

TELEFONOS DE MEXICO S A B DE C V
Form 6-K
February 10, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of **February 2009**

Commission File Number: 333-13580

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

(Exact Name of the Registrant as Specified in the Charter)

Telephones of Mexico

(Translation of Registrant's Name into English)

Parque Vía 190

Colonia Cuauhtémoc

México City 06599, México, D.F.

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F....

.....Form 40-F.....

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No... ..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-01

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2008 & 2007

(Thousands of Mexican Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|----------|--------------------|--|---------------------|--|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | | | | |

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| | | Amount | % | Amount | % |
|-----|--|-------------|-----|-------------|-----|
| s01 | TOTAL ASSETS | 187,125,347 | 100 | 172,826,287 | 100 |
| s02 | CURRENT ASSETS | 52,179,311 | 28 | 31,012,292 | 18 |
| s03 | CASH AND SHORT-TERM INVESTMENTS | 6,136,563 | 3 | 4,697,752 | 3 |
| s04 | ACCOUNTS AND NOTES RECEIVABLE (NET) | 15,950,441 | 9 | 16,125,904 | 9 |
| s05 | OTHER ACCOUNTS AND NOTES RECEIVABLE (NET) | 4,858,322 | 3 | 3,168,008 | 2 |
| s06 | INVENTORIES | 1,914,306 | 1 | 2,191,110 | 1 |
| s07 | OTHER CURRENT ASSETS | 23,319,679 | 12 | 4,829,518 | 3 |
| s08 | LONG - TERM | 1,218,133 | 1 | 1,096,486 | 1 |
| s09 | ACCOUNTS AND NOTES RECEIVABLE (NET) | 0 | 0 | 0 | 0 |
| s10 | INVESTMENT IN SHARES OF NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES | 1,093,467 | 1 | 881,862 | 1 |
| s11 | OTHER INVESTMENTS | 124,666 | 0 | 214,624 | 0 |
| s12 | PROPERTY, PLANT AND EQUIPMENT (NET) | 112,865,377 | 60 | 120,648,559 | 70 |
| s13 | LAND AND BUILDINGS | 0 | 0 | 0 | 0 |
| s14 | MACHINERY AND INDUSTRIAL EQUIPMENT | 398,629,711 | 213 | 389,907,800 | 226 |
| s15 | OTHER EQUIPMENT | 0 | 0 | 0 | 0 |
| s16 | ACCUMULATED DEPRECIATION | 286,221,263 | 153 | 269,684,433 | 156 |
| s17 | CONSTRUCTIONS IN PROGRESS | 456,929 | 0 | 425,192 | 0 |
| s18 | OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET) | 2,708,714 | 1 | 2,700,201 | 2 |
| s19 | OTHER ASSETS | 18,153,812 | 10 | 17,368,749 | 10 |
| s20 | TOTAL LIABILITIES | 147,754,248 | 100 | 130,667,479 | 100 |
| s21 | CURRENT LIABILITIES | 41,364,856 | 28 | 32,677,494 | 25 |
| s22 | SUPPLIERS | 0 | 0 | 0 | 0 |
| s23 | BANK LOANS | 19,983,092 | 14 | 1,416,060 | 1 |

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| | | | | | |
|------|--|------------|-----|--------------|-------|
| s24 | STOCK MARKET LOANS | 2,900,000 | 2 | 10,866,200 | 8 |
| s103 | OTHER LOANS WITH COST | 0 | 0 | 0 | 0 |
| s25 | TAXES PAYABLE | 783,543 | 1 | 1,400,422 | 1 |
| s26 | OTHER CURRENT LIABILITIES | 17,698,221 | 12 | 18,994,812 | 15 |
| s27 | LONG - TERM LIABILITIES | 84,172,355 | 57 | 79,179,854 | 61 |
| s28 | BANK LOANS | 44,101,991 | 30 | 44,964,004 | 34 |
| s29 | STOCK MARKET LOANS | 40,070,364 | 27 | 34,215,850 | 26 |
| s30 | OTHER LOANS WITH COST | 0 | 0 | 0 | 0 |
| s31 | DEFERRED LIABILITIES | 411,106 | 0 | 284,683 | 0 |
| s32 | OTHER NON CURRENT LIABILITIES | 21,805,931 | 15 | 18,525,448 | 14 |
| s33 | CONSOLIDATED STOCKHOLDERS' EQUITY | 39,371,099 | 100 | 42,158,808 | 100 |
| s34 | MINORITY INTEREST | 41,186 | 0 | 39,034 | 0 |
| s35 | MAJORITY INTEREST | 39,329,913 | 100 | 42,119,774 | 100 |
| s36 | CONTRIBUTED CAPITAL | 9,138,632 | 23 | 9,402,561 | 22 |
| s79 | CAPITAL STOCK (NOMINAL) | 9,138,632 | 23 | 9,402,561 | 22 |
| s39 | PREMIUM ON SALES OF SHARES | 0 | 0 | 0 | 0 |
| s40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| s41 | CAPITAL INCREASE (DECREASE) | 30,191,281 | 77 | 32,717,213 | 78 |
| s42 | RETAINED EARNINGS AND CAPITAL RESERVE | 27,374,656 | 70 | 111,540,064 | 265 |
| s44 | OTHER ACCUMULATED COMPREHENSIVE RESULT | 2,816,625 | 7 | (78,822,851) | (187) |
| s80 | SHARES REPURCHASED | 0 | 0 | 0 | 0 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-02

CONSOLIDATED BALANCE SHEETS

- BREAKDOWN OF MAIN CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|--|-----------------------|-----|------------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| s03 | CASH AND SHORT-TERM INVESTMENTS | 6,136,563 | 100 | 4,697,752 | 100 |
| s46 | CASH | 1,001,967 | 16 | 1,072,121 | 23 |
| s47 | SHORT-TERM INVESTMENTS | 5,134,596 | 84 | 3,625,631 | 77 |
| s07 | OTHER CURRENT ASSETS | 23,319,679 | 100 | 4,829,518 | 100 |
| s81 | DERIVATIVE FINANCIAL INSTRUMENTS | 20,418,889 | 88 | 1,313,955 | 27 |
| s82 | DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| s83 | OTHER | 2,900,790 | 12 | 3,515,563 | 73 |
| s18 | OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET) | 2,708,714 | 100 | 2,700,201 | 100 |
| s48 | AMORTIZED OR REDEEMED EXPENSES | 1,407,687 | 52 | 1,277,088 | 47 |
| s49 | GOODWILL | 276,000 | 10 | 431,652 | 16 |
| s51 | OTHERS | 1,025,027 | 38 | 991,461 | 37 |
| s19 | OTHER ASSETS | 18,153,812 | 100 | 17,368,749 | 100 |
| s85 | DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 0 | 0 |
| s50 | DEFERRED TAXES | 0 | 0 | 0 | 0 |
| s104 | BENEFITS FOR EMPLOYEES | 15,485,402 | 85 | 15,621,167 | 90 |
| s86 | DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| s87 | OTHER | 2,668,410 | 15 | 1,747,582 | 10 |
| s21 | CURRENT LIABILITIES | 41,364,856 | 100 | 32,677,494 | 100 |
| s52 | FOREIGN CURRENCY LIABILITIES | 22,699,010 | 55 | 15,386,262 | 47 |

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| | | | | | |
|------|--|------------|-----|--------------|-----|
| s53 | MEXICAN PESOS LIABILITIES | 18,665,846 | 45 | 17,291,232 | 53 |
| s26 | OTHER CURRENT LIABILITIES | 17,698,221 | 100 | 18,994,812 | 100 |
| s88 | DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 215,876 | 1 |
| s89 | INTEREST LIABILITIES | 1,187,525 | 7 | 1,142,003 | 6 |
| s68 | PROVISIONS | 0 | 0 | 0 | 0 |
| s90 | DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| s58 | OTHER CURRENT LIABILITIES | 10,899,412 | 62 | 11,976,061 | 63 |
| s105 | BENEFITS FOR EMPLOYEES | 5,611,284 | 32 | 5,660,872 | 30 |
| s27 | LONG-TERM LIABILITIES | 84,172,355 | 100 | 79,179,854 | 100 |
| s59 | FOREIGN CURRENCY LIABILITIES | 64,972,355 | 77 | 61,179,854 | 77 |
| s60 | MEXICAN PESOS LIABILITIES | 19,200,000 | 23 | 18,000,000 | 23 |
| s31 | DEFERRED LIABILITIES | 411,106 | 100 | 284,683 | 100 |
| s65 | GOODWILL | 0 | 0 | 0 | 0 |
| s67 | OTHERS | 411,106 | 100 | 284,683 | 100 |
| s32 | OTHER NON CURRENT LIABILITIES | 21,805,931 | 100 | 18,525,448 | 100 |
| s66 | DEFERRED TAXES | 21,658,297 | 99 | 18,317,042 | 99 |
| s91 | OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE | 147,634 | 1 | 208,406 | 1 |
| s92 | DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| s69 | OTHER LIABILITIES | 0 | 0 | 0 | 0 |
| s79 | CAPITAL STOCK | 9,138,632 | 100 | 9,402,561 | 100 |
| s37 | CAPITAL STOCK (NOMINAL) | 80,113 | 1 | 83,590 | 1 |
| s38 | RESTATEMENT OF CAPITAL STOCK | 9,058,519 | 99 | 9,318,971 | 99 |
| s42 | RETAINED EARNINGS AND CAPITAL RESERVES | 27,374,656 | 100 | 111,540,064 | 100 |
| s93 | LEGAL RESERVE | 1,880,513 | 7 | 1,880,513 | 2 |
| s43 | RESERVE FOR REPURCHASE OF SHARES | 0 | 0 | 0 | 0 |
| s94 | OTHER RESERVES | 0 | 0 | 0 | 0 |
| s95 | RETAINED EARNINGS | 5,317,207 | 19 | 74,174,604 | 67 |
| s45 | NET INCOME FOR THE YEAR | 20,176,936 | 74 | 35,484,947 | 32 |
| s44 | OTHER ACCUMULATED COMPREHENSIVE RESULT | 2,816,625 | 100 | (78,822,851) | 100 |
| s70 | ACCUMULATED MONETARY RESULT | 0 | 0 | (13,924,729) | 18 |
| s71 | | 0 | 0 | (65,294,956) | 83 |

| | | | | | |
|------|--|-------------|------|-----------|---|
| | RESULT FROM HOLDING NON-MONETARY ASSETS | | | | |
| s96 | CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION | 201,104 | 7 | (637,979) | 1 |
| s97 | CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS | 4,036,298 | 143 | 751,242 | 0 |
| s98 | CUMULATIVE EFFECT OF DEFERRED INCOME TAXES | (1,420,777) | (50) | 283,571 | 0 |
| s100 | OTHERS | 0 | 0 | 0 | 0 |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-03

CONSOLIDATED BALANCE SHEETS

- OTHER CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|---|---|--|
| s72 | WORKING CAPITAL | 10,814,455 | (1,665,202) |
| s73 | PENSIONS FUND AND SENIORITY PREMIUMS | 0 | 0 |
| s74 | EXECUTIVES (*) | 98 | 116 |
| s75 | EMPLOYEES (*) | 9,523 | 10,986 |
| s76 | WORKERS (*) | 44,696 | 45,694 |

| | | | |
|------|---|----------------|----------------|
| s77 | OUTSTANDING SHARES (*) | 18,555,053,360 | 19,360,397,470 |
| s78 | REPURCHASE OF OWN SHARER(*) | 805,344,110 | 842,720,700 |
| s101 | RESTRICTED CASH | 0 | 0 |
| s102 | DEBT WITH COST OF AFFILIATES NON CONSOLIDATED | 0 | 0 |

(*) THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-04

CONSOLIDATED STATEMENTS OF INCOME

- FROM JANUARY 01 TO DECEMBER 31, 2008 & 2007 -

(Thousands of Mexican Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|----------------------------------|-----------------------|-----|------------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| r01 | OPERATING REVENUES | 124,105,235 | 100 | 130,767,671 | 100 |
| r02 | COST OF SALES AND SERVICES | 64,531,122 | 52 | 67,330,956 | 51 |
| r03 | GROSS INCOME | 59,574,113 | 48 | 63,436,715 | 49 |
| r04 | OPERATING EXPENSES | 19,831,144 | 16 | 19,552,442 | 15 |
| r05 | OPERATING INCOME | 39,742,969 | 32 | 43,884,273 | 34 |
| r08 | OTHER EXPENSES AND INCOMES (NET) | (679,592) | 0 | (44,361) | 0 |
| r06 | | (9,232,694) | (7) | (3,349,364) | (3) |

| | | | | | |
|-----|--|------------|----|------------|----|
| | COMPREHENSIVE FINANCING COST | | | | |
| r12 | EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES | (62,113) | 0 | 17,245 | 0 |
| r48 | NON-ORDINARY ITEMS | 0 | 0 | 0 | 0 |
| r09 | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | 29,768,570 | 24 | 40,507,793 | 31 |
| r10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 9,591,659 | 8 | 11,618,710 | 9 |
| r11 | NET INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING | 20,176,911 | 16 | 28,889,083 | 22 |
| r14 | INCOME FROM DISCONTINUED OPERATIONS (NET) | 0 | 0 | 7,166,312 | 5 |
| r18 | NET INCOME | 20,176,911 | 16 | 36,055,395 | 28 |
| r19 | NET INCOME OF MINORITY INTEREST | (25) | 0 | 570,448 | 0 |
| r20 | NET INCOME OF MAJORITY INTEREST | 20,176,936 | 16 | 35,484,947 | 27 |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-05

CONSOLIDATED STATEMENTS OF INCOME

- BREAKDOWN OF MAIN CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--------------------------------------|--------------------|--|---------|
| | | Amount | % | Amount | % |
| | | r01 | OPERATING REVENUES | 124,105,235 | 100 |
| r21 | DOMESTIC | 120,090,214 | 97 | 126,643,263 | 97 |
| r22 | FOREIGN | 4,015,021 | 3 | 4,124,408 | 3 |
| r23 | TRANSLATION INTO DOLLARS (***) | 357,276 | 0 | 379,563 | 0 |
| r08 | OTHER EXPENSES AND INCOMES (NET) | (679,592) | 100 | (44,361) | 100 |
| r49 | OTHER EXPENSES AND INCOMES (NET) | 468,999 | (69) | 2,822,658 | (6,363) |
| r34 | EMPLOYEE PROFIT SHARING | 2,548,762 | (375) | 2,867,019 | (6,463) |
| r35 | DEFERRED EMPLOYEE PROFIT SHARING | (1,400,171) | 206 | 0 | 0 |
| r06 | COMPREHENSIVE FINANCING COST | (9,232,694) | 100 | (3,349,364) | 100 |
| r24 | INTEREST EXPENSE | 7,652,427 | (83) | 6,615,400 | (198) |
| r42 | LOSS (GAIN) ON RESTATEMENT OF UDI'S | 0 | 0 | 0 | 0 |
| r45 | OTHER FINANCIAL COSTS | 0 | 0 | 0 | 0 |
| r26 | INTEREST INCOME | 913,462 | (10) | 1,396,088 | (42) |
| r46 | OTHER FINANCIAL PRODUCTS | 0 | 0 | 0 | 0 |
| r25 | FOREIGN EXCHANGE LOSS (GAIN) (NET) | (2,493,729) | 27 | (643,137) | 19 |
| r28 | RESULT FROM MONETARY POSITION | 0 | 0 | 2,513,085 | (75) |
| r10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 9,591,659 | 100 | 11,618,710 | 100 |
| r32 | INCOME TAX | 10,606,003 | 111 | 10,411,963 | 90 |
| r33 | DEFERRED INCOME TAX | (1,014,344) | (11) | 1,206,747 | 10 |

(***) THOUSAND DOLLARS AT THE PREVAILING EXCHANGE RATE AT THE END OF THE REPORTING PERIOD.

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-06

CONSOLIDATED STATEMENTS OF INCOME

- OTHER CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--|--|
| | | Amount | Amount |
| r36 | TOTAL REVENUES | 124,105,235 | 130,767,671 |
| r37 | TAX RESULT FOR THE YEAR | 0 | 0 |
| r38 | OPERATING REVENUES (**) | 124,105,235 | 130,767,671 |
| r39 | OPERATING INCOME (**) | 39,742,969 | 43,884,273 |
| r40 | NET INCOME OF MAJORITY INTEREST (**) | 20,176,936 | 35,484,947 |
| r41 | NET INCOME (**) | 20,176,911 | 36,055,395 |
| r47 | OPERATIVE DEPRECIATION AND ACCUMULATED | 16,993,459 | 17,434,266 |
| (**) | | | |

| |
|---------------------------------------|
| INFORMATION OF THE PAST TWELVE MONTHS |
|---------------------------------------|

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-07

CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

- FROM OCTOBER 01 TO DECEMBER 31, 2008 & 2007 -

(Thousands of Mexican Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--|--------------------------------------|--------------------|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| | | rt01 | OPERATING REVENUES | 30,967,321 | 100 |
| rt02 | COST OF SALES AND SERVICES | 16,526,088 | 53 | 17,092,292 | 54 |
| rt03 | GROSS INCOME | 14,441,233 | 47 | 14,740,754 | 46 |
| rt04 | OPERATING EXPENSES | 5,189,304 | 17 | 5,303,798 | 17 |
| rt05 | OPERATING INCOME | 9,251,929 | 30 | 9,436,956 | 30 |
| rt08 | OTHER EXPENSES AND INCOMES (NET) | 212,173 | 1 | (308,654) | 0 |
| rt06 | COMPREHENSIVE FINANCING COST | (3,808,395) | (12) | (245,210) | 0 |
| rt12 | EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES | (131,619) | (0) | 31,078 | (0) |
| rt48 | NON-ORDINARY ITEMS | 0 | 0 | 0 | 0 |
| rt09 | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | 5,524,088 | 18 | 8,914,170 | 28 |

| | | | | | |
|------|---|-----------|----|-----------|----|
| rt10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 2,544,416 | 8 | 2,294,572 | 7 |
| rt11 | NET INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING | 2,979,672 | 10 | 6,619,598 | 21 |
| rt14 | INCOME FROM DISCONTINUED OPERATIONS (NET) | 0 | 0 | 2,025,754 | 6 |
| rt18 | NET INCOME | 2,979,672 | 10 | 8,645,352 | 27 |
| rt19 | NET INCOME OF MINORITY INTEREST | 1,811 | 0 | 272,191 | 1 |
| rt20 | NET INCOME OF MAYORITY INTEREST | 2,977,861 | 10 | 8,373,161 | 26 |
| | | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-08

CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

- BREAKDOWN OF MAIN CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--------------------------------|--------------------------------------|-----|--|-----|
| | | Amount | % | Amount | % |
| rt01 | OPERATING REVENUES | 30,967,321 | 100 | 31,833,046 | 100 |
| rt21 | DOMESTIC | 29,614,317 | 96 | 30,862,535 | 97 |
| rt22 | FOREIGN | 1,353,004 | 4 | 970,511 | 3 |
| rt23 | TRANSLATION INTO DOLLARS (***) | 103,081 | 0 | 94,937 | 0 |
| | | | | | |
| rt08 | | 212,173 | 100 | (308,654) | 100 |

| | | | | | |
|------|---|--------------------|------------|------------------|------------|
| | OTHER REVENUES AND (EXPENSES), NET | | | | |
| rt49 | OTHER REVENUES AND (EXPENSES), NET | 35,286 | 17 | 229,570 | (74) |
| rt34 | EMPLOYEE PROFIT SHARING | 489,959 | 231 | 538,224 | (174) |
| rt35 | DEFERRED EMPLOYEE PROFIT SHARING | (666,846) | (314) | 0 | 0 |
| | | | | | |
| rt06 | COMPREHENSIVE FINANCING COST | (3,808,395) | 100 | (245,210) | 100 |
| rt24 | INTEREST EXPENSE | 2,481,015 | (65) | 1,525,216 | (622) |
| rt42 | LOSS (GAIN) ON RESTATEMENT OF UDI'S | 0 | 0 | 0 | 0 |
| rt45 | OTHER FINANCIAL COSTS | 0 | 0 | 0 | 0 |
| rt26 | INTEREST INCOME | 310,102 | (8) | 347,158 | (142) |
| rt46 | OTHER FINANCIAL PRODUCTS | 0 | 0 | 0 | 0 |
| rt25 | FOREIGN EXCHANGE LOSS (GAIN) (NET) | (1,637,482) | 43 | (104,158) | 42 |
| rt28 | RESULT FROM MONETARY POSITION | 0 | 0 | 1,037,006 | (423) |
| | | | | | |
| rt10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 2,544,416 | 100 | 2,294,572 | 100 |
| rt32 | INCOME TAX | 2,751,071 | 108 | 1,917,125 | 84 |
| rt33 | DEFERRED INCOME TAX | (206,655) | (8) | 377,447 | 16 |
| | | | | | |

(***) THOUSAND DOLLARS AT THE PREVAILING EXCHANGE RATE AT THE END OF THE REPORTING PERIOD.

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-09

CONSOLIDATED QUARTERLY STATEMENTS OF INCOME

- OTHER CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|-----------|---|--|---|
| rt47 | OPERATIVE DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES | 4,282,496 | 4,489,789 |
| | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-10

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- FROM JANUARY 01 TO DECEMBER 31, 2008 & 2007 -

(Thousands of Mexican Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|------------|--|---|
| c01 | NET INCOME | 0 | 36,055,395 |
| c02 | | 0 | 17,885,417 |

| | (+)(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING RESOURCES | | |
|-----|---|---|--------------|
| c03 | CASH FLOW FROM NET INCOME FOR THE YEAR | 0 | 53,940,812 |
| c04 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | 0 | (2,702,223) |
| c05 | RESOURCES PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 0 | 51,238,589 |
| c06 | RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES | 0 | 1,045,065 |
| c07 | RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES | 0 | (24,602,913) |
| c08 | RESOURCES PROVIDED BY (USED FOR) FINANCING ACTIVITIES | 0 | (23,557,848) |
| c09 | RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES | 0 | (33,748,741) |
| c10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | 0 | (6,068,000) |
| c11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 0 | 10,765,752 |
| c12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD | 0 | 4,697,752 |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-11

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- BREAKDOWN OF MAIN CONCEPTS -

(Thousands of Mexican Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT | QUARTER OF PREVIOUS |
|----------|---|-----------------------|------------------------|
| | | FINANCIAL YEAR | FINANCIAL YEAR |
| | | Amount | Amount |
| c02 | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING RESOURCES | 0 | 17,885,417 |
| c13 | DEPRECIATION AND AMORTIZATION FOR THE YEAR | 0 | 18,425,285 |
| c41 | +(-) OTHER ITEMS | 0 | (539,868) |
| c04 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | 0 | (2,702,223) |
| c18 | +(-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE | 0 | 1,459,606 |
| c19 | +(-) DECREASE (INCREASE) IN INVENTORIES | 0 | (2,583,474) |
| c20 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE AND OTHER ASSETS | 0 | 2,049,007 |
| c21 | +(-) INCREASE (DECREASE) IN SUPPLIERS ACCOUNT | 0 | 0 |
| c22 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | 0 | (3,627,362) |
| c06 | RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES | 0 | 1,045,065 |
| c23 | + BANK FINANCING | 0 | 14,930,842 |
| c24 | + STOCK MARKET FINANCING | 0 | 0 |
| c25 | + DIVIDEND RECEIVED | 0 | 0 |
| c26 | + OTHER FINANCING | 0 | 0 |
| c27 | (-) BANK FINANCING AMORTIZATION | 0 | (10,742,539) |
| c28 | (-) STOCK MARKET FINANCING AMORTIZATION | 0 | (8,305) |
| c29 | (-) OTHER FINANCING AMORTIZATION | 0 | 0 |
| c42 | + (-) OTHER ITEMS | 0 | (3,134,933) |

| | | | |
|-----|--|---|--------------|
| c07 | RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES | 0 | (24,602,913) |
| c30 | + (-) INCREASE (DECREASE) IN CAPITAL STOCK | 0 | (780,210) |
| c31 | (-) DIVIDENDS PAID | 0 | (8,820,074) |
| c32 | + PREMIUM ON SALE OF SHARES | 0 | 0 |
| c33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES | 0 | (15,002,629) |
| c43 | + (-) OTHER ITEMS | 0 | 0 |
| c09 | RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES | 0 | (33,748,741) |
| c34 | +(-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF PERMANENT NATURE | 0 | (181,845) |
| c35 | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT | 0 | (13,846,483) |
| c36 | (-) INCREASE IN CONSTRUCTIONS IN PROGRESS | 0 | 0 |
| c37 | + SALE OF OTHER PERMANENT INVESTMENT | 0 | 0 |
| c38 | + SALE OF TANGIBLE FIXED ASSETS | 0 | 0 |
| c39 | + (-) OTHER ITEMS | 0 | (19,720,413) |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-12

DATA PER SHARE

- CONSOLIDATED INFORMATION -

(Thousands of Mexican Pesos)

Final printing

| REF D | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|---------------------------------------|---|--|--------|--|--------|
| | | Amount | | Amount | |
| d01 | BASIC INCOME PER ORDINARY SHARE (**) | \$1.09 | | \$1.83 | |
| d02 | BASIC INCOME PER PREFERENT SHARE (**) | \$0.00 | | \$0.00 | |
| d03 | DILUTED INCOME PER ORDINARY SHARE (**) | \$0.00 | | \$0.00 | |
| d04 | INCOME (LOSS) FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | \$1.09 | | \$1.49 | |
| d05 | EFFECT OF DISCONTINUOUS OPERATIONS ON INCOME (LOSS) FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | \$0.00 | | \$0.34 | |
| d08 | CARRYING VALUE PER SHARE | \$2.12 | | \$2.18 | |
| d09 | ACUMULATED CASH DIVIDEND PER SHARE | \$0.41 | | \$0.45 | |
| d10 | SHARE DIVIDENDS PER SHARE | 0.00 | shares | 0.00 | shares |
| d11 | MARKET PRICE TO CARRYING VALUE | 6.77 | times | 9.26 | times |
| d12 | MARKET PRICE TO BASIC INCOME PER ORDINARY SHARE (**) | 13.17 | times | 11.03 | times |
| d13 | MARKET PRICE TO BASIC INCOME PER PREFERENT SHARE (**) | 0.00 | times | 0.00 | times |
| (**) | | | | | |
| INFORMATION OF THE PAST TWELVE MONTHS | | | | | |

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-13

RATIOS

- CONSOLIDATED INFORMATION -

(Thousands of Mexican Pesos)

Final printing

| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--------------------------------------|-------|---|-------|
| | YIELD | | | | |
| p01 | NET INCOME (LOSS) TO OPERATING REVENUES | 16.26% | | 27.57% | |
| p02 | NET INCOME TO STOCKHOLDERS' EQUITY (**) | 51.25% | | 85.52% | |
| p03 | NET INCOME TO TOTAL ASSETS (**) | 10.78% | | 20.86% | |
| p04 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 21.44% | | 29.76% | |
| p05 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 0.00% | | 6.97% | |
| | ACTIVITY | | | | |
| p06 | OPERATING REVENUES TO TOTAL ASSETS (**) | 0.66 | times | 0.76 | times |
| p07 | OPERATING REVENUES TO FIXED ASSETS (**) | 1.10 | times | 1.08 | times |
| p08 | INVENTORIES ROTATION (**) | 33.71 | times | 30.73 | times |
| p09 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 40 | days | 39 | days |

| | | | | | |
|--|--|--------|-------|--------|-------|
| p10 | INTEREST PAID TO TOTAL LIABILITIES WITH COST (**) | 7.15% | | 7.23% | |
| | LEVERAGE | | | | |
| p11 | TOTAL LIABILITIES TO TOTAL ASSETS | 78.96% | | 75.61% | |
| p12 | TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY | 3.75 | times | 3.10 | times |
| p13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 59.34% | | 58.60% | |
| p14 | LONG-TERM LIABILITIES TO FIXED ASSETS | 74.58% | | 65.63% | |
| p15 | OPERATING INCOME (LOSS) TO INTEREST PAID | 5.19 | times | 6.63 | times |
| p16 | OPERATING REVENUES TO TOTAL LIABILITIES (**) | 0.84 | times | 1.00 | times |
| | LIQUIDITY | | | | |
| p17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.26 | times | 0.95 | times |
| p18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES | 1.22 | times | 0.88 | Times |
| p19 | CURRENT ASSETS TO TOTAL LIABILITIES | 0.35 | times | 0.24 | times |
| p20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 14.84% | | 14.38% | |
| (**) INFORMATION OF THE PAST TWELVE MONTHS | | | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-14

STATE OF CASH FLOW (INDIRECT METHOD)

MAIN CONCEPTS

- CONSOLIDATED INFORMATION -

(Thousands of Mexican Pesos)

Final printing

| REF E | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR Amount | QUARTER OF PREVIOUS FINANCIAL YEAR Amount |
|----------|--|--|---|
| | OPERATION ACTIVITIES | | |
| e01 | INCOME (LOST) BEFORE INCOME TAXES | 29,768,570 | 0 |
| e02 | +(-) ITEMS NOT REQUIRING CASH | 7,227,718 | 0 |
| e03 | +(-) ITEMS RELATED TO INVESTING ACTIVITIES | 18,027,182 | 0 |
| e04 | +(-) ITEMS RELATED TO FINANCING ACTIVITIES | 9,042,199 | 0 |
| e05 | CASH FLOWS BEFORE INCOME TAX | 64,065,669 | 0 |
| e06 | CASH FLOW PROVIDED OR USED IN OPERATION | (18,505,823) | 0 |
| e07 | NET CASH FLOWS PROVIDED OF OPERATING ACTIVITIES | 45,559,846 | 0 |
| | INVESTMENT ACTIVITIES | | |
| e08 | NET CASH FLOW FROM INVESTING ACTIVITIES | (10,986,749) | 0 |
| e09 | CASH IN EXCESS (REQUIRED) TO BE APPLIED IN FINANCING ACTIVITIES | 34,573,097 | 0 |
| | FINANCING ACTIVITIES | | |
| e10 | NET CASH FROM FINANCING ACTIVITIES | (33,168,712) | 0 |
| e11 | NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | 1,404,385 | 0 |
| e12 | TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS | 34,426 | 0 |
| e13 | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | 4,697,752 | 0 |
| e14 | CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | 6,136,563 | 0 |

| | | | |
|--|--|--|--|
| | | | |
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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

FS-15

STATE OF CASH FLOW (INDIRECT METHOD)

BREAKDOWN OF MAIN CONCEPTS

- CONSOLIDATED INFORMATION -

(Thousands of Mexican Pesos)

Final printing

| REF E | CONCEPTS | QUARTER OF PRESENT | QUARTER OF PREVIOUS |
|----------|--|-----------------------|------------------------|
| | | FINANCIAL YEAR | FINANCIAL YEAR |
| | | Amount | Amount |
| e02 | +(-) ITEMS NOT REQUIRING CASH | 7,227,718 | 0 |
| e15 | +ESTIMATES FOR THE PERIOD | 1,593,679 | 0 |
| e16 | +PROVISIONS FOR THE PERIOD | 4,594,212 | 0 |
| e17 | +(-) OTHER UNREALIZED ITEMS | 1,039,827 | 0 |
| e03 | +(-) ITEMS RELATED TO INVESTING ACTIVITIES | 18,027,182 | 0 |
| e18 | +DEPRECIATION AND AMORTIZATION FOR THE PERIOD (*) | 17,965,069 | 0 |
| e19 | (-)+GAIN OR LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT | 0 | 0 |
| e20 | +IMPAIRMENT LOSS | 0 | 0 |
| e21 | | 62,113 | 0 |

| | | | |
|-----|--|--------------|---|
| | (-)+EQUITY RESULTS OF ASSOCIATES AND JOINT VENTURES | | |
| e22 | (-)DIVIDENDS RECEIVED | 0 | 0 |
| e23 | (-)INTEREST INCOME | 0 | 0 |
| e24 | (-)+ OTHER ITEMS | 0 | 0 |
| e04 | +(-) ITEMS RELATED TO FINANCING ACTIVITIES | 9,042,199 | 0 |
| e25 | +ACCRUED INTERESTS | 7,318,854 | 0 |
| e26 | +(-) OTHER ITEMS | 1,723,345 | 0 |
| e06 | CASH FLOW PROVIDED OR USED IN OPERATION | (18,505,823) | 0 |
| e27 | +(-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE | (1,376,525) | 0 |
| e28 | +(-) DECREASE (INCREASE) IN INVENTORIES | (2,896,235) | 0 |
| e29 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE AND OTHER ASSETS | (1,641,298) | 0 |
| e30 | +(-) INCREASE (DECREASE) IN SUPPLIERS | (2,094,736) | 0 |
| e31 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | 197,825 | 0 |
| e32 | +(-) INCOME TAXES PAID OR RETURNED | (10,694,854) | 0 |
| e08 | NET CASH FLOWS OF INVESTING ACTIVITIES | (10,986,749) | 0 |
| e33 | - PERMANENT INVESTMENT IN SHARES | (22,050) | 0 |
| e34 | +DISPOSITION OF PERMANENT INVESTMENT IN SHARES | 95,376 | 0 |
| e35 | - INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT | (10,080,986) | 0 |
| e36 | + SALE OF PROPERTY, PLANT AND EQUIPMENT | 0 | 0 |
| e37 | - INVESTMENT IN INTANGIBLE ASSETS | (90,854) | 0 |
| e38 | + DISPOSITION OF INTANGIBLE ASSETS | 0 | 0 |
| e39 | - OTHER PERMANENT INVESTMENTS | 0 | 0 |
| e40 | + DISPOSITION OF OTHER PERMANENT INVESTMENTS | 0 | 0 |
| e41 | + DIVIDENDS RECEIVED | 0 | 0 |
| e42 | + INTERESTS RECEIVED | 0 | 0 |
| e43 | +(-) DECREASE (INCREASE) ADVANCES AND LOANS TO THIRD PARTS | 0 | 0 |
| e44 | +(-) OTHER ITEMS | (888,235) | 0 |
| e10 | NET CASH FLOWS OF FINANCING ACTIVITIES | (33,168,712) | 0 |

| | | | |
|---|--|--------------|---|
| e45 | + BANK FINANCING | 11,862,831 | 0 |
| e46 | + STOCK MARKET FINANCING | 0 | 0 |
| e47 | + OTHER FINANCING | 0 | 0 |
| e48 | (-) BANK FINANCING AMORTIZATION | (15,781,356) | 0 |
| e49 | (-) STOCK MARKET FINANCING AMORTIZATION | 0 | 0 |
| e50 | (-) OTHER FINANCING AMORTIZATION | 0 | 0 |
| e51 | + (-) INCREASE (DECREASE) IN CAPITAL STOCK | 0 | 0 |
| e52 | (-) DIVIDENDS PAID | (7,609,477) | 0 |
| e53 | + PREMIUM ON ISSUANCE OF SHARES | 0 | 0 |
| e54 | + CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 |
| e55 | - INTEREST EXPENSE | (4,872,748) | 0 |
| e56 | (-) REPURCHASE OF SHARES | (12,871,843) | 0 |
| e57 | +(-) OTHER ITEMS | (3,896,119) | 0 |
| * IN CASE THAT THIS AMOUNT IS DIFFERENT FROM ACCOUNT R47 IT SHALL BE EXPLAINED IN NOTES | | | |

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 1

CHIEF EXECUTIVE OFFICER REPORT

Consolidated

Final printing

Highlights

Fourth Quarter 2008

- At TELMEX, we have the commitment of increasing broadband penetration to reduce the digital divide in the country. Between 2007 and 2008, the number of broadband Infinitum customers increased close to 175%, reaching 5.0 million broadband services, which has made Mexico one of the countries among the members of the OECD with the highest growth rates in this type of service (*OECD-Broadband portal*).
- This growth has been mainly driven by the sale of more than 1.8 million computers since 1999 in instalments of up to 48 months. The main limitation for broadband growth is the lack of computers in Mexican homes since only 25.7% of them have a computer, significantly below the average of close to 66.3% of the countries that are members of the OECD. In 2009, TELMEX will continue with these initiatives.
- TELMEX has driven penetration of multi-services packages in order to support the family economy for the different consumption profiles of our customers. These packages offer access to broadband and different voice services with discounts of up to 42%. One example is the "Paquete Conectes" that for 389 pesos per month, VAT included (\$338.3 pesos per month plus 15% VAT, equivalent to 24.2 dollars).
- 2009 is the ninth consecutive year that TELMEX will continue reducing the prices of its services that were already very competitive when compared with other member countries of the OECD, notwithstanding the prevailing conditions in the domestic and world financial markets and the devaluation of the peso. This initiative supports the economy of Mexican families, companies and in particular small and medium-sized businesses.
- Among other complementary services that TELMEX offers are billing and collection services through the telephone bill. To date, we have more than 980 contracts with companies such as Medicalhome, Socio Águila, Teletón, Telecomunicaciones de México (Telecomm Telégrafos, a decentralized entity of the SCT). Recently, satellite TV services provided by Dish México were incorporated in this service. According to Dish México, close to 55% of its new customers did not have pay TV services and 51% of customers have decided to make their payments through their telephone bill. It is important to highlight that the billing and collection service is available as well to other Pay TV operators if they request it.
- 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 28 months ago. TELMEX has met the requirements and, to date there has not been a favorable resolution from the authority to offer Pay TV services. This situation is delaying the technological development of the country and is avoiding consumers to enjoy the benefits of convergence and access to a better offering and more competitive prices of telecommunications services.
- Due to the legal uncertainty, the strong investments that were programmed for 2009 for approximately 12 billion pesos will be substantially reduced. It is important to highlight that in spite of this; we will maintain

state-of-the-art technology to offer better products and services and will continue to drive broadband penetration to promote digital culture and the technological development of the country.

- 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 and pay TV users are included in the calculation, TELMEX's market share would be approximately 16.7%.
- TELMEX's total debt at December 31, 2008, was the equivalent of 7.908 billion dollars. Only 10.4% of that amount is exposed to exchange rate fluctuations because we have hedged 5.451 billion dollars. Total net debt (3) was equivalent to 7.455 billion dollars, 464 million dollars lower than in 2007.
- In the fourth quarter, total revenues were 31 billion pesos, 2.7% lower than the same period of the previous year. These results reflected decreases of 9.0% and 6.7% in local and long distance revenues, respectively, as well as increases of 27.8% in Internet access revenues and 7.9% in corporate networks revenues.
- From October to December, EBITDA (1) totaled 13.8 billion pesos, 2.7% lower than the fourth quarter of the previous year. Operating income totaled 9.3 billion pesos, 2.0% lower than last year's fourth quarter.
- Majority income from continuing operations in the quarter totaled 2.978 billion pesos, 55.0% lower than the same period of last year. In the fourth quarter, earnings per share were 16 Mexican cents, a decrease of 52.9%, and earnings per ADR (2) were 26 US cents, a decrease of 58.7% compared with the fourth quarter of 2007.
- Capital expenditures (capex) were equivalent to 879 million dollars for the twelve months. In the quarter, the company used 1.791 billion pesos to repurchase 146 million 860 thousand of its own shares.

(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 fourth quarter, including the effect of number portability that began in July 2008, the number of lines in service was 17.589 million, 83 thousand lower than third quarter 2008. The number of disconnections is occurring mainly as a result of the competition from fixed, mobile and Pay TV companies.

Of our lines in service, approximately 56.6% or 10.0 million are in areas that interest competitors and where they also have presence. However, 7.6 million lines are in areas that hold no interest to competitors. For the twelve months these lines generated revenues of approximately 19.823 billion pesos and an operating loss of 2.761 billion pesos.

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. During the fourth quarter, local traffic decreased 9.6% compared with the same period of 2007, with a total of 5.419 billion local calls.

Long distance

From October to December, domestic long distance (DLD) traffic increased 7.6% compared with last year's fourth quarter, totaling 4.920 billion minutes, due to more package offerings that include DLD minutes and higher traffic from long distance operators, offset by the decrease in termination traffic with cellular operators.

In the fourth quarter, outgoing international long distance (ILD) traffic decreased 14.3% compared with last year's fourth quarter, totaling 420 million minutes. Incoming international long distance traffic increased 2.0% compared with the same period of the previous year, totaling 1.772 billion minutes. The incoming-outgoing ratio was 4.2x.

Interconnection

In the fourth quarter, interconnection traffic totaled 11.453 billion minutes, 0.2% lower than fourth quarter of 2007. Calling party pays traffic decreased 5.3% because of the increase of cellular services. Interconnection traffic with local, long distance and cellular telephony operators increased 1.4%.

Internet access

At TELMEX, we have the commitment of increasing broadband penetration to reduce the digital divide in the country. Between 2007 and 2008, the number of broadband Infinitum customers increased close to 175%, reaching 5.0 million broadband services, which has made Mexico one of the countries among the members of the OECD with the highest growth rates in this type of service (*OECD-Broadband portal*).

This growth has been mainly driven by the sale of more than 1.8 million computers since 1999 in instalments of up to 48 months. The main limitation for broadband growth is the lack of computers in Mexican homes since only 25.7% of them have a computer, significantly below the average of close to 66.3% of the countries that are members of the OECD. In 2009, TELMEX will continue with these initiatives.

TELMEX has driven penetration of multi-services packages in order to support the family economy for the different consumption profiles of our customers. At year-end 2008, there were 4.3 million packages. These packages offer access to broadband and different voice services with discounts of up to 42%. One example is the "Paquete Conectes" that for 389 pesos per month, VAT included (\$338.3 pesos per month plus 15% VAT, equivalent to 24.2 dollars).

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 fourth quarter, revenues totaled 31 billion pesos, a decrease of 2.7% compared with the same period of the previous year. These results include decreases of 9.0% and 6.7% in local and long distance services, respectively, and 11.6% in interconnection revenues. The decrease in interconnection revenues reflected declines of 5.3% in traffic volume and 8.5% in the calling party pays rate. On the other hand, Internet access revenues were up 27.8%, corporate networks revenues increased 7.9%, and other revenues, which includes Tiendas TELMEX (TELMEX stores), were up 25.9%.

- Local:

Local revenues totaled 11.804 billion pesos in the fourth quarter; a decrease of 9.0% compared with the same quarter of 2007, due to the 7.6% reduction of revenue per local billed call and to the decrease in local traffic.

- DLD:

In the quarter, DLD revenues totaled 3.570 billion pesos, 14.1% lower than the fourth quarter of 2007. The 7.6% increase in traffic was not enough to offset the 21.9% decrease in the average revenue per minute. The introduction of packages increases the use of long distance services but reduces average revenue per minute.

- ILD:

From October to December of 2008, ILD revenues totaled 2.407 billion pesos, an increase of 7.1% compared with the fourth quarter of the previous year. Outgoing revenues declined 12.6% to 1.266 billion pesos compared with the fourth quarter of 2007 due to a mix of factors, including a decrease in outgoing traffic of 14.3% and a 2.1% increase in the average revenue per minute. Incoming international long distance revenues totaled 1.141 billion pesos, an increase of 42.7% compared with the fourth quarter of

2007, mainly because of a higher peso-dollar exchange rate in the fourth quarter of 2008.

- Interconnection:

In the fourth quarter, interconnection revenues decreased 11.6% to 4.756 billion pesos compared with the same period of 2007, mainly due to the 5.3% decline in calling party pays traffic and the decrease of 8.5% in the calling party pays rate.

- Corporate networks:

In the fourth quarter, revenues from services related to data transmission through private and managed networks totaled 3.249 billion pesos, 7.9% 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 fourth quarter totaled 3.670 billion pesos, 27.8% higher than last year's fourth quarter due to the increase of 57.1% 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 21.715 billion pesos, a decrease of 3.0% compared with the fourth quarter of 2007. This decrease was mainly due to initiatives carried out to optimize resource use and the 9.7% 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 and cost increases for goods and services.

- Cost of sales and services:

In the fourth quarter, cost of sales and services increased 1.9% compared with the same period of 2007, totaling 8.742 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:

In the fourth quarter, commercial, administrative and general expenses totaled 5.188 billion pesos, 2.2% lower than last year's fourth quarter due to initiatives carried out to optimize resources, which were offset by higher commissions associated with the increase in broadband services.

- Interconnection:

Interconnection costs totaled 3.261 billion pesos, a decrease of 13.8% compared with the fourth quarter of 2007 as a result of the 9.7% decrease in the amount paid to cellular telephony operators for calling party pays service and the decrease of 5.3% in calling party pays traffic.

- Depreciation and amortization:

In the quarter, depreciation and amortization decreased 4.3% to 4.524 billion pesos due to a lower level of investment in recent years.

EBITDA (1) and operating income

: EBITDA (1) totaled 13.776 billion pesos in the fourth quarter, a decrease of 2.7% compared with the same period of last year. The EBITDA margin was 44.5%. Operating income totaled 9.252 billion pesos in the fourth quarter and the operating margin was 29.9%.

Comprehensive financing cost:

In the fourth quarter, comprehensive financing cost produced a charge of 3.808 billion pesos. This resulted from: i) a net interest charge of 2.171 billion pesos, 993 million pesos more than the charge registered in the same period of 2007, due to recognition of the market value of interest rate swaps; ii) a net exchange loss of 1.637 billion pesos from the fourth-quarter exchange rate depreciation of 2.7464 pesos per dollar, offset by 5.451 billion dollars in dollar-peso hedges, and iii) recognition of a decline in the monetary position of 1.037 billion pesos in 2007, an effect that is absent in 2008 under current accounting rules.

Majority income from continuing operations:

In the fourth quarter, majority income from continuing operations totaled 2.978 billion pesos, 55.0% lower than the same period of the previous year. Earnings per share were 16 Mexican cents, a year-over-year decrease of 52.9%, and earnings per ADR (2) were 26 US cents, a decrease of 58.7% compared with the same period of 2007.

Investments:

For 2008, capital expenditures (capex) were the equivalent of 879 million dollars, of which 76.1% was used for growth projects in the voice, data and transport infrastructure and 23.6% for operational support projects and operating needs.

Debt:

Total debt at December 31 was the equivalent of 7.908 billion dollars, of which 78.6% is long-term. Of the total debt, 79.4% is in foreign currency, equal to 6.275 billion dollars. To minimize risks from variations in the exchange rate, we have dollar-peso hedges for 5.451 billion dollars with a weighted average exchange rate of approximately 11.0634 pesos per dollar. Of total debt, 36.5% has fixed rates. If 23.752 billion pesos and 100 million dollars of interest rate swaps at average interest rates of 8.19% and 4.47%, respectively, are included, the proportion of debt with fixed rates is 60.0%.

Total net debt (3) decreased during the last twelve months the equivalent of 464 million dollars, raising the total to 7.455 billion dollars. TELMEX has a solid and healthy financial structure that allows us to maintain state-of-the-art-technology and support the development of telecommunications in the country.

Repurchase of shares:

During the fourth quarter, the company used 1.791 billion pesos to repurchase 146 million 860 thousand of its own shares.

| | | | | | | | | | |
|---|-----|--------|-----|--------|-------|-----|--------------|--------------|-------|
| Mexico 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 fourth quarter of 2008 and 2007. | | | | | | | | | |
| Mexico Local Service Business | | | | | | | | | |
| Income Statements | | | | | | | | | |
| [2008 in million of nominal pesos, 2007 in millions of Mexican pesos with purchasing power at December 31, 2007] | | | | | | | | | |
| | | | | | % | | | | % |
| | | 4Q2008 | | 4Q2007 | Inc. | | 12 months 08 | 12 months 07 | Inc. |
| Revenues | | | | | | | | | |
| Access, rent and measured service | Ps. | 11.693 | Ps. | 12.704 | (8,0) | Ps. | 48.363 | 53.314 | (9,3) |
| | | 1.250 | | 972 | 28,6 | | 4.145 | 3.964 | 4,6 |

| | | | | | | | | | | |
|--|-----|--------|-----|--------|--------|-----|--------------|-----|--------------|--------|
| LADA interconnection | | | | | | | | | | |
| Interconnection with operators | | 437 | | 426 | 2,6 | | 1.560 | | 1.636 | (4,6) |
| Interconnection with cellular operators | | 3.022 | | 3.493 | (13,5) | | 12.397 | | 14.560 | (14,9) |
| Other | | 3.811 | | 3.310 | 15,1 | | 14.936 | | 13.115 | 13,9 |
| Total | | 20.213 | | 20.905 | (3,3) | | 81.401 | | 86.589 | (6,0) |
| Costs and expenses | | | | | | | | | | |
| Cost of sales and services | | 6.191 | | 6.160 | 0,5 | | 23.444 | | 23.053 | 1,7 |
| Commercial, administrative and general | | 4.940 | | 4.792 | 3,1 | | 18.605 | | 18.059 | 3,0 |
| Interconnection | | 1.979 | | 2.431 | (18,6) | | 8.540 | | 10.343 | (17,4) |
| Depreciation and amortization | | 2.740 | | 2.939 | (6,8) | | 11.260 | | 11.901 | (5,4) |
| Total | | 15.850 | | 16.322 | (2,9) | | 61.849 | | 63.356 | (2,4) |
| Operating income | Ps. | 4.363 | Ps. | 4.583 | (4,8) | Ps. | 19.552 | | 23.233 | (15,8) |
| EBITDA (1) | Ps. | 7.103 | Ps. | 7.522 | (5,6) | Ps. | 30.812 | | 35.134 | (12,3) |
| EBITDA margin (%) | | 35,1 | | 36,0 | (0,9) | | 37,9 | | 40,6 | (2,7) |
| Operating margin (%) | | 21,6 | | 21,9 | (0,3) | | 24,0 | | 26,8 | (2,8) |
| Mexico Long Distance Service Business | | | | | | | | | | |
| Income Statements | | | | | | | | | | |
| [2008 in million of nominal pesos, 2007 in millions of Mexican pesos with purchasing power at December 31, 2007] | | | | | | | | | | |
| | | | | | % | | | | | % |
| | | 4Q2008 | | 4Q2007 | Inc. | | 12 months 08 | | 12 months 07 | Inc. |
| Revenues | | | | | | | | | | |
| Domestic long | Ps. | 4.161 | Ps. | 4.914 | (15,3) | Ps. | 18.316 | Ps. | 20.461 | (10,5) |

| | | | | | | | | | |
|--|-----|-------|-----|-------|--------|-----|--------|-----|---------------|
| distance | | | | | | | | | |
| International long distance | | 2.539 | Ps. | 2.384 | 6,5 | | 9.138 | | 10.571 (13,6) |
| Total | | 6.700 | Ps. | 7.298 | (8,2) | | 27.454 | | 31.032 (11,5) |
| Costs and expenses | | | | | | | | | |
| Cost of sales and services | | 1.465 | | 1.381 | 6,1 | | 5.391 | | 5.353 0,7 |
| Commercial, administrative and general | | 1.420 | | 1.501 | (5,4) | | 5.783 | | 5.984 (3,4) |
| Interconnection to the local network | | 2.101 | | 1.985 | 5,8 | | 7.900 | | 8.669 (8,9) |
| Depreciation and amortization | | 553 | | 601 | (8,0) | | 2.211 | | 2.331 (5,1) |
| Total | | 5.539 | | 5.468 | 1,3 | | 21.285 | | 22.337 (4,7) |
| Operating income | | | | | | | | | |
| Operating income | Ps. | 1.161 | Ps. | 1.830 | (36,6) | Ps. | 6.169 | Ps. | 8.695 (29,1) |
| EBITDA (1) | | | | | | | | | |
| EBITDA (1) | Ps. | 1.714 | Ps. | 2.431 | (29,5) | Ps. | 8.380 | Ps. | 11.026 (24,0) |
| EBITDA margin (%) | | | | | | | | | |
| EBITDA margin (%) | | 25,6 | | 33,3 | (7,7) | | 30,5 | | 35,5 (5,0) |
| Operating margin (%) | | | | | | | | | |
| Operating margin (%) | | 17,3 | | 25,1 | (7,8) | | 22,5 | | 28,0 (5,5) |

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of Mexican Pesos)

Consolidated

Final printing

(2008 in millions of nominal Mexican pesos and 2007 in millions of Mexican pesos with purchasing power at December 31,2007)

Spin-Off ("Escisión")

DISCONTINUED OPERATIONS

On December 21, 2007, the stockholders of TELMEX approved the split-up of the Company's Latin American subsidiaries, as well as of its yellow pages business. As a result of the split-up, Telmex Internacional, S.A.B. de C.V. was incorporated on December 26, 2007 and was transferred the assets, liabilities and stockholders' equity of the majority of the foreign subsidiaries and of the yellow pages business. The split-up date for legal, book and tax purposes is December 26, 2007, on which date Telmex Internacional was legally incorporated as a separate Mexican company and from which time, the Company ceased to have control over the subsidiaries mentioned above.

The terms of the split-up establish that neither TELMEX nor Telmex Internacional are to hold shares of the other. At the time of the split-up, all TELMEX stockholders became Telmex Internacional stockholders and consequently, both companies are currently controlled by the same group of stockholders. The relationship between TELMEX and Telmex Internacional will be limited to: i) ordinary commercial relationships, such as those related to international traffic termination services and the preparation and distribution of telephone directories; ii) agreements relating to the implementation of the split-up; and iii) certain temporary agreements that will remain in force until Telmex Internacional has its own administrative capabilities.

In the 2007 financial statements, all assets and liabilities of the split-up entity have been included in the current and non-current long-term assets and liabilities of discontinued operations captions. All income and expenses of the new entities are presented in the statements of income under the caption "Income from discontinued operations, net of income tax". The figures of the 2007 financial statements corresponding to periods prior to the split-up, and their corresponding notes were restructured to present only the assets and liabilities and revenues, costs and expenses of continued operations, without including discontinued operations.

All the assets and liabilities of the split-up operations were transferred to Telmex Internacional at book value. The amount of stockholders' equity transferred to Telmex Internacional in the split-up represents the difference between the assets and liabilities that were transferred. Such amount was recognized as a reduction to stockholders' equity at the time of the split-up.

RECOGNITION OF THE EFFECTS OF INFLATION

From January 1, 2008, Mexican FRS B-10 "Effects of Inflation", replaced Mexican accounting Bulletin B-10 "Accounting Recognition of the Effects of Inflation on Financial Information". Based on Mexican FRS B-10, the economic environment in Mexico in 2008 has been qualified as non-inflationary, due to inflation in the preceding three fiscal years was less than 12%. Therefore, during 2008 the effects of inflation on financial information of this period were not recognized, keeping the effects of inflation recognized up to December 31, 2007.

Also based on Mexican FRS B-10, in 2008 the total result from holding non-monetary assets, net from deferred taxes, and the accumulated deficit from monetary position, were reclassified to retained earnings.

The financial statements as of December 31, 2007, are presented in monetary units with purchasing power as of December 31, 2007.

BALANCE SHEET

S 23 AND S 28 BANK LOANS

In this item are included the bank credits related to purchase programs to suppliers that have been traditionally reported in the suppliers' credits item of the Balance Sheet because long-term caption to suppliers does not exist in EMISNET.

TELMEX entered into a syndicated loan agreement in 2004, which was restructured in 2005 and 2006 to improve the credit conditions and increase the total loan amount to 3 billion dollars divided in three tranches, the first one for 1.3 billion dollars with a three-year maturity, the second one for 1 billion dollars with a five-year maturity years and the third one for 700 million dollars with a seven- year maturity.

On June 30, 2006 Telmex entered into a syndicated loan agreement in the amount for 500 million dollars divided into two tranches of 250 million dollars each, with a four-year and six-year maturity, respectively.

S 24 AND S 29 SENIOR NOTES

On November 19, 2003, TELMEX issued a bond for U.S.\$ 1.0 billion due November 2008, with an annual interest of 4.5%. Interests are payable semiannually. In November 2008, the Company repaid the outstanding balance of this bond.

On January 27, 2005, TELMEX placed senior notes in an aggregate principal amount of U.S.\$1.3 billion in two issuances of U.S.\$650 million each. The first one maturing in 2010 and bearing interest at 4.75% annual and the second one maturing in 2015 and bearing interest at 5.50% annual. Interests are payable semiannually. On February 22, 2005, there was a reopening of this transaction and the amounts of such issuances increased to U.S. \$950 million and U.S. \$800 million, respectively.

On January 26, 2006, TELMEX placed abroad a senior note in the amount of Ps. 4.5 billion (nominal value), maturing in 2016 and bearing interest at 8.75% annual. Interests are payable semiannually.

On April 23, 2007, Telmex placed domestic senior notes "*Certificados Bursátiles*" for Ps. 9.5 billion in two tranches, the first one for Ps. 5.0 billion with a term of 30 years at a fixed interest rate of 8.36% annual and the second one for Ps. 4.5 billion with a term of 5 years at a rate of the Mexican interbank equilibrium interest rate (*tasa de interés interbancaria de equilibrio or THIE*) less 10 basis points.

On April 21, 2008, TELMEX placed domestic senior notes "*Certificados Bursátiles*" for Ps. 1.6 billion with a term of 10 years at an annual fixed rate of 8.27%.

S 29 SENIOR NOTES (LONG-TERM)

As of December 31, 2008 and 2007, this item rose to \$ 40,070,364 and \$ 34,215,850, respectively, and is comprised as follows:

| | 2008 | 2007 |
|--------------------------|-------------------|-------------------|
| Domestic Senior Notes | P s 11,900,000 | P s 10,700,000 |
| Bonds | 23,670,364 | 19,015,850 |
| Global peso Senior Notes | P s 4,500,000 | 4,500,000 |

S 42 RETAINED EARNINGS AND CAPITAL RESERVES

On April 27, 2007 the Annual Ordinary Shareholders' Meeting approved to increase in Ps. 15 billion (nominal value), the funds authorized to repurchase its own shares, bringing the total maximum amount to Ps. \$ 23,046,597 (nominal value).

From January through December 2008, the Company acquired 796.7 million L shares for Ps 12,764,130 and 8.6 million A shares for Ps. 107,711.

From January through December 2007, the Company acquired 839.9 million L shares for Ps 15,729,975 (historical cost of Ps. 15,423,889) and 2.8 million A shares for Ps. 52,864 (historical cost of Ps. 51,902).

The Company's repurchased shares are applied to unappropriated retained earnings, in the amount exceeding the portion of the capital stock, corresponding to the repurchased shares.

S 104 EMPLOYEES BENEFITS

This item includes the projected net assets as of December 2008 and 2007 pursuant to Mexican FRS D-3 "Employees Benefits", effective as of January 1, 2008, issued by the Mexican Council for Research and Development of Financial Reporting Standards (CINIF) and Bulletin D-3 "Labor Obligations" effective as of December 31, 2007, respectively.

S 87 OTHERS

In this item there are included the inventories for telephone plant operation, which are valued by the average cost method and were updated in 2007 based on the specific index method, without exceeding their market value.

S 58 OTHER CURRENT LIABILITIES

As of December 31, 2008 and 2007, this item rose to Ps. 10,899,412 and Ps. 11,976,061 respectively and is comprised as follows:

| | 2008 | 2007 |
|---------------------------|---------------|-------------------|
| A c c o u n t s payable | Ps. 8,407,821 | P s 10,280,838 |
| Other accrued liabilities | 711,476 | 658,417 |
| D e f e r r e d credits | 1,780,115 | 1,036,806 |

S 66 DEFERRED TAXES

From 2008, this item includes the liabilities for the deferred employee profit sharing, pursuant to Mexican FRS D-3, which establishes that employee profit sharing must be recognized based on the assets and liabilities method established by Mexican FRS D-4 "Taxes on Profits" effective as of January 1, 2008. The initial effect of the recognition of the deferred employee profit sharing, net from its deferred income tax, was recognized to retained earnings without affecting results in 2008.

S 91 EMPLOYEE BENEFITS

This item includes the actuarial obligations for labor termination as of December 2008 and 2007, pursuant to Mexican FRS D-3 and Bulletin D-3, respectively.

STATEMENT OF CHANGES IN FINANCIAL POSITION

The statement of changes in financial position (B-12) as of December 31, 2008 is not presented, since based on Mexican FRS B-2 "Cash Flow Statement" issued by the CINIF and effective as of January 1, 2008, Bulletin B-12 was replaced by the cash flow statement.

According to transition rules of Mexican FRS B-2, application of such rules is prospective, so that the financial statements prior to 2008 that are presented in a comparative basis, must be the statement of changes in financial position prepared under Bulletin B-12.

C 39 OTHER ITEMS

This item includes net change in assets and liabilities of discontinued operations of 2007 for P. 20,070,079.

RATIOS

P 08 INVENTORY TURNOVER RATE-COST

EMISNET automatically calculates the inventory turnover rate by dividing the cost of sales and services (Ref. R 2) by the inventories for sale (Ref. S 6), affecting the actual inventory turnover rate.

RECLASIFICACIONES

Certain 2007 financial statements have been reclassified to conform the presentation used for the year 2008.

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 3a

SHARE INVESTMENTS SUBSIDIARIES

Consolidated

Final printing

| COMPANY NAME | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP % |
|--|--|------------------|-------------|
| Integración de Servicios TMX, S.A. de C.V. | Investments in all types of businesses | 106,419,052,434 | 100.00 |
| Aerocomunicaciones, S.A. de C.V. | Aeronautic radiocom. mobile serv. | 117,534,600 | 100.00 |
| Aerofrisco, S.A. de C.V. | Air Taxi services | 7,230,624,600 | 100.00 |
| Alquiladora de Casas, S.A. de C.V. | Real estate acquisition & leasing | 686,001,490 | 100.00 |
| Buscatel, S.A. de C.V. | Paging services | 142,445 | 100.00 |
| Cía. de Teléfonos y Bienes Raíces, S.A. de C.V. | Real estate acquisition & leasing | 1,034,000,000 | 100.00 |
| Comertel Argos, S.A. de C.V. | Personnel services | 6,000 | 100.00 |
| Consortio Red Uno, S.A. de C.V. | Design & integrated telecom. Services | 279,634,377 | 100.00 |
| Construcciones y Canalizaciones, S.A. de C.V. | Construction & maint. of telephone network | 28,369,000 | 100.00 |
| Empresa de Limpieza Mexicana, S.A. de C.V. | Cleaning Service Company | 50 | 100.00 |
| Fintel Holdings, L.L.C. | Investments in all types of businesses | 1,490 | 100.00 |
| Fuerza y Clima, S.A de C.V. | Air conditioning installation & maint. | 4,925,000 | 100.00 |
| Grupo Técnico de Administración, S.A. de C.V. | Management, consulting & org. Services | 50,000 | 100.00 |
| Impulsora Mexicana de Telecomunicaciones, S.A. | Network projects | 4,602,225 | 100.00 |
| Instituto Tecnológico de Teléfonos de México, S.C | Training & research services | 1,000 | 100.00 |
| Multicomunicación Integral, S.A. de C.V. | Trunking, installation & sales services | 665,759 | 100.00 |
| Operadora Mercantil, S.A. de C.V. | Marketing services | 50,000 | 100.00 |
| Renta de Equipo, S.A. de C.V. | Equipment, vehicles & real estate leasing | 15,377,595,000 | 100.00 |
| Servicios Administrativos Tecmarketing, S.A. de C.V. | Software development, sales & management | 60,687,728 | 100.00 |
| Tecmarketing, S.A. de C.V. | Telemarketing services | 6,850,000 | 100.00 |

| | | | |
|--|--|-------------|--------|
| Telecomunicaciones Controladora de Servicios, S.A. de C.V. | Investments in all types of businesses | 138,839 | 100.00 |
| Teleconstructora, S.A. de C.V. | Construction & maint. of telephone network | 19,400,000 | 100.00 |
| Teléfonos del Noroeste, S.A. de C.V. | Telecommunication services | 110,000,000 | 100.00 |
| Telmex Holdings, Inc. | Telecommunication services | 1,000 | 100.00 |
| Teninver, S.A. de C.V. | Investments in all types of businesses | 120,296,722 | 100.00 |
| Uninet, S.A. de C.V. | Data transmission services | 65,837,647 | 100.00 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 3b

SHARE INVESTMENTS AFFILATES

Consolidated

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| COMPANY NAME | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP % | TOTAL AMOUNT (Thousands of Mexican Pesos) | |
|--|---------------------------------|------------------|-------------|--|---------------|
| | | | | ACQUISITION COST | PRESENT VALUE |
| Grupo Telvista, S.A. de C.V. | Telemarketing in Mexico and USA | 450 | 45.00 | 510,138 | 726,342 |
| Centro Histórico de la Ciudad de México, SA de | Real estate services | 16,004,000 | 12.79 | 80,020 | 104,189 |

| | | | | | |
|-----------------------------------|----------------------------------|------------|-------|-----------|-----------|
| CV | | | | | |
| 2Wire, Inc. | Broadband Services | 8,619,242 | 13.00 | 648,400 | 0 |
| TM and MS, LLC | Internet portal (Prodigy MSN) | 1 | 50.00 | 29,621 | 156,541 |
| Eidon Software, S.A. de C.V. | Software development | 39,096,742 | 25.00 | 39,097 | 106,395 |
| TOTAL INVESTMENT IN ASSOCIATES | | | | 1,307,276 | 1,093,467 |
| OTHER PERMANENT INVESTMENTS | | | | | 124,666 |
| T O T A L | | | | 1,307,276 | 1,218,133 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 5

CREDITS BREAKDOWN

(Thousands of Mexican Pesos)

Consolidated

Final printing

| Signature date | Amortization Date | Interest Rate | Amortization of Credits Denominated in Pesos | | | | | Amortization of Credits | | |
|-------------------|----------------------|------------------|--|-----------------|-----------------|-----------------|-----------------|-------------------------|-----------------|-----------------|
| | | | Time Interval | | | | | Time In | | |
| | | | Current Year | Until 1 Year | Until 2 Year | Until 3 Year | Until 4 Year | Until 5 Years or | Current Year | Until 1 Year |

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| | | | | | | | | | | | | |
|---------|----------|------|---|---|-----------|---|---|---|------|---|------------|-----------|
| | | | | | | | | | more | | | |
| 1/05/01 | 22/04/09 | 2.30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,089 | 0 |
| 6/03/06 | 22/01/14 | 2.09 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 140,454 | 154,708 |
| 7/03/03 | 10/10/09 | 2.63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,160,449 | 0 |
| 5/01/07 | 10/03/18 | 2.10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 857,435 | 857,435 |
| 8/02/86 | 31/03/22 | 2.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,339 | 28,338 |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 1/02/07 | 22/02/10 | 8.60 | 0 | 0 | 1,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3/06/08 | 13/06/14 | 1.78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2/02/08 | 18/02/14 | 1.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6/02/07 | 26/02/10 | 8.64 | 0 | 0 | 1,300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0/06/06 | 30/06/10 | 1.63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,384,575 |
| 0/06/06 | 30/06/12 | 1.68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1/08/06 | 20/10/09 | 1.63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,599,790 | 0 |
| 1/08/06 | 20/10/11 | 1.68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1/08/06 | 11/08/13 | 1.75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5/04/07 | 19/11/13 | 4.50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 189,536 | 189,536 |
| | | | | | | | | | | | | |

| | | | | | | | | | | | |
|---------------------------|---|------------|-----------|---------|------------|------------|---|------------|------------|---|---|
| SHORT TERM LOANS WITH | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ASSETS WITHOUT COST (S26) | | | | | | | | | | | |
| | 0 | 0 | 0 | 0 | 17,698,221 | 0 | 0 | 0 | 0 | 0 | 0 |
| LIABILITIES WITHOUT COST | 0 | 17,698,221 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | |
| | 0 | 20,598,221 | 2,800,000 | 500,000 | 4,800,000 | 11,100,000 | 0 | 19,983,092 | 17,475,977 | 1 | |

Notes:

A.- Interest rates:

The credits breakdown is presented with an integrated rate as follows:

1. 6 months Libor rate plus margin
2. 3 months Libor rate plus margin
3. Fixed Rate
4. 28 days TIE rate plus margin
5. 91 days TIE rate plus margin
6. 3 months JPY LIBOR plus margin

B.- The following rates were considered:

- Libor

at 6 months in US dollars is equivalent to 1.7500 at December 31, 2008

- Libor

at 3 months in US dollars is equivalent to 1.4250 at December 31, 2008

- TIE

at 28 days is equivalent to 8.6886 at December 31, 2008

- TIE

at 91 days is equivalent to 8.7435 at December 31, 2008

- Libor

at 3 months in JPY is equivalent to 0.8325 at December 31, 2008

C.- The suppliers' Credits are reclassified to Bank Loans because in this document, Emisnet, Long-Term opening to Suppliers' does not exist.

D.- Liabilities in foreign currency were exchanged at the prevailing exchange rate at the end of the reporting period, which at

December 31, 2008 were as follows:

| CURRENCY | AMOUNT | E.R. |
|--------------------|------------|-------|
| DOLLAR (USD) | 6,034,576 | 13.54 |
| EURO (EUR) | 14,202 | 19.14 |
| JAPANESE YEN (JPY) | 19,891,200 | 0.15 |

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 6

FOREIGN EXCHANGE MONETARY POSITION

(Thousands of Mexican Pesos)

Consolidated

Final printing

| FOREIGN CURRENCY POSITION | DOLLARS | | OTHER CURRENCIES | | TOTAL |
|---------------------------|------------------|----------------|------------------|----------------|----------------|
| | THOUSAND DOLLARS | THOUSAND PESOS | THOUSAND DOLLARS | THOUSAND PESOS | THOUSAND PESOS |
| MONETARY ASSETS | 183,208 | 2,480,326 | 0 | 0 | 2,480,326 |
| LIABILITIES | 6,235,187 | 84,413,828 | 240,617 | 3,257,545 | 87,671,373 |
| SHORT-TERM LIABILITIES | 1,674,559 | 22,670,682 | 2,093 | 28,336 | 22,699,018 |

| | | | | | |
|-----------------------|-------------|--------------|-----------|-------------|--------------|
| LONG-TERM LIABILITIES | 4,560,628 | 61,743,146 | 238,524 | 3,229,209 | 64,972,355 |
| NET BALANCE | (6,051,979) | (81,933,502) | (240,617) | (3,257,545) | (85,191,047) |

Notes:

Assets and Liabilities in foreign currency were exchanged at the prevailing exchange rate at the end of the reporting period.

At the end of the quarter the exchange rates were as follows:

| CURRENCY | E.R. |
|--------------|-------|
| DOLLAR (USD) | 13.54 |
| EURO | 19.14 |
| JAPANESE YEN | 0.15 |

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 7

CALCULATION AND RESULT FROM MONETARY POSITION

(Thousands of Mexican Pesos)

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| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSETS) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY EFFECT (ASSET) LIABILITIES |
|-----------------------------------|-----------------|----------------------|--|-------------------|------------------------------------|
| TOTAL | | | | | 0 |
| FIGURES FOR INFORMATION PURPOSES: | | | | | |
| CAPITALIZED MONETARY GAIN | | | | | |

Notes:

Not applicable

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 8

DEBT INSTRUMENTS

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| |
|---|
| FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE |
|---|

Part of the long-term debt is subject to certain restrictive covenants with respect to maintaining certain financial ratios and the sale of assets, among others.

A portion of the debt is also subject to early maturity or repurchase at the option of the holders in the event of change of control of the Company, as defined in the related instruments. The definition of change of control varies from instrument to instrument; however, no change in control shall be considered to have occurred as long as Carso Global Telecom, S.A.B. de C.V. (TELMEX' controlling company) or its current stockholders continue to hold the majority of the Company's voting shares.

CURRENT SITUATION OF FINANCIAL LIMITED

At December 31, 2008, the Company has complied with such restrictive covenants.

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 9

PLANTS, - COMMERCIAL, DISTRUBUTION AND/OR SERVICE CENTERS -

Consolidated

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| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY | UTILIZATION (%) |
|-----------------|-------------------|----------------|-----------------|
| NOT AVAILABLE | | | |

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 10

RAW MATERIALS

Consolidated

Final printing

| DOMESTIC | MAIN SUPPLIERS | IMPORT | MAIN SUPPLIERS | DOM. SUBST. | PRODUCTION COST (%) |
|---------------|----------------|--------|----------------|-------------|---------------------|
| NOT AVAILABLE | | | | | |

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 11a

SALES DISTRIBUTION BY PRODUCT

SALES

(Thousands of Mexican Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | NET SALES | | MARKET PART. (%) | MAIN | |
|--------------------------|-----------|-------------|------------------------|------------|-----------|
| | VOLUME | AMOUNT | | TRADEMARKS | CUSTOMERS |
| DOMESTIC SALES | | | | | |
| LOCAL SERVICE | 0 | 48,982,383 | 0.0 | | |
| LONG DISTANCE SERVICE | 0 | 20,532,314 | 0.0 | | |
| INTERCONNECTION | 0 | 19,139,692 | 0.0 | | |
| CORPORATE NETWORKS | 0 | 12,219,402 | 0.0 | | |
| INTERNET | 0 | 13,168,270 | 0.0 | | |
| OTHERS | 0 | 6,048,153 | 0.0 | | |
| FOREIGN SALES | | | | | |
| NET SETTLEMENT | 0 | 3,339,783 | 0 | | |
| LONG DISTANCE SERVICE | 0 | 662,936 | 0 | | |
| OTHERS | 0 | 12,302 | 0 | | |
| TOTAL | | 124,105,235 | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 11b

SALES DISTRIBUTION BY PRODUCT

FOREIGN SALES

(Thousands of Mexican Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | NET SALES | | DESTINATION | MAIN | |
|-----------------------|-----------|-----------|-------------|------------|-----------|
| | VOLUME | AMOUNT | | TRADEMARKS | CUSTOMERS |
| EXPORT | | | | | |
| NET SETTLEMENT | 0 | 3,339,783 | | | |
| FOREIGN SUBSIDIARIES | | | | | |
| LONG DISTANCE SERVICE | 0 | 662,936 | | | |
| OTHERS | 0 | 12,302 | | | |
| TOTAL | | 4,015,021 | | | |

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANALYSIS OF PAID CAPITAL STOCK

Consolidated

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| SERIES | NOMINAL VALUE | VALID COUPON | NUMBER OF SHARES | | | | CAPITAL STOCK (Thousand pesos) | |
|--------|---------------|--------------|------------------|------------------|---------|---------------------|-----------------------------------|----------|
| | | | FIXED PORTION | VARIABLE PORTION | MEXICAN | PUBLIC SUSSCRIPTION | FIXED | VARIABLE |
| | | | | | | | | |

| | | | | | | | | |
|-------|--------|---|----------------|---|---------------|----------------|--------|---|
| A | 0.0043 | 0 | 407,466,127 | 0 | 0 | 407,466,127 | 1,760 | 0 |
| AA | 0.0043 | 0 | 8,114,596,082 | 0 | 8,114,596,082 | 0 | 35,035 | 0 |
| L | 0.0043 | 0 | 10,032,991,151 | 0 | 0 | 10,032,991,151 | 43,318 | 0 |
| TOTAL | | | 18,555,053,360 | 0 | 8,114,596,082 | 10,440,457,278 | 80,113 | 0 |

TOTAL NUMBER OF SHARES REPRESENTING CAPITAL STOCK ON THE REPORTING DATE OF THE INFORMATION:

18,555,053,360

NOTES:

The nominal value per share is \$0.0043175625 MXN

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 13

PROJECT INFORMATION

(Thousands of Mexican Pesos)

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| ITEM | Thousand of Mexican Pesos | | | | % of Advance |
|----------------|---------------------------|--------------|------------------|-------------|--------------|
| | 4th. Quarter 08 Oct-Dec | % of Advance | Amount used 2008 | Budget 2008 | |
| DATA | 2,017,989 | 72.8 | 5,249,506 | 2,772,833 | 189.3 |
| INTERNAL PLANT | 112,072 | 39.7 | 226,310 | 282,139 | 80.2 |

| | | | | | |
|---------------------------------------|------------------|-------------|-------------------|------------------|--------------|
| NETWORKS | 235,163 | 31.4 | 691,601 | 749,801 | 92.2 |
| TRANSMISSION NETWORK | 400,981 | 30.8 | 1,198,512 | 1,301,663 | 92.1 |
| SYSTEMS | 87,312 | 24.8 | 159,262 | 351,736 | 45.3 |
| OTHERS | 1,411,234 | 70.8 | 2,431,715 | 1,992,024 | 122.1 |
| TELMEX USA | 22,015 | 9.7 | 124,080 | 228,000 | 54.4 |
| TOTAL INVESTMENT TELMEX MEXICO | 4,286,766 | 55.8 | 10,080,986 | 7,678,196 | 131.3 |

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

ANNEX 14

TRANSACTIONS IN FOREIGN CURRENCY AND EXCHANGE OF FINANCIAL STATEMENTS FROM FOREIGN OPERATIONS

Consolidated

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Exchange differences

Transactions in foreign currency are recorded at the prevailing exchange rate on the day of the related transaction. Foreign currency-denominated assets and liabilities are translated at the prevailing exchange rate at the balance sheet date. Exchange differences determined from such date to the time foreign-currency-denominated assets and liabilities are settled or translated at the balance sheet date are charged or credited to operations.

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TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

COMPLIANCE WITH THE REQUIREMENT ISSUED BY THE COMISION BANCARIA Y DE VALORES
(BANKING AND SECURITIES COMMISSION OF MEXICO)

Consolidated

Final printing

Complementary information to TELMEX's Fourth Quarter 2008 Report requested by Official Communication No. 151/13202/2008 dated as of November 27, 2008 issued by the Comisión Nacional Bancaria y de Valores

(Banking and Securities Commission of Mexico).

The *Comisión Nacional Bancaria y de Valores* has requested to Teléfonos de México, S.A.B. de C.V. (TELMEX or the Company) and, we understand that also to all other issuers registered in the *Registro Nacional de Valores* (National Securities Registry) and whose shares are listed on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, information related to the use of derivative instruments. Given the conditions of volatility in the markets and that the *Comisión Nacional Bancaria y de Valores* considers of particular importance that the investors are aware of the participation of public companies in transactions with derivative instruments either to increase their profitability or have specific hedges regarding any risk, the disclosure of additional and complementary information is required in accordance with this form. This complementary report is based on the specific requirements of the *Comisión Nacional Bancaria y de Valores* and is limited to meet such requirements without prejudging over its source or the need to disclose this information periodically, as long as there are no permanent rules from the *Comisión Nacional Bancaria y de Valores*.

Derivative Instruments

As of December 31, 2008, the Company had cross currency swap agreements for U.S.\$5,451 million, which have hedged the exchange rate and interest rate risks related to the bonds with maturity in 2010 and 2015 for a total amount of U.S.\$1,750 million and bank loans with maturity from 2009 to 2018 for a total amount of U.S.\$3,701 million (with Libor interest rate plus a spread). These hedges allowed us to fix the exchange rate of our debt on a weighted average exchange rate of 10.6889 Mexican pesos per US dollar, as well as to set a fixed rate of 7.52% and 8.57% for the bonds, respectively, and an average interest rate of 28-day TIEE less 23 basis points for the bank loans.

Additionally, the Company had interest rate swaps in Mexican pesos for Ps.\$23,752 million to hedge the floating rate risk in local currency fixing it at an average of 8.19%, as well as interest rate swap agreements in U.S. dollars for U.S.\$100 million to hedge our floating rate U.S. dollar debt, fixing it at 4.47%.

These transactions have been carried out based on the Company's policies, strategies and guidelines that are explained below.

I. Qualitative and quantitative Information

i. Policies for using of derivative instruments

Objective to enter into derivative transactions and selected instruments

With the purpose of reducing the risks related to the variations of exchange rate and interest rate, the Company uses derivative instruments connecting the hedges to the contracted debt. The derivative instruments that have been selected are mainly:

- a. instruments for purchasing US dollars at a specified future time (forwards);
- b. instruments that involve the exchange of principal and interest from one currency to another (cross currency swaps); and
- c. instruments to fix the floating interest rates of the debt (interest rate swaps).

Hedge strategies

When the market conditions are favorable, the Company's Management determines the amounts and objective parameters to be considered in the hedging agreements. This strategy seeks to reduce the risk exposure of abnormal fluctuations in the market of the main variables that affect our debt, including exchange rate and interest rate, maintaining a solid and healthy financial structure.

These strategies of hedging financial risks are included in the Corporate Governance Guidelines adopted by the Company, and its application is authorized by the Audit Committee.

Trading markets and eligible counterparts

The financial institutions and counterparts with which the Company enters into such derivative instruments are considered to have a proven reputation and solvency in the market, which allows us to balance our risk positions with the counterparts. Also, the Company only uses derivative instruments that are of common use in the markets, and therefore, can be quoted by two or more financial institutions to assure the best conditions in the negotiation.

Policies for the appointment of calculation and valuation agents

Given that the Company uses derivative instruments of common use in the market, it appoints a third party that is responsible to provide the market price of such instruments. These prices are compared by the Company with the ones provided by the financial intermediaries, also, in certain transactions the counterpart is able to act as valuation agent under the applicable documentation, when it is a financial institution with a proven reputation.

Main terms and conditions of the agreements

It is a policy of the Company that the amount, date and interest rate conditions of the debt to be hedged, if possible, have to coincide with the terms of the hedges, that is usual for this type of transactions in the different markets where it operates. All the transactions with derivative instruments are made under the ISDA Master Agreement (International Swap Dealers Association) standardized and duly executed by the legal representatives of the Company and the financial institutions, and in the case of counterparts in México, pursuant to the uses and practices of the market in our country.

Margin policies, collaterals and lines of credit

In some cases, the Company has entered into an accessory agreement to the ISDA Master Agreement with the financial institutions, the Credit Support Annex, which sets forth an obligation to grant collaterals for margin calls in case the mark-to market value exceeds certain established credit limits (threshold amount). The Company has the policy to keep a close watch of the volume of the transactions entered with each financial institution in order to avoid, if possible, any margin call.

Processes of levels of authorization required by type of negotiation

The strategy for hedging financial risks is discussed and approved by the Audit Committee. Subsequently, the Board of Directors is informed for their knowledge and ratification. The Treasury is in charge of its implementation and is supervised by the Company's Chief Financial Officer.

Existence of a independent third party that reviews such processes

Both, the fulfillment of the Corporate Governance Guidelines and the measurement of effectiveness of the derivative instruments, to comply with the international financial reporting standards, are discussed with the external auditors that validate the correct accounting application of the effect of such instruments in the income statement and the balance sheet.

ii. Generic description of the valuation techniques

As previously stated, derivative instruments are carried out by the Company only for hedging purposes. The measurement of the effectiveness of the hedges is made in a prospective and retrospective manner. For the prospective valuation, we use statistic techniques that allow us to measure in what proportion the change in the value of the hedged debt (primary position) is compensated by the change in the value of the derivative instrument. The retrospective valuation is made by comparing the historic results of the debt flows with the flows of the respective hedges.

iii. Internal and external liquidity sources to meet the requirements related to derivative instruments

It is estimated that the Company's cash generation has been enough to service debt and the established derivative instruments to hedge the risks associated with such debt.

iv. Changes in the exposure to the main identified risks and its management

The identified risks are those related to the variations of the exchange rate and interest rate. Given the direct relationship between the hedged debt and the derivative instruments and that they do not have any variables that could affect or terminate the hedge in advance, the Company does not foresee any risk that such hedges could differ from the original purpose for which the hedges were established.

In the fourth quarter of 2008, we have recognized an accrued net credit position of Ps\$15,836 million for the exchange rate hedges and an accrued net debit position of Ps.\$981 million for interest rate hedges in the income statement.

In the fourth quarter, we had early termination of interest rate and cross currency swap agreements with a net notional amount of U.S.\$130 million, with which we obtained a profit of Ps.\$333 million. In the forth quarter, there have not been any margin calls.

To date, there has not been any breach in the terms and conditions of the respective agreements.

v. Quantitative information

See TABLE 1 attached.

II. SENSITIVITY ANALYSIS

In the case of the Company, the sensitivity analysis does not apply for the derivative instruments, since they are only carried out for hedging purposes.

| Derivative Instruments Summary | | | | | | | | | |
|--|---|-----------------|-----------|-------------------------------|----------------------|------------------|-----------|---------------------------|--------------------------------|
| Figures in thousands as of December 31, 2008 | | | | | | | | | |
| Type of Derivative | Purpose of Hedging, Negotiation or Others | Notional Amount | | Value of the Underlying Asset | | Reasonable Value | | Maturity Amounts per year | Collateral/Lines of Credit (*) |
| | | Current | Previous | Current | Previous | Current | Previous | | |
| | | Quarter | Quarter | Quarter | Quarter | Quarter | Quarter | | |
| Exchange Rate Hedges | | | | | | | | | |
| (principal and interests) | | | | | | | | | |
| Cross Currency Swap | Hedging | USD | USD | <u>TIE</u> | <u>TIE</u> | MXN | MXN | (1) | |
| | | 5,265,168 | 5,395,168 | 8.6886 | 8.6550 | 19,881,682 | 1,618,084 | | |
| | | | | <u>EXCHANGE RATE</u> | <u>EXCHANGE RATE</u> | | | | |
| | | | | 13.5383 | 10.7919 | | | | |
| Forwards | Hedging | USD | USD | <u>LIBOR</u> | <u>LIBOR</u> | | | (2) | |
| | | - | 976,000 | 13.5383 | 10.7919 | - | 121,384 | | |
| Subtotal | | 5,265,168 | 6,371,168 | | | 19,881,682 | 1,739,469 | | |

| | | | | | | | | | |
|---|---------|------------|------------|--------------------------|--------------------------|------------------|----------------|-----|--|
| Cross Currency Swap | Hedging | YEN | YEN | <u>TIE</u> | <u>TIE</u> | 1,031,481 | 52,084 | (3) | |
| | | 19,891,200 | 19,891,200 | 8.6886 | 8.6550 | | | | |
| | | | | <u>EXCHANGE RATE</u> | <u>EXCHANGE RATE</u> | | | | |
| | | | | 0.1501 | 0.1017 | | | | |
| Exchange Rate Hedges (interests only) | | | | | | | | | |
| Cross Currency Coupon Swap | Hedging | USD | USD | <u>TIE</u> | <u>TIE</u> | (94,514) | 68,587 | (4) | |
| | | 350,000 | 350,000 | 8.6886 | 8.6550 | | | | |
| | | | | <u>EXCHANGE RATE</u> | <u>EXCHANGE RATE</u> | | | | |
| | | | | 13.5383 | 10.7919 | | | | |
| Interest Rate Hedges (floating rate to fixed rate) | | | | | | | | | |
| Interest Rate Swap | Hedging | MXN | MXN | <u>TIE</u> | <u>TIE</u> | MXN (369,514) | MXN 311,118 | (5) | |
| | | 23,752,125 | 23,752,125 | 8.6886 | 8.6550 | | | | |
| Interest Rate Swap | Hedging | USD | USD | <u>LIBOR</u> | <u>LIBOR</u> | (30,246) | 10,195 | (6) | |
| | | 100,000 | 100,000 | 1.4250 | 3.1200 | | | | |
| TOTAL | | | | | | | | | |
| 20,418,889 2,181,452 | | | | | | | | | |

(*) Of our hedge agreements, 62.6% of the total hedged amount include margin calls when the market value exceeds the amounts of the lines of credit that we have for the amount of USD\$290 million.

(1) These swaps hedge the debt position in US dollars, with the obligation of paying floating rate in Mexican pesos at an average of TIE-23 bp and with an average life of 5 years.

(2) This forward position matured in November 2008.

(3) These swaps hedge debt position in yens, with the obligation of paying in Mexican pesos \$2,000 million (equivalent to USD\$186) at a floating rate and mature in February 2014.

(4) These swaps hedge the interest payment of debt in US dollars, with the obligation of paying floating rate in Mexican pesos at an average of TIE-319 bp and with maturities up to 2010.

(5) These agreements hedge debt position in Mexican pesos at a floating rate, fixing it at an average of 8.19% and with an average life of 7 years.

(6) These agreements hedge debt position in US dollars at a floating rate, fixing it at an average of 4.47% and mature in August 2009.

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

GENERAL INFORMATION

Consolidated

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ISSUER GENERAL INFORMATION

| | |
|----------|-------------------------------------|
| COMPANY: | TELEFONOS DE MEXICO, S.A.B. DE C.V. |
| ADDRESS: | PARQUE VIA 198, COL. CUAUHEMOC |
| ZIP: | 06599 |

| | |
|----------------|----------------|
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 12 12 |
| FAX: | |
| E-MAIL: | |
| INTERNET PAGE: | www.telmex.com |

ISSUER FISCAL INFORMATION

| | |
|-----------------------|---------------------------------|
| TAX PAYER FEDERAL ID: | TME 840315KT6 |
| FISCAL ADDRESS: | PARQUE VIA 198, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |

OFFICERS INFORMATION

| | |
|---------------|--|
| POSITION BMV: | CHAIRMAN OF THE BOARD |
| POSITION: | CHAIRMAN OF THE BOARD |
| NAME: | ING. JAIME CHICO PARDO |
| ADDRESS: | AV. PASEO DE LAS PALMAS No. 750 - 7 TH . FLOOR, COL. LOMAS DE CHAPULTEPEC |
| ZIP: | 11000 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 56 26 37 04 |
| FAX: | 52 82 82 |
| E-MAIL: | jchico@telmex.com |

| | |
|---------------|-------------------------|
| POSITION BMV: | CHIEF EXECUTIVE OFFICER |
|---------------|-------------------------|

| | |
|------------|--|
| POSITION: | CHIEF EXECUTIVE OFFICER |
| NAME: | LIC. HECTOR SLIM SEADE |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1004, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 15 86 |
| FAX: | 55 45 55 50 |
| E-MAIL: | hslim@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | CHIEF FINANCIAL OFFICER |
| POSITION: | CHIEF FINANCIAL OFFICER |
| NAME: | ING. ADOLFO CEREZO PEREZ |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1016, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 57 80 |
| FAX: | 52 55 15 76 |
| E-MAIL: | acerezo@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | DISTRIBUTION OF CORPORATE INFORMATION DELEGATE |
| POSITION: | COMPTRROLLER |
| NAME: | LIC. ROLANDO REYNIER VALDES |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 502, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 92 92 |

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|---------|---------------------|
| FAX: | 57 05 62 31 |
| E-MAIL: | rreynier@telmex.com |

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| POSITION BMV: | DISTRIBUTION OF BUYBACK INFORMATION DELEGATE |
| POSITION: | SHAREHOLDER SERVICES MANAGER |
| NAME: | LIC. MIGUEL ANGEL PINEDA CATALAN |
| ADDRESS: | PARQUE VIA 198 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 22 |
| FAX: | 55 46 21 11 |
| E-MAIL: | mpineda@telmex.com |

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| POSITION BMV: | IN-HOUSE LEGAL COUNSEL |
| POSITION: | LEGAL DIRECTOR |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

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| POSITION BMV: | DISTRIBUTION OF FINANCIAL INFORMATION DELEGATE |
| POSITION: | COMPROLLER |
| NAME: | LIC. ROLANDO REYNIER VALDES |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 502, COL. CUAUHTEMOC |

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| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 92 92 |
| FAX: | 57 05 62 31 |
| E-MAIL: | rreynier@telmex.com |

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| POSITION BMV: | DISTRIBUTION OF MATERIAL FACTS DELEGATE |
| POSITION: | SHAREHOLDER SERVICES MANAGER |
| NAME: | LIC. MIGUEL ANGEL PINEDA CATALAN |
| ADDRESS: | PARQUE VIA 198 - 2 ND . FLOOR OFFICE 202, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 22 |
| FAX: | 55 46 21 11 |
| E-MAIL: | mpineda@telmex.com |

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| POSITION BMV: | INVESTOR INFORMATION RESPONSIBLE |
| POSITION: | INVESTORS RELATIONS SUPERVISOR |
| NAME: | LIC. ANNA DOMINGUEZ GONZALEZ |
| ADDRESS: | PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 57 03 39 90 |
| FAX: | 55 45 55 50 |
| E-MAIL: | ri@telmex.com |

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| POSITION BMV: | SECRETARY OF THE BOARD OF DIRECTORS |
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| POSITION: | LEGAL DIRECTOR |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

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| POSITION BMV: | PAYMENT RESPOSIBLE |
| POSITION: | COMPROLLER |
| NAME: | LIC. ROLANDO REYNIER VALDES |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 502, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 92 92 |
| FAX: | 57 05 62 31 |
| E-MAIL: | rreynier@telmex.com |

MEXICAN STOCK EXCHANGE

Index

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2008

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

BOARD OF DIRECTORS

Consolidated

| POSITION | NAME | | | |
|-----------------------------------|------|------------------|------------------|-------------|
| CHAIRMAN OF THE BOARD | ING. | JAIME | CHICO | PARDO |
| CO-CHAIRMAN | LIC. | CARLOS | SLIM | DOMIT |
| VICE CHAIRMAN (INDEPENDENT) | C.P. | JUAN ANTONIO | PEREZ | SIMON |
| BOARD PROPIETORS (INDEPENDENT) | ING. | ANTONIO | COSIO | ARIÑO |
| BOARD PROPIETORS (INDEPENDENT) | DRA. | AMPARO | ESPINOSA | RUGARCIA |
| BOARD PROPIETORS (INDEPENDENT) | ING. | ELMER | FRANCO | MACIAS |
| BOARD PROPIETORS (INDEPENDENT) | LIC. | ANGEL | LOSADA | MORENO |
| BOARD PROPIETORS (INDEPENDENT) | LIC. | JOSE | KURI | HARFUSH |
| BOARD PROPIETORS | LIC. | MARCO ANTONIO | SLIM | DOMIT |
| BOARD PROPIETORS (INDEPENDENT) | SR. | JOHN | STEPHENS | |
| BOARD PROPIETORS | LIC. | HECTOR | SLIM | SEADE |
| BOARD PROPIETORS (INDEPENDENT) | SR. | LARRY | I. | BOYLE |
| BOARD PROPIETORS (INDEPENDENT) | C.P. | RAFAEL | KALACH | MIZRAHI |
| BOARD PROPIETORS (INDEPENDENT) | LIC | RICARDO | MARTIN | BRINGAS |
| BOARD ALTERNATES | LIC. | PATRICK | SLIM | DOMIT |
| BOARD ALTERNATES | C.P. | JOSÉ HUMBERTO | GUTIERREZ-OLVERA | ZUBIZARRETA |
| BOARD ALTERNATES (INDEPENDENT) | LIC. | JORGE C. | ESTEVE | RECOLONS |
| BOARD ALTERNATES (INDEPENDENT) | ING. | ANTONIO | COSIO | PANDO |
| BOARD ALTERNATES | SR. | EDUARDO | TRICIO | HARO |

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| (INDEPENDENT) | | | | |
| BOARD ALTERNATES (INDEPENDENT) | ING. | AGUSTIN | FRANCO | MACIAS |
| BOARD ALTERNATES (INDEPENDENT) | LIC. | JAIME | ALVERDE | GOYA |
| BOARD ALTERNATES | LIC. | EDUARDO | VALDES | ACRA |
| BOARD ALTERNATES | SR. | JORGE A. | CHAPA | SALAZAR |
| | | | | |
| SECRETARY OF THE BOARD OF DIRECTORS | LIC. | SERGIO | MEDINA | NORIEGA |
| | | | | |
| ASSISTANT SECRETARY | LIC. | RAFAEL | ROBLES | MIAJA |
| | | | | |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **February 9, 2009.**

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

By: /s/ _____

Name: Adolfo Cerezo Pérez
Title: Chief Financial Officer

Ref: TELÉFONOS DE MÉXICO, S.A.B. DE C.V. - **FOURTH QUARTER 2008.**