

## PRESS RELEASE

### **TELEFÓNICA AND MEGACABLE REACH AGREEMENT FOR MEGACABLE TO PROVIDE QUADRUPLE PLAY SERVICES**

**Mexico City, and Guadalajara, Jalisco, Mexico, August 25, 2010** - Telefonía México and Megacable Holdings S.A.B. de C.V. (“Megacable”; BMV: MEGA.CPO) announced today the signing of an agreement for Megacable to be the first operator of quadruple play services in Mexico.

With this agreement, Megacable will have the ability to offer mobile telephone services to subscribers. In addition, Megacable possesses its own infrastructure that enables it to bill, sell, charge for and provide the service and the necessary customer attention to potential mobile subscribers across its coverage area without the need to expand or develop its own network to offer this service. Furthermore, Telefonía México will have the ability to reach a greater number of subscribers and increase its penetration in the Mexican market.

“With this alliance, Megacable will develop a new services platform and be included in Mexico’s mobile telecommunications sector together with movistar’s technology”, stated Ms. Isabel Suárez Mier, Telefonía de México’s Director of Communications and Institutional Relations.

Furthermore, Mr. Raymundo Fernández, Megacable’s Deputy Chief Executive Officer commented, “The Company has defined a commercial strategy that will surely be very attractive to its subscribers. With the launching of the service, Megacable will increase the number of RGU’s targeted”.

Megacable plans to launch the offering in the main cities of its coverage area by the end of 2010. Megacable currently has more than 1.7 million homes connected to the Company’s services, which represents approximately 7 million people who will potentially enjoy this new service.

Telefonía México continues advancing its leading position in Mexico and reaffirms its commitment to customers by offering the market innovative products with the latest technology. Recent examples include the launching of 3.5G wireless Internet service, the most competitive offering within the market, allowing users to download music, games and videos at high speeds, as well as search tools and e-mail, among others. Megacable continues its commitment to provide quality services that exceed clients’ expectations via the use of state-of-the-art technology and a culture of continuous improvement. Megacable seeks to contribute to a better quality of life by providing television and telecommunications services with excellence.



### **About Telefónica México**

Telefónica México is a leader in the innovation of telecommunication products and services. The Company has consolidated all of its operations under the movistar brand in 13 countries. Since its arrival in Mexico, movistar has provided improved communications solutions for prepaid, contract and business users. Currently, Telefónica México has 18.7 million subscribers nationwide.

### **About Megacable Holdings S.A.B. de C.V.**

Megacable is the largest cable operator in Mexico in terms of number of subscribers, and is the main provider of high speed data Internet services, and digital telephony over cable network according to the National Chamber of Cable Telecommunications (CANITEC). The Company operates in 25 states in Mexico and over 200 municipalities. As of June 30, 2010, the Company had 9,543 employees.

### **Legal Notice**

This document may contain certain estimates and forward-looking statements regarding the results of Megacable Holdings S.A.B. de C.V., as well as Telefónica Mviles de México S.A. de C.V. These estimates and forward-looking statements are subject to risks, uncertainties and other relevant factors that could affect their development, thus obtaining significant variations in the actual results of both Companies.

Megacable Holdings S.A.B. de C.V. and Telefónica Mviles de México S.A. de C.V. are not obligated to revise or update any of these estimates, resulting from new developments, occurrences or circumstances that could cause the results to vary at a date following the publication of this document, therefore these estimates and forward-looking statements should not be considered final.

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