Third Quarter 2008

TELMEX®

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TELMEX is a corporation made up of Teléfonos de México, S.A.B. de C.V., its subsidiaries and affiliates, that provides telecommunications services in Mexico. The company's service coverage comprises the operation of the nation's most complete local and long distance networks. Additionally, TELMEX offers services like connectivity, Internet access, colocation, web hosting and interconnection services to other telecommunications operators.

Highlights

- At the end of the third quarter, including the effect of number portability that began in July 2008 the number of lines in service was 17.7 million, similar to the June 2008 level. It is important to highlight that growth in the number of users in the telecommunications market is mainly occurring in cellular telephony.

- TELMEX's market share in fixed lines is similar to those of incumbent operators in other countries, such as the US with 89.8%, Spain 87.8%, Brazil 87.5%, Italy 93.6% and Germany with 98.0% *(Global wireline matrix, Merrill Lynch 2008)*. If cellular users are included in the calculation, TELMEX's market share would be approximately 17.2%. It is important to mention that the second largest provider of cellular telephony in Mexico already has a market share of 15.4% and also achieved growth in the number of users of approximately 43% in the last twelve months.

- During the third quarter, broadband Infinitum services (ADSL) continued their growth trends, reaching penetration of 24.7% of our lines in service. Growth in the number of customers maintains Mexico as one of the three countries with the highest broadband growth rates of the OECD *(www.oecd.org/sti/ict/broadband)*. This growth has been supported by the sale of computers, which we sell in installments of up to 48 months, a program that has brought about a substantial increase in penetration of PC's and broadband in Mexican homes.

- The October 3, 2006, "Acuerdo de Convergencia" (Convergence Agreement), which was issued by the Federal Government through the Secretaría de Comunicaciones y Transportes (Communications and Transportation Ministry) established the basis for the convergence of networks more than 2 years ago. Even though TELMEX has met the requirements in a timely manner, to date there has not been a favorable resolution form the authorities to offer video services. This situation is delaying the technological development of the country and is preventing consumers from gaining access to a more advanced offering with lower telecommunications prices.

- TELMEX will continue to carry out the necessary investments to maintain state-of-the-art technology as well as increase the company's productivity, at the same time that we reduce operating costs to benefit our customers. Additionally, TELMEX will carry out the required investments to support broadband growth and drive the Education and Digital Culture Program with the objective of reducing the digital divide in the country.

- Notwithstanding the prevailing conditions in the world's financial markets, the decline in value of the peso and increases in the cost of goods and services, TELMEX for the ninth consecutive year has made the commitment of not increasing prices of its services during 2009.

- TELMEX's total debt at September 30 was the equivalent of 9.045 billion dollars. It is important to highlight that only 7.4% of debt is exposed to variations in the exchange rate since the company has hedges for 6.371 billion dollars. The weighted average exchange rate of foreign denominated debt is approximately 10.9154 pesos per dollar. TELMEX has a solid and healthy financial structure, which allows us to operate and grow our business.

- In the third quarter, total revenues were 31.1 billion pesos, 5.7% lower than the same period of the previous year. These results reflected decreases of 11.0% and 12.5% in local and long distance revenues, respectively, as well as increases of 26.6% in Internet access revenues and 7.5% in corporate networks revenues.

- From July to September, EBITDA (1) totaled 14.4 billion pesos, 11.1% lower than the third quarter of the previous year. Operating income totaled 9.9 billion pesos, 14.3% lower than last year's third quarter.

- Majority income from continuing operations in the quarter totaled 5.4 billion pesos, 28.0% lower than the same period of last year. In the third quarter, earnings per share were 29 Mexican cents, a decrease of 25.6%, and earnings per ADR (2) were 54 US cents, a decrease of 23.9% compared with the third quarter of 2007.

- Capital expenditures (capex) were equivalent to 556 million dollars for the nine months. In the quarter, the company used 2.516 billion pesos to repurchase 197 million 285 thousand of its own shares.

Relevant Figures

[2008 in millions of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007 except where indicated]

	3Q 2008	3Q 2007	% Inc.	9 months 2008	9 months 2007	% Inc.
Revenues	**Ps. 31,091**	Ps. 32,976	**(5.7)**	**Ps. 93,138**	Ps. 98,935	**(5.9)**
EBITDA (1)	**14,357**	16,144	**(11.1)**	**43,932**	48,145	**(8.8)**
EBITDA margin (%)	**46.2**	49.0	**(2.8)**	**47.2**	48.7	**(1.5)**
Operating income	**9,949**	11,612	**(14.3)**	**30,491**	34,447	**(11.5)**
Operating margin (%)	**32.0**	35.2	**(3.2)**	**32.7**	34.8	**(2.1)**
Majority income from continuing operations	**5,438**	7,557	**(28.0)**	**17,199**	22,272	**(22.8)**
Earnings per share (pesos)	**0.29**	0.39	**(25.6)**	**0.92**	1.14	**(19.3)**
Earnings per ADR (dollars) (2)	**0.54**	0.71	**(23.9)**	**1.70**	2.05	**(17.1)**
Outstanding shares (millions)	**18,702**	19,621	**(4.7)**	**18,702**	19,621	**(4.7)**
Equivalent ADRs (millions) (2)	**935**	981	**(4.7)**	**935**	981	**(4.7)**

(1) EBITDA: defined as operating income plus depreciation and amortization. Go to www.telmex.com in the Investor Relations section where you will find the reconciliation of EBITDA to operating income.
(2) One ADR represents 20 shares.
(3) Net debt is defined as total debt less cash and cash equivalents and marketable securities.

Operating Results

Lines in service and local traffic

At the end of the third quarter, including the effect of number portability that began in July 2008 the number of lines in service was 17.7 million, similar to the June 2008 level. The activation of new lines, recognizing growing demand for multi-service packages, was in part offset by disconnections related to more competition from both fixed and cellular lines.

Of our lines in service, approximately 10.4 million are in areas that interest competitors and where they also have presence. However, 7.3 million lines are in areas that hold no interest to competitors. For the nine months these lines generated revenues of approximately 14.8 billion pesos and an operating loss of 1.922 billion pesos.

During the third quarter, local traffic decreased 9.9% compared with the same period of 2007, with a total of 5.699 billion local calls. Local traffic volume continues to be affected mainly by competition from local and cellular telephony and by managed networks, a trend that strengthens the data business although it adversely affects local traffic.

Long distance

Form July to September, domestic long distance (DLD) traffic increased 6.8% compared with last year's third quarter, totaling 4.946 billion minutes, due to more package offerings that include DLD minutes and higher traffic from cellular operators, offset by the decrease in termination traffic with other long distance operators.

In the third quarter, outgoing international long distance (ILD) traffic decreased 1.4% compared with last year's third quarter, totaling 493 million minutes. Incoming international long distance traffic decreased 6.6% compared with the same period of the previous year, totaling 1.767 billion minutes. The incoming-outgoing ratio was 3.6x.

Interconnection

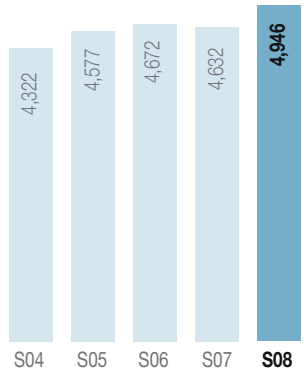
In the third quarter, interconnection traffic totaled 11.704 billion minutes, at a similar level of the third quarter of 2007. Calling party pays traffic decreased 6.2% because of the increase of cellular services. Interconnection traffic with local, long distance and cellular telephony operators increased 2.4%.

Internet access and corporate networks

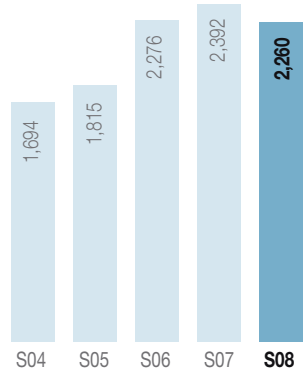
During the third quarter, broadband Infinitum services (ADSL) continued their growth trends, reaching penetration of 24.7% of our lines in service. Growth in the number of customers, maintains Mexico as one of the three countries with the highest broadband growth rates of the OECD *(www.oecd.org/sti/ict/broadband)*. At the end of the third quarter, TELMEX had 4.6 million Internet access services, of which 94.8% are broadband Infinitum customers.

Growth of broadband Infinitum services has been supported by the sale of multi-service packages that offer access to broadband service along with various voice services at competitive prices. Multi-service packages increased 103.2% compared with last year's third quarter.

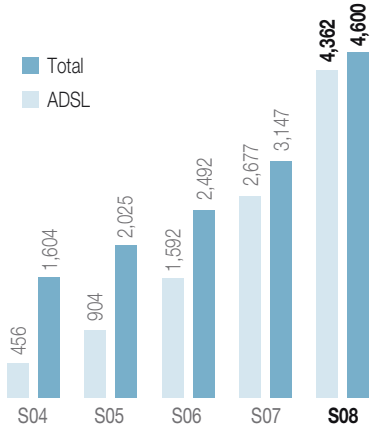
Additionally, our campaign offering computer sales in installments up to 48 months has contributed to the increased computer penetration in Mexican homes.



DLD minutes
(millions)



Incoming and outgoing
ILD minutes (millions)



Total Internet access accounts
(thousands)

Operating Statistics

	3Q 2008	2Q 2008	1Q 2008	4Q 2007	3Q 2007	% Inc. vs. 3Q 2007
Lines in service (thousand units)	**17,672**	17,660	17,795	17,800	18,157	**(2.7)**
Local traffic (million units)						
Local calls	**5,699**	5,644	5,820	5,995	6,324	**(9.9)**
Interconnection minutes (A) (B)	**11,704**	11,482	11,364	11,476	11,678	**0.2**
Long distance traffic (million minutes)						
Domestic long distance (A)	**4,946**	5,119	4,702	4,574	4,632	**6.8**
International long distance (incoming and outgoing) (B)	**2,260**	2,188	2,093	2,228	2,392	**(5.5)**
Billed line equivalents 64kbps (thousands)	**3,552**	3,388	3,093	2,715	2,598	**36.7**
Internet (thousands)	**4,600**	4,075	3,648	3,321	3,147	**46.2**
Prodigy (Dial-up)	**238**	271	332	396	470	**(49.4)**
Infinitum (ADSL)	**4,362**	3,804	3,316	2,925	2,677	**63.0**

(A) Includes domestic long distance calling party pays traffic

(B) Includes international long distance calling party pays traffic

Financial Results

The following financial information for 2008 is presented in nominal pesos and the financial information for 2007 is expressed in constant pesos as of December 2007, according to Mexican Financial Reporting Standards.

Revenues: : In the third quarter, revenues totaled 31.1 billion pesos, a decrease of 5.7% compared with the same period of the previous year. These results include decreases of 11.0% and 12.5% in local and long distance services, respectively, and 16.1% in interconnection revenues. The decrease in interconnection revenues reflected declines of 6.2% in traffic volume and 9.9% in the calling party pays rate. On the other hand, Internet access revenues were up 26.6%, corporate networks revenues increased 7.5%, and other revenues, which includes Tiendas TELMEX (TELMEX stores), were up 42.2%.

- Local: Local revenues totaled 12.159 billion pesos in the third quarter; a decrease of 11.0% compared with the third quarter of 2007 due to the 8.9% reduction of revenue per local billed call and to the decrease in local traffic reflecting increased competition from both other fixed telephony and cellular telephony operators.

- DLD: In the quarter DLD revenues totaled 3.853 billion pesos, 12.9% lower than the third quarter of 2007. The 6.8% increase in traffic was not enough to offset the 13.8% decrease in the average revenue per minute.

- ILD: From July to September of 2008, ILD revenues totaled 2.187 billion pesos, a decrease of 11.7% compared with the third quarter of the previous year. Outgoing revenues declined 14.0% to 1.387 billion pesos compared with the third quarter of 2007 due to outgoing traffic declining 1.4% and the average revenue per minute decreasing 14.4%. Incoming international long distance revenues totaled 800 million pesos, a decrease of 7.3% compared with the third quarter of 2007, because of the 6.6% decrease in incoming traffic.

- Interconnection: In the third quarter, interconnection revenues decreased 16.1% to 4.819 billion pesos compared with the same period of 2007, mainly due to the 6.2% decline in calling party pays traffic and the decrease of 9.9% in the calling party pays rate.

- Corporate networks: In the third quarter, revenues from services related to data transmission through private and managed networks totaled 3.070 billion pesos, 7.5% higher than the same period of the previous year. The increase was due to the higher number of services and the sale of value-added services which offset the reduction in unit prices of these services.

- Internet: Revenues from Internet access in the third quarter totaled 3.430 billion pesos, 26.6% higher than last year's third quarter due to the increase of 46.2% in Internet services, partially offset by lower average unit revenue for broadband Infinitum services.

Costs and expenses: In the quarter, total costs and expenses were 21.142 billion pesos, a decrease of 1.0% compared with the third quarter of 2007. This decrease was mainly due to initiatives carried out to optimize resource use and the 11.0% decrease in the amount paid to cellular operators for calling party pays services, offset by higher charges related to the sale of computers and equipment for customers, cost increases for goods and services, and the provision for uncollectables.

- Cost of sales and services: In the third quarter, cost of sales and services increased 3.6% compared with the same period of 2007, totaling 8.171 billion pesos, due to higher computer and telecommunications equipment costs and to the increase in the prices of our goods and services.

- Commercial, administrative and general: Commercial, administrative and general expenses totaled 4.938 billion pesos, 3.3% higher than last year's third quarter due to an increase in the provision for uncollectables related to services rendered to another telecommunications operator.

- Interconnection: Interconnection costs totaled 3.625 billion pesos, a decrease of 13.1% compared with the third quarter of 2007 as a result of the 11.0% decrease in the amount paid to cellular telephony operators for calling party pays service and the decrease of 6.2% in calling party pays traffic.

- Depreciation and amortization: In the quarter, depreciation and amortization decreased 2.7% to 4.408 billion pesos due to a lower level of investment in recent years.

EBITDA (1) and operating income: EBITDA (1) totaled 14.357 billion pesos in the third quarter, a decrease of 11.1% compared with the same period of last year. The EBITDA margin was 46.2%. Operating income totaled 9.949 billion pesos in the third quarter and the operating margin was 32.0%.

Comprehensive financing cost: In the third quarter, comprehensive financing cost produced a charge of 2.259 billion pesos. This resulted from: i) a net interest charge of 1.938 billion pesos, 664 million pesos more than the charge registered in the same period of 2007, due to recognition of the market value of interest rate swaps and lower interest due to declining rates, ii) a net exchange loss of 321 million pesos from the third-quarter exchange rate appreciation of 0.5078 pesos per dollar, offset by 6.371 billion dollars in dollar-peso hedges and iii) recognition of a decline in the monetary position of 1.030 billion pesos in 2007, an effect that is absent in 2008 under current accounting rules.

Majority income from continuing operations: In the third quarter majority income from continuing operations totaled 5.438 billion pesos, 28.0% lower than the same period of the previous year. Earnings per share were 29 Mexican cents, a year-over-year decrease of 25.6%, and earnings per ADR were 54 US cents, a decrease of 23.9% compared with the same period of 2007.

Investments: At September 2008, capital expenditures (capex) were the equivalent of 556 million dollars, of which 77.3% was used for growth projects in the voice, data and transport infrastructure and 22.7% for operational support projects and operating needs.

Debt: Total debt at September 30 was the equivalent of 9.045 billion dollars, of which 86.7% is long-term. Of the total debt, 77.8% is in foreign currency, equal to 7.042 billion dollars. To minimize risks from variation of the exchange rate, we have dollar-peso hedges for 6.371 billion dollars with a weighted average exchange rate of approximately 10.9154 pesos per dollar. Of total debt, 42.9% has fixed rates. If 23.752 billion pesos and 100 million dollars of interest rate swaps at average interest rates of 8.145% and 4.47%, respectively, are included, the proportion of debt with fixed rates is 68.3%.

Total net debt (3) increased during the last twelve months the equivalent of 903 million dollars, raising the total to 7.606 billion dollars. TELMEX has a solid and healthy financial structure that allows us to operate and grow the business.

Repurchase of shares: During the third quarter, the company used 2.516 billion pesos to repurchase 197 million 285 thousand of its own shares.

Income Statements

[2008 in millions of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]

	3Q 2008	3Q 2007	% Inc.	9 months 2008	9 months 2007	% Inc.
Revenues						
Local	**Ps. 12,159**	Ps. 13,660	**(11.0)**	**Ps. 37,179**	Ps. 41,430	**(10.3)**
Domestic long distance	**3,853**	4,426	**(12.9)**	**12,172**	13,194	**(7.7)**
International long distance	**2,187**	2,477	**(11.7)**	**6,386**	7,430	**(14.1)**
Interconnection	**4,819**	5,742	**(16.1)**	**14,384**	17,226	**(16.5)**
Corporate networks	**3,070**	2,856	**7.5**	**8,929**	8,329	**7.2**
Internet	**3,430**	2,709	**26.6**	**9,540**	8,068	**18.2**
Other	**1,573**	1,106	**42.2**	**4,548**	3,258	**39.6**
Total	**31,091**	32,976	**(5.7)**	**93,138**	98,935	**(5.9)**
Costs and Expenses						
Cost of sales and services	**8,171**	7,884	**3.6**	**24,064**	23,784	**1.2**
Commercial, administrative and general	**4,938**	4,778	**3.3**	**14,643**	14,249	**2.8**
Interconnection	**3,625**	4,170	**(13.1)**	**10,499**	12,757	**(17.7)**
Depreciation and amortization	**4,408**	4,532	**(2.7)**	**13,441**	13,698	**(1.9)**
Total	**21,142**	21,364	**(1.0)**	**62,647**	64,488	**(2.9)**
Operating income	**9,949**	11,612	**(14.3)**	**30,491**	34,447	**(11.5)**
Employee profit sharing, net	**301**	724	**(58.4)**	**1,326**	2,329	**(43.1)**
Other revenues, net	**(293)**	(395)	**(25.8)**	**(434)**	(2,593)	**(83.3)**
Comprehensive financing cost						
Interest, net	**1,938**	1,274	**52.1**	**4,568**	4,041	**13.0**
Exchange loss, net	**321**	185	**73.5**	**856**	539	**58.8**
Monetary gain, net	**-**	(1,030)	**NA**	**-**	(1,476)	**NA**
Total	**2,259**	429	**426.6**	**5,424**	3,104	**74.7**
Equity interest in net income (loss) of affiliates	**47**	(13)	**NA**	**69**	(14)	**NA**
Income before income tax	**7,729**	10,841	**(28.7)**	**24,244**	31,593	**(23.3)**
Income tax	**2,292**	3,286	**(30.2)**	**7,047**	9,324	**(24.4)**
Income before noncontrolling interest	**5,437**	7,555	**(28.0)**	**17,197**	22,269	**(22.8)**
Noncontrolling interest, net	**1**	2	**(50.0)**	**2**	3	**(33.3)**
Majority income from continuing operations	**Ps. 5,438**	Ps. 7,557	**(28.0)**	**Ps. 17,199**	Ps. 22,272	**(22.8)**
Majority income from discontinued operations, net of income tax	**-**	1,950	**NA**	**-**	4,840	**NA**
Majority net income	**Ps. 5,438**	Ps. 9,507	**(42.8)**	**Ps. 17,199**	Ps. 27,112	**(36.6)**
EBITDA (1)	**Ps. 14,357**	Ps. 16,144	**(11.1)**	**Ps. 43,932**	Ps. 48,145	**(8.8)**
EBITDA margin (%)	**46.2**	49.0	**(2.8)**	**47.2**	48.7	**(1.5)**
Operating margin (%)	**32.0**	35.2	**(3.2)**	**32.7**	34.8	**(2.1)**

Exchange rate at September 30, 2008: 10.7919 pesos vs dollar

Balance Sheets

[2008 in millions of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]

	September 2008	September 2007
Assets		
Cash and cash equivalents	**Ps. 15,523**	Ps. 24,773
Other current assets	**28,341**	26,768
Current assets from discontinued operations	**-**	44,656
Plant, property and equipment, net	**113,436**	119,449
Other assets	**5,910**	4,599
Goodwill	**439**	448
Net prepaid benefit obligation	**12,288**	16,616
Non-current assets from discontinued operations	-	75,422
Total assets	**Ps. 175,937**	Ps. 312,731
Liabilities and stockholders' equity		
Current portion of long-term debt	**Ps. 12,981**	Ps. 5,783
Other current liabilities	**18,237**	20,096
Current liabilities from discontinued operations	**-**	27,020
Long-term debt	**84,633**	94,142
Employee benefits	**161**	227
Deferred taxes	**21,347**	17,838
Deferred credits	**428**	296
Long-term liabilities from discontinued operations	**-**	16,076
Total liabilities	**137,787**	181,478
Stockholders' equity		
Majority stockholders' equity	**38,111**	128,536
Noncontrolling interest	**39**	2,717
Total stockholders' equity	**38,150**	131,253
Total liabilities and stockholders' equity	**Ps. 175,937**	Ps. 312,731

Exchange rate at September 30, 2008: 10.7919 pesos vs dollar

Statement of Cash Flows

[millions of nominal Mexican pesos]

	Nine months ended September, 30 2008
Operating activities:	
Income before income tax	**Ps. 24,244**
Depreciation and amortization	**13,441**
Interest expense	**5,238**
Other items not requiring the use of cash	**6,150**
Total	**49,073**
Working capital	**(14,143)**
Net cash flows provided by operating activities	**34,930**
Investing activities:	
Investment in telephone plant	**(5,794)**
Other investments	**(954)**
Net cash flows used in investing activities	**(6,748)**
Excess of cash flows before financing activities	**28,182**
Financing activities:	
New loans	**8,562**
Repayment of loans	**(2,050)**
Acquisition of own shares	**(11,080)**
Dividends paid	**(5,790)**
Interest paid	**(3,629)**
Other items	**(3,393)**
Net cash flows used in financing activities	**(17,380)**
Net increase in cash and cash equivalents	**10,802**
Exchange difference of cash and cash equivalents	**23**
Cash and cash equivalents at beginning of period	**4,698**
Cash and cash equivalents at end of period	**Ps. 15,523**

Income Statements of Communities with and without Presence of Competition at September 30, 2008

[millions of nominal Mexican pesos]

	Communities with presence of competition *	Communities without presence of competition *	Total
Revenues			
Local	Ps. 27,078	Ps. 10,101	**Ps. 37,179**
Domestic long distance	10,988	1,184	**12,172**
International long distance	5,417	969	**6,386**
Interconnection	12,456	1,928	**14,384**
Corporate networks	8,929	-	**8,929**
Internet	9,101	439	**9,540**
Other	4,369	179	**4,548**
Total revenues	78,338	14,800	**93,138**
Costs and expenses	27,775	10,932	**38,707**
Interconnection	9,086	1,413	**10,499**
Depreciation and amortization	9,064	4,377	**13,441**
Total	45,925	16,722	**62,647**
Operating income	Ps. 32,413	Ps. (1,922)	**Ps. 30,491**
EBITDA (1)	Ps. 41,477	Ps. 2,455	**Ps. 43,932**
EBITDA margin (%)	52.9	16.6	**47.2**
Operating margin (%)	41.4	(13.0)	**32.7**

* Estimated figures

Local and Long Distance Accounting Separation

Based on Condition 7-5 of the Amendments of the Concession Title of Teléfonos de México, the commitment to present the accounting of the local and long distance services is presented below for the third quarter of 2008 and 2007.

Local Service Business Income Statement

[2008 in millions of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]

	3Q 2008	3Q 2007	% Inc.	9 months 2008	9 months 2007	% Inc.
Revenues						
Access, rent and measured service	**Ps. 12,032**	Ps. 13,413	**(10.3)**	**Ps. 36,670**	Ps. 40,610	**(9.7)**
LADA interconnection	**1,012**	991	**2.1**	**2,895**	2,992	**(3.2)**
Interconnection with operators	**376**	415	**(9.4)**	**1,123**	1,211	**(7.3)**
Interconnection with cellular operators	**3,126**	3,731	**(16.2)**	**9,375**	11,067	**(15.3)**
Other	**3,814**	3,393	**12.4**	**10,896**	9,805	**11.1**
Total	**20,360**	21,943	**(7.2)**	**60,959**	65,685	**(7.2)**
Costs and expenses						
Cost of sales and services	**5,895**	5,822	**1.3**	**17,253**	16,893	**2.1**
Commercial, administrative and general	**4,809**	4,793	**0.3**	**13,665**	13,267	**3.0**
Interconnection	**2,204**	2,561	**(13.9)**	**6,561**	7,912	**(17.1)**
Depreciation and amortization	**2,787**	2,950	**(5.5)**	**8,520**	8,962	**(4.9)**
Total	**15,695**	16,126	**(2.7)**	**45,999**	47,034	**(2.2)**
Operating income	**Ps. 4,665**	Ps. 5,817	**(19.8)**	**Ps. 14,960**	Ps. 18,651	**(19.8)**
EBITDA (1)	**Ps. 7,452**	Ps. 8,767	**(15.0)**	**Ps. 23,480**	Ps. 27,613	**(15.0)**
EBITDA margin (%)	**36.6**	40.0	**(3.4)**	**38.5**	42.0	**(3.5)**
Operating margin (%)	**22.9**	26.5	**(3.6)**	**24.5**	28.4	**(3.9)**

LD Service Business Income Statement

[2008 in millions of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]

	3Q 2008	3Q 2007	% Inc.	9 months 2008	9 months 2007	% Inc.
Revenues						
Domestic long distance	**Ps. 4,485**	Ps. 5,179	**(13.4)**	**Ps. 14,155**	Ps. 15,547	**(9.0)**
International long distance	**2,294**	2,584	**(11.2)**	**6,599**	8,187	**(19.4)**
Total	**6,779**	7,763	**(12.7)**	**20,754**	23,734	**(12.6)**
Costs and expenses						
Cost of sales and services	**1,203**	1,196	**0.6**	**3,926**	3,972	**(1.2)**
Commercial, administrative and general	**1,628**	1,638	**(0.6)**	**4,363**	4,483	**(2.7)**
Interconnection to the local network	**2,046**	2,132	**(4.0)**	**5,799**	6,684	**(13.2)**
Depreciation and amortization	**546**	569	**(4.0)**	**1,658**	1,730	**(4.2)**
Total	**5,423**	5,535	**(2.0)**	**15,746**	16,869	**(6.7)**
Operating income	**Ps. 1,356**	Ps. 2,228	**(39.1)**	**Ps. 5,008**	Ps. 6,865	**(27.1)**
EBITDA (1)	**Ps. 1,902**	Ps. 2,797	**(32.0)**	**Ps. 6,666**	Ps. 8,595	**(22.4)**
EBITDA margin (%)	**28.1**	36.0	**(8.0)**	**32.1**	36.2	**(4.1)**
Operating margin (%)	**20.0**	28.7	**(8.7)**	**24.1**	28.9	**(4.8)**

This press release contains forward-looking statements that involve inherent risk uncertainties. Certain important factors may cause actual results to differ materially from those contained in such forward-looking statements.

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