the new condition given to Telefónica as Rural Operator.

The **Pay TV** business revenues reached S/. 108 million in the 2Q07, growing annually 25.1%. In that sense, in the 1S07 the revenues reached S/. 207 million showing an increment of 21.0% compared to the same period previous year. This growth is explained by the increase of 22.3% in the number of accesses in service, reaching 600 thousand accesses in the end of June 2007, as a result of the deployment in the digital cable service; as well as the permanent implementation of the program against illegal installations.

The revenues of **Internet** reached S/. 164 million in the 2Q07, 24.1% higher than 2Q06. This increase is explained mainly by the growth of 35.5% of the Broadband customers, resulting in 527 thousand accesses. In addition, the income of 1S07 reached S/. 318 million, 25.1% higher than 1S06.

The revenues of **Data and Information Technology** reached S/. 71 million in the 2Q07, 12.1% below the revenues recorded in 2Q06 and S/. 140 million in the 1S07, 8.4% less than the ones obtained in 1S06, mainly explained by the decrease in the revenues from Digired circuits (42.8%).

## Operating Expenses

Operating expenses in the 2Q07 decreased by 1.9% over the 2Q06, reaching S/. 935 million, which represents S/. 18 million less, fundamentally due to the decrease of S/. 29 million in depreciation and amortization expenses and to the interconnection and carrier settlements decrease of S/. 5

million. Those expenses reductions were partially offset by the increase of S/. 12 million in general and administrative expenses and higher personnel expenses of S/. 6 million.

The operational expenses accumulated in the 1S07 showed a decrease of 2.7% over the 1S06, reaching S/. 1,869 million, representing S/. 52 million less, mainly by the lower cost of depreciation and amortization of S/. 107 million, offset by higher costs in general as well as administrative increase of S/. 24 million, interconnection and carrier settlements of S/. 14 million, other net revenue and expense of S/. 11 million and personnel expenses of S/. 9 million.

## **Operating Results**

Operating results in the 2Q07 totalized S/. 179 million, representing an increase of 11.9% over 2Q06; and S/. 360 million in the 1S07, 13.1% higher than 1S06, as a result of higher revenues from Internet, Pay TV, Long Distance and Others, as well as the lower expenses.

## **Non-Operating Results**

In the 2Q07, non-operating result showed a reduction of S/. 16 million over the 2Q06, due to a lower negative effect explained by the difference in exchange rate (S/. 8 million), and larger financial revenues (S/. 6 million).

In the 1S07, non-operating result improved in S/. 25 million with regard to the 1S06, mainly due to lower net financial expenses (S/. 12 million), and the lower losses in the difference in exchange rate of S/. 9 million.

## **Net Income**

The net income reached S/. 63 million in the 2Q07, compared to the S/. 51 million obtained in the 2Q06. In cumulative terms, net income grew S/. 44 million until reaching S/. 144 million, mainly explained, by the better operating result and by the lower losses in the non-operational result.

## **Consolidated Balance Sheet**

The current asset registered at the end of 2Q07 S/. 1,733 million, increasing of S/. 321 million with respect to the 1Q07. Also, current liabilities ended at S/. 1,979 million, with an increase of S/. 122 million respect to the 1Q07. Therefore, the liquidity level at the end of 2Q07, measured by the current assets over current liabilities ratio, reached 0.88, higher than the 0.76 recorded in the 1Q07.

Also, in 2Q07 the net asset reached S/. 4,357 million, with a reduction of S/. 120 million respect to the 1Q07.

Furthermore, total debt slightly increased from S/. 2,642 million in 1Q07 to S/. 2,666 million in 2Q07, mainly due to the new bonds. Finally, the Shareholders' Equity increased S/. 66 million over 1Q07, reaching S/. 3,213 million.

**TABLE 1**  
**TELEFONICA DEL PERU S.A.A. AND SUBSIDIARIES <sup>1/</sup>**  
**CONSOLIDATED INCOME STATEMENTS IN ADJUSTED SOLES (000) AS OF JUNE 30, 2007**  
(Prepared In Accordance With Peruvian GAAP)

	2Q06		2Q07		Abs. Var. 2Q07-2Q06		% Var. 2Q07-2Q06		6M06		6M07		Var. Abs. 6M07-6M06		Var. % 6M07-6M06	
		%		%		%		%		%		%		%		%
<b>Total Operating Revenues</b>	1,113,040	<b>100.0</b>	1,114,078	<b>100.0</b>	1,038	<b>0.1</b>			2,239,026	<b>100.0</b>	2,228,523	<b>100.0</b>	(10,503)	<b>(0.5)</b>		
Local Telephone Service	404,942	<b>36.4</b>	390,535	<b>35.1</b>	(14,407)	<b>(3.6)</b>			817,928	<b>36.5</b>	788,324	<b>35.4</b>	(29,604)	<b>(3.6)</b>		
Public Telephones	223,966	<b>20.1</b>	167,027	<b>15.0</b>	(56,939)	<b>(25.4)</b>			477,149	<b>21.3</b>	364,356	<b>16.3</b>	(112,793)	<b>(23.6)</b>		
Internet	131,849	<b>11.8</b>	163,666	<b>14.7</b>	31,817	<b>24.1</b>			254,285	<b>11.4</b>	318,058	<b>14.3</b>	63,773	<b>25.1</b>		
Suscription TV	86,064	<b>7.7</b>	107,642	<b>9.7</b>	21,578	<b>25.1</b>			170,806	<b>7.6</b>	206,748	<b>9.3</b>	35,942	<b>21.0</b>		
Long Distance	93,761	<b>8.4</b>	104,234	<b>9.4</b>	10,473	<b>11.2</b>			187,890	<b>8.4</b>	202,057	<b>9.1</b>	14,167	<b>7.5</b>		
Business Communications	81,245	<b>7.3</b>	71,407	<b>6.4</b>	(9,838)	<b>(12.1)</b>			152,627	<b>6.8</b>	139,851	<b>6.3</b>	(12,776)	<b>(8.4)</b>		
Other	91,213	<b>8.2</b>	109,567	<b>9.8</b>	18,354	<b>20.1</b>			178,341	<b>8.0</b>	209,129	<b>9.4</b>	30,788	<b>17.3</b>		
<b>Total Operating Costs and Expenses</b>	952,927	<b>85.6</b>	934,977	<b>83.9</b>	(17,950)	<b>(1.9)</b>			1,921,073	<b>85.8</b>	1,869,011	<b>83.9</b>	(52,062)	<b>(2.7)</b>		
Interconnection Expenses	158,954	<b>14.3</b>	154,425	<b>13.9</b>	(4,529)	<b>(2.8)</b>			309,506	<b>13.8</b>	323,727	<b>14.5</b>	14,221	<b>4.6</b>		
Personnel	114,677	<b>10.3</b>	120,983	<b>10.9</b>	6,306	<b>5.5</b>			225,930	<b>10.1</b>	234,734	<b>10.5</b>	8,804	<b>3.9</b>		
General and Administrative	287,166	<b>25.8</b>	299,018	<b>26.8</b>	11,852	<b>4.1</b>			568,667	<b>25.4</b>	592,654	<b>26.6</b>	23,987	<b>4.2</b>		
Depreciation and Amortization	316,333	<b>28.4</b>	287,152	<b>25.8</b>	(29,181)	<b>(9.2)</b>			681,091	<b>30.4</b>	573,997	<b>25.8</b>	(107,094)	<b>(15.7)</b>		
Management Fee	14,403	<b>1.3</b>	13,297	<b>1.2</b>	(1,106)	<b>(7.7)</b>			29,250	<b>1.3</b>	26,451	<b>1.2</b>	(2,799)	<b>(9.6)</b>		
Materials and Supplies	29,622	<b>2.7</b>	31,850	<b>2.9</b>	2,228	<b>7.5</b>			54,102	<b>2.4</b>	55,138	<b>2.5</b>	1,036	<b>1.9</b>		
Provisions	13,552	<b>1.2</b>	13,212	<b>1.2</b>	(340)	<b>(2.5)</b>			28,136	<b>1.3</b>	26,424	<b>1.2</b>	(1,712)	<b>(6.1)</b>		
Own Work Capitalized	(4,430)	<b>(0.4)</b>	(5,568)	<b>(0.5)</b>	(1,138)	<b>25.7</b>			(11,363)	<b>(0.5)</b>	(11,107)	<b>(0.5)</b>	256	<b>(2.3)</b>		
Others Net	22,650	<b>2.0</b>	20,608	<b>1.8</b>	(2,042)	<b>(9.0)</b>			35,754	<b>1.6</b>	46,993	<b>2.1</b>	11,239	<b>31.4</b>		
<b>Operating Income</b>	160,113	<b>14.4</b>	179,101	<b>16.1</b>	18,988	<b>11.9</b>			317,953	<b>14.2</b>	359,512	<b>16.1</b>	41,559	<b>13.1</b>		
<b>Operating Income before Others Net</b>	182,763	<b>16.4</b>	199,709	<b>17.9</b>	16,946	<b>9.3</b>			353,707	<b>15.8</b>	406,505	<b>18.2</b>	52,798	<b>14.9</b>		
Interest Income	8,363	<b>0.8</b>	14,149	<b>1.3</b>	5,786	<b>69.2</b>			14,763	<b>0.7</b>	22,964	<b>1.0</b>	8,201	<b>55.6</b>		
Interest Expenses	(47,874)	<b>(4.3)</b>	(47,810)	<b>(4.3)</b>	64	<b>(0.1)</b>			(96,651)	<b>(4.3)</b>	(92,869)	<b>(4.2)</b>	3,782	<b>(3.9)</b>		
Inflation Gain (Loss)	(14,991)	<b>(1.3)</b>	(6,888)	<b>(0.6)</b>	8,103	<b>(54.1)</b>			(20,335)	<b>(0.9)</b>	(11,822)	<b>(0.5)</b>	8,513	<b>(41.9)</b>		
Participation of affiliates results	1,331	<b>0.1</b>	3,166	<b>0.3</b>	1,835	<b>137.9</b>			561	<b>0.0</b>	4,819	<b>0.2</b>	4,258	<b>759.0</b>		
<b>Non Operating Results</b>	(53,171)	<b>(4.8)</b>	(37,383)	<b>(3.4)</b>	15,788	<b>(29.7)</b>			(101,662)	<b>(4.5)</b>	(76,908)	<b>(3.5)</b>	24,754	<b>(24.3)</b>		
<b>Income Before Taxes and Participations</b>	106,942	<b>9.6</b>	141,718	<b>12.7</b>	34,776	<b>32.5</b>			216,291	<b>9.7</b>	282,604	<b>12.7</b>	66,313	<b>30.7</b>		
Workers' Participation	(14,680)	<b>(1.3)</b>	(20,985)	<b>(1.9)</b>	(6,305)	<b>42.9</b>			(30,844)	<b>(1.4)</b>	(37,045)	<b>(1.7)</b>	(6,201)	<b>20.1</b>		
Income Tax	(40,868)	<b>(3.7)</b>	(57,489)	<b>(5.2)</b>	(16,621)	<b>40.7</b>			(85,560)	<b>(3.8)</b>	(101,270)	<b>(4.5)</b>	(15,710)	<b>18.4</b>		
<b>Net Income</b>	51,394	<b>4.6</b>	63,244	<b>5.7</b>	11,850	<b>23.1</b>			99,887	<b>4.5</b>	144,289	<b>6.5</b>	44,402	<b>44.5</b>		

1/ Starting November 2005 Telefónica del Peru financial statements incorporate the results of Telefónica Empresas S.A.A. reflecting the purchase of 97.86% of the stock of Telefónica Empresas. The merger of mentioned companies was effective on May 2006. In addition, on December 30th 2006, the merger between Telefónica del Perú S.A.A. and Telefónica Perú Holding S.A.C. was implemented. For comparison purposes the financial statements of Telefónica del Peru S.A.A. have been restructured as if the merger had occurred on the 1st of January of 2006.

**TABLE 2**  
**TELEFONICA DEL PERU S.A.A. AND SUBSIDIARIES <sup>1/</sup>**  
**CONSOLIDATED BALANCE SHEET IN NUEVOS SOLES (000) AS OF JUNE 30, 2007**  
**(Prepared in Accordance With Peruvian GAAP)**

ASSETS						LIABILITIES AND SHAREHOLDERS' EQUITY					
	2Q07	1Q07	4Q06	3Q06	2Q06		2Q07	1Q07 0	4Q06 0	3Q06 0	2Q06 0
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and Banks	420,408	190,406	131,080	316,860	733,199 0	Overdrafts	12,190	11,115	11,207	10,095	5,658
Negotiable securities	-	-	-	34,963	10,984 0	Accounts payable	492,530	450,191	581,090	515,680	491,083
Accounts receivable - net	724,395	639,540	660,577	701,453	670,744 0	Other accounts payable	122,127	56,829	59,643	37,430	49,527
Affiliated Company Loans	348,370	350,020	351,340	-	- 0	Provision for severance indemnities	737,065	651,648	739,926	733,879	707,826
Other accounts receivable	84,428	56,707	29,771	58,416	58,539 0	Bank Loans <sup>2/</sup>	174,417	102,922	177,511	175,516	237,890
Materials and supplies	24,877	21,702	19,040	23,255	26,827 0	Current portion of long-term debt	249,738	397,988	387,423	410,705	408,867
Prepaid taxes and expenses and others	46,902	46,348	48,358	42,215	38,479 0	Current portion of bonds	122,078	186,540	233,638	494,373	524,958
	83,643	107,017	86,497	58,944	53,172	Commercial Papers	68,992	-	-	-	-
Total current assets	1,733,023	1,411,740	1,326,663	1,236,106	1,591,944 0	Total current liabilities	1,979,137	1,857,233	2,190,438	2,377,678	2,425,809
LONG-TERM INVESTMENTS	15,738	13,715	10,855	11,011	10,188 0	LONG-TERM DEBT <sup>2/</sup>	473,912	404,267 0	403,568	384,038	354,821
DEFERRED CHARGES	65,822	34,425	38,817	31,920	32,678 0	BONDS	1,576,645	1,549,964 0	1,372,467	1,167,005	1,069,685
						0					
PROPERTY, PLANT AND EQUIPMENT	16,586,590	16,476,282	16,416,922 0	16,280,182 0	16,127,608 0	GUARANTY DEPOSITS AND OTHERS	62,630	65,854 0	65,724	65,402	65,269
Accumulated depreciation	(12,229,192)	(11,998,698)	(11,768,833) 0	(11,464,758) 0	(11,234,004) 0	DEFERRED TAXES	942,038	1,039,429 0	1,110,327	1,197,329	1,261,430
	4,357,398	4,477,584	4,648,089	4,815,424	4,893,604 0	SHAREHOLDERS' EQUITY					
Write-off Provision	(23,654)	(23,654)	(23,654)	(18,329)	(18,363) 0	Capital stock	2,591,451	2,591,451 0	2,727,843	2,727,843	3,322,601
	4,333,747	4,453,930	4,624,435 0	4,797,095	4,875,241	Additional Capital	4,964	4,964 0	4,964	4,964	4,964
OTHER ASSETS, net	2,098,633	2,149,077	2,202,733 0	2,194,390 0	2,248,116 0	Legal reserve	76,206	76,206 0	58,603	58,603	58,603
						Freely distributable Reserves	249,407	249,407 0	249,407 0	- 0	- 0
TOTAL ASSETS	8,246,963	8,062,887	8,203,503	8,270,522	8,758,167 0	Other reserves	444	-2,773 0	-6,889	-5,741	-3,353
						Retained earnings	290,129	226,885 0	27,051	293,401	198,338
						TOTAL SHAREHOLDERS' EQUITY	3,212,601	3,146,140 0	3,060,979	3,079,070	3,581,153
						TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,246,963	8,062,887	8,203,503	8,270,522	8,758,167

<sup>1/</sup> Starting on May 2006, Telefónica del Peru financial statements incorporate the results of Telefónica Empresas S.A.A. according to the merger approved on May 2006. In addition, on December 30th 2006, the merger between Telefónica del Perú S.A.A. and Telefónica Perú Holding S.A.C. was implemented. For comparison purposes the financial statements of Telefónica del Peru S.A.A. have been restructured as if the merger had occurred on the 1st of January of 2006.

Starting January 1, 2005 and in accordance with the Consejo Normativo de Contabilidad N°031-2004, the financial statement will not be adjusted for inflation, for accounting matters, and therefore the REI record is not shown.

<sup>2/</sup> Includes net position for derivatives



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

	2Q06	3Q06	4Q06	1Q07	2Q07	Var. Abs 2Q07 - 2Q06	2Q07/ 2Q06
<b>FIXED TELEPHONY</b>							
Lines Installed	2,580,737	2,605,685	2,645,895	2,662,887	2,700,519	119,782	4.6
Lines in Service (1)	2,439,017	2,473,338	2,503,778	2,535,213	2,563,020	124,003	5.1
Lines in Service per Employee (Telefónica del Perú) (2)	623	629	635	639	646	23	3.7
Lines in Service per 100 inhabitants (%)	8.7	8.8	8.8	9.1	9.4	0.7	8.0
<b>BASIC TELEPHONY</b>							
Lines in Service	2,294,493	2,330,776	2,360,259	2,389,147	2,407,571	113,078	4.9
<b>PUBLIC TELEPHONES</b>							
Lines in Service (3)	144,339	142,275	143,176	144,868	149,286	4,947	3.4
<b>BROADBAND</b>							
Lines in Service (4)	389,118	435,444	468,122	497,305	527,399	138,281	35.5
<b>SUBSCRIPTION TV</b>							
Lines in Service (5)	490,442	507,528	557,166	561,098	599,974	109,532	22.3
<b>TRAFFIC</b>							
Local Traffic - Minutes (000) (6)	1,176,153	1,220,611	1,270,330	1,181,462	1,154,636	(21,517)	(1.8)
Long Distance - Minutes (000) (7)	306,661	338,920	350,691	343,781	350,984	44,323	14.5
<b>NUMBER OF EMPLOYEES</b>							
Telefónica del Perú (2)	3,917	3,935	3,945	3,970	3,970	53	1.4
Telefónica del Perú and Subsidiaries (8)	6,340	6,518	5,342	5,343	5,388	(952)	(15.0)

(1) Includes Basic Telephony, Public and Rural Telephones, without Cellulares.

(2) Starting May 2006, includes personnel of Telefónica Empresas due to the merger approved at the General Shareholders' Meeting held on April 24, 2006.

(3) Includes Fixed and Mobile Public Telephones, Fixed and Mobile Rural Telephone.

(4) Includes Speedy Traditional, Speedy Business, Giga ADSL and Cablenet, and starting 2006 includes access to Optic Fiber.

(5) Starting 4Q 2006 includes Cable TV and Satellite TV.

(6) Includes F2F billing (voice and internet), F2M and M2F.

(7) Excludes Prepaid cards, includes packet minutes plans.

(8) On October 29, 2006, TUMSAC was sold.