

# FINANCIAL STATEMENTS DATA

## Income statement data

For the quarters ended December 31, 2004 and 2003

(Adjusted for inflation and expressed in millions of constant bolivars as of December 31, 2004, and millions of US dollars, except per share amounts)

|   | Bs.<br>2004 | % of total<br>operating<br>revenues | Bs.<br>2003 | % of total<br>operating<br>revenues | US\$<br>2004 | US\$<br>2003 | % Increase<br>(Decrease) |
|---|-------------|-------------------------------------|-------------|-------------------------------------|--------------|--------------|--------------------------|
| <b>Operating Revenues</b>                           |             |                                     |             |                                     |              |              |                          |
| Local services                                      | 233,262     | 20.6%                               | 269,957     | 27.0%                               | 121          | 141          | (13.6%)                  |
| Domestic long distance usage                        | 77,074      | 6.8%                                | 73,210      | 7.3%                                | 41           | 38           | 5.3%                     |
| Total local and domestic long distance              | 310,336     | 27.4%                               | 343,167     | 34.3%                               | 162          | 179          | (9.6%)                   |
| International long distance                         | 29,302      | 2.6%                                | 28,664      | 2.9%                                | 15           | 15           | 2.2%                     |
| Net settlements                                     | 1,152       | 0.1%                                | 472         | 0.0%                                | 1            | -            | 144.1%                   |
| Total international long distance                   | 30,454      | 2.7%                                | 29,136      | 2.9%                                | 16           | 15           | 4.5%                     |
| Fixed to mobile - Outgoing                          | 176,122     | 15.6%                               | 174,521     | 17.4%                               | 91           | 91           | 0.9%                     |
| Interconnection incoming                            | 17,599      | 1.6%                                | 23,377      | 2.3%                                | 9            | 12           | (24.7%)                  |
| Data revenues                                       | 118,517     | 10.5%                               | 92,308      | 9.2%                                | 62           | 48           | 28.4%                    |
| Other wireline-related services                     | 65,221      | 5.8%                                | 31,883      | 3.2%                                | 34           | 17           | 104.6%                   |
| Total wireline services                             | 718,249     | 63.5%                               | 694,392     | 69.4%                               | 374          | 362          | 3.4%                     |
| Mobile services                                     | 367,403     | 32.5%                               | 270,294     | 27.0%                               | 191          | 141          | 35.9%                    |
| Internet revenues                                   | 30,736      | 2.7%                                | 24,027      | 2.4%                                | 16           | 12           | 27.9%                    |
| Other telecommunications-related services           | 14,248      | 1.3%                                | 11,579      | 1.2%                                | 8            | 6            | 23.1%                    |
| Total operating revenues                            | 1,130,636   | 100.0%                              | 1,000,292   | 100.0%                              | 589          | 521          | 13.0%                    |
| <b>Operating Expenses</b>                           |             |                                     |             |                                     |              |              |                          |
| Provision for uncollectibles                        | 23,948      | 2.1%                                | 24,406      | 2.4%                                | 12           | 13           | (1.9%)                   |
| Operations, maintenance, repairs and administrative | 653,647     | 57.8%                               | 440,904     | 44.1%                               | 341          | 229          | 48.3%                    |
| Interconnection cost                                | 115,571     | 10.2%                               | 82,452      | 8.2%                                | 60           | 43           | 40.2%                    |
| Concession and other taxes                          | 70,515      | 6.2%                                | 59,621      | 6.0%                                | 37           | 31           | 18.3%                    |
|   | 863,681     | 76.4%                               | 607,383     | 60.7%                               | 450          | 316          | 42.2%                    |
| <b>EBITDA</b>                                       | 266,955     | 23.6%                               | 392,909     | 39.3%                               | 139          | 205          | (32.1%)                  |
| <b>EBITDA Margin</b>                                | 24%         |                                     | 39%         |                                     | 24%          | 39%          | (1,500 bps)              |
| Depreciation and amortization                       | 224,296     | 19.8%                               | 297,248     | 29.7%                               | 117          | 155          | (24.5%)                  |
| Total operating expenses                            | 1,087,977   | 96.2%                               | 904,631     | 90.4%                               | 567          | 471          | 20.3%                    |
| <b>Operating Income</b>                             | 42,659      | 3.8%                                | 95,661      | 9.6%                                | 22           | 50           | (55.4%)                  |
| <b>Other Income (Expense), net</b>                  |             |                                     |             |                                     |              |              |                          |
| Interest income                                     | 22,842      | 2.0%                                | 25,239      | 2.5%                                | 13           | 13           | (9.5%)                   |
| Interest expense                                    | (4,939)     | (0.4%)                              | (9,480)     | (0.9%)                              | (3)          | (5)          | (47.9%)                  |
| Exchange gain (loss), net                           | 5,995       | 0.5%                                | (7,541)     | (0.8%)                              | 3            | (4)          | N.M.                     |
| Loss from net monetary position                     | (7,108)     | (0.6%)                              | (18,845)    | (1.9%)                              | (4)          | (10)         | (62.3%)                  |
| Net financing benefit (cost)                        | 16,790      | 1.5%                                | (10,627)    | (1.1%)                              | 9            | (6)          | N.M.                     |
| Other   | 25,155      | 2.2%                                | 6,387       | 0.6%                                | 13           | 4            | 293.8%                   |
|   | 41,945      | 3.7%                                | (4,240)     | (0.4%)                              | 22           | (2)          | N.M.                     |
| <b>Income before Income Taxes</b>                   | 84,604      | 7.5%                                | 91,421      | 9.1%                                | 44           | 48           | (7.5%)                   |
| Income Tax  | 47,216      | 4.2%                                | 10,421      | 1.0%                                | 25           | 6            | 353.1%                   |
| Minority Interest                                   | 815         | 0.1%                                | (4)         | (0.0%)                              | -            | -            | N.M.                     |
| <b>Net Income</b>                                   | 36,573      | 3.2%                                | 81,004      | 8.1%                                | 19           | 42           | (54.9%)                  |
| <b>Earnings per Share</b>                           | 47          | 0.0%                                | 104         | 0.0%                                | 0.020        | 0.050        | (54.9%)                  |
| <b>Earnings per ADS (based on 7 shares per ADS)</b> | 330         | 0.0%                                | 731         | 0.0%                                | 0.17         | 0.38         | (54.9%)                  |
| <b>Average Shares Outstanding (in millions)</b>     | 776         |                                     | 776         |                                     | 776          | 776          |                          |

## Income statement data

For the years ended December 31, 2004 and 2003

(Adjusted for inflation and expressed in millions of constant bolivars as of December 31, 2004, and millions of US dollars, except per share amounts)

|   | Bs.<br>2004 | % of total<br>operating<br>revenues | Bs.<br>2003 | % of total<br>operating<br>revenues | US\$<br>2004 | US\$<br>2003 | % Increase<br>(Decrease) |
|---|-------------|-------------------------------------|-------------|-------------------------------------|--------------|--------------|--------------------------|
| <b>Operating Revenues</b>                           |             |                                     |             |                                     |              |              |                          |
| Local services                                      | 957,716     | 23.3%                               | 1,055,042   | 28.1%                               | 499          | 550          | (9.2%)                   |
| Domestic long distance usage                        | 300,744     | 7.3%                                | 300,107     | 8.0%                                | 156          | 156          | 0.2%                     |
| Total local and domestic long distance              | 1,258,460   | 30.6%                               | 1,355,149   | 36.2%                               | 655          | 706          | (7.1%)                   |
| International long distance                         | 113,671     | 2.8%                                | 116,651     | 3.1%                                | 59           | 61           | (2.6%)                   |
| Net settlements                                     | (2,310)     | (0.1%)                              | 13,861      | 0.4%                                | (1)          | 7            | N.M.                     |
| Total international long distance                   | 111,361     | 2.7%                                | 130,512     | 3.5%                                | 58           | 68           | (14.7%)                  |
| Fixed to mobile - Outgoing                          | 656,251     | 16.0%                               | 676,278     | 18.0%                               | 342          | 352          | (3.0%)                   |
| Interconnection incoming                            | 87,916      | 2.1%                                | 86,638      | 2.3%                                | 46           | 45           | 1.5%                     |
| Data revenues                                       | 412,560     | 10.0%                               | 342,721     | 9.1%                                | 215          | 179          | 20.4%                    |
| Other wireline-related services                     | 180,729     | 4.4%                                | 131,555     | 3.5%                                | 94           | 68           | 37.4%                    |
| Total wireline services                             | 2,707,277   | 65.9%                               | 2,722,853   | 72.6%                               | 1,410        | 1,418        | (0.6%)                   |
| Mobile services                                     | 1,257,145   | 30.6%                               | 879,988     | 23.5%                               | 655          | 458          | 42.9%                    |
| Internet revenues                                   | 106,859     | 2.6%                                | 90,331      | 2.4%                                | 56           | 47           | 18.3%                    |
| Other telecommunications-related services           | 35,342      | 0.9%                                | 55,183      | 1.5%                                | 18           | 29           | (36.0%)                  |
| Total operating revenues                            | 4,106,623   | 100.0%                              | 3,748,355   | 100.0%                              | 2,139        | 1,952        | 9.6%                     |
| <b>Operating Expenses</b>                           |             |                                     |             |                                     |              |              |                          |
| Provision for uncollectibles                        | 89,198      | 2.2%                                | 104,507     | 2.8%                                | 46           | 54           | (14.6%)                  |
| Operations, maintenance, repairs and administrative | 2,034,432   | 49.5%                               | 1,624,705   | 43.3%                               | 1,061        | 847          | 25.2%                    |
| Interconnection cost                                | 411,352     | 10.0%                               | 425,917     | 11.4%                               | 214          | 222          | (3.4%)                   |
| Concession and other taxes                          | 250,215     | 6.1%                                | 217,892     | 5.8%                                | 130          | 113          | 14.8%                    |
|   | 2,785,197   | 67.8%                               | 2,373,021   | 63.3%                               | 1,451        | 1,236        | 17.4%                    |
| <b>EBITDA</b>                                       | 1,321,426   | 32.2%                               | 1,375,334   | 36.7%                               | 688          | 716          | (3.9%)                   |
| <b>EBITDA Margin</b>                                | 32%         |                                     | 37%         |                                     | 32%          | 37%          | (500 bps)                |
| Depreciation and amortization                       | 963,344     | 23.5%                               | 1,231,807   | 32.9%                               | 501          | 641          | (21.8%)                  |
| Total operating expenses                            | 3,748,541   | 91.3%                               | 3,604,828   | 96.2%                               | 1,952        | 1,877        | 4.0%                     |
| <b>Operating Income</b>                             | 358,082     | 8.7%                                | 143,527     | 3.8%                                | 187          | 75           | 149.5%                   |
| <b>Other Income (Expense), net</b>                  |             |                                     |             |                                     |              |              |                          |
| Interest income                                     | 63,349      | 1.5%                                | 73,447      | 2.0%                                | 33           | 39           | (13.7%)                  |
| Interest expense                                    | (19,754)    | (0.5%)                              | (43,247)    | (1.2%)                              | (10)         | (23)         | (54.3%)                  |
| Exchange gain (loss), net                           | 6,329       | 0.2%                                | (53,651)    | (1.4%)                              | 3            | (28)         | N.M.                     |
| (Loss) gain from net monetary position              | (24,673)    | (0.6%)                              | 3,804       | 0.1%                                | (13)         | 2            | N.M.                     |
| Net financing benefit (cost)                        | 25,251      | 0.6%                                | (19,647)    | (0.5%)                              | 13           | (10)         | N.M.                     |
| Other   | 16,340      | 0.4%                                | (45,351)    | (1.2%)                              | 8            | (24)         | N.M.                     |
|   | 41,591      | 1.0%                                | (64,998)    | (1.7%)                              | 21           | (34)         | N.M.                     |
| <b>Income before Income Taxes</b>                   | 399,673     | 9.7%                                | 78,529      | 2.1%                                | 208          | 41           | 408.9%                   |
| Income Tax  | 91,193      | 2.2%                                | 42,420      | 1.1%                                | 47           | 23           | 115.0%                   |
| Minority Interest                                   | 1,796       | 0.0%                                | 625         | 0.0%                                | 1            | -            | 187.4%                   |
| <b>Net Income</b>                                   | 306,684     | 7.5%                                | 35,484      | 0.9%                                | 160          | 18           | 764.3%                   |
| <b>Earnings per Share</b>                           | 395         | 0.0%                                | 46          | 0.0%                                | 0.21         | 0.02         | 764.3%                   |
| <b>Earnings per ADS (based on 7 shares per ADS)</b> | 2,766       | 0.0%                                | 320         | 0.0%                                | 1.44         | 0.17         | 764.3%                   |
| <b>Average Shares Outstanding (in millions)</b>     | 776         |                                     | 776         |                                     | 776          | 776          |                          |

## Balance sheet data

As of December 31, 2004 and 2003

(Adjusted for inflation and expressed in millions of constant bolivars as of December 31, 2004, and millions of US dollars)

|  | Bs.<br>2004 | Bs.<br>2003 | US\$<br>2004 | US\$<br>2003 |
|--|-------------|-------------|--------------|--------------|
| <b>Assets</b>  |             |             |              |              |
| <b>Current Assets:</b>   |             |             |              |              |
| Cash and temporary investments   | 993,004     | 930,679     | 517          | 485          |
| Accounts receivable, net of provision for uncollectibles of<br>Bs. 96,879 and Bs. 99,310               | 474,909     | 517,761     | 247          | 270          |
| Accounts receivable from Venezuelan Government entities  | 182,007     | 138,544     | 95           | 72           |
| Inventories and supplies, net  | 262,116     | 87,445      | 137          | 46           |
| Other current assets   | 47,120      | 60,468      | 24           | 31           |
| Total current assets   | 1,959,156   | 1,734,897   | 1,020        | 904          |
| Property, plant and equipment, net of accumulated depreciation of<br>Bs. 16,177,290 and Bs. 16,401,851 | 4,073,704   | 4,455,547   | 2,122        | 2,321        |
| Cellular concession, net   | 185,654     | 192,425     | 97           | 100          |
| Accounts receivable from Venezuelan Government entities  | 38,607      | 29,012      | 20           | 15           |
| Other assets   | 352,550     | 443,796     | 184          | 231          |
| Total assets   | 6,609,671   | 6,855,677   | 3,443        | 3,571        |
| <b>Liabilities and Shareholders' Equity</b>  |             |             |              |              |
| <b>Current Liabilities:</b>  |             |             |              |              |
| Short-term debt  | 169,605     | 238,450     | 88           | 124          |
| Accounts payable   | 747,398     | 485,302     | 389          | 253          |
| Accrued employee benefits  | 86,099      | 91,100      | 45           | 47           |
| Short-term pension and other post-retirement benefits obligations                                      | 88,883      | 90,470      | 46           | 47           |
| Dividends payable  | 23,568      | 81,928      | 12           | 43           |
| Concession tax   | 64,378      | 58,457      | 34           | 30           |
| Subscriber rights  | 74,791      | 80,790      | 39           | 42           |
| Deferred revenue   | 146,769     | 146,980     | 76           | 77           |
| Income, value added and other taxes  | 75,134      | 73,400      | 39           | 38           |
| Other current liabilities  | 86,701      | 62,573      | 46           | 33           |
| Total current liabilities  | 1,563,326   | 1,409,450   | 814          | 734          |
| <b>Long-Term Liabilities:</b>  |             |             |              |              |
| Long-term debt   | 92,837      | 219,392     | 48           | 114          |
| Provision for legal and tax contingencies  | 122,221     | 56,218      | 65           | 30           |
| Pension plan obligations   | 245,030     | 323,333     | 128          | 168          |
| Post-retirement benefit obligations  | 456,870     | 444,099     | 238          | 231          |
| Total liabilities  | 2,480,284   | 2,452,492   | 1,293        | 1,277        |
| Minority Interests   | 4,467       | 3,261       | 2            | 2            |
| <b>Shareholders' Equity</b>  | 4,124,920   | 4,399,924   | 2,148        | 2,292        |
| Total liabilities and shareholders' equity   | 6,609,671   | 6,855,677   | 3,443        | 3,571        |

## Cash flow data

For the years ended December 31, 2004 and 2003

(Adjusted for inflation and expressed in millions of constant bolivars as of December 31, 2004, and millions of US dollars)

|  | Bs.<br>2004      | Bs.<br>2003      | US\$<br>2004 | US\$<br>2003 |
|--|------------------|------------------|--------------|--------------|
| <b>Operating activities:</b>   |                  |                  |              |              |
| Net income   | 306,684          | 35,484           | 160          | 18           |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                  |                  |              |              |
| Loss (gain) from net monetary position   | 24,673           | (3,804)          | 13           | (2)          |
| Exchange (gain) loss, net  | (6,329)          | 53,651           | (3)          | 28           |
| Gain in sale of investments  | (12,576)         | -                | (7)          | -            |
| Depreciation and amortization  | 963,344          | 1,231,807        | 501          | 641          |
| Provision for uncollectibles   | 89,198           | 104,507          | 46           | 54           |
| Provision for inventories obsolescence   | 48,460           | 11,081           | 25           | 6            |
| Provision for legal and tax contingencies  | 109,311          | 31,449           | 57           | 16           |
| Changes in current assets and liabilities  | 9,150            | (35,912)         | 5            | (19)         |
| Changes in non current assets and liabilities  | (10,384)         | (142,119)        | (5)          | (72)         |
| Net cash provided by operating activities  | <u>1,521,531</u> | <u>1,286,144</u> | <u>792</u>   | <u>670</u>   |
| <b>Investing activities:</b>   |                  |                  |              |              |
| Acquisition of software, net of disposals  | (62,102)         | (16,931)         | (32)         | (9)          |
| Capital expenditures, net of disposals   | (475,149)        | (131,318)        | (247)        | (68)         |
| Net cash used in investing activities  | <u>(537,251)</u> | <u>(148,249)</u> | <u>(279)</u> | <u>(77)</u>  |
| <b>Free cash flow</b>  | <b>984,280</b>   | <b>1,137,895</b> | <b>513</b>   | <b>593</b>   |
| <b>Financing activities:</b>   |                  |                  |              |              |
| Proceeds from borrowings   | 41,950           | -                | 22           | -            |
| Payments of debt   | (231,768)        | (115,956)        | (121)        | (60)         |
| Dividend payments  | (620,489)        | (675,937)        | (323)        | (352)        |
| Asignation (purchase) of shares for the workers benefit fund   | <u>3,867</u>     | <u>(3,710)</u>   | <u>2</u>     | <u>(2)</u>   |
| Net cash used in financing activities  | <u>(806,440)</u> | <u>(795,603)</u> | <u>(420)</u> | <u>(414)</u> |
| Increase in cash and temporary investments before loss in purchasing power of cash and temporary investments and foreign exchange gain of cash and temporary investments | 177,840          | 342,292          | 93           | 179          |
| Loss in purchasing power of cash and temporary investments   | (143,008)        | (166,147)        | (74)         | (87)         |
| Foreign exchange gain of cash and temporary investments  | <u>27,493</u>    | <u>69,739</u>    | <u>13</u>    | <u>36</u>    |
| Increase in cash and temporary investments   | <u>62,325</u>    | <u>245,884</u>   | <u>32</u>    | <u>128</u>   |
| Cash and temporary investments:  |                  |                  |              |              |
| Beginning of the year  | <u>930,679</u>   | <u>684,795</u>   | <u>485</u>   | <u>357</u>   |
| End of the year  | <u>993,004</u>   | <u>930,679</u>   | <u>517</u>   | <u>485</u>   |

## Reconciliation of Non-GAAP financial measures

(In millions of constant bolivars as of December 31, 2004)

For the quarters ended December 31, 2004 and 2003

|                                     | Bs.<br>2004      | Bs.<br>2003    | US\$<br>2004 | US\$<br>2003 |
|-------------------------------------|------------------|----------------|--------------|--------------|
| <b>EBITDA</b>                       |                  |                |              |              |
| Net income                          | 36,573           | 81,004         | 19           | 42           |
| Plus: Income tax                    | 47,216           | 10,421         | 25           | 6            |
| Plus: Minority interest             | 815              | (4)            | -            | -            |
| Minus: Other income (expense), net  | 41,945           | (4,240)        | 22           | (2)          |
| Plus: Depreciation and amortization | <u>224,296</u>   | <u>297,248</u> | <u>117</u>   | <u>155</u>   |
| <b>EBITDA</b>                       | <b>266,955</b>   | <b>392,909</b> | <b>139</b>   | <b>205</b>   |
| <b>EBITDA Margin</b>                |                  |                |              |              |
| EBITDA                              | = <u>266,955</u> | <u>392,909</u> | <u>139</u>   | <u>205</u>   |
| Total operating revenues            | 1,130,636        | 1,000,292      | 589          | 521          |
| <b>EBITDA Margin</b>                | <b>24%</b>       | <b>39%</b>     | <b>24%</b>   | <b>39%</b>   |

For the years ended December 31, 2004 and 2003

|  | Bs.<br>2004        | Bs.<br>2003      | US\$<br>2004 | US\$<br>2003 |
|--|--------------------|------------------|--------------|--------------|
| <b>EBITDA</b>                                |                    |                  |              |              |
| Net income                                   | 306,684            | 35,484           | 160          | 18           |
| Plus: Income tax                             | 91,193             | 42,420           | 47           | 23           |
| Plus: Minority interest                      | 1,796              | 625              | 1            | -            |
| Minus: Other income (expense), net           | 41,591             | (64,998)         | 21           | (34)         |
| Plus: Depreciation and amortization          | <u>963,344</u>     | <u>1,231,807</u> | <u>501</u>   | <u>641</u>   |
| <b>EBITDA</b>                                | <b>1,321,426</b>   | <b>1,375,334</b> | <b>688</b>   | <b>716</b>   |
| <b>EBITDA Margin</b>                         |                    |                  |              |              |
| EBITDA                                       | = <u>1,321,426</u> | <u>1,375,334</u> | <u>688</u>   | <u>716</u>   |
| Total operating revenues                     | 4,106,623          | 3,748,355        | 2,139        | 1,952        |
| <b>EBITDA Margin</b>                         | <b>32%</b>         | <b>37%</b>       | <b>32%</b>   | <b>37%</b>   |
| <b>Free Cash Flow</b>                        |                    |                  |              |              |
| Net cash provided by operating activities    | 1,521,531          | 1,286,144        | 792          | 670          |
| Minus: Net cash used in investing activities | <u>(537,251)</u>   | <u>(148,249)</u> | <u>(279)</u> | <u>(77)</u>  |
| <b>Free cash flow</b>                        | <b>984,280</b>     | <b>1,137,895</b> | <b>513</b>   | <b>593</b>   |

As of December 31, 2004 and 2003

|                                | Bs.<br>2004    | Bs.<br>2003    | US\$<br>2004 | US\$<br>2003 |
|--------------------------------|----------------|----------------|--------------|--------------|
| <b>Net Cash Position</b>       |                |                |              |              |
| Cash and temporary investments | 993,004        | 930,679        | 517          | 485          |
| Minus: Short-term debt         | 169,605        | 238,450        | 88           | 124          |
| Minus: Long-term debt          | <u>92,837</u>  | <u>219,392</u> | <u>48</u>    | <u>114</u>   |
| <b>Net cash position</b>       | <b>730,562</b> | <b>472,837</b> | <b>381</b>   | <b>247</b>   |

## 2005 GUIDANCE

- Guidance figures for 2005 presented in this document do not include the potential acquisition of Digitel
- Macroeconomic indicators presented here are based on a compilation of market consensus and constitute the Company's working scenario assumed to define the Guidance for operating and financial indicators

### MACROECONOMIC INDICATORS

|  | Range   |         |
|--|---------|---------|
|  | From    | To      |
| <b>Economic growth</b>                       |         |         |
| Total GDP Growth                             | 4.0%    | 7.0%    |
| Oil GDP Growth                               | 3.0%    | 6.0%    |
| <i>Average oil price (US\$ per barrel) *</i> | 30.0    | 36.0    |
| Non-Oil GDP Growth                           | 4.0%    | 7.0%    |
| Communication GDP                            | 5.0%    | 8.0%    |
| <b>Exchange rate (Bs./US\$)</b>              |         |         |
| Average                                      | 2,131.0 | 2,256.0 |
| Year-end                                     | 2,150.0 | 2,300.0 |
| Devaluation (Year-to-Year)                   | 12%     | 20%     |
| <b>Inflation (CPI)</b>                       |         |         |
| CPI  | 16.0%   | 23.0%   |
| WPI  | 19.0%   | 26.0%   |

\* Venezuelan basket

### KEY OPERATING INDICATORS

|                                      | Growth range |        | EOY Number |       |
|--------------------------------------|--------------|--------|------------|-------|
|                                      | From         | To     | From       | To    |
| Fixed access lines *                 | 5.0%         | 7.0%   | 3,028      | 3,086 |
| Mobile subscribers                   | 9.0%         | 11.0%  | 3,386      | 3,448 |
| ADSL lines                           | 95.0%        | 105.0% | 310        | 326   |
| Regulated Tariffs Effective Increase | 8.0%         | 15.0%  | NM         | NM    |

\* Excludes ADSL and private circuits

### KEY FINANCIAL INDICATORS

*(Growth rates in real terms and full year figures expressed in billions of Bs. as of December 2005)*

|   | Growth range |       | Full year |         |
|---|--------------|-------|-----------|---------|
|   | From         | To    | From      | To      |
| Revenue                                   | 12%          | 9%    | 5,322.0   | 5,524.0 |
| Cash operating expenses                   | 15%          | 11%   | 3,720.0   | 3,804.0 |
| EBITDA                                    | 5%           | 6%    | 1,602.0   | 1,720.0 |
| <i>EBITDA Margin (bp and percentages)</i> | (210)        | (100) | 30.1%     | 31.1%   |
| Net Income (loss)                         | 24%          | 34%   | 440.0     | 505.0   |
| CAPEX                                     | 51%          | 47%   | 939.0     | 969.0   |
| Free Cash Flow                            | (47%)        | (40%) | 607.0     | 728.0   |