

TELEFONOS DE MEXICO S A B DE C V
Form 6-K
April 23, 2008

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

April 2008

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-

Highlights

1st Quarter 2008

- In Mexico, telecommunications prices will continue to decrease substantially as a result of technological advances, competition and the convergence of networks. The country should strive to make telecommunications products a universal service and encourage the evolution from partial voice and video solutions to integrated convergent services. This process supports the development of communities and generates a multiplying effect in the country's economy that benefits consumers and society.
- Given the declarations and often confusing information disseminated by competitors, it is important to clarify that for the past 18 years, TELMEX has participated in a sector that has been open to competition in every market where the company operates, except in the case of long distance services where competition began more than 11 years ago.

Mexican Telecommunications Market - March 2008				
Type of service	Subscribers	Market share	Annual Revenues	Market share
Type of service	Number	Market share	Amount (billion dollars)	Market share
Mobile Telephony	69.5 million	71.1%	17.0	55.0%
Fixed Telephony				
TELMEX	17.8 million	18.2%	9.6	31.1%
Other operators*	3.9 million	4.0%	2.3	7.4%
Video (includes cable TV and satellite services)	6.5 million	6.7%	2.0	6.5%
Total	97.7 million	100.0%	30.9	100.0%
*Includes fixed telephony services provided by wireless operators.				
Participants in the Mexican Fixed Telephony Market - March 2008				
Type of service	Subscribers of the participants	Market share	Fixed telephony services	Market share

	Number	Market share	Number	Market share
Fixed Telephony				
TELMEX	17.8 million	63.1%	17.8 million	80.9%
Other operators*	3.9 million	13.8%	3.9 million	17.7%
Video (includes cable TV and satellite services)	6.5 million	23.1%	0.3 million	1.4%
Total	28.2 million	100.0%	22.0 million	100.0%
*Includes fixed telephony services provided by wireless operators.				
Source: TELMEX estimates				

- It is important to note that all cable TV operators currently are able to offer voice and data services to their video customers. In order for complete convergence to exist in the country, it is important that all foreign and domestic telecommunications operators be allowed to participate in this market to benefit consumers in every market segment.
- TELMEX's fixed line market share is 80.9% with a total of 17.8 million lines, of which approximately 10.5 million lines are in areas that appeal to competitors and where they have presence. The remaining 7.3 million lines are in areas that hold no interest for competitors. In the first quarter, the lines without competition generated revenues of 5.072 billion pesos and an operating loss of 534 million pesos.
- Growth of broadband Infinitum services has been supported by computer sales, which has increased revenues of Tiendas TELMEX (TELMEX stores). The lack of computers significantly limits growth of broadband services in Mexico since 4 out of 5 homes do not have a computer. In homes with computers, approximately 80% have Internet access. TELMEX will continue to sell computers in installments with preferred terms in order to drive the digital culture in the country.
 - In the first quarter, total revenues were 31.1 billion pesos, 5.5% lower than the same period of the previous year. These results reflected decreases of 9.4% and 8.6% in local and long distance revenues, respectively, and increases of 10.1% in corporate networks revenues and 8.4% in Internet access revenues.
 - EBITDA (1) totaled 15.2 billion pesos, 7.7% lower than the first quarter of the previous year. Operating income totaled 10.6 billion pesos, 10.2% lower than last year's first quarter.
 - Majority net income from continuing operations in the quarter totaled 5.6 billion pesos, 26.7% lower than the same period of last year. In the first quarter, earnings per share were 29 Mexican cents, a decrease of 23.7%, and earnings per ADR (2) were 55 US cents, a decrease of 17.9%, compared with the first quarter of 2007.

- At March 31, net debt (3) increased the equivalent of 752 million dollars to a total of 7.957 billion dollars compared with March 31, 2007.
- Capital expenditures (Capex) were equivalent to 108 million dollars for the quarter. Share repurchases totaled 4.693 billion pesos during the first quarter.

(3) Net debt is defined as total debt less cash and cash equivalents and marketable securities.

Recent Events

TELMEX Calls for Shareholders' Meetings

On March 12, 2008, the Board of Directors passed resolutions calling for series "L" Special and Annual Shareholders' Meetings to be held on April 25, 2008, in order to discuss, among other matters, the following proposals: to appoint the members of the Board of Directors pertaining to Series "L" shares and to declare a cash dividend of \$0.40 Mexican pesos per outstanding share (excluding the cash dividend which Telmex Internacional, S.A.B. de C.V. may approve) in four equal payments of \$0.10 Mexican pesos per outstanding share, resulting from the net tax profit account. Dividend payments are proposed to be made in México on June 19, 2008, September 18, 2008, December 18, 2008, and March 26, 2009.

Additionally, the Board of Directors of Telmex Internacional, S.A.B. de C.V. will propose to the Shareholders' Meeting a cash dividend of \$0.15 Mexican pesos per outstanding share, resulting from the net tax profit account. The proposed dividend payment will be effective when Telmex Internacional, S.A.B. de C.V. shares have been distributed to shareholders as a result of the *escisión*, approved by Telmex's Extraordinary Shareholders' Meeting held on December 21, 2007, and such shares begin to trade on the several stock markets.

For information purposes, and notwithstanding that the *escisión* of Telmex Internacional S.A.B. de C.V. has been fully effective, it is noted that the sum of both proposed cash dividend payments would be equal to \$0.55 Mexican pesos per TELMEX outstanding share, before the distribution of shares issued by Telmex Internacional S.A.B. de C.V. takes place.

Relevant figures

(2008 million of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007 unless otherwise indicated)

		1Q2008	1Q2007	% Inc.
Revenues	Ps.	31,122	Ps. 32,943	(5.5)
EBITDA (1)		15,151	16,413	(7.7)
EBITDA margin (%)		48.7	49.8	(1.1)
Operating income		10,630	11,842	(10.2)
Operating margin (%)		34.2	35.9	(1.7)

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Majority income from continuing operations	5,574	7,601	(26.7)
Earnings per share (pesos)	0.29	0.38	(23.7)
Earnings per ADR (dollars) (2)	0.55	0.67	(17.9)
Outstanding shares (millions)	19,111	19,870	(3.8)
Equivalent ADRs (millions) (2)	956	994	(3.8)

(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.

Mexico Operating Results

	1Q 2008	4Q 2007	3Q 2007	2Q 2007	1Q 2007	% Inc. vs. 1Q 2007
Lines in service (thousand units)	17,795	17,800	18,157	18,202	18,284	(2.7)
Local traffic (million units)						
Local calls	5,820	5,995	6,324	6,295	6,278	(7.3)
Interconnection minutes (A) (B)	11,364	11,476	11,678	11,373	10,833	4.9
Long distance traffic (million minutes)						
Domestic long distance (A)	4,702	4,574	4,632	4,599	4,470	5.2
International long distance (incoming and outgoing) (B)	2,093	2,228	2,392	2,445	2,465	(15.1)
Billed line equivalents 64kbps (thousands)	3,093	2,715	2,598	2,484	2,347	31.8
Internet (thousands)	3,648	3,320	3,147	2,923	2,784	31.1
Prodigy (Dial-up)	332	396	470	542	657	(49.4)
Infinitum (ADSL)	3,316	2,925	2,677	2,381	2,127	55.9

(A) Includes domestic long distance calling party pays traffic

(B) Includes international long distance calling party pays traffic

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Operating Results

Lines in service and local traffic

At the end of the first quarter, there were 17.8 million lines in service, a level similar to that of December 2007. The activation of lines driven by new service packages offset the increase in the competition's activity in the most attractive segments of the market. The flat number of lines also reflected growth in broadband services that in some cases represent substitutions for conventional lines.

During the first quarter, local traffic decreased 7.3% compared with the same period in 2007, with a total of 5.820 billion local calls. Local traffic volume continues to be affected by competition from local and mobile telephony. Also affecting local traffic results is the migration of dial-up Internet services to Infinitum broadband services (ADSL).

Long distance

Domestic long distance (DLD) traffic increased 5.2% compared with last year's first quarter, totaling 4.702 billion minutes, due to the increase of packages that include DLD minutes and to the increase in traffic from mobile operators, offset by the decrease in termination traffic with other long distance operators.

In the quarter, outgoing international long distance (ILD) traffic increased 11.2% compared with last year's first quarter, totaling 531 million minutes due to more traffic from mobile operators. Incoming international long distance traffic decreased 21.4% compared with the same period of the previous year, totaling 1.563 billion minutes. The incoming-outgoing ratio was 2.9x.

Interconnection

In the first quarter, interconnection traffic increased 4.9% compared with the first quarter of the previous year, totaling 11.364 billion minutes. Calling party pays traffic decreased 4.5% as a result of the decrease in international calling party pays traffic due to bypass from other operators. Interconnection traffic with local, long distance and mobile telephony operators increased 8.2%.

Internet access and corporate networks

At March 31, 2008 TELMEX had 3.6 million Internet access services, of which 3.3 million are broadband Infinitum. In the quarter, there was a gain of 391 thousand Infinitum accounts, 28.6% higher than the gain in last year's first quarter. TELMEX's initiatives to grow Infinitum contribute to increased Internet access in Mexico, where 13% of homes now have access to broadband.

Growth of broadband Infinitum services has been supported by computer sales, which has increased revenues of Tiendas TELMEX (TELMEX stores). The lack of computers significantly limits growth of broadband services in Mexico since 4 out of 5 homes do not have a computer. In homes with computers, approximately 80% have Internet access. TELMEX will continue to sell computers in installments with preferred terms in order to drive the digital culture in the country.

Subscriptions to multiservice packages that offer broadband access service along with different voice services at competitive prices increased 18.9% compared with last year's first quarter. As part of this strategy, in February 2008

we launched the "Paquete Acerques," a package that costs 599 pesos per month, VAT included, for monthly rent, broadband Infinitum service, unlimited DLD calls, 200 local calls and digital services.

In the corporate market, billed line equivalents for data transmission increased 31.8% compared with the first quarter of 2007, bringing the total to 3.1 million line equivalents of 64 Kbps.

Financial Results

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

Revenues:

In the first quarter, revenues from the operations in Mexico totaled 31.122 billion pesos, a decrease of 5.5% compared with the same period of the previous year. This result was due to decreases of 9.4% and 8.6% in local and long distance services, respectively, as well as the decrease of 13.8% in interconnection revenues resulting from lower traffic volume and the decline of 9.5% in the calling party pays rate. On the other hand, corporate networks revenues increased 10.1%, Internet access service revenues 8.4% and other revenues 30.2%, which includes revenues from Tiendas TELMEX (TELMEX stores).

Local:

Local revenues totaled 12.693 billion pesos in the first quarter, a decrease of 9.4% compared with the first quarter of 2007 due to the 9.8% reduction in real terms of revenue per local billed call, to the decrease of traffic due to competition from both mobile telephony and other fixed telephony operators, and to the migration of dial-up Internet access to broadband services.

DLD:

DLD revenues totaled 4.144 billion pesos in the first quarter, 5% lower than the first quarter of 2007. The 5.2% increase in traffic was not enough to offset the 9.2% decrease in average revenue per minute.

ILD:

In the first quarter, ILD revenues totaled 2.095 billion pesos, a decrease of 14.9% compared with the first quarter of the previous year. Revenues from outgoing traffic declined 8.5% to 1.412 billion pesos compared with the first quarter of 2007 due to the 15.5% decrease in the average revenue per minute, partially offset by the 11.2% increase in outgoing ILD traffic. Incoming international long distance revenues totaled 683 million pesos, a decrease of 25.6% compared with the first quarter of 2007, reflecting the decrease of 21.4% in incoming traffic.

Interconnection:

In the first quarter, interconnection revenues decreased 13.8% to 4.791 billion pesos compared with the same period of 2007, mainly due to the decrease of 9.5% in the calling party pays rate and the 4.5% decline in calling party pays traffic.

Corporate networks:

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In the first quarter, revenues from services related to data transmission through private and managed networks totaled 2.987 billion pesos, 10.1% 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 first quarter totaled 2.920 billion pesos, 8.4% higher than last year's first quarter due to the increase of 55.9% in broadband services but also reflecting the price reduction in broadband Infinitum services (ADSL) that took effect in April 2007.

Costs and expenses:

In the first quarter, total costs and expenses were 20.492 billion pesos, a decrease of 2.9% compared with the first quarter of 2007. This decrease was mainly due to higher costs of telephone handsets and equipment for customers, offset by the 12.3% decrease in the amount paid to mobile operators for calling party pays services and for initiatives carried out to optimize resource use.

Cost of sales and services:

In the first quarter, cost of sales and services increased 2.3% compared with the same period of 2007, totaling 7.839 billion pesos, due to higher computer and telecommunications equipment costs related to higher sales.

Commercial, administrative and general:

In the quarter, commercial, administrative and general expenses totaled 4.731 billion pesos, 2.4% higher than last year's first quarter mainly due to commissions related to higher sales, partially offset by initiatives to optimize resource use.

Transport and interconnection:

In the first quarter, transport and interconnection costs totaled 3.401 billion pesos, a decrease of 20% compared with the same period of 2007 as a result of the 12.3% decrease in the amount paid to mobile telephony operators for local calling party pays service and the decrease of 32.4% in international calling party pays traffic.

Depreciation and amortization:

In the quarter, depreciation and amortization decreased 1.1% to 4.521 billion pesos due to a lower impact from the update of the value of fixed assets. .

EBITDA (1) and operating income

: EBITDA (1) totaled 15.151 billion pesos in the first quarter, a decrease 7.7% compared with the same period of last year. The EBITDA margin was 48.7%. Operating income totaled 10.630 billion pesos in the first quarter and the operating margin was 34.2%.

Comprehensive financing result:

Comprehensive financing cost produced a charge of 2.567 billion pesos in the quarter. This resulted from: i) a net interest charge of 2.053 billion pesos, 54.8% higher than the same period of 2007, due to recognition of the market value of interest rate swaps and the increase in the level of indebtedness, ii) a net exchange loss of 514 million pesos from the first-quarter exchange rate appreciation of 0.1700 pesos per dollar, offset by the 6.675 billion dollars in

dollar-peso hedges (weighted average exchange rate: 10.93 pesos per dollar) and iii) recognition of a gain in the monetary position of 717 million pesos in 2007, effect that is not presented in 2008.

Majority net income:

Majority net income in the first quarter totaled 5.574 billion pesos, 39.6% lower than the same period of the previous year. Earnings per share were 29 Mexican cents, a year-over-year decrease of 23.7%, and earnings per ADR were 55 US cents, a decrease of 17.9% compared with the same period of 2007.

Investments:

In the quarter, capital expenditures (capex) were the equivalent of 108 million dollars, of which 72.5% was used for growth projects in the voice, data and transport infrastructure and 27.5% for operational support projects and operating needs.

Debt:

Gross total debt at March 31 was the equivalent of 8.625 billion dollars, of which 13.1% is short-term and 86.9% is long-term. Of the total debt, 78.2% is in foreign currency and 45.1% has fixed rates. The foreign currency proportion converts to 72.0% if 23.752 billion pesos and 100 million dollars of interest rate swaps at average interest rate of 8.145% and 4.47%, respectively, are included. Total net debt (3) increased during the last twelve months the equivalent of 752 million dollars, totaling 7.957 billion dollars.

Repurchase of shares:

During the first quarter, the company used 4.693 billion pesos to repurchase 249 million 777 thousand of its own shares.

Income Statements					
[2008 million of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]					
					%
		1Q2008		1Q2007	Inc.
Revenues					
Local	Ps.	12,693	Ps.	14,010	(9.4)
Domestic long distance		4,144		4,364	(5.0)
International long distance		2,095		2,461	(14.9)
Interconnection		4,791		5,557	(13.8)
Corporate networks		2,987		2,712	10.1
Internet		2,920		2,693	8.4
Others		1,492		1,146	30.2

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Total		31,122		32,943	(5.5)
Costs and Expenses					
Cost of sales and services		7,839		7,662	2.3
Commercial, administrative and general		4,731		4,619	2.4
Transport and interconnection		3,401		4,249	(20.0)
Depreciation and amortization		4,521		4,571	(1.1)
Total		20,492		21,101	(2.9)
Operating income		10,630		11,842	(10.2)
Employee profit sharing, net		467		864	(45.9)
Other (revenues) and expenses, net		(66)		(257)	(74.3)
Comprehensive financing cost					
Interest, net		2,053		1,326	54.8
Exchange loss (gain), net		514		406	26.6
Monetary gain, net		-		(717)	NA
Total		2,567		1,015	152.9
Equity interest in net (loss) income of affiliates		11		9	22.2
Income before income tax		7,673		10,229	(25.0)
Income tax		2,100		2,628	(20.1)
Income before minority interest		5,573		7,601	(26.7)
Minority interest, net		1		0	NA
Majority income from continuing operations	Ps.	5,574	Ps.	7,601	(26.7)
Majority income from discontinued operations, net of income tax and employee profit sharing		0		1,622	NA
Majority net income	Ps.	5,574	Ps.	9,223	(39.6)
EBITDA (1)	Ps.	15,151	Ps.	16,413	(7.7)

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EBITDA margin (%)		48.7		49.8	(1.1)
Operating margin (%)		34.2		35.9	(1.7)
Peso vs dollar exchange rate at March 31, 2008: 10.6962					

Balance Sheets					
[2008 million of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]					
		March 31,		March 31,	
		2008		2007	
Assets					
Cash and short-term investments	Ps.	7,141	Ps.	9,140	
Other current assets		25,685		28,344	
Current assets of discontinued operations		-		37,956	
Plant, property and equipment, net		117,500		122,555	
Other assets		5,218		4,610	
Goodwill		439		448	
Projected net asset		14,504		18,788	
Non-current assets of discontinued operations		-		74,987	
Total assets	Ps.	170,487	Ps.	296,828	
Liabilities and stockholders' equity					
Current portion of long-term debt	Ps.	12,088	Ps.	6,315	
Other current liabilities		20,261		21,086	
Current liabilities of discontinued operations		-		27,901	
Long-term debt		80,167		87,649	
Labor obligations		142		238	
Deferred taxes		21,297		16,522	
Long-term debt of discontinued operations		-		14,763	
Total liabilities		133,955		174,474	
Stockholders' equity					
Majority stockholders' equity		36,489		119,588	

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Minority interest		43		2,766		
Total stockholders' equity		36,532		122,354		
Total liabilities and stockholders' equity	Ps.	170,487	Ps.	296,828		
Peso vs dollar exchange rate at March 31, 2008: 10.6962						

Income Statements at March CONAT						
[million of nominal Mexican pesos]						
		Communities	Communities			
		with presence of	without presence of			
		competition *	competition *	Total		
Revenues						
Local	\$	9,244	\$	3,449	\$	12,693
Domestic long distance		3,734		410		4,144
International long distance		1,777		318		2,095
Interconnection		4,150		641		4,791
Corporate networks		2,987		0		2,987
Internet		2,728		192		2,920
Others		1,430		62		1,492
Total revenues		26,050		5,072		31,122
Operating costs and expenses		8,941		3,629		12,570
Interconnection		2,926		475		3,401
Depreciation and amortization		3,019		1,502		4,521
Total		14,886		5,606		20,492
Operating income	\$	11,164	\$	(534)	\$	10,630
EBITDA (1)	\$	14,183	\$	968	\$	15,151
EBITDA margin (%)		54.4		19.1		48.7
Operating margin (%)		42.9		(10.5)		34.2
* Figures are estimated						

Mexico Local Service Business							
Income Statements							
[2008 million of nominal pesos, 2007 millions of Mexican pesos with purchasing power at December 31, 2007]							
					%		
		1Q2008		1Q2007	Inc.		
Revenues							
Access, rent and measured service	Ps.	12,485	Ps.	13,702	(8.9)		
LADA interconnection		943		1,005	(6.2)		
Interconnection with operators		378		387	(2.3)		
Interconnection with cellular		3,127		3,575	(12.5)		
Other		3,468		2,960	17.2		
Total		20,401		21,629	(5.7)		
Costs and expenses							
Cost of sales and services		5,504		5,150	6.9		
Commercial, administrative and general		4,265		4,089	4.3		
Interconnection		2,108		2,634	(20.0)		
Depreciation and amortization		2,881		3,026	(4.8)		
Total		14,758		14,899	(0.9)		
Operating income	Ps.	5,643	Ps.	6,730	(16.2)		
EBITDA (1)	Ps.	8,524	Ps.	9,756	(12.6)		
EBITDA margin (%)		41.8		45.1	(3.3)		