

TELEFONOS DE MEXICO S A DE C V

Form 6-K

October 17, 2003

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: **3** YEAR: **2003**

TELEFONOS DE MEXICO, S.A. DE C.V.

## CONSOLIDATED FINANCIAL STATEMENT

AT SEPTEMBER 30, OF 2003 AND 2002

(Thousands of Pesos) CONSOLIDATED

Final printing

| REF |   | QUARTER OF PRESENT |     | QUARTER OF PREVIOUS |     |
|-----|---|--------------------|-----|---------------------|-----|
| S   | CONCEPTS  | FINANCIAL YEAR     |     | FINANCIAL YEAR      |     |
|     |   | Amount             | %   | Amount              | %   |
| 1   | TOTAL ASSETS  | 162,790,905        | 100 | 177,361,294         | 100 |
| 2   | CURRENT ASSETS  | 34,771,983         | 21  | 45,736,175          | 26  |
| 3   | CASH AND SHORT-TERM INVESTMENTS                           | 10,358,104         | 6   | 21,427,151          | 12  |
| 4   | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET)                   | 19,145,534         | 12  | 18,815,866          | 11  |
| 5   | OTHER ACCOUNTS AND DOCUMENTS RECEIVABLE                   | 2,617,950          | 2   | 2,838,125           | 2   |
| 6   | INVENTORIES   | 600,309            | 0   | 696,451             | 0   |
| 7   | OTHER CURRENT ASSETS                                      | 2,050,086          | 1   | 1,958,582           | 1   |
| 8   | LONG - TERM   | 849,183            | 1   | 1,009,669           | 1   |
| 9   | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET)                   | 0                  | 0   | 0                   | 0   |
| 10  | INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED | 696,304            | 0   | 921,213             | 1   |
| 11  | OTHER INVESTMENTS   | 152,879            | 0   | 88,456              | 0   |
| 12  | PROPERTY, PLANT AND EQUIPMENT                             | 118,658,889        | 73  | 121,462,783         | 68  |
| 13  | PROPERTY  | 0                  | 0   | 0                   | 0   |

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|    |  |              |       |              |       |
|----|--|--------------|-------|--------------|-------|
| 14 | MACHINERY AND INDUSTRIAL                   | 290,154,102  | 178   | 263,178,173  | 148   |
| 15 | OTHER EQUIPMENT                            | 0            | 0     | 0            | 0     |
| 16 | ACCUMULATED DEPRECIATION                   | 173,621,974  | 107   | 147,845,496  | 83    |
| 17 | CONSTRUCTION IN PROCESS                    | 2,126,761    | 1     | 6,130,106    | 3     |
| 18 | DEFERRED ASSETS (NET)                      | 692,716      | 0     | 833,334      | 0     |
| 19 | OTHER ASSETS                               | 7,818,134    | 5     | 8,319,333    | 5     |
| 20 | TOTAL LIABILITIES                          | 95,015,397   | 100   | 112,789,583  | 100   |
| 21 | CURRENT LIABILITIES                        | 35,839,058   | 38    | 31,290,092   | 28    |
| 22 | SUPPLIERS                                  | 0            | 0     | 0            | 0     |
| 23 | BANK LOANS                                 | 8,149,526    | 9     | 6,228,206    | 6     |
| 24 | STOCK MARKET LOANS                         | 10,628,561   | 11    | 5,264,124    | 5     |
| 25 | TAXES TO BE PAID                           | 1,820,125    | 2     | 3,924,551    | 3     |
| 26 | OTHER CURRENT LIABILITIES                  | 15,240,846   | 16    | 15,873,211   | 14    |
| 27 | LONG - TERM LIABILITIES                    | 40,774,903   | 43    | 62,817,855   | 56    |
| 28 | BANK LOANS                                 | 16,934,103   | 18    | 28,659,442   | 25    |
| 29 | STOCK MARKET LOANS                         | 23,840,800   | 25    | 34,158,413   | 30    |
| 30 | OTHER LOANS                                | 0            | 0     | 0            | 0     |
| 31 | DEFERRED LOANS                             | 14,347,870   | 15    | 13,489,612   | 12    |
| 32 | OTHER LIABILITIES                          | 4,053,566    | 4     | 5,192,024    | 5     |
| 33 | CONSOLIDATED STOCK HOLDERS' EQUITY         | 67,775,508   | 100   | 64,571,711   | 100   |
| 34 | MINORITY INTEREST                          | 0            | 0     | 0            | 0     |
| 35 | MAJORITY INTEREST                          | 67,775,508   | 100   | 64,571,711   | 100   |
| 36 | CONTRIBUTED CAPITAL                        | 38,760,538   | 57    | 39,673,926   | 61    |
| 37 | PAID-IN CAPITAL STOCK (NOMINAL)            | 307,205      | 0     | 321,285      | 0     |
| 38 | RESTATEMENT OF PAID-IN CAPITAL STOCK       | 27,226,412   | 40    | 28,125,960   | 44    |
| 39 | PREMIUM ON SALES OF SHARES                 | 11,226,921   | 17    | 11,226,681   | 17    |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0            | 0     | 0            | 0     |
| 41 | CAPITAL INCREASE (DECREASE)                | 29,014,970   | 43    | 24,897,785   | 39    |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE      | 83,242,542   | 123   | 79,009,324   | 122   |
| 43 | REPURCHASE FUND OF SHARES                  | 0            | 0     | 0            | 0     |
| 44 | EXCESS (SHORTFALL) IN                      | (70,820,580) | (104) | (68,724,426) | (106) |

|    | RESTATEMENT OF STOCK<br>HOLDERS' EQUITY |            |    |            |    |
|----|---|------------|----|------------|----|
| 45 | NET INCOME FOR THE YEAR                 | 16,593,008 | 24 | 14,612,887 | 23 |

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

CONSOLIDATED FINANCIAL STATEMENT

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

Final printing

| REF |                                     | QUARTER OF PRESENT |     | QUARTER OF PREVIOUS |     |
|-----|-------------------------------------|--------------------|-----|---------------------|-----|
| S   | CONCEPTS                            | FINANCIAL<br>YEAR  |     | FINANCIAL<br>YEAR   |     |
|     |                                     | Amount             | %   | Amount              | %   |
| 3   | CASH AND SHORT- TERM<br>INVESTMENTS | 10,358,104         | 100 | 21,427,151          | 100 |
| 46  | CASH                                | 1,176,247          | 11  | 1,380,531           | 6   |
| 47  | SHORT-TERM INVESTMENTS              | 9,181,857          | 89  | 20,046,620          | 94  |
|     |                                     |                    |     |                     |     |
| 18  | DEFERRED ASSETS (NET)               | 692,716            | 100 | 833,334             | 100 |
|     |                                     |                    |     |                     |     |
| 48  | AMORTIZED OR REDEEMED<br>EXPENSES   | 587,698            | 85  | 628,238             | 75  |
| 49  | GOODWILL                            | 105,018            | 15  | 205,096             | 25  |
| 50  | DEFERRED TAXES                      | 0                  | 0   | 0                   | 0   |
| 51  | OTHERS                              | 0                  | 0   | 0                   | 0   |
|     |                                     |                    |     |                     |     |
| 21  | CURRENT LIABILITIES                 | 35,839,058         | 100 | 31,290,092          | 100 |
| 52  | FOREIGN CURRENCY LIABILITIES        | 15,699,172         | 44  | 6,223,680           | 20  |
| 53  | MEXICAN PESOS LIABILITIES           | 20,139,886         | 56  | 25,066,412          | 80  |
|     |                                     |                    |     |                     |     |

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|    |   |              |     |              |     |
|----|---|--------------|-----|--------------|-----|
| 24 | STOCK MARKET LOANS  | 10,628,561   | 0   | 5,264,124    | 100 |
| 54 | COMMERCIAL PAPER  | 1,777,529    | 0   | 5,264,124    | 100 |
| 55 | CURRENT MATURITIES OF MEDIUM TERM NOTES                     | 0            | 0   | 0            | 0   |
| 56 | CURRENT MATURITIES OF BONDS                                 | 8,851,032    | 0   | 0            | 0   |
|    |   |              |     |              |     |
| 26 | OTHER CURRENT LIABILITIES                                   | 15,240,846   | 100 | 15,873,211   | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH COST                         | 0            | 0   | 0            | 0   |
| 58 | OTHER CURRENT LIABILITIES WITHOUT COST                      | 15,240,846   | 100 | 15,873,211   | 100 |
|    |   |              |     |              |     |
| 27 | LONG - TERM LIABILITIES                                     | 40,774,903   | 100 | 62,817,855   | 100 |
| 59 | FOREIGN CURRENCY LIABILITIES                                | 33,324,903   | 82  | 53,722,539   | 86  |
| 60 | MEXICAN PESOS LIABILITIES                                   | 7,450,000    | 18  | 9,095,316    | 14  |
|    |   |              |     |              |     |
| 29 | STOCK MARKET LOANS  | 23,840,800   | 100 | 34,158,413   | 100 |
| 61 | BONDS   | 23,840,800   | 100 | 34,158,413   | 100 |
| 62 | MEDIUM TERM NOTES   | 0            | 0   | 0            | 0   |
|    |   |              |     |              |     |
| 30 | OTHER LOANS   | 0            | 0   | 0            | 0   |
| 63 | OTHER LOANS WITH COST                                       | 0            | 0   | 0            | 0   |
| 64 | OTHER LOANS WITHOUT COST                                    | 0            | 0   | 0            | 0   |
|    |   |              |     |              |     |
| 31 | DEFERRED LOANS  | 14,347,870   | 100 | 13,489,612   | 100 |
| 65 | NEGATIVE GOODWILL   | 0            | 0   | 0            | 0   |
| 66 | DEFERRED TAXES  | 14,347,870   | 100 | 13,489,612   | 100 |
| 67 | OTHERS  | 0            | 0   | 0            | 0   |
|    |   |              |     |              |     |
| 32 | OTHER LIABILITIES   | 4,053,566    | 100 | 5,192,024    | 100 |
| 68 | RESERVES  | 4,053,566    | 100 | 5,192,024    | 100 |
| 69 | OTHERS LIABILITIES  | 0            | 0   | 0            | 0   |
|    |   |              |     |              |     |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENTS OF STOCK HOLDERS' EQUITY | (70,820,580) | 100 | (68,724,426) | 100 |

|    |   |              |    |              |    |
|----|---|--------------|----|--------------|----|
| 70 | ACCUMULATED INCOME DUE TO MONETARY POSITION | (12,712,340) | 18 | (12,712,065) | 18 |
| 71 | INCOME FROM NON-MONETARY POSITION ASSETS    | (58,108,240) | 82 | (56,012,361) | 82 |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## CONSOLIDATED FINANCIAL STATEMENT

## OTHER CONCEPTS

(Thousands of Pesos)

Final printing

| REF |  | QUARTER OF PRESENT |  | QUARTER OF PREVIOUS |  |
|-----|--|--------------------|--|---------------------|--|
| S   | CONCEPTS                                     | FINANCIAL YEAR     |  | FINANCIAL YEAR      |  |
|     |  | Amount             |  | Amount              |  |
| 72  | WORKING CAPITAL                              | (1,067,075)        |  | 14,446,083          |  |
| 73  | PENSIONS FUND AND SENIORITY PREMIUMS         | 4,053,566          |  | 5,192,024           |  |
| 74  | EXECUTIVES (*)                               | 134                |  | 139                 |  |
| 75  | EMPLOYERS (*)                                | 11,356             |  | 12,004              |  |
| 76  | WORKERS (*)                                  | 51,234             |  | 52,228              |  |
| 77  | CIRCULATION SHARES (*)                       | 12,288,194,094     |  | 12,851,401,331      |  |
| 78  | REPURCHASED SHARES (*)                       | 488,907,631        |  | 313,446,337         |  |
|     |  |                    |  |                     |  |
| (*) | THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS. |                    |  |                     |  |

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: **3** YEAR: **2003**

TELEFONOS DE MEXICO, S.A. DE C.V.

## CONSOLIDATED EARNING STATEMENT

FROM JANUARY 01, TO **SEPTEMBER 30**, OF **2003** AND **2002**

(Thousands of Pesos)

Final printing

| REF |   | QUARTER OF PRESENT |     | QUARTER OF PREVIOUS |     |
|-----|---|--------------------|-----|---------------------|-----|
| R   | CONCEPTS  | FINANCIAL YEAR     |     | FINANCIAL YEAR      |     |
|     |   | Amount             | %   | Amount              | %   |
| 1   | NET SALES   | 85,266,822         | 100 | 85,301,036          | 100 |
| 2   | COST OF SALES   | 43,916,957         | 52  | 43,620,279          | 51  |
| 3   | GROSS INCOME  | 41,349,865         | 48  | 41,680,757          | 49  |
| 4   | OPERATING   | 12,802,578         | 15  | 12,193,716          | 14  |
| 5   | OPERATING INCOME  | 28,547,287         | 33  | 29,487,041          | 35  |
| 6   | TOTAL FINANCING COST  | 2,798,246          | 3   | 5,766,423           | 7   |
| 7   | INCOME AFTER FINANCING COST   | 25,749,041         | 30  | 23,720,618          | 28  |
| 8   | OTHER FINANCIAL OPERATIONS  | 0                  | 0   | 0                   | 0   |
| 9   | INCOME BEFORE TAXES AND WORKERS' PROFIT SHARING                     | 25,749,041         | 30  | 23,720,618          | 28  |
| 10  | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING                       | 9,018,502          | 11  | 8,958,181           | 11  |
| 11  | NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING                  | 16,730,539         | 20  | 14,762,437          | 17  |
| 12  | SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES | (137,531)          | 0   | (149,550)           | 0   |
| 13  | CONSOLIDATED NET INCOME OF CONTINUOUS OPERATIONS                    | 16,593,008         | 19  | 14,612,887          | 17  |
| 14  | INCOME OF DISCONTINUOUS OPERATIONS                                  | 0                  | 0   | 0                   | 0   |

|    |   |            |    |            |    |
|----|---|------------|----|------------|----|
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS                          | 16,593,008 | 19 | 14,612,887 | 17 |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES (INCOME)                                   | 0          | 0  | 0          | 0  |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES | 0          | 0  | 0          | 0  |
| 18 | NET CONSOLIDATED INCOME   | 16,593,008 | 19 | 14,612,887 | 17 |
| 19 | NET INCOME OF MINORITY INTEREST   | 0          | 0  | 0          | 0  |
| 20 | NET INCOME OF MAJORITY INTEREST   | 16,593,008 | 19 | 14,612,887 | 17 |
|    |   |            |    |            |    |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## CONSOLIDATED EARNING STATEMENT

## BREAKDOWN OF MAIN CONCEPTS

FROM JANUARY 01, TO [SEPTEMBER 30](#), OF 2003 AND 2002

(Thousands of Pesos)

Final printing

| REF |                               | QUARTER OF PRESENT |     | QUARTER OF PREVIOUS |     |
|-----|-------------------------------|--------------------|-----|---------------------|-----|
| R   | CONCEPTS                      | FINANCIAL YEAR     |     | FINANCIAL YEAR      |     |
|     |                               | Amount             | %   | Amount              | %   |
| 1   | NET SALES                     | 85,266,822         | 100 | 85,301,036          | 100 |
| 21  | DOMESTIC                      | 83,912,996         | 98  | 83,022,416          | 97  |
| 22  | FOREIGN                       | 1,353,826          | 2   | 2,278,620           | 3   |
| 23  | TRANSLATED INTO DOLLARS (***) | 127,402            | 0   | 226,105             | 0   |

|    |   |             |      |             |      |
|----|---|-------------|------|-------------|------|
|    |   |             |      |             |      |
| 6  | TOTAL FINANCING COST                            | 2,798,246   | 100  | 5,766,423   | 100  |
| 24 | INTEREST PAID                                   | 4,309,958   | 154  | 4,842,906   | 84   |
| 25 | EXCHANGE LOSSES                                 | 2,127,762   | 76   | 3,903,301   | 68   |
| 26 | INTEREST EARNED                                 | 2,577,822   | 92   | 816,289     | 14   |
| 27 | EXCHANGE PROFITS                                | 0           | 0    | 0           | 0    |
| 28 | GAIN DUE TO MONETARY POSITION                   | (1,061,652) | (38) | (2,163,495) | (38) |
| 42 | LOST IN UDI'S UPGRADE                           | 0           | 0    | 0           | 0    |
| 43 | GAIN IN UDI'S UPGRADE                           | 0           | 0    | 0           | 0    |
|    |   |             |      |             |      |
| 8  | OTHER FINANCIAL OPERATIONS                      | 0           | 0    | 0           | 0    |
| 29 | OTHER NET EXPENSES (INCOME) NET                 | 0           | 0    | 0           | 0    |
| 30 | (PROFIT) LOSS ON SALE OF OWN SHARES             | 0           | 0    | 0           | 0    |
| 31 | (PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS | 0           | 0    | 0           | 0    |
|    |   |             |      |             |      |
| 10 | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING   | 9,018,502   | 100  | 8,958,181   | 100  |
| 32 | INCOME TAX                                      | 7,587,717   | 84   | 8,314,537   | 93   |
| 33 | DEFERRED INCOME TAX                             | (344,046)   | (4)  | (1,660,313) | -19  |
| 34 | WORKERS' PROFIT SHARING                         | 1,774,831   | 20   | 2,303,957   | 26   |
| 35 | DEFERRED WORKERS' PROFIT SHARING                | 0           | 0    | 0           | 0    |

(\*\*\*)

THOUSANDS OF DOLLARS.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

CONSOLIDATED EARNING STATEMENT

OTHER CONCEPTS

(Thousands of Pesos)

Final printing

| REF |                                      | QUARTER OF PRESENT |  | QUARTER OF PREVIOUS |  |
|-----|--------------------------------------|--------------------|--|---------------------|--|
| R   | CONCEPTS                             | FINANCIAL YEAR     |  | FINANCIAL YEAR      |  |
|     |                                      | Amount             |  | Amount              |  |
| 36  | TOTAL SALES                          | 85,266,821         |  | 85,301,035          |  |
| 37  | NET INCOME OF THE YEAR               | 0                  |  | 0                   |  |
| 38  | NET SALES (**)                       | 115,330,908        |  | 115,565,580         |  |
| 39  | OPERATION INCOME (**)                | 39,556,640         |  | 41,803,747          |  |
| 40  | NET INCOME OF MAJORITY INTEREST (**) | 21,998,094         |  | 21,172,030          |  |
| 41  | NET CONSOLIDATED INCOME (**)         | 21,998,094         |  | 21,172,030          |  |
|     |                                      |                    |  |                     |  |

(\*\*)

THE RESTATED INFORMATION ON THE LAST TWELVE MONTHS SHOULD BE USED.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

CONSOLIDATED EARNING STATEMENT

FROM JULY 01, TO SEPTEMBER 30, 2003 AND 2002

(Thousands of Pesos)

Final printing

| REF |           | QUARTER OF PRESENT |     | QUARTER OF PREVIOUS |     |
|-----|-----------|--------------------|-----|---------------------|-----|
| RT  | CONCEPTS  | FINANCIAL YEAR     |     | FINANCIAL YEAR      |     |
|     |           | Amount             | %   | Amount              | %   |
| 1   | NET SALES | 29,088,474         | 100 | 28,926,235          | 100 |

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|    |   |            |    |            |    |
|----|---|------------|----|------------|----|
| 2  | COST OF SALES   | 14,927,916 | 51 | 15,116,491 | 52 |
| 3  | GROSS INCOME  | 14,160,558 | 49 | 13,809,744 | 48 |
| 4  | OPERATING   | 4,370,841  | 15 | 4,243,013  | 15 |
| 5  | OPERATING INCOME  | 9,789,717  | 34 | 9,566,731  | 33 |
| 6  | TOTAL FINANCING COST  | 2,015,738  | 7  | 1,612,058  | 6  |
| 7  | INCOME AFTER FINANCING COST   | 7,773,979  | 27 | 7,954,673  | 27 |
| 8  | OTHER FINANCIAL OPERATIONS  | 0          | 0  | 0          | 0  |
| 9  | INCOME BEFORE TAXES AND WORKERS' PROFIT SHARING                             | 7,773,979  | 27 | 7,954,673  | 27 |
| 10 | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING                               | 2,428,953  | 8  | 3,305,357  | 11 |
| 11 | NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING                          | 5,345,026  | 18 | 4,649,316  | 16 |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES         | (37,904)   | 0  | (26,010)   | 0  |
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS OPERATIONS                            | 5,307,122  | 18 | 4,623,306  | 16 |
| 14 | INCOME OF DISCONTINUOUS OPERATIONS  | 0          | 0  | 0          | 0  |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS                          | 5,307,122  | 18 | 4,623,306  | 16 |
| 16 | EXTRAORDINARY ITEMS NET EXPENSES (INCOME)                                   | 0          | 0  | 0          | 0  |
| 17 | NET EFFECT AT THE BEGINNING OF THE YEAR BY CHANGES IN ACCOUNTING PRINCIPLES | 0          | 0  | 0          | 0  |
| 18 | NET CONSOLIDATED INCOME   | 5,307,122  | 18 | 4,623,306  | 16 |
| 19 | NET INCOME OF MINORITY INTEREST   | 0          | 0  | 0          | 0  |
| 20 | NET INCOME OF MAJORITY INTEREST   | 5,307,122  | 18 | 4,623,306  | 16 |
|    |   |            |    |            |    |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

CONSOLIDATED EARNING STATEMENT

## BREAKDOWN OF MAIN CONCEPTS

FROM JULY 01, TO SEPTEMBER 30, OF 2003 AND 2002

(Thousands of Pesos)

Final printing

| REF |   | QUARTER OF PRESENT |      | QUARTER OF PREVIOUS |      |
|-----|---|--------------------|------|---------------------|------|
| RT  | CONCEPTS  | FINANCIAL YEAR     |      | FINANCIAL YEAR      |      |
|     |   | Amount             | %    | Amount              | %    |
|     |   |                    |      |                     |      |
| 1   | NET SALES                                       | 29,088,474         | 100  | 28,926,235          | 100  |
| 21  | DOMESTIC  | 28,487,113         | 98   | 28,219,328          | 98   |
| 22  | FOREIGN   | 601,361            | 2    | 706,907             | 2    |
| 23  | TRANSLATED INTO DOLLARS (***)                   | 57,205             | 0    | 68,138              | 0    |
|     |   |                    |      |                     |      |
| 6   | TOTAL FINANCING COST                            | 2,015,738          | 100  | 1,612,058           | 100  |
| 24  | INTEREST PAID                                   | 1,531,611          | 76   | 1,575,623           | 98   |
| 25  | EXCHANGE LOSSES                                 | 1,460,549          | 72   | 931,229             | 58   |
| 26  | INTEREST EARNED                                 | 628,325            | 31   | 212,445             | 13   |
| 27  | EXCHANGE PROFITS                                | 0                  | 0    | 0                   | 0    |
| 28  | GAIN DUE TO MONETARY POSITION                   | (348,097)          | (17) | (682,349)           | (42) |
| 42  | LOST IN UDI'S UPGRADE                           | 0                  | 0    | 0                   | 0    |
| 43  | GAIN IN UDI'S UPGRADE                           | 0                  | 0    | 0                   | 0    |
|     |   |                    |      |                     |      |
| 8   | OTHER FINANCIAL OPERATIONS                      | 0                  | 0    | 0                   | 0    |
| 29  | OTHER NET EXPENSES (INCOME) NET                 | 0                  | 0    | 0                   | 0    |
| 30  | (PROFIT) LOSS ON SALE OF OWN SHARES             | 0                  | 0    | 0                   | 0    |
| 31  | (PROFIT) LOSS ON SALE OF SHORT-TERM INVESTMENTS | 0                  | 0    | 0                   | 0    |
|     |   |                    |      |                     |      |
| 10  | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING   | 2,428,953          | 100  | 3,305,357           | 100  |
| 32  | INCOME TAX                                      | 2,197,461          | 90   | 3,405,884           | 103  |
| 33  | DEFERED INCOME TAX                              | -358,665           | (15) | (890,592)           | (27) |
| 34  | WORKERS' PROFIT SHARING                         | 590,157            | 24   | 790,065             | 24   |

|       |                                 |   |   |   |   |
|-------|---------------------------------|---|---|---|---|
| 35    | DEFERED WORKERS' PROFIT SHARING | 0 | 0 | 0 | 0 |
|       |                                 |   |   |   |   |
|       |                                 |   |   |   |   |
| (***) | THOUSANDS OF DOLLARS            |   |   |   |   |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

FROM JANUARY 01, TO SEPTEMBER 30, OF 2003 AND 2002

(Thousands of Pesos)

Final printing

| REF |  | QUARTER OF PRESENT |  | QUARTER OF PREVIOUS |  |
|-----|--|--------------------|--|---------------------|--|
| C   | CONCEPTS   | FINANCIAL YEAR     |  | FINANCIAL YEAR      |  |
|     |  | Amount             |  | Amount              |  |
| 1   | CONSOLIDATED NET INCOME                                    | 16,593,008         |  | 14,612,887          |  |
| 2   | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH | 14,762,370         |  | 14,077,644          |  |
| 3   | CASH FLOW FROM NET INCOME OF THE YEAR                      | 31,355,378         |  | 28,690,531          |  |
| 4   | CASH FLOW FROM CHANGE IN WORKING CAPITAL                   | (9,198,877)        |  | (1,576,368)         |  |
| 5   | CASH GENERATED (USED) IN OPERATING ACTIVITIES              | 22,156,501         |  | 27,114,163          |  |
| 6   | CASH FLOW FROM EXTERNAL FINANCING                          | (8,101,742)        |  | (1,100,651)         |  |
| 7   | CASH FLOW FROM INTERNAL FINANCING                          | (13,669,374)       |  | (10,693,242)        |  |
| 8   | CASH FLOW GENERATED (USED) BY FINANCING                    | (21,771,116)       |  | (11,793,893)        |  |

|    |  |             |  |             |  |
|----|--|-------------|--|-------------|--|
| 9  | CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES        | (4,668,651) |  | (4,125,947) |  |
| 10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | (4,283,266) |  | 11,194,323  |  |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 14,641,370  |  | 10,232,828  |  |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD       | 10,358,104  |  | 21,427,151  |  |
|    |  |             |  |             |  |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

## BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

Final printing

| REF |  | QUARTER OF PRESENT |  | QUARTER OF PREVIOUS |  |
|-----|--|--------------------|--|---------------------|--|
| C   | CONCEPTS   | FINANCIAL YEAR     |  | FINANCIAL YEAR      |  |
|     |  | Amount             |  | Amount              |  |
| 2   | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH           | 14,762,370         |  | 14,077,644          |  |
| 13  | DEPRECIATION AND AMORTIZATION FOR THE YEAR                           | 14,968,885         |  | 15,473,875          |  |
| 14  | +(-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS | 0                  |  | 0                   |  |
| 15  | +(-) NET LOSS (PROFIT) IN MONEY EXCHANGE                             | 0                  |  | 0                   |  |
| 16  | +(-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES ACTUALIZATION       | 0                  |  | 0                   |  |

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|    |   |              |  |              |  |
|----|---|--------------|--|--------------|--|
| 17 | +(-) OTHER ITEMS  | -206,515     |  | -1,396,231   |  |
|    |   |              |  |              |  |
| 4  | CASH FLOW FROM CHANGE IN WORKING CAPITAL                | (9,198,877)  |  | (1,576,368)  |  |
| 18 | +(-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE          | -1,523,414   |  | (465,414)    |  |
| 19 | +(-) DECREASE (INCREASE) IN INVENTORIES                 | 550,244      |  | 264,637      |  |
| 20 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE    | -296,007     |  | 348,355      |  |
| 21 | +(-) INCREASE (DECREASE) IN SUPPLIER ACCOUNT            | 0            |  | 0            |  |
| 22 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES           | (7,929,700)  |  | (1,723,946)  |  |
|    |   |              |  |              |  |
| 6  | CASH FLOW FROM EXTERNAL FINANCING                       | (8,101,742)  |  | (1,100,651)  |  |
| 23 | + SHORT-TERM BANK AND STOCK MARKET FINANCING            | 21,148,570   |  | 7,869,014    |  |
| 24 | + LONG-TERM BANK AND STOCK MARKET FINANCING             | 0            |  | 0            |  |
| 25 | + DIVIDEND RECEIVED                                     | 0            |  | 0            |  |
| 26 | + OTHER FINANCING                                       | 1,558,708    |  | 4,174,544    |  |
| 27 | (-) BANK FINANCING AMORTIZATION                         | (30,057,870) |  | (12,325,777) |  |
| 28 | (-) STOCK MARKET AMORTIZATION                           | (751,150)    |  | (818,432)    |  |
| 29 | (-) OTHER FINANCING AMORTIZATION                        | 0            |  | 0            |  |
|    |   |              |  |              |  |
| 7  | CASH FLOW FROM INTERNAL FINANCING                       | (13,669,374) |  | (10,693,242) |  |
| 30 | +(-) INCREASE (DECREASE) IN CAPITAL STOCKS              | (792,892)    |  | (498,507)    |  |
| 31 | (-) DIVIDENDS PAID                                      | (5,647,598)  |  | (5,545,294)  |  |
| 32 | + PREMIUM ON SALE OF SHARES                             | 0            |  | 0            |  |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES             | (7,228,884)  |  | (4,649,441)  |  |
|    |   |              |  |              |  |
| 9  | CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES | (4,668,651)  |  | (4,125,947)  |  |

|    |   |             |  |             |  |
|----|---|-------------|--|-------------|--|
| 34 | +(-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF PERMANENT NATURE | (1,068)     |  | (77,288)    |  |
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT                  | (5,009,484) |  | (4,570,219) |  |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN PROCESS                          | 0           |  | 0           |  |
| 37 | + SALE OF OTHER PERMANENT INVESTMENTS                             | 0           |  | 0           |  |
| 38 | + SALE OF TANGIBLE FIXED ASSETS                                   | 0           |  | 0           |  |
| 39 | +(-) OTHER ITEMS  | 341,901     |  | 521,560     |  |

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: **3** YEAR: **2003**

TELEFONOS DE MEXICO, S.A. DE C.V.

## RATIOS

Final printing

| REF |   | QUARTER OF PRESENT |       | QUARTER OF PREVIOUS |       |
|-----|---|--------------------|-------|---------------------|-------|
| P   | CONCEPTS                                      | FINANCIAL YEAR     |       | FINANCIAL YEAR      |       |
|     |   | Amount             |       | Amount              |       |
|     | YIELD   |                    |       |                     |       |
| 1   | NET INCOME TO NET SALES                       | 19.46              | %     | 17.13               | %     |
| 2   | NET INCOME TO STOCK HOLDERS' EQUITY (**)      | 32.46              | %     | 32.79               | %     |
| 3   | NET INCOME TO TOTAL ASSETS (**)               | 13.51              | %     | 11.94               | %     |
| 4   | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME    | 28.21              | %     | 21.83               | %     |
| 5   | INCOME DUE TO MONETARY POSITION TO NET INCOME | 6.40               | %     | 14.81               | %     |
|     | ACTIVITY                                      |                    |       |                     |       |
| 6   | NET SALES TO NET ASSETS (**)                  | 0.71               | times | 0.65                | times |
| 7   | NET SALES TO FIXED ASSETS (**)                | 0.97               | times | 0.95                | times |

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|    |  |        |       |        |       |
|----|--|--------|-------|--------|-------|
| 8  | INVENTORIES ROTATION (**)  | 55.23  | times | 75.33  | times |
| 9  | ACCOUNTS RECEIVABLE IN DAYS OF SALES   | 53     | days  | 52     | days  |
| 10 | PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)  | 9.49   | %     | 9.41   | %     |
|    | LEVERAGE   |        |       |        |       |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS  | 58.37  | %     | 63.59  | %     |
| 12 | TOTAL LIABILITIES TO STOCK HOLDERS' EQUITY   | 1.40   | times | 1.75   | times |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES  | 51.60  | %     | 53.15  | %     |
| 14 | LONG-TERM LIABILITIES TO FIXED ASSETS  | 34.36  | %     | 51.72  | %     |
| 15 | OPERATING INCOME TO INTEREST PAID  | 6.62   | times | 6.09   | times |
| 16 | NET SALES TO TOTAL LIABILITIES (**)  | 1.21   | times | 1.03   | times |
|    | LIQUIDITY  |        |       |        |       |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES  | 0.97   | times | 1.46   | times |
| 18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES   | 0.95   | times | 1.44   | times |
| 19 | CURRENT ASSETS TO TOTAL LIABILITIES  | 0.37   | times | 0.41   | times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES  | 28.90  | %     | 68.48  | %     |
|    | CASH FLOW  |        |       |        |       |
| 21 | CASH FLOW FROM NET INCOME TO NET SALES   | 36.77  | %     | 33.63  | %     |
| 22 | CASH FLOW FROM CHANGES IN WORKING CAPITAL TO NET SALES   | (9.87) | %     | (1.85) | %     |
| 23 | CASH GENERATED (USED) IN OPERATING TO INTEREST PAID  | 5.32   | times | 5.60   | times |
| 24 | EXTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING                                       | 37.21  | %     | 9.33   | %     |
| 25 | INTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING                                       | 62.79  | %     | 90.67  | %     |
| 26 | ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES | 91.90  | %     | 99.77  | %     |

(\*\*)

IN THESE RATIOS FOR THE DATA TAKE INTO CONSIDERATION THE LAST TWELVE MONTHS.

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## DATA PER SHARE

## CONSOLIDATED FINANCIAL STATEMENT

Final printing

| REF |  | QUARTER OF PRESENT |    | QUARTER OF PREVIOUS |    |
|-----|--|--------------------|----|---------------------|----|
| D   | CONCEPTS   | FINANCIAL YEAR     |    | FINANCIAL YEAR      |    |
|     |  | Amount             |    | Amount              |    |
|     |  |                    |    |                     |    |
|     |  |                    |    |                     |    |
| 1   | BASIC PROFIT PER ORDINARY SHARE (**)   | 1.75               | \$ | 1.62                | \$ |
| 2   | BASIC PROFIT PER PREFERENT SHARE (**)  | 0.00               | \$ | 0.00                | \$ |
| 3   | DILUTED PROFIT PER ORDINARY SHARE (**)   | 0.00               | \$ | 0.00                | \$ |
| 4   | CONTINUOUS OPERATING PROFIT PER COMMON SHARE (**)                                      | 1.75               | \$ | 1.62                | \$ |
| 5   | EFFECT OF DISCONTINUOUS OPERATING ON CONTINUOUS OPERATING PROFIT PER SHARE (**)        | 0.00               | \$ | 0.00                | \$ |
| 6   | EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUOUS OPERATING PROFIT PER SHARE (**)  | 0.00               | \$ | 0.00                | \$ |
| 7   | EFFECT BY CHANGES IN ACCOUNTING POLICIES ON CONTINUOUS OPERATING PROFIT PER SHARE (**) | 0.00               | \$ | 0.00                | \$ |
| 8   | CARRYNG VALUE PER SHARE  | 5.52               | \$ | 5.02                | \$ |
| 9   | CASH DIVIDEND ACUMULATED PER SHARE   | 0.46               | \$ | 0.43                | \$ |

|    |   |      |        |      |        |
|----|---|------|--------|------|--------|
| 10 | DIVIDEND IN SHARES PER SHARE                          | 0.00 | shares | 0.00 | shares |
| 11 | MARKET PRICE TO CARRYING VALUE                        | 3.01 | times  | 3.04 | times  |
| 12 | MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**)  | 9.50 | times  | 9.41 | times  |
| 13 | MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**) | 0.00 | times  | 0.00 | times  |

(\*\*)

TO CALCULATE THE DATA PER SHARE USE THE NET INCOME FOR THE LAST TWELVE MONTHS.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

DIRECTOR REPORT

ANNEX 1

CONSOLIDATED

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Third quarter 2003

- Total lines in service, line equivalents and Internet access accounts reached 18,905,830 services, 10.6% higher than the same period of last year
- Lines in service had an annual increase of 8.5% ending the third quarter with 15,355,786 lines in operation
- Internet access accounts increased 24.6% totaling 1,372,515 accounts at September 30, 2003
- Line equivalents for data transmission had an annual increase of 18.3% bringing the total to 2,177,529

Operating results

Expansion of the telephone infrastructure

The investments that TELMEX has carried out have increased its installed capacity in an important manner, that is the case of installed lines that at the end of the quarter they reached 16 million 767 thousand lines. The installed Internet access services totaled 2 million services.

## Local

TELMEX offers its services through 15,355,786 lines with a net addition of 290,430 lines, an annual increase of 8.5%. Penetration of digital services in the third quarter was 34.4%, 5.7 percentage points more than the same period of 2002 and 1.5 percentage points more than the second quarter of 2003. Total lines with at least one digital service were 5,278,030.

One of the initiatives to enhance service for our customers consisted in the launch of the basic free voice mail at the beginning of this year's first quarter. Currently, there are 4 million 759 thousand voice mails in operation.

In the third quarter, total call traffic was 6,850 million calls, 5.3% higher than the second quarter of this year and 4.6% higher than the third quarter of 2002. For the nine months, total call traffic rose to 19,826 million calls, 3.3 % more than in the same period of the previous year.

During the quarter, interconnection traffic that is generated by the different telecommunications operators rose to 6,646 million minutes, 2.1% higher than the second quarter of this year and 18% more than the third quarter of last year. For the nine months, interconnection traffic totaled 19,222 million minutes, an increase of 21.4% compared with the same period of 2002. This clearly demonstrates the increasing use of TELMEX's network by competitors to serve their customers. It is important to mention that 24% of interconnection traffic corresponds to local operators and do not generate any revenues for TELMEX. Additionally, the interconnection charge for long distance operators is only 0.00975 dollars per minute.

## Long distance

In the second quarter, domestic long distance minutes totaled 3,919 million, 1.3% higher than the second quarter of this year and 8.4% higher than the same period of 2002. For the nine months, domestic long distance traffic increased 9.4% totaling 11,613 million minutes.

International long distance billed traffic improved in the third quarter by totaling 1,197 million minutes, an increase of 21.7% compared with the second quarter of 2003. Nevertheless, the negative impact of the illegal practice of by-pass has not disappeared since international billed traffic had a decrease of 8.2% compared with last year's third quarter. For the nine months, international long distance billed traffic totaled 3,108 million minutes, an annual decrease of 22.5%.

## Data

In the third quarter, TELMEX had 1,372,515 Internet access accounts, 24.6% higher than the same period of last year and 6.6% more than the second quarter of this year with an addition of 84,973 accounts, 59.3% higher than the second quarter of this year. For the nine months, 207,114 access accounts were added, 9.9% higher than the same period of 2002.

In the third quarter, 29,142 DSL (Prodigy Infinitum) services were added, bringing the total to 151,656 services, 237.9% more than the third quarter of 2002 and 23.8% more than the second quarter of this year. Prodigy Infinitum accounts represented 11% of total accounts in service.

At September 30, 2003 Internet service penetration including broadband services, in respect total lines in service was 8.9%, 1.1 percentage points more than the same period of the previous year.

In the corporate market of data transmission, TELMEX operated 2,177,529 line equivalents at September 30; an increase of 18.3% compared with the same period of 2002 and 4.9% more than the second quarter of this year. In the third quarter, the gain of line equivalents for data transmission was 100,899.

## Consolidated financial results

In the third quarter, total operating revenues were 29,088 million pesos, an increase of 0.6% compared with the same period of the previous year. For the nine months, operating revenues were 85,267 million pesos, at a similar level in real terms, than in the same period of 2002.

- Local: these revenues show a decrease of 0.3% in the third quarter and a decrease of 1.9% for the nine months. These decreases were because growth in local traffic was not enough to offset the decrease of service rates in real terms.
- DLD: these revenues increased 0.7% in the quarter and 2.6% for the nine months due to the positive trend in DLD traffic that has recovered in the last 6 quarters, as well as for the an increase of 3.1% in revenues related to Internet services, rent and installation of line equivalents and value added services related to data transmission that were approximately 3,300 million pesos in the third quarter.
- ILD: revenues decreased 8.2% compared with the third quarter of 2002 and 15.5% for the nine months. Both decreases were due to lost settlement rate revenues caused by the illegal practice of by-pass and lower growth rhythm in traffic billed in Mexico.
- Interconnection: revenues increased 7.7% compared with the same period of 2002 and 10.7% for the nine months. The increases in revenues were due to higher interconnection traffic, especially from Calling Party Pays.
- Other: revenues increased 3% compared with last year's third quarter and 2.9% for the nine months in both cases, due to the increase in sales of Tiendas TELMEX (TELMEX Stores) and billing services on behalf of other companies.

In the third quarter, total operating costs and expenses were 19,298 million pesos, a decrease of 0.3% compared with the same period of 2002. The increase of 0.7% in cost of sales and services is explained by higher maintenance costs in computer systems and software platforms, as well as the increase in electricity rates. Commercial, administrative and general expenses increased 3% in the third quarter compared with the same period of 2002 due to expenses related to IMSS (Mexican Social Security) contributions, billing and advertising. For the nine months, total operating costs and expenses rose to 56,720 million pesos, 1.6% more than the same period of 2002.

Operating income in third quarter rose to 9,790 million pesos, 2.3% higher than the same period of the previous year and for the nine months, operating income decreased 3.2% compared with the same period of 2002 totaling 28,547 million pesos. EBITDA totaled 14,983 million pesos, 0.4% lower than the same period of 2002 and for the nine months, EBITDA reached 43,516 million pesos, 3.2% lower than the same period of the previous year

Comprehensive financing cost was 2,016 million pesos during the third quarter due to an exchange loss of 1,461 million pesos resulting from the depreciation of the peso versus the US dollar of 4.1% during the quarter. Net Interest showed a charge of 903 million pesos and a gain of 348 million pesos was generated in the monetary position.

Net income for the third quarter was 5,307 million pesos, 14.8% higher than the same period of 2002. For the nine months, net income totaled 16,593 million pesos, an increase of 13.5% compared with the same period of the previous year.

From July 1<sup>st</sup> to September 30, 2003 TELMEX repurchased 130,261,100 of its own shares, representing 1% of total shares outstanding at June 30. TELMEX's earnings per share for the third quarter, based on the number of shares outstanding at period end, were 0.43 pesos, 19.4% higher than the same period of 2002.

At September 30, 2003 total debt, short-term and long-term equaled 5.450 billion dollars a decrease of 22.5% from 7.033 billion dollars in 2002. Without considering hedges, 82.3% of total debt was foreign-denominated and at the end of September, currency hedges covered 880 million dollars of the total debt. Additionally, interest rate swaps were carried out for 12,390 million pesos producing a new fixed rate of 9.233% and 1.2 billion dollars with a fixed rate of 2.545%, with average maturities of 6 years for swaps denominated in pesos and 5 years for swaps denominated in dollars. After the interest rate swaps, fixed rate debt represents 88.5% of total debt.

On October 9, TELMEX began a cash tender offer to purchase up to \$500 million dollars of its outstanding 4.25% convertible senior debentures due 2004 (CUSIP 879403AD5). The offer will be made upon the terms and is subject to the conditions set forth in the offer to purchase. The offer will expire November 6, 2003 unless extended or earlier

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terminated. The cash price for each 1,000 dollars of nominal value is 1,117.50 dollars plus accrued and unpaid interest to (but excluding) the date of purchase.

Local service business

| Income statement<br>(Millions of Mexican constant pesos as of September 2003) | 3Q2003   | 3Q2002   | % Increase | 9 Months<br>2003 | 9 Months<br>2002 | % Increase |
|---|----------|----------|------------|------------------|------------------|------------|
| Operating revenues  |          |          |            |                  |                  |            |
| Access, rent and measured service   | \$13,561 | \$13,660 | (0.7)      | \$39,773         | \$40,652         | (2.2)      |
| Recovery of LADA special projects   | 482      | 467      | 3.2        | 1,290            | 1,319            | (2.2)      |
| LADA interconnection  | 928      | 943      | (1.6)      | 2,483            | 2,576            | (3.6)      |
| Interconnection with operators  | 188      | 242      | (22.3)     | 740              | 623              | 18.8       |
| Interconnection with cellular   | 4,149    | 3,784    | 9.6        | 12,239           | 11,096           | 10.3       |
| Other   | 2,197    | 2,162    | 1.6        | 6,247            | 5,957            | 4.9        |
| Total   | 21,505   | 21,258   | 1.2        | 62,772           | 62,223           | 0.9        |
| Operating costs and expenses  |          |          |            |                  |                  |            |
| Cost of sales and services  | 4,696    | 4,535    | 3.6        | 13,677           | 13,337           | 2.5        |
| Commercial, administrative and general  | 3,555    | 3,507    | 1.4        | 10,770           | 10,728           | 0.4        |
|   | 3,047    | 2,996    | 1.7        | 9,083            | 8,669            | 4.8        |

|                               |          |          |       |          |          |       |
|-------------------------------|----------|----------|-------|----------|----------|-------|
| Interconnection               |          |          |       |          |          |       |
| Depreciation and amortization | 3,552    | 3,739    | (5.0) | 10,095   | 10,424   | (3.2) |
| Total                         | 14,850   | 14,777   | 0.5   | 43,625   | 43,158   | 1.1   |
| Operating Income              | \$6,655  | \$6,481  | 2.7   | \$19,147 | \$19,065 | 0.4   |
| EBITDA                        | \$10,207 | \$10,220 | (0.1) | \$29,242 | \$29,489 | (0.8) |
| EBITDA margin (%)             | 47.5     | 48.1     | (0.6) | 46.6     | 47.4     | (0.8) |
| Operating margin (%)          | 30.9     | 30.5     | 0.4   | 30.5     | 30.6     | (0.1) |

## Comments on local financial results

The local service income statement, prepared in accordance with accounting separation principles, shows that revenues for the third quarter increased 1.2% compared with the same period of the previous year. This result was due to growth of 8.5% in lines in service, 4.6% growth in local traffic and 18% growth in interconnection traffic with telecommunications operators, especially from calling party pays, partially offset by the reduction of rates in real terms. For the nine months, local revenues had an annual increase of 0.9%.

Operating costs and expenses increased 0.5% compared with the third quarter of 2002. This result was due to the increase of 3.6% in cost of sales and services and 1.4% in commercial, administrative and general expenses caused by the increase in wages and benefits and the charge for pensions and seniority premiums. Additionally, costs related to interconnection increased 1.7% due to higher traffic volume. These costs were partially offset by the reduction of 5% in depreciation and amortization. For the nine months, total operating costs and expenses increased 1.1%.

In the third quarter, operating income increased 2.7% totaling 6,655 million pesos and EBITDA totaled 10,207 million pesos, similar to the amount registered in the same period of 2002. For the nine months, operating income increased 0.4% and EBITDA decreased 0.8%.

## Long distance business

| Income statement<br>(Millions of Mexican constant pesos as of September 2003) | 3Q2003  | 3Q2002  | % Increase | 9 Months 2003 | 9 Months 2002 | % Increase |
|---|---------|---------|------------|---------------|---------------|------------|
| Operating revenues  |         |         |            |               |               |            |
| Domestic long distance  | \$4,175 | \$4,225 | (1.2)      | \$12,814      | \$12,720      | 0.7        |
| International   | 1,856   | 2,018   | (8.0)      | 5,297         | 6,259         | (15.4)     |

|  |         |         |        |         |         |        |
|--|---------|---------|--------|---------|---------|--------|
| long distance                          |         |         |        |         |         |        |
| Total                                  | 6,031   | 6,243   | (3.4)  | 18,111  | 18,979  | (4.6)  |
|  |         |         |        |         |         |        |
| Operating costs and expenses           |         |         |        |         |         |        |
| Cost of sales and services             | 1,160   | 1,146   | 1.2    | 3,470   | 3,432   | 1.1    |
| Commercial, administrative and general | 1,198   | 1,178   | 1.7    | 3,577   | 3,531   | 1.3    |
| Interconnection to the local network   | 881     | 905     | (2.7)  | 2,375   | 2,465   | (3.7)  |
| Cost of LADA special projects          | 455     | 424     | 7.3    | 1,223   | 1,253   | (2.4)  |
| Depreciation and amortization          | 713     | 715     | (0.3)  | 2,123   | 2,158   | (1.6)  |
| Total                                  | 4,407   | 4,368   | 0.9    | 12,768  | 12,839  | (0.6)  |
|  |         |         |        |         |         |        |
| Operating Income                       | \$1,624 | \$1,875 | (13.4) | \$5,343 | \$6,140 | (13.0) |
|  |         |         |        |         |         |        |
| EBITDA                                 | \$2,337 | \$2,590 | (9.8)  | \$7,466 | \$8,298 | (10.0) |
| EBITDA margin (%)                      | 38.7    | 41.5    | (2.8)  | 41.2    | (43.7)  | (2.5)  |
| Operating margin (%)                   | 26.9    | 30.0    | (3.1)  | 29.5    | 32.4    | (2.9)  |

#### Comments on long distance financial results

The long distance income statement prepared in accordance with accounting separation principles shows that long distance revenues decreased 3.4% in the third quarter. The decrease in revenues was due the reduction of domestic and international long distance rates in real terms as well as the negative impact caused by the illegal practice of by-pass from certain telecommunications operators. For the nine months, long distance revenues decreased 4.6%.

Operating costs and expenses in the third quarter increased 0.9% compared with the same period of last year. This increase is the result of higher costs of special projects and non-recurring investments related to the local network that increased 7.3% as well as higher costs of sales and services that increased 1.2% and an increase of 1.7% in commercial, administrative and general expenses. These increases were partially offset by the reduction of 2.7% in

costs of interconnection to the local network. For the nine months, operating costs and expenses decreased 0.6%.

Operating income decreased 13.4% and EBITDA decreased 9.8% in the third quarter totaling 1,624 and 2,337 million pesos, respectively. For the nine months, operating income decreased 13% and EBITDA decreased 10%.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

FINANCIAL STATEMENT NOTES

ANNEX 2

CONSOLIDATED

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Notes to Consolidated Financial Statements

Years Ended September 30, 2003 and 2002

(Amounts in Thousands of constant pesos as of September 30, 2003)

S 12 PLANT, PROPERTY AND EQUIPMENT (NET)

Following, the breakdown is provided for the fixed assets included for the third quarter of 2003, by the methods of specific index and the NCPI, 5th document.

| CONCEPT | INDEX | NCPI 5 <sup>th</sup> .<br>DOCUMENT |
|---------|-------|------------------------------------|
|---------|-------|------------------------------------|

|                         |                 |                 |
|-------------------------|-----------------|-----------------|
| Investment              | Ps. 290,154,102 | Ps. 318,000,104 |
| Depreciation            | (173,621,974)   | (199,032,001)   |
| Construction in process | 2,126,761       | 1,797,776       |
| Total                   | 118,658,889     | 120,765,879     |
| Results                 | 14,824,302      | 16,338,521      |

#### S 18 DEFERRED ASSETS

At September 30, 2003, deferred assets rose to Ps. 692,716 that is composed mainly by Ps. 587,698, that correspond to the acquisition of concessions to operate radio spectrum frequency bands to provide fixed wireless and mobile telephony services, that will be amortized in 20 years and the amount of Ps. 105,018 correspond to goodwill that Telefonos de Mexico Group recognizes for share acquisitions of

[Teckmarketing, Aspel and Multicom](#); this goodwill is being amortized in 5 years.

#### S 19 OTHER ASSETS

At September 30, 2003 and 2002, other assets rose to Ps. 7,818,134 and Ps. 8,319,333

, respectively, and is composed by the following concepts:

**INVENTORIES:** rose to Ps. 1,423,512 and Ps. 1,223,180 at September 30, 2003 and 2002, respectively, that are for the operation of the telephone plant; these are valued by average cost method and are updated based on the specific index method, not in excess of market.

**INTANGIBLE ASSET:** for Ps. 6,394,622 and Ps. 7,096,153 at September 30, 2003 and 2002, respectively, is derived by labor obligations in accordance with Bulletin D-3 of the Mexican Institute of Public Accountants. This item does not impact the results.

#### S 23 AND S 28 BANK LOANS

In this item, supplier's credits are included in bank credits. The supplier's credits are reclassified to bank loans because in this document, supplier's long term opening to supplier's does not exist.

#### S 24 AND S 29 STOCK MARKET LOANS

On June 11, 1999, The Company issued US \$ 1,000 million of convertible senior debentures. The debentures are convertible to common stock at the option of the holders, at any time prior to their maturity into American Depositary Shares (ADSs), each representing 20 TELMEX "L" shares. The conversion price is U.S.\$29.5762 per ADS, equal to a conversion ratio of 33.8110 "L" shares ADSs U.S.\$1,000 principal amount of the convertible debentures, subject to adjustment under certain circumstances.

Should any person or group (other than the present controlling stockholders) acquire 50% or more of the issuer's voting shares, the holders of the convertible debentures may ask TELMEX to repurchase the convertible debentures, for 100% of the principal amount plus unpaid accrued interest through the repurchase date.

The maturity date of the convertible debentures is June 15, 2004. The debentures bear 4.25% annual interest, payable semi-annually.

During the third quarter of 2003, Telmex made several purchases in the market of the convertible debentures for the amount of US\$ 190 million.

On January 26, 2001, TELMEX issued senior notes for U.S.\$1,000 million, maturing in 2006 and bearing 8.25% annual interest payable semi-annually. Additionally, on May 8, 2001, TELMEX issued supplemental senior notes for U.S.\$500 million with similar characteristics.

During 2002, TELMEX made four placements of domestic senior notes ("Certificados Bursatiles") for a total of Ps. 3,200 million (Ps. 4,250 million in 2001, historical ) under the Ps. 10,000 million program authorized by the National Banking and Securities Commission. The unissued balance under this program is Ps.

2,550 million.

#### S 26 OTHER CURRENT LIABILITIES

At September 30, 2003 and 2002, this item rose to Ps. 15,240,846 and Ps. 15,873,211, respectively and is composed by the following concepts:

|                     | 2003          | 2002          |
|---------------------|---------------|---------------|
| Accounts payable    | Ps. 8,942,538 | Ps. 9,039,105 |
| Accrued liabilities | 3,820,620     | 4,505,258     |
| Deferred credits    | 2,477,688     | 2,328,848     |

Deferred credits consist of advance billings and advances from customers and others.

#### S 31 DEFERRED CREDITS

At September 30, 2003 and 2002, this item rose to Ps. 14,347,870 and Ps. 13,489,612

, respectively and corresponds to deferred taxes based on the requirements of Bulletin D-4

#### S 32 OTHER LIABILITIES

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At September 30, 2003 and 2002, this item rose to Ps. 4,053,566 and Ps. 5,192,024, respectively, and represents the liability for pensions and seniority premiums based on the requirements of Bulletin D-3 Labor Obligations.

### S 42 RETAINED EARNINGS

At September 30, 2003 and 2002, this item rose to Ps. 83,242,542 and Ps. 79,009,324

, respectively and is composed by the following concepts:

|  | 2003           | 2002           |
|--|----------------|----------------|
| Legal reserve                          | Ps. 15,723,257 | Ps. 15,647,490 |
| Unappropriated earnings of prior years | 67,519,285     | 63,361,834     |

On April 29, 2003 and 2002, the stockholders approved an increase of Ps. 7,601,474 (historical) and Ps. 4,549,888 (historical) respectively, in the total authorized historical amount to be used by the Company to acquire its own shares, bringing the total amount to be used for this purpose to Ps. 10,000,000 (historical) respectively. At September 30, 2003 and 2002, the remaining authorized amount was Ps. 5,233,280 (historical) and Ps. 6,733,657 (historical), respectively.

From January to September 2003, the Company acquired 485.8 million Series "L" shares for Ps. 7,970,629 (historical cost of Ps. 7,900,876

) and 3.1 million Series "A" shares for Ps. 51,147 (historical cost of Ps. 50,665).

From January to September 2002, the Company acquired 313 million Series "L" shares for Ps. 5,141,219 (historical cost of Ps. 4,881,398) and 0.4 million series "A" shares for Ps. 6,731 (historical cost of Ps. 6,465).

The Company's repurchased shares are applied to unappropriated retained earnings in the amount that exceed capital stock that correspond to the repurchased shares.

### S 44 EXCESS (SHORTFALL) IN RESTATEMENT OF STOCKHOLDERS EQUITY

At September 30, 2003 and 2002, this item rose to Ps. (70,820,580) and Ps. (68,724,426), respectively and is composed in the following manner:

|  | 2003                | 2002                |
|--|---------------------|---------------------|
| Accumulated monetary position loss     | Ps.<br>(12,712,340) | Ps.<br>(12,712,065) |
| Result from holding nonmonetary assets | (58,108,240)        | (56,012,361)        |

### S 61 OBLIGATIONS (LONG-TERM LIABILITIES)

At September 30, 2003 and 2002, this item rose to Ps

. 23,840,800 and Ps. 34,158,413, respectively and is composed in the following manner:

|                               | 2003          | 2002          |
|-------------------------------|---------------|---------------|
| Domestic senior notes         | Ps. 7,450,000 | Ps. 7,742,785 |
| Senior notes                  | 16,390,800    | 15,849,377    |
| Convertible senior debentures | 0             | 10,566,251    |

### S 73 EMPLOYEE PENSIONS AND SENIORITY PREMIUMS

Substantially all of the Company's employees are covered under defined benefits retirement and seniority premium plans.

In 1990, the Company set up an irrevocable trust fund to cover the payment of these obligations. It adopted the policy of making annual contributions to the fund. These contributions are deductible for Mexican corporate income tax purposes.

The transition liability, past services and variations in assumptions are being amortized over a period of twelve years, which is the estimated average remaining working lifetime of the Company's employees.

At September 30, 2003 and 2002, the current net liability is Ps. 4,053,566 and Ps. 5,192,024

, respectively.

### COMPREHENSIVE INCOME

In the third quarter of 2003 y 2002 Telmex Group is presenting Ps

. 18,874,237 y Ps. 20,375,772, respectively, corresponding to comprehensive income, by the application of Bulletin B-4 comprehensive income; and is comprised of the following:

|  | 2003           | 2002           |
|--|----------------|----------------|
| Net income for the period              | Ps. 16,593,008 | Ps. 14,612,887 |
| Result from holding nonmonetary assets | 4,252,410      | 9,332,590      |
| Deferred income tax                    | (1,431,715)    | (2,637,438)    |
| Effect of labor obligations            | (539,466)      | (932,267)      |
| Comprehensive Income                   | Ps. 18,874,237 | Ps. 20,375,772 |

### NOTES TO CONSOLIDATED STATEMENTS OF INCOME

R 06 COMPREHENSIVE FINANCING COST

At September 30, 2003, Telmex Group had not carried out operations in UDIS.

R 33 DEFERRED INCOME TAX

At September 30, 2003 and 2002, Telmex Group is recognizing Ps

. (344,046) and Ps. (1,660,313), respectively, for the application of the Bulletin D-4 "Accounting treatment of income tax, asset tax and employee profit sharing".

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

C 39 OTHER ITEMS

Includes inventories for operation of the telephone plant, as well as decrease of fixed assets.

RATIOS

P 08 INVENTORY ROTATION

Does not apply to Telefonos de Mexico, S.A. de C.V. The SIFIC/ICS system considers total costs of goods and services (Ref. R2) and relates it with the inventory of merchandise for sale (Ref. S 6); fact that varies the result.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: **3** YEAR: **2003**

TELEFONOS DE MEXICO, S.A. DE C.V.

RELATIONS OF SHARES INVESTMENTS

ANNEX 3

CONSOLIDATED

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|              |  |                 |        |           | TOTAL AMOUNT         |         |
|--------------|--|-----------------|--------|-----------|----------------------|---------|
| COMPANY NAME |  | MAIN ACTIVITIES | NUMBER | OWNERSHIP | (Thousands of Pesos) |         |
|              |  |                 | OF     |           | ACQUISITION          | PRESENT |
|              |  |                 | SHARES | %         | COST                 | VALUE   |
| SUBSIDIARIES |  |                 |        |           |                      |         |

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|    |   |  |                |       |            |            |
|----|---|--|----------------|-------|------------|------------|
|    |   |  |                |       |            |            |
| 1  | Consertel, S.A. de C.V.                         | Investments in all types of businesses       | 28,444,797,340 | 100   | 16,374,507 | 31,088,984 |
| 2  | Cia. de Telefonos y Bienes Raices, S.A. de C.V. | Real estate acquisition & leasing            | 1,034,000,000  | 100   | 1,040,903  | 6,970,386  |
| 3  | Alquiladora de Casas, S.A. de C.V.              | Real estate acquisition and leasing          | 686,001,490    | 100   | 702,096    | 3,052,859  |
| 4  | Construcciones y Canalizaciones, S.A. de C.V.   | Construction & maint. of telephone plant     | 28,369,000     | 100   | 28,636     | 500,071    |
| 5  | Limpieza Tecnica Especializada, S.A. de C.V.    | Cleaning Service Company                     | 50             | 100   | 49         | 56         |
| 6  | Renta de Equipo, S.A. de C.V.                   | Equipment, vehicles & real estate leasing    | 574,595,000    | 100   | 574,645    | 631,434    |
| 7  | Multicomunicacion Nacional, S.A. de C.V.        | Trunking, sales & installation services      | 186,000,000    | 100   | 137,877    | 159,772    |
| 8  | Teleconstructora, S.A. de C.V.                  | Construction & maint. of telephone plant     | 19,400,000     | 100   | 19,397     | 113,123    |
| 9  | Anuncios en Directorios, S.A. de C.V.           | Sale of advertising space in yellow pages    | 1,081,750      | 100   | 1,240      | 65,891     |
| 10 | Operadora Mercantil, S.A. de C.V.               | Sale agent advertising space in yellow pages | 50,000         | 100   | 54         | 1,321      |
| 11 | Impulsora Mexicana de Telecomunicaciones, S.A.  | Network projects                             | 4,602,225      | 100   | 4,602      | 28,304     |
| 12 | Fuerza y Clima, S.A. de C.V.                    | Air conditioning installation & maint.       | 4,925,000      | 100   | 4,944      | 71,183     |
| 13 | Telefonos del Noroeste, S.A. de C.V.            | Telecommunications services                  | 110,000,000    | 100   | 75,279     | 862,685    |
| 14 | Aerocomunicaciones S.A. de C.V.                 | Aeronautic radiocom. mobile serv.            | 76,723,650     | 99.99 | 76,724     | 77,455     |
| 15 | Tecmarketing, .S.A. de C.V.                     | Telemarketing services                       | 6,850,000      | 100   | 138,972    | 183,082    |
| 16 | Comertel Argos, S.A. de C.V.                    | Personnel services                           | 6,000          | 100   | 13         | 2,658      |
|    |   |  |                |       |            |            |

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|    |   |  |               |       |            |            |
|----|---|--|---------------|-------|------------|------------|
| 17 | Telmex International, Inc.                        | Holding Company in the U S A.          | 3             | 100   | 172,757    | 200,182    |
| 18 | Instituto Tecnologico de Telefonos De Mexico, A.C | Training & research services           | 1,000         | 100   | 1          | 4          |
| 19 | Buscatel, S.A. de C.V.                            | Paging services                        | 111,645       | 100   | 142,445    | 251,783    |
| 20 | Consortio Red Uno, S.A. de C.V.                   | Design and integrated telec. Services  | 167,691,377   | 100   | 360,533    | 537,173    |
| 21 | Uninet, S.A. de C.V.                              | Data transmission services             | 5,647,430     | 100   | 564,743    | 987,210    |
| 22 | Aerofrisco, S.A. de C.V.                          | Air Taxi services                      | 3,113,528,600 | 100   | 310,871    | 527,774    |
| 23 | Telnicx, S.A. de C.V.                             | Managment of yellow pages              | 4,865,360     | 100   | 6,853      | 9,028      |
| 24 | Teninver, S.A. de C.V                             | Investments in all types of businesses | 61,952        | 100   | 62         | 67         |
| 25 | Grupo Tecnico de Administracion, S.A. de C.V.     | Management, consulting & org. Services | 6,094,052,368 | 100   | 8,068,055  | 8,430,163  |
| 26 | Telmex Internet Investments, L.L.C                | Investments in Internet companies      | 1,000         | 100   | 996,590    | 1,170,459  |
|    | Others Subsidiaries ___ (Number of subsidiaries)  |  |               |       |            |            |
|    | TOTAL INVESTMENT IN SUBSIDIARIES                  |  |               |       | 29,802,848 | 55,923,107 |
|    | ASSOCIATES  |  |               |       |            |            |
|    |   |  |               |       |            |            |
| 1  | Technology and Internet , LLC                     | Investments in Internet companies      | 500           | 50    | 974,989    | 249,772    |
| 2  | Tecnology Fund I, LLC                             | Investments in communications compan   | 500           | 50    | 20,898     | 16,559     |
| 3  | The Telvista Company                              | Telemarketing Services in USA          | 450           | 45    | 428,525    | 337,767    |
| 4  | Centro Historico de la Ciudad de Mexico, SA       | Real estate services                   | 80,020,000    | 21.77 | 80,020     | 92,206     |
|    | Others Associates ___ (Number of associates)      |  |               |       |            |            |

|  |                                |  |  |  |  |           |            |
|--|--------------------------------|--|--|--|--|-----------|------------|
|  | TOTAL INVESTMENT IN ASSOCIATES |  |  |  |  | 1,504,432 | 696,304    |
|  | OTHER PERMANENT INVESTMENTS    |  |  |  |  |           | 152,879    |
|  | TOTAL                          |  |  |  |  |           | 56,772,290 |

NOTES:

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK STOCK EXCHANGE CODE: T

ELMEX QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## CREDITS BREAK DOWN

(Thousands of Pesos)

ANNEX 5

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| Credit Type / Institution | Amortization Date | Interest Rate | Denominated in |           | Amortization of Credits in Foreign Currency with National Entities (Thousands of Pesos) |         |         |         |         |         | Amortization Time Interval |         |
|---------------------------|-------------------|---------------|----------------|-----------|---|---------|---------|---------|---------|---------|----------------------------|---------|
|                           |                   |               | Pesos          | More Than | Time Interval   | Current | Until 1 | Until 2 | Until 3 | Until 4 |                            | Until 5 |
|                           |                   |               | Until 1        | 1 Year    | Year  | Year    | Years   | Years   | Years   | Years   | Year                       |         |
| <b>BANKS</b>              |                   |               |                |           |   |         |         |         |         |         |                            |         |
| <b>FOREIGN TRADE</b>      |                   |               |                |           |   |         |         |         |         |         |                            |         |
| AB SVENKS EXPORT KRED (1) | 14/12/2005        | 2.18          | 0              | 0         | 0   | 0       | 0       | 0       | 0       | 0       | 15,506                     |         |
| ABN AMRO BANK (1)         | 30/11/2006        | 2.61          | 0              | 0         | 0   | 0       | 0       | 0       | 0       | 0       | 429,630                    |         |
|                           | 24/12/2006        | 1.99          | 0              | 0         | 0   | 0       | 0       | 0       | 0       | 0       | 1,893                      |         |

|   |            |      |   |   |   |   |   |   |   |   |   |         |
|---|------------|------|---|---|---|---|---|---|---|---|---|---------|
| BANAMEX<br>AG.NY (1)                    |            |      |   |   |   |   |   |   |   |   |   |         |
| BANCA SERFIN<br>AG.NY (1) 24/12/2006    | 1.99       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 978     |
| BBV<br>ARGENTINA (1) 21/12/2007         | 1.93       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 87,888  |
| BANCO INTERN.,<br>SAG (1) 24/12/2006    | 1.99       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 269     |
| BANCO<br>SANTANDER NY<br>(1) 27/11/2008 | 1.38       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,905  |
| BANK OF<br>AMERICA (1) 24/12/2006       | 1.99       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,884  |
| BANK OF<br>AMERICA (1) 23/12/2006       | 1.43       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 81,618  |
| BANK OF<br>AMERICA (1) 15/12/2003       | 1.56       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,602  |
| BARCLAYS<br>BANK (1) 31/12/2004         | 2.43       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 107,667 |
| BARCLAYS<br>BANK (1) 31/12/2005         | 2.18       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47,322  |
| CITIBANK, N.A.<br>(1) 24/12/2006        | 1.99       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,883  |
| CREDIT<br>LYONNAIS (1) 10/2003          | 1.56       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11,452  |
| DEXIA BANK (1) 2014                     | 2.18       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 126,798 |
| EXPORT<br>DEVELOPMENT<br>(1) 22/04/2008 | 1.73       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,723  |
| GOLDMAN<br>SACHS INTL (1) 24/12/2006    | 1.99       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,643   |
| JAPAN BANK<br>FOR INT. (1) 10/10/2011   | 2.27       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0       |
| JP MORGAN<br>CHASE B (1) 20/12/2004     | 1.88       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0       |
| KREDITANSTALT<br>FUR W. (1) 15/12/2006  | 2.48       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 63,742  |
| KREDITANSTALT<br>FUR W. (1) 30/11/2004  | 1.68       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,209   |
| NATEXIS<br>BANQUE (1) 31/03/2022        | 2.00       | 0    | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,457   |
|   | 04/12/2007 | 2.43 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 174,133 |

|  |      |         |   |         |         |         |         |        |   |   |   |         |
|--|------|---------|---|---------|---------|---------|---------|--------|---|---|---|---------|
| NORDEA BANK<br>FINLAND (1)               |      |         |   |         |         |         |         |        |   |   |   |         |
| NORDEA BANK<br>FINLAND (09/11/2004)      | 2.68 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 64,470  |
| NORDIC<br>INVESTMENTS (12/2006)          | 2.28 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 54,636  |
| SKANDINAVISKA<br>ENSK (1) 28/02/2010     | 2.61 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 34,670  |
| SKANDINAVISKA<br>ENSK (1) 28/02/2004     | 2.18 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| SOCIETE<br>GENERALE NY<br>(1) 31/12/2003 | 1.62 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 10,915  |
| SOCIETE<br>GENERALE (2/12/2006)          | 1.99 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 3,976   |
| SOCIETE<br>GENERALE (14/05/2007)         | 1.93 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 39,354  |
| BANK<br>TOKYO-MITSUB<br>(1) 28/12/2008   | 2.53 | 0       | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 109,272 |
| ARRENDAD.<br>CITIBANK (25/06/2004)       | 2.18 | 0       | 0 | 60,830  | 125,433 | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BANAMEX, S.A.<br>(1) 26/11/2003          | 1.48 | 0       | 0 | 382,452 | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BANAMEX, S.A.<br>(1) 27/06/2005          | 2.18 | 0       | 0 | 49,021  | 152,932 | 159,806 | 0       | 0      | 0 | 0 | 0 | 0       |
| BBVA<br>BANCOMER (10/2006)               | 2.18 | 0       | 0 | 54,028  | 167,528 | 236,661 | 61,648  | 0      | 0 | 0 | 0 | 0       |
| BBVA<br>BANCOMER (10/2006)               | 2.08 | 0       | 0 | 29,352  | 89,377  | 122,312 | 126,002 | 32,090 | 0 | 0 | 0 | 0       |
| BBVA<br>BANCOMER (9/11/2003)             | 1.56 | 0       | 0 | 983,448 | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BBVA<br>BANCOMER (7/01/2004)             | 5.05 | 800,000 | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BANCO<br>INTERNAC (14/12/2006)           | 1.99 | 0       | 0 | 6,195   | 19,105  | 16,011  | 12,856  | 3,214  | 0 | 0 | 0 | 0       |
| BANCO<br>SANTANDER (11/2003)             | 1.68 | 0       | 0 | 546,360 | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BBVA<br>BANCOMER (2/05/2004)             | 5.08 | 500,000 | 0 | 0       | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |
| BANK<br>TOKYO-MITSUB.<br>(1) 16/10/2003  | 1.74 | 0       | 0 | 109,272 | 0       | 0       | 0       | 0      | 0 | 0 | 0 | 0       |

|   |       |            |           |           |         |         |         |        |   |           |
|---|-------|------------|-----------|-----------|---------|---------|---------|--------|---|-----------|
| CITIBANK<br>MEXICO, S26/06/2006                   | 2.06  | 0          | 0         | 68,830    | 210,438 | 290,044 | 224,871 | 0      | 0 | 0         |
| ARRENDAD<br>INBURSA (38/02/2004                   | 5.20  | 1,386      | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| TESORERIA DE<br>LA FED (1) 24/12/2006             | 1.99  | 0          | 0         | 12,070    | 37,443  | 31,350  | 25,158  | 6,289  | 0 | 0         |
| 00/01/0000  | 0.00  | 0          | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
|   |       |            |           |           |         |         |         |        |   |           |
|   |       |            |           |           |         |         |         |        |   |           |
| TOTAL BANKS                                       |       | 1,301,386  | 0         | 2,301,858 | 802,255 | 856,184 | 450,535 | 41,593 | 0 | 1,628,496 |
| STOCK<br>EXCHANGE                                 |       |            |           |           |         |         |         |        |   |           |
| LISTED IN THE<br>MEXICAN STOCK<br>EXCHANGE        |       |            |           |           |         |         |         |        |   |           |
| UNSECURED<br>DEBT                                 |       |            |           |           |         |         |         |        |   |           |
| CERT. BURSATIL<br>TMX 02-2 (4)02/2005             | 6.00  | 0          | 850,000   | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| CERT. BURSATIL<br>TMX 02 (4)09/02/2007            | 6.58  | 0          | 1,650,000 | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| C. B TMX 01, 02-3<br>Y 02-4 (2) 31/05/2012        | 11.05 | 0          | 1,700,000 | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| C B TELMEX 01-2<br>(4) 26/10/2007                 | 6.68  | 0          | 3,250,000 | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| PAPEL<br>COMERCIAL **<br>(2) 05/04/2004           | 5.17  | 1,777,529  | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| SENIOR NOTES<br>DUE 2006 (26/01/2006              | 8.25  | 0          | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| CONVERT. SEC<br>DUE 2004 (15/06/2004              | 4.25  | 0          | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
|   |       | 0          | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| TOTAL STOCK<br>EXCHANGE                           |       | 1,777,529  | 7,450,000 | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| OTHER CURRENT<br>LIABILITIES AND<br>OTHER CREDITS |       |            |           |           |         |         |         |        |   |           |
| OTHER CURRENT<br>LIABILITIES                      |       | 15,240,846 | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |
| OTHER CURRENT<br>LIABILITIES AND                  |       | 15,240,846 | 0         | 0         | 0       | 0       | 0       | 0      | 0 | 0         |

|               |  |            |           |           |         |         |         |        |   |           |   |  |
|---------------|--|------------|-----------|-----------|---------|---------|---------|--------|---|-----------|---|--|
| OTHER CREDITS |  |            |           |           |         |         |         |        |   |           |   |  |
| TOTAL         |  | 18,319,761 | 7,450,000 | 2,301,858 | 802,255 | 856,184 | 450,535 | 41,593 | 0 | 1,628,496 | 1 |  |

## NOTES

:

- Interest rates:

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

1. Libor plus margin
2. Fixed Rate
3. TIIE plus margin
4. CETES plus margin

A. The following rates were considered:

## Libor

at 6 months in U S dollars is equivalent to 1.18 at September 30, 2003.

## TIIE

28 days is equivalent to 5.00 at September 30, 2003.

## CETES

91 days is equivalent to 5.00 at September 30, 2003.

## CETES

182 days is equivalent to 5.78 at September 18, 2003.

- \* Syndicated Credit Administrative Agent
- \*\* The corresponding documents to this debt are DGE 582-14882 dated October 18, 2002, DGE 187-3987 dated April 10, 2003, DGE 323-4123 dated May 30, 2003, DGE 361-4161 dated June 20, 2003.
- The suppliers' Credits are reclassified to Bank Loans because in this document, SIFIC/ICS, Long Term opening to Suppliers' does not exist

Exchange rates used:

Liabilities in foreign currency

Exchange rates at end of the month.

CURRENCY AMOUNT E.R.

DOLLAR (U.S.)

4,459,470 10.9272

EURO (E.E.C.) 23,178 12.7083

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## MONETARY POSITION IN FOREIGN EXCHANGE

(Thousands of Pesos)

## ANNEX 6

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|                                    | DOLLARS     |              | OTHER CURRENCIES |           | TOTAL        |
|------------------------------------|-------------|--------------|------------------|-----------|--------------|
| TRADE BALANCE                      | THOUSANDS   | THOUSANDS    | THOUSANDS        | THOUSANDS | THOUSANDS    |
|                                    | OF DOLLARS  | OF PESOS     | OF DOLLARS       | OF PESOS  | OF PESOS     |
|                                    |             |              |                  |           |              |
| TOTAL ASSETS                       | 81,352      | 888,955      | 0                | 0         | 888,955      |
|                                    |             |              |                  |           |              |
|                                    |             |              |                  |           |              |
| LIABILITIES POSITION               | 4,459,470   | 48,729,522   | 26,956           | 294,553   | 49,024,075   |
|                                    |             |              |                  |           |              |
| SHORT TERM<br>LIABILITIES POSITION | 1,434,276   | 15,672,624   | 2,430            | 26,548    | 15,699,172   |
| LONG TERM<br>LIABILITIES POSITION  | 3,025,194   | 33,056,898   | 24,526           | 268,005   | 33,324,903   |
| NET BALANCE                        | (4,378,118) | (47,840,567) | (26,956)         | (294,553) | (48,135,120) |

EXCHANGE RATES USED:

TRADE BALANCE IN FOREIGN EXCHANGE:

## THE AVERAGE MONTHLY EXCHANGE RATES PUBLISHED BY BANCO DE MEXICO.

## ASSETS AND LIABILITIES IN FOREIGN CURRENCY:

## EXCHANGE RATES AT END OF THE MONTH.

| CURRENCY      | AMOUNT    | E.R.    |
|---------------|-----------|---------|
| DOLLAR (U.S.) | 4,459,470 | 10.9272 |
| EURO (E.E.C.) | 23,178    | 12.7083 |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## INTEGRATION AND INCOME CALCULATION BY MONETARY POSITION

(Thousands of Pesos)

## ANNEX 7

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|          | MONETARY   | MONETARY    | (ASSET)<br>LIABILITIES | MONTHLY   | MONTHLY   |
|----------|------------|-------------|------------------------|-----------|-----------|
| MONTH    |            |             | MONETARY               |           | (PROFIT)  |
|          | ASSETS     | LIABILITIES | POSITION               | INFLATION | AND LOSS  |
| JANUARY  | 36,560,358 | 86,958,297  | 50,397,939             | 0.40      | 201,592   |
| FEBRUARY | 35,329,491 | 89,493,355  | 54,163,864             | 0.28      | 151,659   |
| MARCH    | 37,691,382 | 89,235,609  | 51,544,227             | 0.63      | 324,729   |
| APRIL    | 37,418,314 | 86,945,912  | 49,527,598             | 0.17      | 84,197    |
| MAY      | 37,705,667 | 83,419,160  | 45,713,493             | (0.32)    | (146,283) |
| JUNE     | 37,988,424 | 82,321,067  | 44,332,643             | 0.08      | 35,466    |

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|                     |            |            |            |      |           |
|---------------------|------------|------------|------------|------|-----------|
| JULY                | 31,060,277 | 75,854,678 | 44,794,401 | 0.14 | 62,712    |
| AUGUST              | 33,700,783 | 77,431,029 | 43,730,246 | 0.30 | 131,191   |
| SEPTEMBER           | 34,968,492 | 77,767,661 | 42,799,169 | 0.60 | 256,795   |
| OCTOBER             | 0          | 0          | 0          | 0.00 | 0         |
| NOVEMBER            | 0          | 0          | 0          | 0.00 | 0         |
| DECEMBER            | 0          | 0          | 0          | 0.00 | 0         |
| ACTUALIZATION<br>:  | 0          | 0          | 0          | 0.00 | 10,143    |
| CAPITALIZATION<br>: | 0          | 0          | 0          | 0.00 | 0         |
| FOREIGN CORP. :     | 0          | 0          | 0          | 0    | 0         |
| OTHER               | 0          | 0          | 0          | 0    | (50,549)  |
| TOTAL               |            |            |            |      | 1,061,652 |

NOTES:

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** UARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

BONDS AND MEDIUM TERM NOTES LISTING IN STOCK MARKET

ANNEX 8

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

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
| DOES NOT APPLY                             |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| ACTUAL SITUATION OF FINANCIAL LIMITED      |  |  |  |  |
|  |  |  |  |  |
| DOES NOT APPLY                             |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE |  |  |  |  |
|  |  |  |  |  |
| DOES NOT APPLY                             |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

PLANTS, COMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

CONSOLIDATED

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| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY | UTILIZATION (%) |
|-----------------|-------------------|----------------|-----------------|
|                 |                   |                |                 |
| NOT AVAILABLE   |                   | 0              | 0               |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

MAIN RAW MATERIALS

ANNEX 10

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| DOMESTIC      | MAIN SUPPLIERS | FOREIGN | MAIN SUPPLIERS | DOM. SUBS. | COST PRODUCCION (%) |
|---------------|----------------|---------|----------------|------------|---------------------|
|               |                |         |                |            |                     |
| NOT AVAILABLE |                |         |                | 0          | 0                   |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

DOMESTIC SELLS

ANNEX 11

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| MAIN PRODUCTS         | TOTAL PRODUCTION |        | NET SELLS |            | MARKET | MAIN       |           |
|-----------------------|------------------|--------|-----------|------------|--------|------------|-----------|
|                       | VOLUME           | AMOUNT | VOLUME    | AMOUNT     | (%)    | TRADEMARKS | COSTUMERS |
| LOCAL SERVICE         |                  |        |           | 39,884,789 |        |            |           |
| LONG DISTANCE SERVICE |                  |        |           | 27,565,447 |        |            |           |
| INTERCONNECTION       |                  |        |           | 12,977,970 |        |            |           |
| OTHERS                |                  |        |           | 3,484,790  |        |            |           |
| TOTAL                 |                  |        |           | 83,912,996 |        |            |           |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## FOREIGN SELLS

## ANNEX 11B

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| MAIN PRODUCTS  | TOTAL PRODUCTION |        | NET SELLS |           | MARKET | MAIN       |           |
|----------------|------------------|--------|-----------|-----------|--------|------------|-----------|
|                | VOLUME           | AMOUNT | VOLUME    | AMOUNT    | (%)    | TRADEMARKS | COSTUMERS |
|                |                  |        |           |           |        |            |           |
| NET SETTLEMENT |                  |        |           | 1,353,826 |        |            |           |
|                |                  |        |           |           |        |            |           |
|                |                  |        |           |           |        |            |           |
| TOTAL          |                  |        |           | 1,353,826 |        |            |           |

## MEXICAN STOCK EXCHANGE

## SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## INFORMATION OF PROJECTS

## ANNEX 13

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| ITEM | Thousand Mexican Pesos    |         |                           |         |                           |         |        |
|------|---------------------------|---------|---------------------------|---------|---------------------------|---------|--------|
|      | 1 <sup>st</sup> . Quarter | % of    | 2 <sup>nd</sup> . Quarter | % of    | 3 <sup>rd</sup> . Quarter | % of    |        |
|      | Jan-Mar                   | Advance | Apr-Jun                   | Advance | Jul-Sep                   | Advance | Budget |
|      |                           |         |                           |         |                           |         |        |

|                         |                |             |                  |              |                  |             |                   |
|-------------------------|----------------|-------------|------------------|--------------|------------------|-------------|-------------------|
| DATA AND CONNECTIVITY   | 124,746        | 7           | 372,621          | 22           | 457,218          | 26          | 1,729,431         |
| INTERNAL PLANT          | 40,890         | 2           | 342,126          | 17           | 410,148          | 20          | 2,016,619         |
| OUTSIDE PLANT           | 593,705        | 16          | 288,823          | 8            | 599,279          | 16          | 3,733,730         |
| TRANSMISSION NETWORK    | 67,967         | 3           | 290,627          | 12           | 729,702          | 30          | 2,405,183         |
| SYSTEMS                 | 675            | 0           | 12,311           | 2            | 64,196           | 8           | 757,636           |
| OTHERS                  | 63,597         | 7           | 324,188          | 38           | 226,664          | 26          | 861,894           |
|                         |                |             |                  |              |                  |             |                   |
| <b>TOTAL INVESTMENT</b> | <b>891,580</b> | <b>7.75</b> | <b>1,630,696</b> | <b>14.17</b> | <b>2,487,207</b> | <b>21.6</b> | <b>11,504,493</b> |

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: **3** YEAR: **2003**

TELEFONOS DE MEXICO, S.A. DE C.V.

TRANSACTIONS IN FOREIGN CURRENCY AND TRANSLATION

OF FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

ANNEX 14

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Basis of translation of financial statements of foreign subsidiaries

The financial statements of the subsidiaries located in the United States of America (U.S.A.) were translated into Mexican pesos in conformity with Mexican Accounting Principles Bulletin B-15, *Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations*, issued by the MIPA, as follows:

All balance sheet amounts, except for stockholders' equity, were translated at the prevailing exchange rate at period-end; stockholders' equity accounts were translated at the prevailing exchange rate at the time capital contributions were made and earnings were generated. The statement of income amounts were translated at the prevailing exchange rate at the end of the reporting period. The effect of inflation and changes in exchange rates were not material and are presented as part of the result from holding nonmonetary assets

## MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

## INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK

## CHARACTERISTICS OF SHARES

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| SERIAL  | NOMINAL        | VALID | NUMBER OF SHARES |          |               | CAPITAL STOCK        |          |
|---|----------------|-------|------------------|----------|---------------|----------------------|----------|
|   | VALUE          | CUPON | FIXED            | VARIABLE | PUBLIC        | (Thousands of Pesos) |          |
|   |                |       | PORTION          | PORTION  | MEXICAN       | FIXED                | VARIABLE |
| A   | 0.025          |       | 275,082,014      | 0        | 275,082,014   | 6,876                | 0        |
| AA  | 0.025          |       | 4,136,480,585    | 0        | 4,136,480,585 | 103,412              | 0        |
| L   | 0.025          |       | 7,876,631,495    | 0        | 7,876,631,495 | 196,916              | 0        |
| TOTAL   |                |       | 12,288,194,094   | 0        | 4,186,580,585 | 307,204              | 0        |
| TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION: |                |       |                  |          |               |                      |          |
|   | 12,288,194,094 |       |                  |          |               |                      |          |
| SHARES PROPORTION BY:   |                |       |                  |          |               |                      |          |
| CPO'S :   |                |       |                  |          |               |                      |          |
| UNITS':   |                |       |                  |          |               |                      |          |
| ADRS's :  |                |       |                  |          |               |                      |          |
| GDRS's :  |                |       |                  |          |               |                      |          |
| ADS's :   |                |       |                  |          |               |                      |          |
| GDS's :   |                |       |                  |          |               |                      |          |

| REPURCHASED OWN SHARES |                  |                           |  |               |            |  |
|------------------------|------------------|---------------------------|--|---------------|------------|--|
| SERIAL                 | NUMBER OF SHARES | MARKET VALUE OF THE SHARE |  | AT REPURCHASE | AT QUARTER |  |
| A & L                  | 488,907,631      | 16.5907                   |  | 16.6251       |            |  |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

GENERAL INFORMATION

| ISSUER GENERAL INFORMATION |                                    |
|----------------------------|------------------------------------|
| COMPANY:                   | TELEFONOS DE MEXICO, S.A. DE C.V.  |
| ADDRESS:                   | PARQUE VIA 198,<br>COL. CUAUHTEMOC |
| ZIP:                       | 06599                              |
| CITY:                      | MEXICO, D.F.                       |
| TELEPHONE:                 | 52 22 12 12                        |
| FAX:                       |                                    |
| E-MAIL:                    |                                    |
| INTERNET PAGE:             |                                    |
| ISSUER FISCAL INFORMATION  |                                    |
| TAX PAYER FEDERAL ID:      | TME 840315KT6                      |
| FISCAL ADDRESS:            | PARQUE VIA 198,<br>COL. CUAUHTEMOC |
| ZIP:                       | 06599                              |

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|                      |  |
|----------------------|--|
| CITY:                | MEXICO, D.F.                           |
|                      |  |
| PAYMENT RESPONSIBLE  |  |
| NAME:                | C.P. EDUARDO ROSENDO GIRARD            |
| ADDRESS:             | PARQUE VIA 198 - 5 FLOOR OFFICE 501,   |
|                      | COL. CUAUHEMOC                         |
| ZIP:                 | 06599                                  |
| CITY:                | MEXICO, D.F.                           |
| TELEPHONE:           | 52 22 53 95                            |
| FAX:                 | 52 50 80 54                            |
| E-MAIL:              |  |
|                      |  |
| OFFICERS INFORMATION |  |
| POSITION BMV:        | CHAIRMAN OF THE BOARD                  |
| POSITION:            | CHAIRMAN OF THE BOARD                  |
| NAME:                | ING. CARLOS SLIM HELU                  |
| ADDRESS:             | AV. PASEO DE LAS PALMAS NUM. 750,      |
|                      | COL. LOMAS DE CHAPULTEPEC              |
| ZIP:                 | 11000                                  |
| CITY:                | MEXICO, D.F.                           |
| TELEPHONE:           | 56 25 49 00                            |
| FAX:                 | 55 20 15 10                            |
| E-MAIL:              |  |
|                      |  |
| POSITION BMV:        | CHIEF EXECUTIVE OFFICER                |
| POSITION:            | CHIEF EXECUTIVE OFFICER                |
| NAME:                | ING. JAIME CHICO PARDO                 |
| ADDRES:              | PARQUE VIA 190 - 10 FLOOR OFFICE 1001, |
|                      | COL. CUAUHEMOC                         |
| ZIP:                 | 06599                                  |
| CITY:                | MEXICO, D.F.                           |
| TELEPHONE:           | 55 46 15 46 & 52 22 51 52              |
| FAX:                 | 57 05 00 39                            |
| E-MAIL:              |  |
|                      |  |
| POSITION BMV:        | CHIEF FINANCIAL OFFICER                |
|                      |  |

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|               |   |
|---------------|---|
| POSITION:     | CHIEF FINANCIAL OFFICER                         |
| NAME:         | ING. ADOLFO CEREZO PEREZ                        |
| ADDRESS:      | PARQUE VIA 190 - 10 FLOOR OFFICE 1016,          |
|               | COL. CUAUHEMOC                                  |
| ZIP:          | 06599   |
| CITY:         | MEXICO, D.F.                                    |
| TELEPHONE:    | 52 22 57 80 & 52 22 51 44                       |
| FAX:          | 52 55 15 76                                     |
| E-MAIL:       |   |
|               |   |
| POSITION BMV: | QUATERLY FINANCIAL INFORMATION RESPONSIBLE      |
| POSITION:     | COMPROLLER                                      |
| NAME:         | C.P. EDUARDO ROSENDO GIRARD                     |
| ADDRES:       | PARQUE VIA 198 - 5 FLOOR OFFICE 501,            |
|               | COL. CUAUHEMOC                                  |
| ZIP:          | 06599   |
| CITY:         | MEXICO, D.F.                                    |
| TELEPHONE:    | 52 22 53 95                                     |
| FAX:          | 52 50 80 54                                     |
| E-MAIL:       |   |
|               |   |
| POSITION BMV: | QUATERLY FINANCIAL INFORMATION RESPONSIBLE 2nd. |
| POSITION:     | ACCOUNTING INTEGRATION MANAGER                  |
| NAME:         | C.P. WALTERIO FLORES ARIAS                      |
| ADDRES:       | PARQUE VIA 198 - 5 FLOOR OFFICE 503,            |
|               | CUAUHEMOC                                       |
| ZIP:          | 06599   |
| CITY:         | MEXICO, D.F.                                    |
| TELEPHONE:    | 52 22 18 03 & 52 22 18 04                       |
| FAX:          | 57 05 07 29                                     |
| E-MAIL:       |   |
|               |   |
|               |   |

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|               |  |
|---------------|--|
| POSITION BMV: | GENERAL COUNSEL                                      |
| POSITION:     | GENERAL COUNSEL                                      |
| NAME:         | LIC. SERGIO MEDINA NORIEGA                           |
| ADDRESS:      | PARQUE VIA 190 - 2 FLOOR OFFICE 202,                 |
|               | COL. CUAUHTEMOC                                      |
| ZIP:          | 06599  |
| CITY:         | MEXICO, D.F.   |
| TELEPHONE:    | 52 22 14 25 & 52 22 57 42                            |
| FAX:          | 55 46 43 74  |
| E-MAIL:       |  |
|               |  |
| POSITION BMV: | SECRETARY OF BOARD OF DIRECTORS                      |
| POSITION:     | SECRETARY OF BOARD OF DIRECTORS                      |
| NAME:         | LIC. SERGIO MEDINA NORIEGA                           |
| ADDRESS:      | PARQUE VIA 190 - 2 FLOOR OFFICE 202,                 |
|               | COL. CUAUHTEMOC                                      |
| ZIP:          | 06599  |
| CITY:         | MEXICO, D.F.   |
| TELEPHONE:    | 52 22 14 25 & 52 22 57 42                            |
| FAX:          | 55 46 43 74  |
| E-MAIL:       |  |
|               |  |
| POSITION BMV: | RESPONSIBLE OF PROVIDING<br>INFORMATION TO INVESTORS |
| POSITION:     | INVESTORS RELATIONS MANAGER                          |
| NAME:         | LIC. ALEJANDRO MARTINEZ ALTAMIRANO                   |
| ADDRESS:      | PARQUE VIA 198 - 7 FLOOR OFFICE 701,                 |
|               | COL. CUAUHTEMOC                                      |
| ZIP:          | 06599  |
| CITY:         | MEXICO, D.F.   |
| TELEPHONE:    | 57 03 39 90  |
| FAX:          | 55 45 55 50  |
| E-MAIL:       |  |
|               |  |
|               |  |
|               |  |

|               |   |
|---------------|---|
| POSITION BMV: | RESPONSIBLE OF PROVIDE INFORMATION BY EMISNET |
| POSITION:     | COMPTRROLLER                                  |
| NAME:         | C.P. EDUARDO ROSENDO GIRARD                   |
| ADDRESS:      | PARQUE VIA 198 - 5 FLOOR OFFICE 501,          |
|               | COL. CUAUHTEMOC                               |
| ZIP:          | 06599   |
| CITY:         | MEXICO, D.F.                                  |
| TELEPHONE:    | 57 22 53 95                                   |
| FAX:          | 52 50 80 54                                   |
| E-MAIL:       |   |
|               |   |
|               |   |
|               |   |
| POSITION BMV: | RESPONSIBLE OF PROVIDE INFORMATION BY EMISNET |
| POSITION:     | SHAREHOLDER SERVICES MANAGER                  |
| NAME:         | LIC. MIGUEL ANGEL PINEDA CATALAN              |
| ADDRESS:      | PARQUE VIA 198 - 2 FLOOR OFFICE 201,          |
|               | COL. CUAUHTEMOC                               |
| ZIP:          | 06599   |
| CITY:         | MEXICO, D.F.                                  |
| TELEPHONE:    | 52 22 53 22                                   |
| FAX:          | 55 46 21 11                                   |
| E-MAIL:       |   |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

BOARD OF DIRECTORS

SERIES: ALL

POSITION: CHAIRMAN OF THE BOARD

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. CARLOS SLIM HELU

POSITION: BOARD PROPIETORS

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: SR. EMILIO AZCARRAGA JEAN

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. JAIME CHICO PARDO

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. ANTONIO COSIO ARI

ÑO

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: SR. MARK E. ROYSE

EFFECTIVE DATE: DEL :

29/04/2003 AL: 30/04/2004

NAME: MTRA. AMPARO ESPINOSA RUGARCIA

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. ELMER FRANCO MACIAS

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. RAFAEL KALACH MIZRAHI

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. ANGEL LOSADA MORENO

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: SRITA. JANET DUNCAN

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: LIC. RICARDO MARTIN BRINGAS

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: SR. ROMULO O FARRIL JR.:

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: C.P. JUAN ANTONIO PEREZ SIMON

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: LIC. FERNANDO SENDEROS MESTRE

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: LIC. CARLOS SLIM DOMIT

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: LIC. MARCO ANTONIO SLIM DOMIT

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: SR. JAMES W. CALLAWAY

POSITION: BOARD ALTERNATES

EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: SR. JAIME ALVERDE GOYA

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. CARLOS BERNAL VEREA

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: SR. JORGE A. CHAPA SALAZAR

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. ANTONIO COSIO PANDO

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. ANTONIO DEL VALLE RUIZ

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. ARTURO ELIAS AYUB

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: SRA. ANGELES ESPINOSA YGLESIAS

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: SR. JORGE ESTEVE CAMPDERA

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. AGUSTIN FRANCO MACIAS

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. HUMBERTO GUTIERREZ OLVERA Z.

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. JOSE KURI HARFUSH

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. FEDERICO LAFFAN FANO

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. FRANCISCO MEDINA CHAVEZ

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: ING. BERNARDO QUINTANA ISAAC

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. PATRICK SLIM DOMIT

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. FERNANDO SOLANA MORALES

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. FERNANDO VALDES ACRA

POSITION: STATUTORY AUDITOR

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. ALBERTO TIBURCIO CELORIO

POSITION: ALTERNATE STATUTORY AUDITOR

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: C.P. FERNANDO ESPINOSA LOPEZ

POSITION: SECRETARY OF THE BOARD OF DIRECTORS

EFFECTIVE DATE: FROM :

04/29/2003 TO: 04/30/2004

NAME: LIC. SERGIO MEDINA NORIEGA

POSITION: ASISTANT SECRETARY  
EFFECTIVE DATE: FROM :  
04/29/2003 TO: 04/30/2004  
NAME: LIC. RAFAEL ROBLES MIAJA

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER:

3 YEAR: 2003

TELEFONOS DE MEXICO, S.A. DE C.V.

CONSOLIDATED

Final printing

DECLARATION FROM THE COMPANY OFFICIALS RESPONSABLE FOR THE INFORMATION.

I (We) hereby swear, in the scope of my (our) functions, that I (we) prepared the financial information related with the Issuer's Quarter Report herein supplied, which, to my (our) knowledge, reasonably reflects the situation of the Issuer. I (We) also hereby swear that I (we) have no knowledge of any relevant information which has been omitted or falsely represented in this Quarter Report, or that such report contains information that could mislead the investors.

ING. ADOLFO CEREZO PEREZ  
CHIEF FINANCIAL OFFICER

C.P. EDUARDO ROSENDO GIRARD  
COMPTRROLLER

MEXICO, D.F.,

AT OCTOBER 16, 2003.