

*Telefonica*

---

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

**July - September 2007**

## Significant Events

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

1. In July 17th, Lima's Stock Exchange proceeded to delist the class A-1 shares of Telefónica del Perú S.A.A.
2. In July 19th, the Board of Directors:
  - Formulated the individual and consolidated financial statements related to the second quarter of 2007.
  - Accepted the resignation of Mr. Juan Revilla and Mr. Santiago Teresa as Director and Alternate Director of the Board respectively. Consequently, the Board appointed Mr. Alfredo Mac Laughlin in Mr. Revilla's place.
3. In July 27th, OSIPTEL notified Telefónica del Perú S.A.A. the following:
  - The annual Productivity Factor to be applied over the period 2007-2010 starting September 1st, 2007, will be -6,42%, equivalent to a Quarterly Productivity Factor of -1,645%.
4. In September 14th, it was announced the deregistration of the class B shares of Telefónica del Perú S.A.A. from the Securities and Exchange Commission (SEC). As a result, Telefónica closed its reporting obligations to the mentioned institution.
5. In October 4th, the Board of Directors appointed Ernst & Young as its account auditor for the period 2007.

## Telefónica del Perú S.A.A. and Subsidiaries

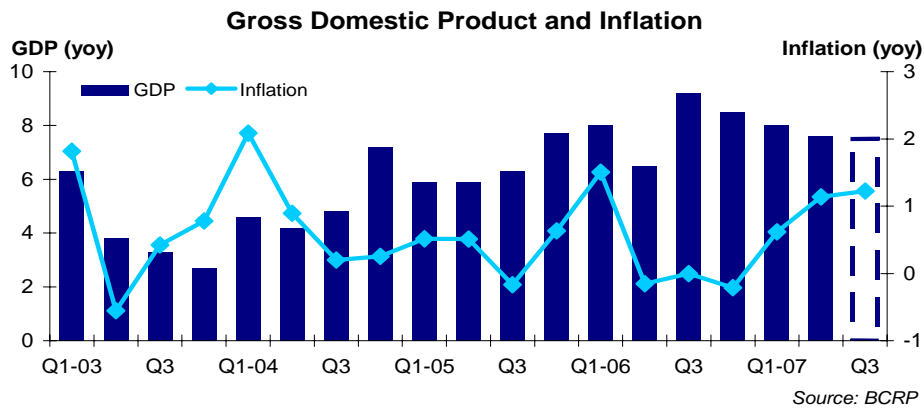
### Discussion and analysis of the third quarter results ended on September 30, 2007.

*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

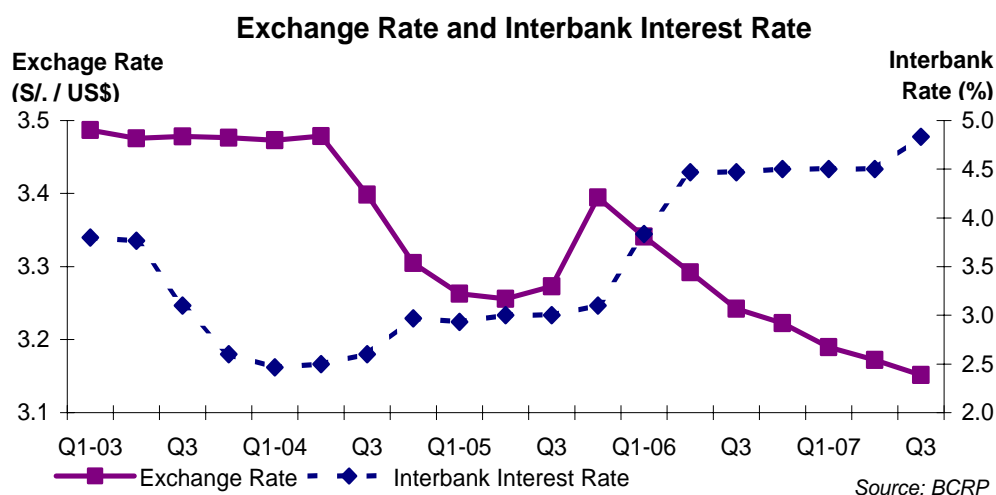
The economic dynamism was kept during the third quarter 2007. According to preliminary numbers, the Gross Domestic Product (GDP) could have risen by 7,5% in the 3Q07 over the same period of 2006. Following the trend of last year, the sectors which led the expansion of the economy were construction, services and non-primary manufacture. Regarding expenses, it is important to highlight internal demand and, mainly, consumption and private investment.

The Consumer Price Index (CPI) recorded significant increases in the last weeks of the quarter, due to the lower offer of some imported goods, in particular, oil and food. The inflation rate of the last 12 months (2,8%) was in the Peruvian Central Bank's level - BCRP ( $2\% \pm 1\%$ ) expecting an accumulated inflation around 3% until the end of this year.



In the last weeks of September, the pressure in the exchange rate rose as a result of the reduction in reference interest rates of the Federal Reserve. Due to this scenario, the BCRP accumulated US dollar purchases of US\$ 6 736 millions in the first nine months of 2007, increasing the Net International Reserves to US\$ 22 827 millions by the end of the third quarter, 50% higher than the registered in the third quarter of 2006.

In the financial sector, despite the high volatility in the stock markets, the Lima Stock Exchange Index (BVL) kept higher yields compared to other Latin American Stock Exchanges. Thereby, the BVL Index reached 4,7% in September. On the other hand, the interbank interest rate were 4,97% by the end of the ninth month of the year, higher than the registered in the second quarter (4,53%) as a result of the BCR's increase of the interest reference rate.



## Competitive Environment

During the 3Q07 it was observed relevant facts connected to the telecommunication companies, mainly the determination in July of the Company's Productivity Factor to 2007-2010 of 6,42% annual, according to OSIPTEL.

Regarding the launch of new services, TdP, is aiming to create greater value to its residential customers, as such by the end of July decided to launch the "Trío Telefónica", which bundles the services of fixed telephony, Internet and Pay TV into one bill. Also, its Pay TV operator launched the "Cable Mágico Premium Digital" on September to add to its array of products and face higher competition from DirecTV.

## Results<sup>1</sup>

### Operating Revenues

The **operating revenues** in the 3Q07 reached S/. 1 128 millions, slightly lower (0,7%) than the registered in the 3Q06. The lowest revenues of Rural and Public Telephony (-29,7%) and Local Telephony (-6,0%), were partially offset by the increase in Internet (23,6%), Pay TV (28,3%), Others (16,6%), Data and Information Technology (3,3%) and Long Distance (3,6%).

The operating revenues for 9M07 reached S/. 3 357 millions, a decrease of 0,5% over 9M06, explained by lower revenues from Rural and Public Telephony (-25,6%), Local Telephony (-4,4%) and Data and Information Technology (-4,7%). However, higher revenues were registered from Internet (24,5%), Pay TV (23,5%), Long Distance (6,2%) and Others (17,0%).

The company continues to develop its commercial strategy based on the offer of services to each market segment, focusing in campaigns to keep customer loyalty. Thus, by the end of 3Q07, the total number of lines in service showed an annual increase of (i) 2,6% in basic telephony, (ii) 27,6% in broadband, (iii) 23,7% in Pay TV with the incorporation of satellite technology for clients who live in remote places, and (iv) 8,7% in Rural and Public Telephony, despite the increase of illegal installations which has resulted in a significant number of lines disconnected.

<sup>1</sup> In May 2006 the merger of Telefónica Empresas S.A.A. and Telefónica del Perú S.A.A. was effective, as was approved by the General Shareholders Meeting of April 24, 2006, thus the financial statements of Telefónica del Perú S.A.A. include the results of Telefónica Empresas S.A.A. 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 Perú S.A.A. have been restructured as if the merger had occurred on the 1st of January of 2006.

As for the performance of the businesses, **Local telephony** revenues for 3Q07 reached S/. 388 millions, a decrease of 6,0% over 3Q06, chiefly explained by lower revenues from Monthly Fee of 14,1%, due to a lower average tariff (16,8%) - caused by implementation of the Productivity Factor – and also because of lower revenues from Pre-paid Cards (37,0%) and lower fixed-fixed Paid Traffic (8,9%) – due to the increase of pre-billed minutes.

In addition, local telephony revenues of S/. 1 176 millions for 9M07 were down by 4,4% over 9M06, explained by the same aforesaid reasons, as reflected in a decrease of the Monthly Fee of 12,3% and in the Fixed-to-Fixed Traffic of 11,8%. This was partially offset by higher Fixed-Mobile revenues of 9,9% and an annual increase of lines in service of 2,6%, reaching 2 392 thousand accesses.

3Q07 **Long Distance** revenues of S/. 101 millions increased 3,6% over 3Q06. Higher revenues from International Long Distance (ILD) of 9,6% were mainly explained by Other Revenues and higher Outgoing Traffic. On the other hand, a decline of 1,1% in Domestic Long Distance (DLD) was seen. 9M07 long distance revenues totaled S/. 303 millions, an increase of 6,2%, as a result of higher revenues from International Long Distance (ILD) of 10,6% and an increase in Domestic Long Distance (DLD) of 3,0%, explained by a larger outgoing traffic of ILD and Fixed-Mobile DLD, respectively.

As for, the **Public Telephony** and **Rural Telephony** revenues reached S/. 153 millions during 3Q07, 29,9% lower than the registered in the 3Q06, meanwhile in the 9M07 revenues reached S/. 518 millions, 2,6% lower than 9M06. This reduction is mainly explained by the substitution of services by the mobile telephony -growth of lines in service and discount campaigns-, and by the growth of the informal public telephony. This decline occurred despite the annual growth of lines in service of 8,7%, and of the higher revenues from rural telephony of 9,0%, after TdP was given the condition of “Rural Operator”.

With regards to the **Pay TV** business, revenues reached S/. 115 millions for the 3Q07, an annual growth of 28,3%. Likewise, in the 9M07 an increase of 23,5% was seen when compared to the previous year, a total of S/. 322 millions. This growth was explained by the increase of 23,7% of lines in service, reaching 628 thousand by the end of September 2007, as a result of the deployment of the satellite TV service, as well as the implementation of the program against clandestine installations.

The revenues from **Internet** reached S/. 176 millions in 3Q07, 23,6% higher than 3Q06. This increase was mainly explained by the growth of customers in Broadband of 27,6%, which resulted in 555 thousand accesses. In addition, the revenues from 9M07 reached S/. 494 millions, 24,5% higher than the registered in the 9M06.

The revenues from **Data and Information Technology** reached S/. 73 millions in the 3Q07, 3,3% higher than the registered in the 3Q06, and S/. 213 millions in the 9M07, which represents a reduction of 4,7% over 9M06. The accumulated results are chiefly explained by lower revenues from Digired circuits of 39,2% over 9M06.

## Operating Expenses

The operating expenses in the 3Q07 grew by 4,3% over the 3Q06, reaching S/. 957 millions, mainly due to higher general and administrative expenses of S/. 29 millions, S/. 18 millions of provisions, S/. 15 millions of other net revenues and expenses and S/. 6 millions of personnel expenses. The increase was partially offset by lower depreciation and amortization expenses by S/. 9 millions and by interconnection and carrier settlements of S/. 19 millions.

The accumulated operating expenses in the 9M07 decreased 0,4% over 9M06, reaching S/. 2 826 millions. The decrease is due to lower depreciation and amortization of S/. 117 millions and by interconnection expenses of S/. 4 millions, partially offset by higher general and administrative expenses of S/. 53 millions, others net revenues and expenses of S/. 27 millions and by provisions of S/. 17 millions.

## Operating Results

Operating results in the 3Q07 reached S/. 171 millions, 21,6% less than 3Q06. In the 9M07, operating results reached S/. 531 millions, 1,1% less than 9M06, as a result of lower revenues from local telephony and public telephony.

## Non-Operating Results

In the 3Q07, non-operating losses showed an increase of S/. 5 millions over 3Q06, mainly due to the higher negative effect by difference in exchange rate (S/. 8 millions). In the 9M07, the non-operating result grew S/. 19 millions over the 9M06, as a result of higher net financial revenues (S/. 13 millions) and higher participation in the results of related companies (S/. 6 millions).

## Net Income

The net income was S/. 59 millions in the 3Q07, and S/. 95 millions in 3Q06 (decrease 38,2%). In cumulative terms, the net income grew S/. 8 millions in 9M07 and was S/. 203 millions. The increase is explained by better operating results and lower non-operational losses.

## Consolidated Balance Sheet

At the end of 3Q07, the current asset was S/. 2 005 millions, representing an increase of S/. 273 millions over 2Q07. The current liabilities were S/. 2 072 millions, S/. 95 millions more than 2Q07. Thus, the liquidity level at the end of 3Q07, measured by the current assets over current liabilities ratio, reached 0,97, over the 0,88 observed in the 2Q07.

On the other hand, net assets in 3Q07 were S/. 4 238 millions, showing a decrease of S/. 96 millions over 2Q07.

Furthermore, the total debt increased slightly from S/. 2 666 millions in 2Q07 to S/. 2 760 millions in 3Q07, mainly due to the commercial paper issuance in August. Finally, the shareholders' equity increased S/. 63 millions over 2Q07, reaching S/. 3 276 millions.

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

	3Q06		3Q07		Abs. Var. 3Q07-3Q06		% Var. 3Q07-3Q06		9M06		9M07		Var. Abs. 9M07-9M06		Var. % 9M07-9M06	
		%		%		%		%		%		%		%		%
<b>Total Operating Revenues</b>	1,136,098	<b>100.0</b>	1,128,330	<b>100.0</b>	(7,768)	<b>(0.7)</b>			3,375,124	<b>100.0</b>	3,356,853	<b>100.0</b>	(18,271)	<b>(0.5)</b>		
Local Telephone Service	412,769	<b>36.3</b>	387,941	<b>34.4</b>	(24,828)	<b>(6.0)</b>			1,230,697	<b>36.5</b>	1,176,265	<b>35.0</b>	(54,432)	<b>(4.4)</b>		
Public Telephones	218,745	<b>19.3</b>	153,685	<b>13.6</b>	(65,060)	<b>(29.7)</b>			695,894	<b>20.6</b>	518,041	<b>15.4</b>	(177,853)	<b>(25.6)</b>		
Internet	142,765	<b>12.6</b>	176,391	<b>15.6</b>	33,626	<b>23.6</b>			397,050	<b>11.8</b>	494,449	<b>14.7</b>	97,399	<b>24.5</b>		
Pay TV	90,010	<b>7.9</b>	115,477	<b>10.2</b>	25,467	<b>28.3</b>			260,816	<b>7.7</b>	322,225	<b>9.6</b>	61,409	<b>23.5</b>		
Long Distance	97,500	<b>8.6</b>	101,027	<b>9.0</b>	3,527	<b>3.6</b>			285,390	<b>8.5</b>	303,084	<b>9.0</b>	17,694	<b>6.2</b>		
Business Communications	70,750	<b>6.2</b>	73,053	<b>6.5</b>	2,303	<b>3.3</b>			223,377	<b>6.6</b>	212,904	<b>6.3</b>	(10,473)	<b>(4.7)</b>		
Other	103,559	<b>9.1</b>	120,756	<b>10.7</b>	17,197	<b>16.6</b>			281,900	<b>8.4</b>	329,885	<b>9.8</b>	47,985	<b>17.0</b>		
<b>Total Operating Costs and Expenses</b>	917,478	<b>80.8</b>	957,013	<b>84.8</b>	39,535	<b>4.3</b>			2,838,551	<b>84.1</b>	2,826,024	<b>84.2</b>	(12,527)	<b>(0.4)</b>		
Interconnection Expenses	164,374	<b>14.5</b>	145,825	<b>12.9</b>	(18,549)	<b>(11.3)</b>			473,880	<b>14.0</b>	469,552	<b>14.0</b>	(4,328)	<b>(0.9)</b>		
Personnel	112,043	<b>9.9</b>	117,917	<b>10.5</b>	5,874	<b>5.2</b>			337,973	<b>10.0</b>	352,651	<b>10.5</b>	14,678	<b>4.3</b>		
General and Administrative	292,526	<b>25.7</b>	321,856	<b>28.5</b>	29,330	<b>10.0</b>			861,193	<b>25.5</b>	914,510	<b>27.2</b>	53,317	<b>6.2</b>		
Depreciation and Amortization	290,302	<b>25.6</b>	280,826	<b>24.9</b>	(9,476)	<b>(3.3)</b>			971,393	<b>28.8</b>	854,823	<b>25.5</b>	(116,570)	<b>(12.0)</b>		
Management Fee	14,624	<b>1.3</b>	12,992	<b>1.2</b>	(1,632)	<b>(11.2)</b>			43,874	<b>1.3</b>	39,443	<b>1.2</b>	(4,431)	<b>(10.1)</b>		
Materials and Supplies	34,063	<b>3.0</b>	35,323	<b>3.1</b>	1,260	<b>3.7</b>			88,165	<b>2.6</b>	90,461	<b>2.7</b>	2,296	<b>2.6</b>		
Provisions	3,827	<b>0.3</b>	22,103	<b>2.0</b>	18,276	<b>477.6</b>			31,963	<b>0.9</b>	48,527	<b>1.4</b>	16,564	<b>51.8</b>		
Own Work Capitalized	(4,320)	<b>(0.4)</b>	(5,139)	<b>(0.5)</b>	(819)	<b>19.0</b>			(15,683)	<b>(0.5)</b>	(16,246)	<b>(0.5)</b>	(563)	<b>3.6</b>		
Others Net	10,039	<b>0.9</b>	25,310	<b>2.2</b>	15,271	<b>152.1</b>			45,793	<b>1.4</b>	72,303	<b>2.2</b>	26,510	<b>57.9</b>		
<b>Operating Income</b>	218,620	<b>19.2</b>	171,317	<b>15.2</b>	(47,303)	<b>(21.6)</b>			536,573	<b>15.9</b>	530,829	<b>15.8</b>	(5,744)	<b>(1.1)</b>		
<b>Operating Income before Others Net</b>	228,659	<b>20.1</b>	196,627	<b>17.4</b>	(32,032)	<b>(14.0)</b>			582,366	<b>17.3</b>	603,132	<b>18.0</b>	20,766	<b>3.6</b>		
Interest Income	7,617	<b>0.7</b>	12,562	<b>1.1</b>	4,945	<b>64.9</b>			22,380	<b>0.7</b>	35,526	<b>1.1</b>	13,146	<b>58.7</b>		
Interest Expenses	(45,676)	<b>(4.0)</b>	(49,314)	<b>(4.4)</b>	(3,638)	<b>8.0</b>			(142,327)	<b>(4.2)</b>	(142,183)	<b>(4.2)</b>	144	<b>(0.1)</b>		
Inflation Gain (Loss)	(5,700)	<b>(0.5)</b>	(13,618)	<b>(1.2)</b>	(7,918)	<b>138.9</b>			(26,035)	<b>(0.8)</b>	(25,440)	<b>(0.8)</b>	595	<b>(2.3)</b>		
Participation of affiliates results	1,594	<b>0.1</b>	2,846	<b>0.3</b>	1,252	<b>78.5</b>			2,155	<b>0.1</b>	7,665	<b>0.2</b>	5,510	<b>255.7</b>		
<b>Non Operating Results</b>	(42,165)	<b>(3.7)</b>	(47,524)	<b>(4.2)</b>	(5,359)	<b>12.7</b>			(143,827)	<b>(4.3)</b>	(124,432)	<b>(3.7)</b>	19,395	<b>(13.5)</b>		
<b>Income Before Taxes and Participations</b>	176,455	<b>15.5</b>	123,793	<b>11.0</b>	(52,662)	<b>(29.8)</b>			392,746	<b>11.6</b>	406,397	<b>12.1</b>	13,651	<b>3.5</b>		
Workers' Participation	(21,201)	<b>(1.9)</b>	(16,972)	<b>(1.5)</b>	4,229	<b>(19.9)</b>			(52,045)	<b>(1.5)</b>	(54,017)	<b>(1.6)</b>	(1,972)	<b>3.8</b>		
Income Tax	(60,156)	<b>(5.3)</b>	(48,076)	<b>(4.3)</b>	12,080	<b>(20.1)</b>			(145,716)	<b>(4.3)</b>	(149,346)	<b>(4.4)</b>	(3,630)	<b>2.5</b>		
<b>Net Income</b>	95,098	<b>8.4</b>	58,745	<b>5.2</b>	(36,353)	<b>(38.2)</b>			194,985	<b>5.8</b>	203,034	<b>6.0</b>	8,049	<b>4.1</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 SEPTEMBER 30, 2007**  
**(Prepared in Accordance With Peruvian GAAP)**

ASSETS						LIABILITIES AND SHAREHOLDERS' EQUITY					
	3Q07	2Q07	1Q07	4Q06	3Q06		3Q07	2Q07	1Q07	4Q06	3Q06
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and Banks	579,242	420,408	190,406	131,080	316,860	Overdrafts	22,331	12,190	11,115	11,207	10,095
Negotiable securities	-	-	-	-	34,963	Accounts payable	530,168	492,530	450,191	581,090	515,680
Accounts receivable - net	766,711	724,552	639,719	660,169	701,082	Other accounts payable	115,227	165,936	91,374	84,474	51,925
Affiliated Company Loans	339,350	348,370	350,020	351,340	-	Provision for severance indemnities	710,408	691,803	615,672	713,185	716,860
Accounts receivable - Affiliated Company	145,498	82,818	55,097	28,269	56,263	Bank Loans <sup>2/</sup>	168,991	174,417	102,922	177,511	175,516
Other accounts receivable	19,018	24,877	21,702	19,040	23,255	Current portion of long-term debt	270,133	249,738	397,988	387,423	410,705
Materials and supplies	74,698	46,902	46,348	48,358	42,215	Current portion of bonds	128,392	122,078	186,540	233,638	494,373
Prepaid taxes and expenses and others	80,141	83,643	107,017	86,497	58,944	Commercial Papers	126,701	68,992	-	-	-
Total current assets	2,004,658	1,731,570	1,410,309	1,324,753	1,233,582	Total current liabilities	2,072,351	1,977,684	1,855,802	2,188,528	2,375,154
LONG-TERM INVESTMENTS	18,161	15,738	13,715	10,855	11,011	LONG-TERM DEBT <sup>2/</sup>	491,812	473,912	404,267	403,568	384,038
DEFERRED CHARGES	58,206	65,822	34,425	38,817	31,920	BONDS	1,574,246	1,576,645	1,549,964	1,372,467	1,167,005
PROPERTY, PLANT AND EQUIPMENT	16,717,215	16,586,590	16,476,282	16,416,922	16,280,182	GUARANTY DEPOSITS AND OTHERS	63,131	62,630	65,854	65,724	65,402
Accumulated depreciation	(12,455,900)	(12,229,189)	(11,998,698)	(11,768,833)	(11,464,758)	DEFERRED TAXES	890,626	942,038	1,039,429	1,110,327	1,197,329
	4,261,315	4,357,401	4,477,584	4,648,089	4,815,424	SHAREHOLDERS' EQUITY					
Write-off Provision	(23,654)	(23,654)	(23,654)	(23,654)	(18,329)	Capital stock	2,591,451	2,591,451	2,591,451	2,727,843	2,727,843
	4,237,661	4,333,747	4,453,930	4,624,435	4,797,095	Additional Capital	4,964	4,964	4,964	4,964	4,964
OTHER ASSETS, net	2,049,326	2,098,633	2,149,077	2,202,733	2,194,390	Legal reserve	76,206	76,206	76,206	58,603	58,603
TOTAL ASSETS	8,368,012	8,245,510	8,061,456	8,201,593	8,267,998	Freely distributable Reserves	249,407	249,407	249,407	249,407	0
						Other reserves	4,944	444	-2,773	-6,889	-5,741
						Retained earnings	348,874	290,129	226,885	27,051	293,401
						TOTAL SHAREHOLDERS' EQUITY	3,275,846	3,212,601	3,146,140	3,060,979	3,079,070
						TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,368,012	8,245,510	8,061,456	8,201,593	8,267,998

1/ 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.

2/ Includes net position for derivatives



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

	3Q06	4Q06	1Q07	2Q07	3Q07	Var. Abs 3Q07 - 3Q06	3Q07/ 3Q06
<b>FIXED TELEPHONY</b>							
Lines Installed	2,605,685	2,645,895	2,662,887	2,700,519	2,702,707	97,022	3.7
Lines in Service (1)	2,473,338	2,503,778	2,535,213	2,563,020	2,558,085	84,747	3.4
Lines in Service per Employee (Telefónica del Perú)	629	635	639	646	625	(4)	(0.6)
Lines in Service per 100 inhabitants (%)	8.8	8.8	9.1	9.2	9.1	0	3.9
<b>BASIC TELEPHONY</b>							
Lines in Service	2,330,776	2,360,259	2,389,147	2,407,571	2,391,920	61,144	2.6
<b>PUBLIC TELEPHONES</b>							
Lines in Service (2)	142,275	143,176	144,868	149,286	154,583	12,308	8.7
<b>BROADBAND</b>							
Lines in Service (3)	435,444	468,122	497,305	527,399	555,423	119,979	27.6
<b>PAY TV</b>							
Lines in Service (4)	507,528	557,166	561,098	599,974	628,014	120,486	23.7
<b>TRAFFIC</b>							
Local Traffic - Minutes (000) (5)	1,220,611	1,270,330	1,181,462	1,154,636	1,105,993	(114,617)	(9.4)
Long Distance - Minutes (000) (6)	338,920	350,691	343,781	350,984	374,019	35,099	10.4
<b>NUMBER OF EMPLOYEES (7)</b>							
Telefónica del Perú (i)	3,935	3,945	3,970	3,970	4,091	156	4.0
Telefónica del Perú and Subsidiaries (ii)	6,518	5,342	5,343	5,388	5,644	(874)	(13.4)

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

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

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

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

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

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

(7) The difference in the number of employees is mainly explained by:

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

(ii) On August 2007, personnel from Telefónica Móviles corporate areas was transferred to TdP