

TELEFONOS DE MEXICO S A DE C V
Form 6-K
May 01, 2003

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

CONSOLIDATED FINANCIAL STATEMENT

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|---|--------------------|-----|---------------------|-----|
| S | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | TOTAL ASSETS | 168,791,818 | 100 | 165,854,976 | 100 |
| 2 | CURRENT ASSETS | 36,177,126 | 21 | 33,735,443 | 20 |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 14,342,181 | 8 | 10,057,318 | 6 |
| 4 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 17,225,923 | 10 | 17,938,266 | 11 |
| 5 | OTHER ACCOUNTS AND DOCUMENTS RECIVABLE | 1,941,835 | 1 | 3,291,912 | 2 |
| 6 | INVENTORIES | 1,124,685 | 1 | 939,500 | 1 |
| 7 | OTHER CURRENT ASSETS | 1,542,502 | 1 | 1,508,447 | 1 |
| 8 | LONG - TERM | 908,009 | 1 | 1,132,222 | 1 |
| 9 | ACCOUNTS AND DOCUMENTS RECEIVABLE (NET) | 0 | 0 | 0 | 0 |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND NON-CONSOLIDATED | 869,838 | 1 | 982,970 | 1 |
| 11 | OTHER INVESTMENTS | 38,171 | 0 | 149,252 | 0 |
| 12 | PROPERTY, PLANT AND EQUIPMENT | 122,955,692 | 73 | 120,978,286 | 73 |
| | | | | | |

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| | | | | | |
|----|--|--------------|-------|--------------|-------|
| 13 | PROPERTY | 0 | 0 | 0 | 0 |
| 14 | MACHINERY AND INDUSTRIAL | 266,945,029 | 158 | 235,271,879 | 142 |
| 15 | OTHER EQUIPMENT | 0 | 0 | 0 | 0 |
| 16 | ACCUMULATED DEPRECIATION | 150,012,184 | 89 | 126,994,401 | 77 |
| 17 | CONSTRUCTION IN PROCESS | 6,022,847 | 4 | 12,700,808 | 8 |
| 18 | DEFERRED ASSETS (NET) | 778,936 | 0 | 938,035 | 1 |
| 19 | OTHER ASSETS | 7,972,055 | 5 | 9,070,990 | 5 |
| 20 | TOTAL LIABILITIES | 107,627,941 | 100 | 112,199,420 | 100 |
| 21 | CURRENT LIABILITIES | 31,884,228 | 30 | 39,158,708 | 35 |
| 22 | SUPPLIERS | 0 | 0 | 0 | 0 |
| 23 | BANK LOANS | 10,891,745 | 10 | 9,314,483 | 8 |
| 24 | STOCK MARKET LOANS | 167,846 | 0 | 9,169,605 | 8 |
| 25 | TAXES TO BE PAID | 4,006,167 | 4 | 1,315,471 | 1 |
| 26 | OTHER CURRENT LIABILITIES | 16,818,470 | 16 | 19,359,149 | 17 |
| 27 | LONG - TERM LIABILITIES | 55,074,067 | 51 | 55,232,882 | 49 |
| 28 | BANK LOANS | 21,842,817 | 20 | 26,582,104 | 24 |
| 29 | STOCK MARKET LOANS | 33,231,250 | 31 | 28,650,778 | 26 |
| 30 | OTHER LOANS | 0 | 0 | 0 | 0 |
| 31 | DEFERRED LOANS | 12,979,271 | 12 | 12,180,648 | 11 |
| 32 | OTHER LIABILITIES | 7,690,375 | 7 | 5,627,182 | 5 |
| 33 | CONSOLIDATED STOCK HOLDERS' EQUITY | 61,163,877 | 100 | 53,655,556 | 100 |
| 34 | MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 35 | MAJORITY INTEREST | 61,163,877 | 100 | 53,655,556 | 100 |
| 36 | CONTRIBUTED CAPITAL | 38,664,148 | 63 | 39,270,078 | 73 |
| 37 | PAID-IN CAPITAL STOCK (NOMINAL) | 319,428 | 1 | 329,121 | 1 |
| 38 | RESTATEMENT OF PAID-IN CAPITAL STOCK | 27,370,219 | 45 | 27,966,456 | 52 |
| 39 | PREMIUM ON SALES OF SHARES | 10,974,501 | 18 | 10,974,501 | 20 |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| 41 | CAPITAL INCREASE (DECREASE) | 22,499,729 | 37 | 14,385,478 | 27 |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 74,390,075 | 122 | 62,366,385 | 116 |
| 43 | REPURCHASE FUND OF SHARES | 0 | 0 | 0 | 0 |
| 44 | | (71,458,261) | (117) | (72,814,189) | (136) |

| | | | | | |
|----|---|------------|----|------------|----|
| | E X C E S S (S H O R T F A L L) I N R E S T A T E M E N T O F S T O C K H O L H O L D E R S ' E Q U I T Y | | | | |
| 45 | NET INCOME FOR THE YEAR | 19,567,915 | 32 | 24,833,282 | 46 |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

CONSOLIDATED FINANCIAL STATEMENT

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|----------------------------------|--------------------|-----|---------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 3 | CASH AND SHORT- TERM INVESTMENTS | 14,342,181 | 100 | 10,057,318 | 100 |
| 46 | CASH | 1,047,858 | 7 | 1,087,297 | 11 |
| 47 | SHORT-TERM INVESTMENTS | 13,294,323 | 93 | 8,970,021 | 89 |
| 18 | DEFERRED ASSETS (NET) | 778,936 | 100 | 938,035 | 100 |
| 48 | AMORTIZED OR REDEEMED EXPENSES | 603,911 | 78 | 643,336 | 69 |
| 49 | GOODWILL | 175,025 | 22 | 294,699 | 31 |
| 50 | DEFERRED TAXES | 0 | 0 | 0 | 0 |
| 51 | OTHERS | 0 | 0 | 0 | 0 |
| 21 | CURRENT LIABILITIES | 31,884,228 | 100 | 39,158,708 | 100 |

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| | | | | | |
|----|---|------------|-----|------------|-----|
| 52 | FOREIGN CURRENCY LIABILITIES | 10,887,878 | 34 | 5,143,616 | 13 |
| 53 | MEXICAN PESOS LIABILITIES | 20,996,350 | 66 | 34,015,092 | 87 |
| | | | | | |
| 24 | STOCK MARKET LOANS | 167,846 | 100 | 9,169,605 | 100 |
| 54 | COMMERCIAL PAPER | 167,846 | 100 | 9,169,605 | 100 |
| 55 | CURRENT MATURITIES OF MEDIUM TERM NOTES | 0 | 0 | 0 | 0 |
| 56 | CURRENT MATURITIES OF BONDS | 0 | 0 | 0 | 0 |
| | | | | | |
| 26 | OTHER CURRENT LIABILITIES | 16,818,470 | 100 | 19,359,149 | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH COST | 0 | 0 | 0 | 0 |
| 58 | OTHER CURRENT LIABILITIES WITHOUT COST | 16,818,470 | 100 | 19,359,149 | 100 |
| | | | | | |
| 27 | LONG - TERM LIABILITIES | 55,074,067 | 100 | 55,232,882 | 100 |
| 59 | FOREIGN CURRENCY LIABILITIES | 46,323,487 | 84 | 50,204,008 | 91 |
| 60 | MEXICAN PESOS LIABILITIES | 8,750,580 | 16 | 5,028,874 | 9 |
| | | | | | |
| 29 | STOCK MARKET LOANS | 33,231,250 | 100 | 28,650,778 | 100 |
| 61 | BONDS | 0 | 0 | 0 | 0 |
| 62 | MEDIUM TERM NOTES | 33,231,250 | 100 | 28,650,778 | 100 |
| | | | | | |
| 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 | 12,979,271 | 100 | 12,180,648 | 100 |
| 65 | NEGATIVE GOODWILL | 0 | 0 | 0 | 0 |
| 66 | DEFERRED TAXES | 12,979,271 | 100 | 12,180,648 | 100 |
| 67 | OTHERS | 0 | 0 | 0 | 0 |
| | | | | | |
| 32 | OTHER LIABILITIES | 7,690,375 | 100 | 5,627,182 | 100 |
| 68 | RESERVES | 7,690,375 | 100 | 5,627,182 | 100 |

| | | | | | |
|----|---|--------------|-----|--------------|-----|
| 69 | OTHERS LIABILITIES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) IN RESTATEMENTS OF STOCK HOLDERS' EQUITY | (71,458,261) | 100 | (72,814,189) | 100 |
| 70 | ACCUMULATED INCOME DUE TO MONETARY POSITION | (12,426,529) | 17 | (12,426,533) | 17 |
| 71 | INCOME FROM NON-MONETARY POSITION ASSETS | (59,031,732) | 83 | (60,387,656) | 83 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

CONSOLIDATED FINANCIAL STATEMENT

OTHER CONCEPTS

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|---|--------------------|--|---------------------|--|
| S | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | | Amount | |
| 72 | WORKING CAPITAL | 4,292,898 | | (5,423,265) | |
| 73 | PENSIONS FUND AND SENIORITY PREMIUMS | 7,690,375 | | 5,627,182 | |
| 74 | EXECUTIVES (*) | 139 | | 148 | |
| 75 | EMPLOYERS (*) | 11,659 | | 12,710 | |
| 76 | WORKERS (*) | 51,977 | | 54,652 | |
| 77 | CIRCULATION SHARES (*) | 12,777,101,725 | | 13,164,847,668 | |

| | | | | | |
|-----|--|-------------|--|-------------|--|
| 78 | REPURCHASED SHARES (*) | 387,745,943 | | 845,152,332 | |
| | | | | | |
| (*) | THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS. | | | | |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

CONSOLIDATED EARNING STATEMENT

FROM JANUARY 1ST TO DECEMBER 31 OF 2002 AND 2001

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|---|--------------------|-----|---------------------|-----|
| R | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | NET SALES | 112,859,717 | 100 | 117,292,056 | 100 |
| 2 | COST OF SALES | 56,695,254 | 50 | 54,158,059 | 46 |
| 3 | GROSS INCOME | 56,164,463 | 50 | 63,133,997 | 54 |
| 4 | OPERATING | 16,547,340 | 15 | 18,114,680 | 15 |
| 5 | OPERATING INCOME | 39,617,123 | 35 | 45,019,317 | 38 |
| 6 | TOTAL FINANCING COST | 6,469,625 | 6 | 2,540,089 | 2 |
| 7 | INCOME AFTER FINANCING COST | 33,147,498 | 29 | 42,479,228 | 36 |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 0 | 0 | 0 |
| 9 | INCOME BEFORE TAXES AND WORKERS' PROFIT SHARING | 33,147,498 | 29 | 42,479,228 | 36 |
| 10 | RESERVE FOR TAXES AND WORKERS' PROFIT SHARING | 13,327,882 | 12 | 17,191,349 | 15 |
| 11 | NET INCOME AFTER TAXES AND WORKERS' PROFIT SHARING | 19,819,616 | 18 | 25,287,879 | 22 |
| 12 | SHARE IN NET INCOME OF SUBSIDIARIES AND NON-CONSOLIDATED ASSOCIATES | (251,701) | 0 | (454,597) | 0 |

| | | | | | |
|----|---|------------|----|------------|----|
| 13 | CONSOLIDATED NET INCOME OF CONTINUOUS OPERATIONS | 19,567,915 | 17 | 24,833,282 | 21 |
| 14 | INCOME OF DISCONTINUOUS OPERATIONS | 0 | 0 | 0 | 0 |
| 15 | CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS | 19,567,915 | 17 | 24,833,282 | 21 |
| 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 | 19,567,915 | 17 | 24,833,282 | 21 |
| 19 | NET INCOME OF MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 20 | NET INCOME OF MAJORITY INTEREST | 19,567,915 | 17 | 24,833,282 | 21 |
| | | | | | |

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

CONSOLIDATED EARNING STATEMENT

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|-----------|--------------------|-----|---------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | NET SALES | 112,859,717 | 100 | 117,292,056 | 100 |
| 21 | DOMESTIC | 110,327,936 | 98 | 114,756,073 | 98 |
| 22 | FOREIGN | 2,531,781 | 2 | 2,535,983 | 2 |

| | | | | | |
|----|---|-------------|------|-------------|------|
| 23 | TRANSLATED INTO DOLLARS (***) | 255,763 | 0 | 253,381 | 0 |
| 6 | TOTAL FINANCING COST | 6,469,625 | 100 | 2,540,089 | 100 |
| 24 | INTEREST PAID | 6,045,553 | 93 | 7,396,080 | 291 |
| 25 | EXCHANGE LOSSES | 4,444,607 | 69 | 0 | 0 |
| 26 | INTEREST EARNED | 1,225,441 | 19 | 1,352,136 | 53 |
| 27 | EXCHANGE PROFITS | 0 | 0 | 1,224,560 | 48 |
| 28 | GAIN DUE TO MONETARY POSITION | (2,795,094) | (43) | (2,279,295) | (90) |
| 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 | 13,327,882 | 100 | 17,191,349 | 100 |
| 32 | INCOME TAX | 10,638,595 | 80 | 11,180,048 | 65 |
| 33 | DEFERED INCOME TAX | (312,985) | (2) | 2,856,034 | 17 |
| 34 | WORKERS' PROFIT SHARING | 3,002,272 | 23 | 3,155,267 | 18 |
| 35 | DEFERED WORKERS' PROFIT SHARING | 0 | 0 | 0 | 0 |

(***)

THOUSANDS OF DOLLARS.

MEXICAN STOCK EXCHANGE

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

CONSOLIDATED EARNING STATEMENT

OTHER CONCEPTS

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|--------------------------------------|--------------------|--|---------------------|--|
| R | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | | Amount | |
| 36 | TOTAL SALES | 112,859,716 | | 117,292,055 | |
| 37 | NET INCOME OF THE YEAR | 0 | | 0 | |
| 38 | NET SALES (**) | 112,859,717 | | 117,292,056 | |
| 39 | OPERATION INCOME (**) | 39,617,123 | | 45,019,317 | |
| 40 | NET INCOME OF MAJORITY INTEREST (**) | 19,567,915 | | 24,833,282 | |
| 41 | NET CONSOLIDATED INCOME (**) | 19,567,915 | | 24,833,282 | |
| | | | | | |

(**)

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

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

STATEMENT OF CHANGES IN FINANCIAL POSITION

FROM JANUARY THE 1ST TO DECEMBER 31 OF 2002 AND 2001

(Thousands of Pesos)

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|--|--------------------|--|---------------------|--|
| C | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | | Amount | |
| 1 | CONSOLIDATED NET INCOME | 19,567,915 | | 24,833,282 | |
| 2 | +(-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE USING CASH | 19,618,197 | | 22,485,004 | |
| 3 | | 39,186,112 | | 47,318,286 | |

| | | | | | |
|----|--|--------------|--|--------------|--|
| | CASH FLOW FROM NET INCOME OF THE YEAR | | | | |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (2,467,357) | | 1,483,042 | |
| 5 | CASH GENERATED (USED) IN OPERATING ACTIVITIES | 36,718,755 | | 48,801,328 | |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | (7,583,312) | | (8,399,338) | |
| 7 | CASH FLOW FROM INTERNAL FINANCING | (13,415,522) | | (21,580,086) | |
| 8 | CASH FLOW GENERATED (USED) BY FINANCING | (20,998,834) | | (29,979,424) | |
| 9 | CASH FLOW GENERATED (USED) IN INVESTMENT ACTIVITIES | (11,435,058) | | (23,664,910) | |
| 10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | 4,284,863 | | (4,843,006) | |
| 11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 10,057,318 | | 14,900,324 | |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD | 14,342,181 | | 10,057,318 | |
| | | | | | |

MEXICAN STOCK EXCHANGE

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

STATEMENT OF CHANGES IN FINANCIAL POSITION

BREAKDOWN OF MAIN CONCEPTS

(Thousands of Pesos)

JUDGED INFORMATION 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 | 19,618,197 | | 22,485,004 | |
| 13 | DEPRECIATION AND AMORTIZATION FOR THE YEAR | 19,567,699 | | 18,242,502 | |
| 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 | |
| 17 | +(-) OTHER ITEMS | 50,498 | | 4,242,502 | |
| 4 | CASH FLOW FROM CHANGE IN WORKING CAPITAL | (2,467,357) | | 1,483,042 | |
| 18 | +(-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE | 712,343 | | (1,789,710) | |
| 19 | +(-) DECREASE (INCREASE) IN INVENTORIES | (185,185) | | (80,445) | |
| 20 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE | 1,281,780 | | 4,018,985 | |
| 21 | +(-) INCREASE (DECREASE) IN SUPPLIER ACCOUNT | 0 | | 0 | |
| 22 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | (4,276,295) | | (665,788) | |
| 6 | CASH FLOW FROM EXTERNAL FINANCING | (7,583,312) | | (8,399,338) | |
| 23 | + SHORT-TERM BANK AND STOCK MARKET FINANCING | 16,054,603 | | 73,448,106 | |
| 24 | + LONG-TERM BANK AND STOCK MARKET FINANCING | 168,607 | | 842,051 | |
| 25 | + DIVIDEND RECEIVED | 0 | | 0 | |
| 26 | + OTHER FINANCING | 2,990,453 | | 0 | |
| 27 | (-) BANK FINANCING AMORTIZATION | (25,694,695) | | (75,620,264) | |
| 28 | (-) STOCK MARKET AMORTIZATION | (1,102,280) | | (1,448,042) | |
| 29 | (-) OTHER FINANCING AMORTIZATION | 0 | | (5,621,189) | |
| 7 | CASH FLOW FROM INTERNAL FINANCING | (13,415,522) | | (21,580,086) | |

| | | | | | |
|----|---|--------------|--|--------------|--|
| 30 | +(-) INCREASE (DECREASE) IN CAPITAL STOCKS | (605,930) | | (1,342,334) | |
| 31 | (-) DIVIDENS PAID | (7,210,901) | | (7,082,927) | |
| 32 | + PREMIUM ON SALE OF SHARES | 0 | | 0 | |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES | (5,598,691) | | (13,154,825) | |
| | | | | | |
| 9 | CASH FLOW GENERATED (UTILIZED) IN INVESTMENT ACTIVITIES | (11,435,058) | | (23,664,910) | |
| 34 | +(-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF PERMANENT NATURE | (79,050) | | (134,447) | |
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT | (11,437,204) | | (22,762,997) | |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN PROCESS | 0 | | (1,489,625) | |
| 37 | + SALE OF OTHER PERMANENT INVESTMENTS | 0 | | 0 | |
| 38 | + SALE OF TANGIBLE FIXED ASSETS | 0 | | 0 | |
| 39 | +(-) OTHER ITEMS | 81,196 | | 722,159 | |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

RATIOS

JUDGED INFORMATION Final printing

| REF | | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|-------------------------|--------------------|---|---------------------|---|
| P | CONCEPTS | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | | Amount | |
| | YIELD | | | | |
| 1 | NET INCOME TO NET SALES | 17.34 | % | 21.17 | % |
| 2 | | 31.99 | % | 46.28 | % |

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| | | | | | |
|----|--|-------|-------|-------|-------|
| | NET INCOME TO STOCK HOLDERS' EQUITY (**) | | | | |
| 3 | NET INCOME TO TOTAL ASSETS (**) | 11.59 | % | 14.97 | % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 29.04 | % | 24.25 | % |
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 14.28 | % | 9.18 | % |
| | ACTIVITY | | | | |
| 6 | NET SALES TO NET ASSETS (**) | 0.67 | times | 0.71 | times |
| 7 | NET SALES TO FIXED ASSETS (**) | 0.92 | times | 0.97 | times |
| 8 | INVENTORIES ROTATION (**) | 50.41 | times | 57.65 | times |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 48 | days | 48 | days |
| 10 | PAID INTEREST TO TOTAL LIABILITIES WITH COST (**) | 9.14 | % | 10.03 | % |
| | LEVERAGE | | | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 63.76 | % | 67.65 | % |
| 12 | TOTAL LIABILITIES TO STOCK HOLDERS' EQUITY | 1.76 | times | 2.09 | times |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 53.16 | % | 49.33 | % |
| 14 | LONG-TERM LIABILITIES TO FIXED ASSETS | 44.79 | % | 45.66 | % |
| 15 | OPERATING INCOME TO INTEREST PAID | 6.55 | times | 6.09 | times |
| 16 | NET SALES TO TOTAL LIABILITIES (**) | 1.05 | times | 1.05 | times |
| | LIQUIDITY | | | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.13 | times | 0.86 | times |
| 18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES | 1.10 | times | 0.84 | times |
| 19 | CURRENT ASSETS TO TOTAL LIABILITIES | 0.34 | times | 0.30 | times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 44.98 | % | 25.68 | % |
| | CASH FLOW | | | | |
| 21 | CASH FLOW FROM NET INCOME TO NET SALES | 34.72 | % | 40.34 | % |

| | | | | | |
|----|--|--------|-------|-------|-------|
| 22 | CASH FLOW FROM CHANGES IN WORKING CAPITAL TO NET SALES | (2.19) | % | 1.26 | % |
| 23 | CASH GENERATED (USED) IN OPERATING TO INTEREST PAID | 6.07 | times | 6.60 | times |
| 24 | EXTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING | 36.11 | % | 28.02 | % |
| 25 | INTERNAL FINANCING TO CASH GENERATED (USED) IN FINANCING | 63.89 | % | 71.98 | % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO CASH GENERATED (USED) IN INVESTMENT ACTIVITIES | 100.02 | % | 96.19 | % |

(**)

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

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

DATA PER SHARE

CONSOLIDATED FINANCIAL STATEMENT

JUDGED INFORMATION Final printing

| REF | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----|---|--------------------|----|---------------------|----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | | Amount | |
| 1 | BASIC PROFIT PER ORDINARY SHARE (**) | 1.51 | \$ | 1.84 | \$ |
| 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 (**) | 1.51 | \$ | 1.84 | \$ |

| | | | | | |
|----|--|-------|--------|------|--------|
| 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 | CARRYING VALUE PER SHARE | 4.79 | \$ | 4.08 | \$ |
| 9 | CASH DIVIDEND ACUMULATED PER SHARE | 0.56 | \$ | 0.54 | \$ |
| 10 | DIVIDEND IN SHARES PER SHARE | 0.00 | shares | 0.00 | shares |
| 11 | MARKET PRICE TO CARRYING VALUE | 3.30 | times | 4.08 | times |
| 12 | MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE (**) | 10.47 | times | 9.04 | 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: 4 YEAR:2002

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

DIRECTOR REPORT

ANNEX 1

CONSOLIDATED

JUDGED INFORMATION
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- For the third consecutive year, TELMEX added more than one million lines, bringing the total to 14,446,436 fixed lines in service at year-end
- Internet access accounts totaled 1,165,401 with an addition of more than 250 thousand access accounts.
- During 2002, more than 400 thousand line equivalents for data transmission were added totaling 2,020,792

Operating results

Local

In the fourth quarter, 288,333 lines were added, 19.8% lower than the same period of 2001 but 6.8% higher than the third quarter. For the 12 months, there was a gain of 1,074,857 lines. Total lines in service had an annual increase of 8.0% totaling 14,446,436 lines.

Lines with at least one digital service increased 36.1% totaling 4,365,695 in the twelve months, reflecting penetration of digital services of 30.2% of lines, 6.2% more than in 2001.

In the fourth quarter, total call traffic amounted to 6,489 million calls, an increase of 2.0% compared with the same period of 2001 and 0.9% lower than the third quarter. For the full year, total call traffic rose to 25,678 million calls, 0.4% higher than the previous year.

Interconnection traffic with telecommunications operators was 5,822 million minutes in the fourth quarter, an increase of 13.4% and 3.4% more than in the third quarter. At year-end 2002, interconnection traffic rose to 21,651 million minutes, 12.1% higher than the previous year.

Long distance

In the fourth quarter, domestic long distance minutes totaled 3,731 million, 5.9%, higher than the same period of 2001 and 3.2% higher than the third quarter. For the full year, domestic long distance minutes increased 0.7%, totaling 14,347 million minutes.

In the fourth quarter, international long distance traffic totaled 912 million minutes, 19.9% lower than the same period of the previous year and 30.0% lower than in the third quarter. The decrease was due to lower economic activity in the United States as well as lower incoming international long distance traffic. For the full year, international long distance traffic increased 11.7%, totaling 4,922 million minutes.

Data

In the fourth quarter, 180,042 line equivalents for data transmission were added, 29.3% higher than the fourth quarter of 2001. At December 31, 2002, TELMEX had 2,020,792 line equivalents for data transmission, an annual increase of 28.4%.

During the quarter, 63,783 Internet access accounts were added, 5.8% lower than the same period of last year and 25.4% lower than the third quarter. For the full year, 252,274 Internet access accounts were added, 9.6% lower than the same period of last year. At year-end, TELMEX had 1,165,401 Internet access accounts in operation, 27.6% more than in 2001.

Prodigy Infinitum (DSL) had a gain of 21,681 accounts during the fourth quarter bringing the total at year-end to 66,566 accounts, up from 4,938 accounts in 2001. Prodigy Infinitum offers three speeds: 256 Kbps, 512 Kbps and 2,048 Kbps to its residential and small and medium sized business customers in order to meet their specific needs.

In 2002, TELMEX continued to offer packages of products and services in order to maintain the company's position in the competitive data market. As a result, revenues generated by the data transmission business for the fourth quarter rose to 3,355 million pesos, 8.2% higher than the fourth quarter of 2001 and 7.2% more than the third quarter. For the full year, data transmission revenues totaled 12,454 million pesos, 3.3% higher than the previous year.

TELMEX financial results

For the fourth quarter, total revenues decreased 1.6% compared with the same period of 2001 and for the full year, the decrease was 3.8% compared with 2001. The decrease in revenues was due to lower local, interconnection, domestic and international long distance traffic growth rhythm and because of the slowdown of economic activity and the reduction of rates in real terms.

Operating costs and expenses increased 4.5% compared with last year's fourth quarter and for the full year they increased 1.3%. If costs related with interconnection that increased 12.6% in the fourth quarter and 10.7% for the full year, due to the increase in traffic carried through TELMEX's network, and depreciation and amortization were put aside, total costs would show a decrease of 5.3% in the fourth quarter and 3.4% in the full year.

This is the result of a reduction in commercial, administrative and general expenses of 11.6% in the fourth quarter and a decrease of 8.7% for the full year. Cost of sales and services decreased 0.2% compared with the fourth quarter of last year and for the full year they only increased 0.4%.

In November 2002, TELMEX registered a charge of 12.5 million dollars related to our settlement with XO Communications.

In the fourth quarter, EBITDA decreased 1.2% totaling 15,205 million pesos and for the full year it totaled 59,185 million pesos, a decrease of 6.4%. Operating income was 10,763 million pesos in the fourth quarter, 10.6% lower than the same period of 2001. For the full year, operating income totaled 39,617 million pesos, 12.0% lower than in 2001.

During the fourth quarter, comprehensive financing cost had a charge of 802 million pesos, resulting from an exchange loss of 629 million pesos of a net interest charge of 853 million pesos and a gain of 680 million pesos in the monetary position. The exchange loss was mainly due to the fluctuation of the peso against the dollar, partially offset by hedges made by the company. For the full year, comprehensive financing cost rose to 6,470 million pesos.

At year-end, total debt outstanding was 66.1 billion pesos of which 57.2 billion pesos was in foreign currency. Hedges rose to 418 million dollars with an average strike price of 10.2487 pesos per dollar and monetary assets were 920 million dollars.

Net income for the fourth quarter was 5,284 million pesos, 17.6% lower than the same period of 2001. For the full year, net income was 19,568 million pesos, a decrease of 21.2% compared with the previous year. TELMEX's earnings per share for the fourth quarter, based on the number of shares outstanding at period end, were 0.41 pesos, 16.3% lower than the same period of the previous year, and for the full year were 1.53 pesos, 19.0% lower than 2001.

Comments on local financial results

The local service income statement shows an increase in revenues for this line of business of 1.0% for the fourth quarter of 2002. The increase was mainly due to interconnection traffic with telecommunications and cellular operators that offset lower revenues in access, rents and measured service. For the year, local revenues decreased 3.3% because of the reduction of the interconnection rate and the reduction of local rates in real terms.

In the fourth quarter, costs increased 7.3% compared with the same period of the previous year. The decrease was due to charges of depreciation amortization and interconnection. If these charges were eliminated, operating costs and expenses would have decreased 1.8%.

EBITDA increased 0.2% in the fourth quarter and for the full year, it decreased 7.9%. Operating income for the fourth quarter decreased 9.5% and for the full year the decrease was 13.8%.

Comments on long distance financial results

The long distance income statement shows that long distance revenues for the fourth quarter decreased 8.0% due lower international long distance billed traffic as well as the reduction of long distance rates in real terms. Revenues for the full year decreased 8.9% because growth in traffic did not offset the decrease of long distance rates in real terms.

In the fourth quarter, total operating costs and expenses decreased 6.5% compared with the same period of 2001, due to the reduction of commercial, administrative and general expenses of 18.5% and the reduction of 14.9% of interconnection costs to the local network.

EBITDA for the fourth quarter was 5.3% lower than the same period of 2001. Operating income decreased 11.5% compared with the same period of the previous year. For the full year, EBITDA and operating income for the long distance business decreased 13.8% and 19.8%, respectively.

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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 December 31, 2002 and 2001

(Thousands of Mexican pesos with purchasing power at December 31, 2002)

1. Description of the Business and Significant Accounting Policies

I. Description of business

Telefonos de Mexico, S.A. de C.V. and its subsidiaries (collectively the Company or TELMEX) provide telecommunications services, primarily in Mexico.

TELMEX obtains its revenues primarily from telecommunications services, including domestic and international long-distance and local telephone services, data transmission and internet services, and the interconnection of [our customers](#) with cellular networks, as well as the interconnection of domestic long-distance operators', cellular telephone companies' and local service operators' networks with the TELMEX local network. The Company also obtains revenues from other activities related to its telephone operations, such as the sale of advertising in the published telephone directory and the sale of telephone equipment.

The amended Mexican government concession under which the Company operates was signed on August 10, 1990. The concession runs through the year 2026, but it may be renewed for an additional period of fifteen years. The concession defines, among other things, the quality standards for telephone service and establishes the basis for regulating rates.

II. Significant accounting policies

The significant accounting policies and practices followed in the preparation of these financial statements are described below:

a) Consolidation

The consolidated financial statements include the accounts of Telefonos de Mexico, S.A. de C.V. and subsidiaries, all of which are wholly owned, except for two in which the Company holds an equity interest of 80% and 85%. Related minority interest is not significant to these financial statements. All the companies operate in the telecommunications sector or they provide services to companies operating in this sector.

All significant intercompany accounts and transactions have been eliminated in consolidation.

b) Recognition of revenues

Revenues are recognized as they accrue.

Local service revenues are derived from new-line installation charges, monthly service fees, measured usage charges based on the number of calls made, and other service charges to [customers](#).

Interconnection service revenues include charges for inconnecting fixed-system users with cellular users, as well as the interconnection of domestic long-distance [operators'](#), cellular telephone companies and local service [operators'](#) networks with the Telmex local network.

Revenues from domestic and international long-distance telephone services are determined on the basis of the duration of the calls and the type of service used. All these services are billed monthly, based on the rates authorized by the Ministry of Communications and Transportation (SCT), through the Federal Telecommunications Commission (COFETEL). Domestic long-distance service revenues include data transmission and internet service revenues. International long-distance service revenues include the revenues earned under agreements with foreign telephone

service operators for the use of facilities in interconnecting international calls. These agreements specify the rates for the use of such international interconnecting facilities. These service revenues represent the net settlement between the parties.

Revenues from the sale of prepaid telephone service cards are recognized based on an estimate of the usage of time covered by the prepaid card.

c) Recognition of the effects of inflation on financial information

The Company recognizes the effects of inflation on financial information as required by Mexican Accounting Principles Bulletin B-10, *Accounting Recognition of the Effects of Inflation on Financial Information*, issued by the Mexican Institute of Public Accountants (MIPA). Consequently, the amounts shown in the accompanying financial statements and in these notes are expressed in thousands of constant Mexican pesos as of December 31, 2002. The December 31, 2001 restatement factor applied to the financial statements at December 31, 2001 was 5.7%, based on the Mexican National Consumer Price Index (NCPI) published by Banco de Mexico (the Central Bank).

Plant, property and equipment and construction in progress were restated as described in Note 4. Telephone plant and equipment depreciation is computed on the restated investment using the composite group method. All other assets are depreciated using the straight-line method based on the estimated useful lives of the related assets.

Inventories for the operation of the telephone plant are valued at average cost and are restated on the basis of specific indexes. The stated value of inventories is similar to replacement value, not in excess of market.

Other nonmonetary assets were restated using adjustment factors obtained from the NCPI.

Capital stock, premium on sale of shares, and retained earnings were restated using adjustment factors obtained from the NCPI.

Other accumulated comprehensive income items includes the deficit from restatement of stockholders' equity, which consists of the accumulated monetary position loss at the time the provisions of Bulletin B-10 were first applied, which was Ps. 12,426,533 at December 31, 2002 and 2001, and of the result from holding nonmonetary assets, which represents the net difference between restatement by the specific indexation method (see Note 4) and restatement based on the NCPI.

The net monetary gain represents the impact of inflation on monetary assets and liabilities. The net monetary gain of each year is included in the statements of income as a part of the comprehensive financing cost.

Bulletin B-12, *Statement of Changes in Financial Position*, specifies the appropriate presentation of the statement of changes in financial position based on financial statements restated in constant pesos in accordance with Bulletin B-10. Bulletin B-12 identifies the sources and applications of resources representing differences between beginning and ending financial statement balances in constant pesos. In accordance with this bulletin, monetary and foreign exchange gains and losses are not treated as noncash items in the determination of resources provided by operations.

d) Short-term investments and marketable securities

Short-term investments and marketable securities consist basically by time deposits in financial institutions; marketable securities are represented by equity securities and corporate bonds for trading. Both are stated at market value.

e) Equity investments in affiliates

The investment in shares of affiliates is valued using the equity method. This accounting method consists basically of recognizing the investor's equity interest in the results of operations and in the stockholders' equity of investees at the time such results are determined (see Note 6).

f) Exchange differences

Transactions in foreign currency are recorded at the prevailing exchange rate at the time of the related transactions. Foreign currency denominated assets and liabilities are translated at the prevailing exchange rate at the balance sheet date. Exchange rate differences are applied to income of the year.

g) Labor obligations

Pension and seniority premium costs are recognized periodically during the years of service of personnel, based on actuarial computations made by independent actuaries, using the projected unit-credit method and financial hypotheses net of inflation, as required by Mexican Accounting Principles Bulletin D-3, *Labor Obligations*, issued by the MIPA (see Note 7). Termination payments are charged to income in the year in which the decision to dismiss an employee is made.

h) Income tax and employee profit sharing

The Company provides for deferred taxes based on the requirements of Mexican Accounting Principles Bulletin D-4, *Accounting for Income Tax, Asset Tax and Employee Profit Sharing*, issued by the MIPA. Bulletin D-4 establishes the rules with respect to the determination and presentation of deferred income tax (deferred taxes). Basically, the new bulletin requires that deferred taxes be determined on virtually all temporary differences in balance sheet accounts for financial and tax reporting purposes, using the enacted income tax rate at the time the financial statements are issued. Accordingly, the provision for income tax includes both the current year tax and the deferred portion. See Note 14 for additional information.

Deferred employee profit sharing is provided on temporary non-recurring differences with a known turnaround time.

i) 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 year-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.

j) Comprehensive income

In conformity with Mexican Accounting Principles Bulletin B-4, *Comprehensive Income*, issued by the MIPA, comprehensive income consists of the net income for the year, plus the effects of labor obligations, the result from holding nonmonetary assets

and related deferred income taxes applied directly to stockholders' equity.

k) Earnings per share

TELMEX determined earnings per share in conformity with Mexican Accounting Principles Bulletin B-14, *Earnings per Share*, issued by the MIPA (see Note 1

3).

l) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

m) Concentration of risk

The Company invests a portion of its surplus cash in cash deposits in financial institutions with strong credit ratings and has established guidelines relating to diversification and maturities that maintain safety and liquidity. TELMEX does not believe it has significant concentrations of credit risks in its accounts receivable because it has a broad and geographically diverse customer base.

n) Financial instruments

The Company observes the requirements of Mexican Accounting Principles Bulletin C-2, *Financial Instruments*, issued by the MIPA. Bulletin C-2 establishes the basic rules to be observed by issuers of and investors in financial instruments when valuing, presenting and disclosing these instruments in their financial information. Bulletin C-2 requires that financial instruments (derivatives) be recognized as assets and liabilities and that the determined gains and losses on such instruments be credited and charged, respectively, to income, except for asset and liability hedges. To protect itself against fluctuations in interest and exchange rates, the Company uses derivatives such as interest-rate swaps and short-term exchange hedges. The determined gains or losses on these transactions are credited or charged to income using the accrual method, net of the gains or losses on the related liabilities covered (see Note 8).

o) Reclassifications

Certain amounts shown in the 2001 financial statements as originally issued have been reclassified for uniformity of presentation with 2002.

2. Cash and Short-term Investments

At December 31, 2002,

this caption includes equity securities and corporate bonds for trading in the amount of Ps. 1,585,062 of which approximately U.S. \$ 117 million and U.S. \$ 5 million correspond to Worlcom, Inc. (WorldCom) bonds and shares, respectively. At December 31, 2001, the caption includes equity securities of Ps. 740,889. The Company included in the comprehensive financing cost for 2002, an unrealized loss of Ps. 1,080,366 corresponding to decline in the values of equity securities (including Ps. 614,171 corresponding to WorldCom shares). In 2001, the caption included an unrealized gain of Ps. 323,422. The net realized loss on the sale of equity securities in 2002 was Ps. 62,420 (net realized loss of Ps.

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102,063 in 2001). In the period from January 1 through February 12, 2003 (the date of the audit report on these consolidated financial statements), the Company acquired WoldCom bonds in the amount of U.S. \$ 284 million. At the date of the audit report, the Company held corporate bonds for a total of U.S.\$ 388 million.

3. Accounts Receivable

Accounts receivable consist of the following:

| | 2002 | 2001 |
|---------------------------------|----------------|----------------|
| | | |
| Customers | Ps. 19,079,175 | Ps. 19,411,346 |
| Net settlement receivables | L19,759 | O49,845 |
| Related parties | J14,936 | N61,080 |
| Other | I,307,140 | I,880,986 |
| | J1,021,010 | J2,703,257 |
| Less: | | |
| Allowance for doubtful accounts | I,853,252 | I,473,079 |
| Total | Ps. 19,167,758 | Ps. 11,230,178 |

An analysis of activity in the allowance for doubtful accounts in the years ended December 31, 2002 and 2001 is as follows:

| | 2002 | 2001 |
|---|---------------|---------------|
| | | |
| Beginning balance at January 1 | Ps. 1,473,079 | Ps. J,813,621 |
| Increase through charge to expenses | 928,946 | I,295,177 |
| Increase through charge to other accounts | K99,402 | - |
| Charges to allowance | (948,175) | (J,635,719) |
| Ending balance at December 31 | Ps. 1,853,252 | Ps. 1,473,079 |

4. Plant, Property and Equipment

a) Plant, property and equipment consist of the following:

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| | 2002 | 2001 |
|---|-----------------|-----------------|
| Telephone plant and equipment | Ps. J15,502,583 | Ps. I86,425,757 |
| Land and buildings | J7,255,657 | J6,716,696 |
| Computer equipment and other assets | J4,186,789 | J2,129,426 |
| | J66,945,029 | J35,271,879 |
| Less: | | |
| Accumulated depreciation | I50,012,184 | I26,994,401 |
| Net | I16,932,845 | I08,277,478 |
| Construction in progress and advances to Equipment suppliers | N,022,847 | I2,700,808 |
| Total | Ps. I22,955,692 | Ps. I20,978,286 |

Included in plant, property and equipment are the following assets held under capital leases:

| | 2002 | 2001 |
|-------------------------------|---------------|---------------|
| Assets under capital leases | Ps. L,093,140 | Ps. K,389,977 |
| Less accumulated depreciation | M56,508 | J37,036 |
| | Ps. K,536,632 | Ps. K,152,941 |

b) Through December 31, 1996, items comprising the telephone plant were restated based on the acquisition date and cost, applying the factors derived from the specific indexes determined by the Company and validated by an independent appraiser registered with the National Banking and Securities Commission (NBSC).

Effective January 1, 1997, Bulletin B-10 eliminated the use of appraisals to present plant, property and equipment in the financial statements. This caption was restated as follows at December 31, 2002 and 2001:

- The December 31, 1996 appraised value of the imported telephone plant, as well as the cost of subsequent additions to such plant, were restated based on the rate of inflation in the respective country of origin and the prevailing exchange rate at the balance sheet date (i.e., specific indexation factors).
- The appraised value of land, buildings and other fixed assets of domestic origin at December 31, 1996, and the cost of subsequent additions to such assets were restated based on the NCPI.

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At December 31, 2002, approximately 56% (51% in 2001) of the value of the plant, property and equipment has been restated using specific indexation factors.

c) Following are the plant, property and equipment amounts at December 31, 2002 and 2001, restated on the basis of the 2002 NCPI (starting with the appraised values at December 31, 1996) to meet NBSC disclosure requirements with respect to the restatement of fixed assets based on specific indexation factors:

| | 2002 | 2001 |
|---|-----------------|-----------------|
| Telephone plant and equipment | Ps. J50,584,147 | Ps. J34,623,807 |
| Land and buildings | J7,255,657 | J6,716,696 |
| Computer equipment and other assets | J6,786,401 | J6,096,959 |
| | K04,626,205 | J87,437,462 |
| Less: | | |
| Accumulated depreciation | I79,701,344 | I60,696,378 |
| Net | I24,924,861 | I26,741,084 |
| Construction in progress and advances to Equipment suppliers | M,623,207 | I3,025,461 |
| Total | Ps. I30,548,068 | Ps. I39,766,545 |

d) Depreciation of the telephone plant has been calculated at annual rates ranging from 3.3% to 16.7%. The rest of the Company's assets are depreciated at rates ranging from 3.3% to 33.3%. Depreciation charged to expenses was Ps. 19,362,039 in 2002 and Ps. 17,707,774 in 2001.

5. Licenses

In May 1998, TELMEX acquired from the Mexican Government licenses to operate radio spectrum wave frequency bands to provide fixed wireless telephone services at a cost of Ps. 606,686. In December 1997, the Company also acquired from the Mexican Government concessions to operate radio spectrum wave frequency bands for point-to-point and point-to-multipoint microwave communications at a cost of Ps. 181,628. These costs are being amortized over a period of twenty years.

An analysis of licenses as of December 31, 2002 and 2001 is as follows:

| | 2002 | 2001 |
|--|------|------|
| | | |

| | | |
|--------------------------|-------------|-------------|
| Investment | Ps. 088,314 | Ps. 088,314 |
| Accumulated amortization | 184,403 | 144,978 |
| Net | Ps. N03,911 | Ps. N43,336 |

Amortization expense in each year was Ps. 39,425.

6. Equity Investments

a) An analysis of the equity investment in affiliated and other companies at December 31, 2002 and 2001, together with a brief description, is as follows:

| | 2002 | 2001 |
|------------------------------------|---------------|---------------|
| Equity investments in: | | |
| Williams Communications Group, Inc | | Ps. 104,746 |
| Technology and Internet, LLC | Ps. J55,232 | K38,839 |
| The Telvista Company | K78,772 | K83,482 |
| Other | J74,005 | K05,155 |
| | 908,009 | I,132,222 |
| Goodwill | N28,069 | N28,069 |
| Accumulated amortization | L53,044 | K33,370 |
| Goodwill, net | I75,025 | J94,699 |
| Total | Ps. I,083,034 | Ps. I,426,921 |

In November 2001, the Company sold to a related party all of its equity interest in Prodigy Communications Corporation (a company engaged in providing internet services in the U.S.A.) for U.S.\$ 82.6 million, realizing a gain of Ps. 108,976.

In May 1999, the Company entered into an agreement with Williams Communications Group, Inc., which changed its name to WiTel Communications Group, Inc. in October 2002 (Williams), which is engaged in providing telecommunications services in U.S.A., to acquire approximately 1% of the shares comprising the capital stock of Williams. Since the market value of this investment at December 31, 2001 had substantially declined, the Company decided to make a charge of Ps. 931,870 to results of operations; this amount was included in the comprehensive financing cost. In 2002 the Company decided to write off the balance of this investment (Ps. 104,746) as TELMEX ceased to be a Williams stockholder as a result of the Company's restructuring.

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In 2001, TELMEX made additional capital contributions of U.S.\$ 3 million to Technology and Internet, LLC (TAI), thus maintaining its 50% equity interest in TAI's capital stock. TAI has made investments in companies engaged in e-commerce, located basically in the U.S.A. and Latin America.

In June 2001, TELMEX invested U.S.\$ 47 million in The Telvista Company (Telvista), which represents 45% of such company's capital stock. Telvista is engaged in providing telemarketing services in the U.S.A.

In 2002, TELMEX made other investments in affiliated companies of U.S.\$ 7 million (U.S.\$ 33 million in 2001), mostly in telecommunications sector.

Total equity investments in affiliated companies during 2002 aggregated approximately U.S.\$ 7 million (U.S. \$ 83 million in 2001). Goodwill generated on these investments was not material.

TELMEX's equity interest in the results of operations of affiliated companies represented a charge to operations of Ps. 251,701 in 2002 (Ps. 454,597 in 2001).

b) On January 16, 2002, TELMEX, together with Fortsmann Little & Co. (Fortsmann Little), located in the U.S.A., entered into a definitive agreement to make capital contributions of as much as U.S.\$ 400 million each to XO Communications, Inc. (XO). The consummation of the agreement was dependent on, among other things, XO's complete restructuring of its balance sheet and the approval of the transaction by the competent authorities.

On October 14, 2002, TELMEX and Fortsmann Little mutually agreed with XO to terminate the investment commitment, each paying XO U.S.\$ 12 million, thus releasing all parties from any claim related to the commitment.

7. Employee Pensions and Seniority Premiums

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

Pension benefits are determined on the basis of compensations of employees in their final year of employment, their seniority, and their age at the time of retirement.

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, which totaled Ps. 4,938,263 in 2002, and Ps. 5,173,979 in 2001. These contributions are deductible for Mexican corporate income tax purposes.

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

The most important information related to labor obligations is as follows:

Analysis of the net period cost:

| | 2002 | 2001 |
|------------|--------------|--------------|
| Labor cost | Ps.J,150,435 | Ps.I,946,509 |

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| | | |
|--|--------------|--------------|
| Financial cost of projected benefit obligation | L,445,108 | K,962,670 |
| Projected return on plan assets | (K,948,617) | (K,356,889) |
| Amortization of past service costs | I,100,707 | I,100,707 |
| Amortization of variances in assumptions | L13,761 | I06,603 |
| Net period cost | Ps.L,161,394 | Ps.K,759,600 |

An analysis of the projected benefit obligation is as follows:

| | 2002 | 2001 |
|-------------------------------------|---------------|---------------|
| Present value of labor obligations: | | |
| Vested benefit obligations | Ps.K3,269,402 | Ps.K1,408,369 |
| Non-vested benefit obligations | K3,691,139 | K1,356,520 |
| Accumulated benefit obligations | N6,960,541 | 62,764,889 |
| Effect of salary projection | L,083,284 | K,962,268 |
| Projected benefit obligations | Ps.O1,043,825 | Ps.N6,727,157 |

An analysis of the change in projected benefit obligations is as follows:

| | 2002 | 2001 |
|--|----------------|----------------|
| Projected benefit obligations at beginning of Period | Ps. N6,727,157 | Ps. M9,565,258 |
| Labor cost | J,150,435 | I,946,509 |
| Financial cost on projected benefit obligations | L,445,108 | K,962,670 |
| Actuarial loss | I,370,563 | L,467,072 |
| Benefits paid to participants | (K,649,438) | (K,214,352) |
| Projected benefit obligation at end of year | Ps. O1,043,825 | Ps. N6,727,157 |

An analysis of the change in plan assets is as follows:

| | 2002 | 2001 |
|--|------|------|
|--|------|------|

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| | | |
|---------------------------------------|----------------|----------------|
| | | |
| Established fund at beginning of year | Ps. M7,137,707 | Ps. L8,791,612 |
| Return on plan assets | (J,805,804) | K,172,116 |
| Contributions to trust fund | L,938,263 | M,173,979 |
| Established fund at end of year | Ps. M9,270,166 | Ps. M7,137,707 |

An analysis for the liability for employee pensions and seniority premiums is as follows:

| | | |
|--|----------------|---------------|
| | 2002 | 2001 |
| | | |
| Projected benefits in excess of plan assets | Ps. I1,773,660 | Ps. 9,589,450 |
| Unamortized actuarial loss | (I9,370,594) | (I1,659,426) |
| Transition liability | (N,595,659) | (O,667,811) |
| Past services and changes in plan | (K06,699) | (K35,198) |
| Projected net asset | (I4,499,292) | (I0,072,985) |
| Additional minimum liability | J2,189,667 | I5,700,167 |
| Current net liability (accumulated benefit obligations net of plan assets) | Ps. O,690,375 | Ps. M,627,182 |

An analysis of the effect on stockholders' equity is as follows:

| | | |
|---|------------------|------------------|
| | 2002 | 2001 |
| | | |
| Additional minimum liability | Ps. (J2,189,667) | Ps. (I5,700,167) |
| Intangible asset | N,902,358 | 8,003,009 |
| Effect of labor obligations on stockholders' Equity | Ps. (I5,287,309) | Ps. (O,697,158) |

In 2002, the actuarial loss of approximately Ps. 7,770,000 was due primarily to the adverse effect on plan assets of the overall behavior of the Mexican Stock Exchange. In 2001, the increase in the unamortized actually loss of approximately Ps. 4,500,000 was attributable basically to the increase in the projected benefit obligation resulting from the increase in salaries over the amount that was estimated at the beginning of the year.

The rates used in the actuarial studies were as follows:

| | 2002 | 2001 |
|--------------------------------|------|------|
| | % | % |
| | | |
| Discount of labor obligations: | | |
| First year | 6.84 | 6.84 |
| Long-term average | 5.85 | 5.85 |
| | | |
| Increase in salaries: | | |
| First year | 1.85 | 1.85 |
| Long-term average | 0.96 | 0.96 |
| | | |
| Annual return from the fund | 6.84 | 6.84 |

At December 31, 2002, 65.7% (66% in 2001) of plan assets were invested in fixed-income securities and the remaining 34.3% (34% in 2001) in variable-income securities.

8. Long-term Debt

Long-term debt consists of the following:

| | Average weighted | | Maturities from 2003 through | Balance at December 31, | |
|--|------------------|------|------------------------------------|----------------------------|---------------|
| | 2002 | 2001 | | 2002 | 2001 |
| | | | | | |
| Debt denominated in foreign currency: | | | | | |
| Convertible senior debentures (1) | 4.2% | 4.2% | 2004 | Ps. 10,312,500 | Ps. 9,663,411 |
| Senior notes (2) | 8.2% | 8.2% | 2006 | 15,468,750 | 14,495,117 |

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| | | | | | |
|--|------|-------|------|----------------|----------------|
| Banks | 2.5% | 3.1% | 2013 | J6,516,243 | J5,351,032 |
| Suppliers' credits | 2.7% | 3.3% | 2022 | I,919,680 | J,993,435 |
| Financial leases | 2.3% | 2.9% | 2006 | J,854,027 | J,671,085 |
| Mexican Government | 2.2% | 2.8% | 2006 | I40,165 | I73,545 |
| Total | | | | M7,211,365 | M5,347,625 |
| | | | | | |
| Debt denominated in Mexican pesos: | | | | | |
| Commercial paper | 8.3% | 8.0% | 2003 | I67,846 | 9,169,604 |
| Domestic senior notes ("Certificados Busatiles") | 9.2% | 11.6% | 2012 | O,450,000 | L,492,250 |
| Banks | 8.6% | 7.2% | 2004 | I,300,000 | L,693,080 |
| Financial leases | 8.7% | 8.9% | 2004 | L,447 | I4,411 |
| Subtotal | | | | 8,922,293 | I8,369,345 |
| Total debt | | | | N6,133,658 | O3,716,970 |
| | | | | | |
| Less short-term debt and current portion of long-term debt | | | | I1,059,591 | I8,484,088 |
| Long-term debt | | | | Ps. M5,074,067 | Ps. M5,232,882 |

The above-mentioned rates are subject to variances in international and local rates and do not include the effect of the Company's agreement to reimburse certain lenders for Mexican taxes withheld. The Company's weighted average cost of borrowed funds at December 31, 2002 (including interest, fees and reimbursement of such lenders for Mexican taxes withheld) was approximately 5.8% (6.0% at December 31, 2001).

(1) On June 11, 1999, the Company issued U.S.\$ 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" share ADSs per 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 semiannually. In 2002 and 2001, accrued interest on these debentures aggregated Ps. 441,467 and Ps. 461,358, respectively .

(2) On January 26, 2001, TELMEX issued senior notes for U.S.\$ 1,000 million, maturing in 2006 and bearing 8.25% annual interest payable semiannually. Additionally, on May 8, 2001, TELMEX issued supplemental senior notes for U.S.\$ 500 million with similar characteristics. In 2002, accrued interest on the bonds was Ps. 1,283,357 (Ps. 1,117,921 in 2001).

An analysis of the foreign currency denominated debt at December 31, 2002 is as follows:

| | Foreign Currency (in thousands) | Exchange rate at December 31, 2002 (in units) | Mexican peso equivalent |
|--------------|---------------------------------------|--|----------------------------|
| U.S. dollar | M,521,637 | Ps .10.3125 | Ps. M6,941,882 |
| French franc | 163,392 | 1.6493 | J69,483 |
| Total | | | Ps. M7,211,365 |

At December 31, 2002, the Company has long-term lines of credit with certain foreign finance institutions. The unused portion of committed lines of credit at December 31, 2002 totaled approximately Ps. 4,153,000, at a floating interest rate of approximately LIBOR plus 85 basis points at the time of use.

Long-term debt maturities at December 31, 2002 are as follows:

| | Year ended December 31, | Amount |
|--|-------------------------|----------------|
| | 2004 | Ps. J1,495,295 |
| | 2005 | M,358,289 |
| | 2006 | 19,006,589 |

| | | | |
|--|-----------------|----------------|--|
| | 2007 | 0,507,176 | |
| | 2008 and beyond | 1,706,718 | |
| | Total | Ps. M5,074,067 | |

During 2002, TELMEX made two placements of domestic senior notes ("Certificados Bursatiles") for a total of Ps. 3,200 million (Ps. 4,250 million in 2001) 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.

Hedges

As part of its currency hedging strategy, the Company uses derivatives to minimize the impact of exchange rate fluctuations on U.S. dollar denominated transactions. During 2002, the Company entered into short-term exchange hedges which, at December 31, 2002, cover liabilities of U.S.\$ 418 million (U.S.\$ 2,740 million in 2001). In 2002, the Company recognized a credit to results of operations under these hedges of Ps. 1,605,781 (charge of Ps. 1,208,820 in 2001) corresponding to the fluctuation of the exchange rate.

To resolve its exposure to financial risks, the Company entered into interest-rate swaps for the exchange of cash flows for the amount determined by applying agreed interest rates to the base amount. Under these contracts, the Company agreed to receive the "THIE" interbank rate and to pay a fixed rate. These swaps were recorded in results of operations of the year at the related market interest rates. At December 31, 2002 the Company had interest-rate swaps for a total base amount of Ps. 12,650 million. At December 31, 2001, the Company had no interest-rate swaps. In the year ended December 31, 2002 the Company recognized a charge under these contracts of Ps. 291,255 to the comprehensive cost of financing.

9. Deferred Credits

Deferred credits consist of the following at December 31, 2002 and 2001:

| | 2002 | 2001 |
|------------------------------------|--------------|--------------|
| | | |
| Advance billings | Ps. 972,208 | Ps.1,065,471 |
| Advances from customers and others | 154,259 | 165,020 |
| Total | Ps.1,126,467 | Ps.1,230,491 |

10. Foreign Currency Position and Transactions

a) At December 31, 2002, TELMEX and its Mexican subsidiaries have a net foreign currency short position of U.S.\$ 5,565 million (net foreign currency short position of U.S.\$ 5,650 million at December 31, 2001).

The prevailing exchange rate at December 31, 2002 was Ps. 10.31 per U.S. dollar (Ps. 9.14 per U.S. dollar at December 31, 2001). At February 12, 2003, the date of the audit report on these consolidated financial statements, the exchange rate of the Mexican peso relative to the U.S. dollar was Ps. 10.99 per

U.S. dollar.

b) In the years ended December 31, 2002 and 2001, TELMEX and its Mexican subsidiaries had the following transactions denominated in foreign currencies. Currencies other than the U.S. dollar were translated to U.S. dollars using the average exchange rate for the year.

| | Million of dollars | |
|-------------------------|--------------------|-----------|
| | 2002 | 2001 |
| Net settlement revenues | U.S.\$J56 | U.S.\$J53 |
| Interest expense | J78 | J84 |
| Operating expenses | I00 | I36 |

11. Commitments and Contingencies

a) The Company leases certain equipment used in its operations under capital leases. At December 31, 2002, the Company had the following commitments under noncancelable leases:

Year ended December 31,

| | |
|--|---------------|
| 2003 | Ps. 1,044,040 |
| 2004 | 949,089 |
| 2005 | 040,228 |
| 2006 | J65,603 |
| Total | J,998,960 |
| Less interest | I40,486 |
| Present value of minimum net rental payments | J,858,474 |
| Less current portion | 971,215 |
| Long-term obligation at December 31, 2002 | Ps.I,887,259 |

b) At December 31, 2002, the Company has noncancelable commitments of approximately Ps. 867,013 (Ps. 1,523,624 in 2001) for the purchase of equipment.

c) There are no outstanding letters of credit issued to foreign suppliers for the purchase of materials and supplies.

d) In February 1998, the Federal Commission of Economic Competition (COFECO) determined that Telefonos de Mexico, S.A. de C.V. has substantial power in what it referred to as five telecommunications markets so that, in

conformity with Article 63 of the Federal Telecommunications Act, COFETEL may impose specific obligations with respect to rates charged and quality of services and information.

The Company's external lawyers who are handling this matter are of the opinion that this finding is unjustified. Consequently, Telefonos de Mexico, S.A. de C.V. filed an appeal in the Federal District Court and obtained protection and shelter under Mexican Federal law. COFETEL, based on the COFECO ruling, which was later reversed, handed down a new ruling imposing certain specific obligations on Telefonos de Mexico, S.A. de C.V. The ruling of the COFETEL was appealed in a Federal Court and is still pending. In 2001, the COFECO set aside its previous ruling and handed down a new ruling supporting the findings with respect to the substantial power that Telefonos de Mexico, S.A. de C.V. exercises over five telecommunications markets. Telefonos de Mexico, S.A. de C.V. has also appealed this ruling in a Federal District Court.

As a result, the COFECO has initiated other proceedings against Telefonos de Mexico, S.A. de C.V. that are also being appealed.

e) In December 1995, a competitor that provides cellular telephone services reported Telefonos de Mexico, S.A. de C.V. to the COFECO for alleged monopolistic practices.

In July 2002, the COFECO ruled that Telefonos de Mexico, S.A. de C.V. was responsible for monopolistic practices. Telefonos de Mexico, S.A. de C.V. filed an appeal for reconsideration against the ruling, but the appeal was declared unfounded and the ruling confirmed.

Currently, the respective defense against the confirmation of the ruling is being prepared before the Federal Court of Justice for Tax and Administrative Matters.

f) Under Mexican law, Telefonos de Mexico, S.A. de C.V. remains jointly and severally liable for any obligations transferred to America Movil pursuant to the spin-off for a period of three years beginning on September 25, 2001, the spin-off date. Such liability, however, does not extend to any obligation with a creditor that has given its express consent relieving Telefonos de Mexico, S.A. de C.V. of such liability and approving the spin-off. In addition, Telefonos de Mexico, S.A. de C.V., has the following specific obligations:

- Telefonos de Mexico, S.A. de C.V. has guaranteed the indebtedness of ATL Algar Telecom Leste, S.A. under certain credit facilities, for up to U.S.\$104.3 million. America Movil has agreed to indemnify Telefonos de Mexico, S.A. de C.V. for any liability under these guarantees.
- Telefonos de Mexico, S.A. de C.V. has guaranteed certain obligations of Iberbanda, S.A. (formerly FirstMark Comunicaciones España, S.A.). The guarantee is limited to 13.7 million euros. America Movil has agreed to indemnify Telefonos de Mexico, S.A. de C.V. for any liability derived from these guarantees.

12. Related Parties

In the years ended December 31, 2002 and 2001, the Company had the following significant transactions with related parties:

| | 2002 | 2001 |
|--|------|------|
| | | |

| | | |
|---|---------------|---------------|
| | | |
| Purchase of materials, inventories and fixed assets (1) | Ps. L,935,778 | Ps. N,971,579 |
| Payment of insurance premiums and fees for Administrative and operating services, security trading and others (2) | J,340,563 | J,256,067 |
| Payment of CPP interconnection fees (3) | 8,029,378 | O,754,046 |
| Donations to a non-profit social-welfare Organization | - | M28,514 |
| Sale of materials and other services (4) | M35,259 | L75,691 |
| Sale of long distance and other telecommunications Services (5) | K,462,731 | K,444,070 |

1) Includes P. 3,834,539 in 2002 (Ps. 5,748,903 in 2001) for fiber optic and satellite network services with a subsidiary of the Condumex group.

2) In 2002, includes Ps. 564,534 for insurance premiums with Seguros Inbursa, S.A. (Ps. 498,205 in 2001), as well as Ps. 274,411 (Ps. 303,675 in 2001) for fees paid for administrative and operating services to technology partners and Ps. 105,400 (Ps. 152,834 in 2001) for security trading fees paid to Inversora Bursatil, S.A.

3) Interconnection fee under the "Calling Party Pays" program (CPP); calls from a fixed lined telephone to a wireless telephone paid to a subsidiary of America Movil.

4) Includes Ps. 134,076 in 2002 (Ps. 173,430 in 2001) from the sale of construction materials to a subsidiary of the Condumex group.

5) Revenues from billings to an America Movil subsidiary.

At December 31, 2002, TELMEX had amounts due to a subsidiary of the Condumex group and a subsidiary of America Movil of Ps. 185 million and Ps. 851 million, respectively (Ps. 1,187 million and Ps. 614 million in 2001).

13. Stockholders' Equity

a) At December 31, 2002, capital stock is represented by 12,777 million common shares issued and outstanding with no par value, representing the Company's fixed capital (13,165 million in 2001). An analysis is as follows:

| | 2002 | 2001 |
|--|----------------|----------------|
| | | |
| 4,136 million Series "AA" shares (4,307 million in 2001) | Ps. 13,473,367 | Ps. 14,028,025 |
| 289 million Series "A" shares (313 million in 2001) | 1,103,334 | 1,193,662 |
| 8,352 million Series "L" shares with limited voting rights (8,545 million in 2001) | 13,112,946 | 13,073,890 |
| Total | Ps. 17,689,647 | Ps. 18,295,577 |

Series "AA" shares, which may be subscribed only by Mexican individuals and corporate entities, must represent at all times no less than 20% of capital stock and no less than 51% of the common shares. Common Series "A" shares, which may be freely subscribed, must account for no more than 19.6% of capital stock and no more than 49% of the common shares. Series "AA" and "A" shares combined may not represent more than 51% of capital stock. The combined number of Series "L" shares, which have limited voting rights and may be freely subscribed, and Series "A" shares may not exceed 80% of capital stock.

Since January 1, 2001, the Company's bylaws have contemplated the possibility of the holders of Series "L" shares exchanging such shares, in certain circumstances, for Series "AA" shares. In 2001, a total of 1,106 million Series "L" shares were exchanged for Series "AA" shares.

b) In 1994, TELMEX initiated a program to purchase its own shares. For this purpose, in accordance with the Securities Trading Act in force through May 2001, the Company appropriated retained earnings to set up a reserve to purchase its own shares. A charge is made to the reserve for the excess cost of the shares purchased over the portion of capital stock represented by the shares acquired.

In February 2001, the stockholders approved an increase in the reserve to purchase the Company's own shares, bringing the balance of the reserve to Ps. 10,940,185 (Ps. 10,008,918 historical). During 2001, the Company acquired 843.7 million Series "L" shares for Ps. 14,472,551 (Ps. 13,400,776 historical) and 1.5 million Series "A" shares for Ps. 24,604 (Ps. 22,715 historical).

Under the Securities Trading Act, amended as of June 1, 2002, companies are no longer required to create a reserve for the purchase of their own shares. The Company's own shares acquired subsequent to this amendment were purchased using the reserve until it was exhausted, after which shares were acquired using the unappropriated retained earnings in the amount the corresponding shares purchased exceeded capital stock.

In August 2001 and April 2002, the stockholders approved an increase of Ps. 10,000,000 (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 maximum amount to be used for this purpose to Ps. 10,037,564 (historical) and Ps. 10,000,000 (historical), respectively. At December 31, 2002 and 2001, the unused authorized amount was Ps. 5,571,124 (historical) and Ps. 7,063,796 (historical), respectively.

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During 2002, the Company acquired 386.4 million Series "L" shares for Ps. 6,183,668 (historical cost of Ps. 6,031,506) and 1.4 million Series "A" shares for Ps. 20,951 (historical cost of Ps. 20,747).

c) In conformity with the Mexican Corporations Act, at least 5% of net income of the year must be appropriated to increase the legal reserve. This practice must be continued each year until the legal reserve reaches at least 20% of capital stock issued and outstanding.

d) Earnings per share are obtained by dividing net income for the year by the average weighted number of shares issued and outstanding during the period. To determine the average weighted number of shares issued and outstanding in 2002 and 2001, the shares held by the Company have been excluded from the computation.

The diluted earnings per share in 2002 and 2001, were determined considering the effect of the shares that may be delivered (potentially dilutive shares) as a result of the convertible senior debentures described in Note

8. The computation was made by deducting from net income for the year, the net comprehensive financing income, net of income tax and employee profit sharing, attributable to the convertible debentures. The adjusted income was divided by the average weighted number of shares issued and outstanding, taking into account the number of convertible shares.

An analysis is as follows:

| | 2002 | 2001 |
|---|----------------|----------------|
| Net income | | |
| Earnings per basic share: | | |
| Net income | Ps. 19,567,915 | Ps. 14,833,282 |
| Weighted average number of shares issued and Outstanding (millions) | 12,986 | 13,541 |
| Earnings per basic share (in pesos) | Ps. 1.507 | Ps. 1.834 |
| Earnings per diluted share: | | |
| Net income | Ps. 19,567,915 | Ps. 14,833,282 |
| Comprehensive financing cost (income), net of Income tax and employee profit sharing | 173,380 | (159,248) |
| Adjusted income | Ps. 19,741,295 | Ps. 14,674,034 |
| Weighted average number of shares issued and Outstanding (millions) | 12,986 | 13,541 |

| | | |
|--|-----------|-----------|
| Outstanding (millions) | | |
| Add: | | |
| Potentially dilutive shares | N76 | N76 |
| Weighted average number of diluted shares issued and outstanding (millions) | 13,662 | 14,217 |
| Earnings per diluted share (in pesos) | Ps. 1.482 | Ps. 1.721 |

e) At December 31, 2002, other accumulated comprehensive income items include the effects of labor obligations and the deficit from the restatement of stockholders' equity, net of deferred taxes of Ps. 10,442,173 and Ps. 61,016,088, respectively (Ps. 5,025,784 and Ps. 67,788,405 in 2001).

14. Income Tax

a

) The Ministry of Finance and Public Credit authorized TELMEX to consolidate the group tax returns effective January 1, 1995. The Instituto Tecnológico de Telefonos de Mexico, S.C., Fundacion Telmex, A.C., and the subsidiaries acquired during the year are excluded from this tax consolidation.

b) Asset tax for the years ended December 31, 2002 and 2001 was Ps. 2,691,626 and Ps. 2,761,145, respectively. In both years TELMEX credited against these amounts the corporate income tax paid in such years.

c) The corporate income tax rate for 2002 and 2001 was 35%. However, corporate taxpayers had the option of deferring a portion, so that the tax payable for those years represented 30% of taxable income. The earnings on which taxes were deferred must be controlled in a so-called "net reinvested tax profit" account ("CUFINRE"), to clearly identify the earnings on which the taxpayer opted to defer payment of corporate income tax. The above-mentioned option of deferring a portion of income tax was eliminated effective January 1, 2002.

Since in 2001 the Company opted for this tax deferral, earnings will be considered to be distributed first from the "CUFINRE" account, and any excess will be distributed from the "net tax profit" account ("CUFIN") so as to pay the 5% deferred tax.

Any distribution of earnings in excess of the above-mentioned account balances will be subject to payment of corporate income tax at the enacted tax rate at that time.

In addition, from January 1, 1999 through December 31, 2001, cash dividends obtained by individuals or residents abroad from corporate entities in Mexico, were subject to a 5% withholding tax on the amount of the dividend multiplied by 1.5385.

d) An analysis of income tax provisions is as follows:

| | 2002 | 2001 |
|---|----------------|----------------|
| Current year | Ps. 10,638,595 | Ps. 11,180,048 |
| Deferred tax, net of related monetary position gain of Ps. 1,099,240 (Ps. 1,525,929 in 2001) | (K12,985) | J,856,035 |
| Total | Ps. 10,325,610 | Ps. 14,036,083 |

A reconciliation of the statutory corporate income tax rate to the effective rate recognized for financial reporting purposes is as follows:

| | Year ended December 31, | |
|---------------------------|-------------------------|-------|
| | 2002 | 2001 |
| | % | % |
| Statutory income tax rate | 35.0 | 35.0 |
| Depreciation | (2.9) | (0.5) |
| Financing costs | 0.2 | (2.2) |
| Other | (1.1) | 0.7 |
| Effective tax rate | 31.2 | 33.0 |

A gradual one-percentage point annual reduction in the current 35% corporate income tax rate was approved starting in 2003 until the rate reaches 32% in 2005. The effect of this tax-rate change on deferred taxes represented a credit of Ps. 1,680,053 to 2002 results of operations (5% of pretax income). The effect of the tax-rate change is included in each of the related items presented.

The temporary differences on which the Company recognized deferred taxes in the years ended December 31, 2002 and 2001, were as follows:

| | 2002 | 2001 |
|---|------------------|------------------|
| Deferred tax asset : | | |
| Allowance for doubtful accounts and slow-moving inventories | Ps. N31,414 | Ps. M67,776 |
| Tax loss carryforwards | 9,472 | I8,292 |
| Deferred income | K16,884 | I31,880 |
| Liability reserves | 97,544 | J61,837 |
| Pensions and seniority premiums | J04,724 | - |
| | 1,260,038 | 979,785 |
| Deferred tax liability: | | |
| Fixed assets | (I3,669,431) | (I1,840,425) |
| Inventories | (L23,549) | (K01,406) |
| Licenses | (I46,329) | (I63,889) |
| Pensions and seniority premiums | - | (854,713) |
| | (I4,239,309) | (I3,160,433) |
| Net deferred tax (liability) | Ps. (I2,979,271) | Ps. (I2,180,648) |

At December 31, 2002, the balance of the restated contributed capital account (CUCA), the net tax profit account (CUFIN) and the net reinvested tax profit account (CUFINRE) was Ps. 24,404,550, Ps. 68,635,667 and Ps. 1,940,232, respectively. These amounts are for Telefonos de Mexico, S.A. de C.V. computed on a stand-alone basis.

15. Stock Option Plan

In September 2002, TELMEX introduced a stock option plan for its officers. The plan is for a duration of four years, and 50 million Series "L" shares are to be made available. Each year, plan participants may elect either to acquire all shares available or to defer their purchase until the final year. In 2002, options made available totaled 11,654,979 shares (11,546,917 shares in 2001) and options to 905,457 shares (106,248 shares in 2001) were exercised. The difference between market value and the assigned option price was not significant.

16. Segments

TELMEX operates primarily in two segments: local and long-distance telephone services. Local telephone service corresponds to fixed local wired service. The long-distance service includes both domestic and international services, exclusive of the long-distance calls originated in public and rural telephones and data transmission, services included

in the others, adjustments and eliminations column. Additional information related to the Company's operations is provided in Note 1. The following summary shows the most important segment information, which has been prepared on a consistent basis:

| | (Amounts in millions of Mexican pesos with purchasing power at December 31, 2002) | | | |
|-------------------------------|---|------------------|---|-----------------------|
| | Local Service | Long Distance | Others, adjustments and eliminations | Consolidated total |
| At December 31, 2002 | | | | |
| Revenues: | | | | |
| External revenues | Ps.O1,810 | Ps.J4,455 | Ps.I6,595 | Ps.I12,860 |
| Intersegment revenues | 9,974 | | (9,974) | |
| Depreciation and amortization | I3,269 | J,475 | K,824 | I9,568 |
| Operating income | J5,435 | O,654 | N,528 | K9,617 |
| Segment assets | I92,181 | L4,198 | K7,659 | J74,038 |
| At December 31, 2001 | | | | |
| Revenues: | | | | |
| External revenues | Ps.O4,095 | Ps.J6,832 | Ps. I6,365 | Ps.I17,292 |
| Intersegment revenues | I0,437 | | (I0,437) | |
| Depreciation and amortization | I2,525 | J,214 | K,503 | I8,242 |
| Operating income | J9,511 | 9,543 | M,965 | L5,019 |
| Segment assets | I82,337 | K5,395 | K1,309 | J49,041 |

Additionally, the column Others, adjustments and eliminations includes the yellow and white pages directories and other services. Intersegmental transactions are reported at fair value. Comprehensive financing cost and provisions for income tax and employee profit sharing are not assigned to the segments; they are handled at the corporate level.

Segment assets include plant property and equipment (on gross basis) construction in progress, advances to suppliers and inventories for operation of the telephone plant.

17. Generally Accepted Accounting Principles in the United States Reconciliation

The Company's consolidated financial statements are prepared in accordance with Mexican GAAP, which differ in certain significant respects from Generally Accepted Accounting Principles in the United States ("U.S. GAAP"). The principal differences between Mexican GAAP and U.S. GAAP, as they relate to the Company, consist of the accounting for pension plan costs, deferred income taxes and deferred employee profit sharing (deferred taxes), and the restatement of plant, property and equipment. Other differences are the accounting for interest on assets under construction, accrued vacation costs and the effect of derivated instruments.

The reconciliation to U.S. GAAP does not include the reversal of the adjustments to the financial statements for the effects of inflation required under Mexican GAAP (Bulletin B-10), because the application of Bulletin B-10 represents a comprehensive measure of the effects of price level changes in the Mexican economy and, as such, is considered a more meaningful presentation than historical cost- based financial reporting for both Mexican and U.S. accounting purposes.

A summary reconciliation of net income, comprehensive income and total stockholders' equity between Mexican and U.S.GAAP, is as follows:

2002 2001

Net income as reported under Mexican GAAP Ps. 19,567,915 Ps. 24,833,282

Total U.S. GAAP adjustments, net (1,807,738) (3, 454,935)

Net income under U.S. GAAP 17,760,177 21,378,347

Other comprehensive income (2,460,946) 2,666,820

Comprehensive income under U.S. GAAP Ps. 15,299,231 Ps 24,045,167

Weighted average common shares outstanding (in millions):

Basic 12,986 13,541

Diluted 13,662 14,217

Net income per share under U.S. GAAP (in pesos):

Basic Ps. 1.368 Ps. 1.579

Diluted Ps. 1.349 Ps. 1.478

Total stockholders' equity under Mexican GAAP Ps. 61,163,877 Ps. 53,655,556

Total U.S. GAAP adjusment, net (3,363,625) 2,260,987

Total stockholders' equity under U.S. GAAP Ps. 57,800,252 Ps. 55,916,543

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

RELATIONS OF SHARES INVESTMENTS

ANNEX

3

CONSOLIDATED

JUDGED INFORMATION

Final printing

| | | | | | TOTAL AMOUNT | |
|---------------------|---|---|---------------|-----|----------------------|------------|
| COMPANY NAME | MAIN ACTIVITIES | NUMBER | OWNERSHIP | | (Thousands of Pesos) | |
| | | OF | | | ACQUISITION | PRESENT |
| | | SHARES | % | | COST | VALUE |
| SUBSIDIARIES | | | | | | |
| 1 | Consertel, S.A. de C.V. | Investments in all types of businesses | 28,444,797 | 100 | 16,374,507 | 30,390,014 |
| 2 | Cia. de Telefonos y Bienes Raices, S.A. de C.V. | Real estate acquisition & leasing | 1,034,000,000 | 100 | 1,040,903 | 6,813,809 |
| 3 | Alquiladora de Casas, S.A. de C.V. | Real estate acquisition and leasing | 686,001,490 | 100 | 702,096 | 2,984,280 |
| 4 | Construcciones y Canalizaciones, S.A. de C.V. | Construction & maint. of telephone plant | 28,369,000 | 100 | 28,636 | 488,836 |
| 5 | Limpieza Tecnica Especializada, S.A. de C.V. | Cleaning Service Company | 50 | 100 | 49 | 55 |
| 6 | Renta de Equipo, S.A. de C.V. | Equipment, vehicles & real estate leasing | 29,440,000 | 100 | 89,430 | 138,392 |
| 7 | Multicomunicacion Nacional, S.A. de C.V. | Trunking, sales & installation services | 186,000,000 | 100 | 137,877 | 156,187 |
| 8 | Teleconstructora, S.A. de C.V. | Construction & maint. of telephone plant | 19,400,000 | 100 | 19,397 | 110,581 |
| 9 | Anuncios en Directorios, S.A. de C.V. | Sale of advertising space in yellow pages | 1,081,750 | 100 | 1,240 | 64,410 |

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| | | | | | | |
|----|---|--|---------------|-------|------------|------------|
| 10 | Operadora Mercantil, S.A. de C.V. | Sale agent advertising space in yellow pages | 50,000 | 100 | 54 | 1,291 |
| 11 | Impulsora Mexicana de Telecomunicaciones, S.A. de | Network projects | 4,602,225 | 100 | 4,602 | 27,668 |
| 12 | Fuerza y Clima, S.A. de C.V. | Air conditioning installation & maint. | 4,925,000 | 100 | 4,944 | 69,584 |
| 13 | Telefonos del Noroeste, S.A. de C.V. | Telecommunications services | 110,000,000 | 100 | 75,279 | 843,305 |
| 14 | Aerocomunicaciones, S.A. de C.V. | Aeronautic radiocom. mobile serv. | 50,000 | 80.10 | 40 | 162 |
| 15 | Tecmarketing, .S.A. de C.V. | Telemarketing services | 6,850,000 | 100 | 138,972 | 178,968 |
| 16 | Comertel Argos, S.A. de C.V. | Personnel services | 6,000 | 100 | 13 | 2,598 |
| 17 | Telmex International, Inc. | Holding Company in the U S A. | 3 | 100 | 172,757 | 195,691 |
| 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 | 246,121 |
| 20 | Consortio Red Uno, S.A. de C.V. | Design and integrated telec. Services | 167,691,377 | 100 | 360,533 | 525,107 |
| 21 | Uninet, S.A. de C.V. | Data transmission services | 5,647,430 | 100 | 564,743 | 965,027 |
| 22 | Aerofrisco, S.A. de C.V. | Air Taxi services | 3,113,528,600 | 100 | 310,871 | 515,918 |
| 23 | Telnicx, S.A. de C.V. | Managment of yellow pages | 4,865,360 | 100 | 6,853 | 8,825 |
| 24 | Teninver, S.A. de C.V | Investments in all types of businesses | 61,952 | 100 | 62 | 65 |
| 25 | Grupo Tecnico de Administracion, S.A. de C.V. | Management, consulting & org. Services | 1,666,024,952 | 100 | 4,719,065 | 4,908,711 |
| 26 | Telmex Internet Investments, L.L.C | Investments in Internet companies | 1,000 | 100 | 996,366 | 1,143,923 |
| 27 | Telmex Internet, L.L.C. | Investments in Internet companies | 1,000 | 100 | 280,386 | 304,230 |
| | Others Subsidiaries (Number of subsidiaries) | | | | | |
| | TOTAL INVESTMENT IN SUBSIDIARIES | | | | 26,172,121 | 51,083,762 |

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| | ASSOCIATES | | | | | |
|---|---|---|-------------|-------|-----------|------------|
| 1 | TIMSN, Corp. | Internet Portal | 3,010,850 | 50 | 280,386 | 54,767 |
| 2 | Technology and Internet, LLC | Investments in Internet companies | 500 | 50 | 974,989 | 255,232 |
| 3 | Technology Fund I, LLC | Investments in communications companies | 500 | 50 | 20,898 | 15,719 |
| 4 | Organizacion Recuperadora de Cartera, S.A. de C.V. | Holding telemarketing company | 459,124,621 | 45 | 459,125 | 457,857 |
| 5 | Centro Historico de la Ciudad de Mexico, S.A. de C.V. | Real estate services | 80,020,000 | 27.72 | 80,020 | 86,263 |
| | Others Associates (Number of associates) | | | | | |
| | TOTAL INVESTMENT IN ASSOCIATES | | | | 1,815,418 | 869,838 |
| | OTHER PERMANENT INVESTMENTS | | | | | 38,171 |
| | T O T A L | | | | | 51,991,771 |

NOTES:

A) The number of shares of the company Consertel, S.A. de C.V. are presented in thousands, since this column only allows ten digits.

B) Telmex owns 100% of shares corresponding to the subsidiary Consertel, S.A. de C.V. minus one share.

C) Consertel, S.A. de C.V. owns 100% of the companies from number 2 to 25, except for the domestic subsidiary Aerocomunicaciones, S.A. de C.V. of which 80.10% is owned.

D) The capital contribution in foreign subsidiaries L.L.C., numbers 26 and 27 are presented as membership interest.

E) The subsidiaries numbers 5, 10 and 24 are not currently in operation.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

PROPERTY, PLANT AND EQUIPMENT

(Thousands of Pesos)

ANNEX 4

CONSOLIDATED

JUDGED INFORMATION Final printing

| | | | | | DEPRECIATION | CARRYING |
|--------------------------|-------------|--------------|------------|-------------|--------------|------------------|
| CONCEPT | ACQUISITION | ACCUMULATED | CARRYING | REVALUATION | ON | (+) REVALUATION |
| | COST | DEPRECIATION | VALUE | | REVALUATION | (-) DEPRECIATION |
| DEPRECIATION ASSETS | | | | | | |
| PROPERTY | 4,657,796 | 843,101 | 3,814,695 | 17,492,234 | 9,160,240 | 12,111,754 |
| MACHINERY | 92,931,251 | 34,784,310 | 58,146,941 | 122,571,332 | 87,729,083 | 92,931,251 |
| TRANSPORT EQUIPMENT | 1,463,860 | 996,649 | 467,211 | 1,178,016 | 1,121,775 | 552,041 |
| OFFICE EQUIPMENT | 573,445 | 296,454 | 276,991 | 599,146 | 469,827 | 412,668 |
| COMPUTER EQUIPMENT | 6,367,407 | 4,849,061 | 1,518,346 | 2,398,467 | 2,277,602 | 1,600,144 |
| OTHER | 6,377,173 | 3,171,445 | 3,205,728 | 5,229,275 | 4,312,637 | 4,123,513 |
| DEPRECIABLE TOTAL | 112,370,932 | 44,941,020 | 67,429,912 | 149,468,470 | 105,071,164 | 111,847,308 |
| NO DEPRECIATION ASSETS | | | | | | |
| GROUNDS | 1,063,156 | 0 | 1,063,156 | 4,042,471 | 0 | 5,105,627 |
| CONSTRUCTIONS IN PROCESS | 5,807,440 | 0 | 5,807,440 | 215,407 | 0 | 6,022,847 |
| OTHER | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|-----------------------|-------------|------------|------------|-------------|-------------|-------|
| NOT DEPRECIABLE TOTAL | 6,870,596 | 0 | 6,870,596 | 4,257,878 | 0 | 11,1 |
| TOTAL | 119,241,528 | 44,941,020 | 74,300,508 | 153,726,348 | 105,071,164 | 122,9 |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

YEAR: 2002

CREDITS BREAK DOWN

(Thousands of Pesos)

ANNEX
5
CONSOLIDATED

JUDGED INFORMATION
Final printing

| Credit Type / Institution | Amortization Date | Rate of Interest | Denominated in Pesos | | Amortization of Credits in Foreign Currency With National Entities (Thousands Of Pesos) | | | | | |
|---------------------------|-------------------|------------------|----------------------|------------------|---|--------------|---------------|---------------|---------------|---------------|
| | | | Until 1 Year | More Than 1 Year | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years |
| | | | | | | | | | | |

| BANKS | | | | | | | | | | | |
|--|------------|------|---|---|---|---|---|---|---|---|----|
| FOREIGN TRADE | | | | | | | | | | | |
| AB SVENKS EXPORTKREDIT (1) | 14/12/2005 | 2.38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29 |
| ABN AMRO BANK (1) | 30/11/2006 | 3.28 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 14 |
| ABN AMRO BANK (1) | 15/03/2008 | 2.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 29 |
| DEXIA BANK (1) | 31/12/2012 | 2.38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 32 |
| BANCO BILBAO VIZCAYA ARGENTARIA S.A. (1) | 22/12/2007 | 2.13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 81 |
| BANCO INTERN., SAG (1) | 24/12/2006 | 2.19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| BANCO SANTANDER CENTRAL HIPANO NEW YORK BRANCH (1) | 05/04/2008 | 1.58 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |
| BANK OF AMERICA NAT. (1) | 17/04/2006 | 1.63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 54 |
| BANK OF AMERICA NAT. (1) | 24/12/2006 | 2.19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 41 |
| BANK OF AMERICA NAT. (1) | 15/12/2003 | 1.76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| BARCLAYS BANK, BRUS (1) | 31/12/2004 | 2.63 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 32 |
| BARCLAYS BANK, BRUS (1) | 31/12/2005 | 2.38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 |
| BARCLAYS BANK, N.Y. (1) | 16/07/2003 | 1.76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| CITIBANK, N.A. (1) | 24/12/2006 | 2.19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 39 |
| CREDIT LYONNAIS (1) | 16/10/2003 | 1.76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21 |
| EXPORT DEVELOP CAN (1) | 22/04/2008 | 1.93 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |
| GOLDMAN SACHS INTERN (1) | 24/12/2006 | 2.19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 |
| JP MORGAN CHASE BANK (1) * | 14/12/2003 | 2.26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 64 |

| | | | | | | | | | | | |
|--|------------|-------|------------|-----------|---|-----------|-----------|---------|---------|---|---|
| CERTIFICADO BURSATIL TELMEX 02-2 (4) | 10/02/2005 | 8.34 | 0 | 850,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CERTIFICADO BURSATIL TELMEX 02 (4) | 09/02/2007 | 8.60 | 0 | 1,650,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CERTIFICADO BURSATIL TELMEX 01, 02-3 Y 02-4 (2) | 31/05/2012 | 11.05 | 0 | 1,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CERTIFICADO BURSATIL TELMEX 01-2 (4) | 26/10/2007 | 8.70 | 0 | 3,250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 1/4% SENIOR NOTES DUE 2006 (2) | 26/01/2006 | 8.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.25% CONVERTIBLE SECURITIES DUE 2004 (2) | 15/06/2004 | 4.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL STOCK EXCHANGE | | | 167,846 | 7,450,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | | | | | | | | | |
| OTHER CURRENT LIABILITIES | | | 16,818,470 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | 16,818,470 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | 16,990,183 | 8,750,580 | 0 | 1,697,194 | 1,009,454 | 764,883 | 297,828 | 0 | 0 |

NOTES

:

- Interest rates:

Credits break down are presented with an integrated rate as follows:

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

A. The following rates were considered:

Libor at 6

months in U S dollars is equivalent to 1.38 at December 31, 2002.

TIIE at 28 days is equivalent to 8.535 at December 31, 2002.

CETES at 91 days is equivalent to 7.34 at December 26, 2002.

CETES at 182 days is equivalent to 7.8 at December 26, 2002.

- * Syndicated Credit Bank Agent
- ** The corresponding documents to this debt are DGE 182 10232 dated

April 15, 2002, DGE 311 14611 dated Jun 1, 2002 and DGE 582 14882

dated October 18, 2002.

- The suppliers' Credits are reclassified to Banks 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.) | 5,521,637 | 10.3125 |
| FRENCH FRANC (F.F.) | 163,393 | 1.6493 |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

TRADE BALANCE AND MONETARY POSITION IN FOREIGN EXCHANGE

(Thousands of Pesos)

CONSOLIDATED

JUDGED INFORMATION

Final printing

| | DOLLARS | | OTHER CURRENCIES | | TOTAL |
|---------------------------------|-------------|--------------|------------------|-----------|--------------|
| TRADE BALANCE | THOUSANDS | THOUSANDS | THOUSANDS | THOUSANDS | THOUSANDS |
| | OF DOLLARS | OF PESOS | OF DOLLARS | OF PESOS | OF PESOS |
| 1. INCOME | | | | | |
| EXPORTS | 552,115 | 5,262,408 | 0 | 0 | 5,262,408 |
| OTHER | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 552,115 | 5,262,408 | 0 | 0 | 5,262,408 |
| 2. EXPENDITURE | | | | | |
| IMPORT (RAW MATERIALS) | 0 | 0 | 0 | 0 | 0 |
| INVESTMENTS | 0 | 0 | 0 | 0 | 0 |
| OTHER | 1,186,892 | 11,501,448 | 0 | 0 | 11,501,448 |
| TOTAL | 1,186,892 | 11,501,448 | 0 | 0 | 11,501,448 |
| NET BALANCE | (634,777) | (6,239,040) | 0 | 0 | (6,239,040) |
| FOREIGN MONETARY POSITION | | | | | |
| TOTAL ASSETS | 807,628 | 8,328,669 | 0 | 0 | 8,328,669 |
| LIABILITIES POSITION | 5,521,637 | 56,941,881 | 26,132 | 269,484 | 57,211,365 |
| SHORT TERM LIABILITIES POSITION | 1,053,619 | 10,865,446 | 2,175 | 22,432 | 10,887,878 |
| LONG TERM LIABILITIES POSITION | 4,468,018 | 46,076,435 | 23,957 | 247,052 | 46,323,487 |
| NET BALANCE | (4,714,009) | (48,613,212) | (26,132) | (269,484) | (48,882,696) |

NOTES:

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.) | 5,521,637 | 10.3125 |
| FRENCH FRANC (F.F.) | 163,393 | 1.6493 |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2002

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

INTEGRATION AND INCOME CALCULATION BY MONETARY POSITION

(Thousands of Pesos)

ANNEX
7
CONSOLIDATED

JUDGED INFORMATION
Final printing

| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSET) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY (PROFIT) AND LOSS |
|-----------|--------------------|-------------------------|--|----------------------|---------------------------------|
| JANUARY | 31,027,382 | 89,301,410 | 58,274,028 | 0.92 | 536,121 |
| FEBRUARY | 29,712,167 | 86,700,530 | 56,988,363 | 0.06 | (34,193) |
| MARCH | 31,768,376 | 86,801,951 | 55,033,575 | 0.51 | 280,671 |
| APRIL | 32,954,797 | 86,358,850 | 50,528,467 | 0.55 | 293,722 |
| MAY | 33,160,637 | 83,470,831 | 50,508,962 | 0.20 | 100,620 |
| JUNE | 35,284,013 | 85,812,480 | 48,112,373 | 0.49 | 247,589 |
| JULY | 34,942,345 | 85,451,307 | 47,219,345 | 0.29 | 146,476 |
| AUGUST | 36,400,666 | 84,513,039 | 48,112,373 | 0.38 | 182,827 |
| SEPTEMBER | 42,282,717 | 89,502,062 | 47,219,345 | 0.60 | 283,316 |
| OCTOBER | 42,871,093 | 90,549,355 | 47,678,262 | 0.44 | 209,784 |
| NOVEMBER | 43,668,688 | 88,634,775 | 44,966,087 | 0.81 | 364,225 |
| DECEMBER | 42,385,423 | 85,028,314 | 42,642,891 | 0.44 | 187,629 |

| | | | | | |
|---------------------|--|--|--|--|-----------|
| ACTUALIZATION : | | | | | 74,661 |
| CAPITALIZATION : | | | | | 0 |
| FOREIGN CORP. : | | | | | 0 |
| OTHER | | | | | (78,354) |
| TOTAL | | | | | 2,795,094 |

NOTES:

A) THE MONTH OF FEBRUARY HAD DEFLATION. THE FORMAT SIFIC/ICS DOES NOT ACCEPT NEGATIVE SIGNS IN THE MONTHLY INFLATION COLUMN.

B) IN THIS ANNEX, THE MONTHLY LOSS EFFECT IS PRESENTED WITH A DEBIT.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE: **TELMEX** QUARTER: 4 YEAR: 2002

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

BONDS AND MEDIUM TERM NOTES LISTING IN STOCK MARKET

ANNEX 8 CONSOLIDATED

JUDGED INFORMATION

Final printing

| | | | | |
|--|--|--|--|--|
| FINANCIAL LIMITED BASED IN ISSUED DEED AND /OR 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: 4 YEAR:2002

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

PLANTS, COMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9 CONSOLIDATED

JUDGED INFORMATION
Final printing

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

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

MAIN RAW MATERIALS

ANNEX 10 CONSOLIDATED

JUDGED INFORMATION
Final printing

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

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

DOMESTIC SELLS

ANNEX 11 CONSOLIDATED

JUDGED INFORMATION Final printing

| | | | | | | |
|--|--|--|--|--------|------|--|
| | | | | MARKET | MAIN | |
|--|--|--|--|--------|------|--|

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SELLS | | SHARE (%) | TRADEMARKS | COSTUMERS |
|-----------------------|------------------|--------|-----------|-------------|-----------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | | |
| LOCAL SERVICE | | | | 53,189,874 | | | |
| LONG DISTANCE SERVICE | | | | 35,841,882 | | | |
| INTERCONNECTION | | | | 15,560,138 | | | |
| OTHERS | | | | 5,736,042 | | | |
| TOTAL | | | | 110,327,936 | | | |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

FOREIGN SELLS

ANNEX 11 CONSOLIDATED

JUDGED INFORMATION Final printing

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SELLS | | MARKET SHARE (%) | MAIN TRADEMARKS | COSTUMERS |
|----------------|------------------|--------|-----------|-----------|------------------|-----------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | | |
| NET SETTLEMENT | | | | 2,531,781 | | | |
| TOTAL | | | | 2,531,781 | | | |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER: 4 YEAR:2002

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

CEDULE FOR THE DETERMINATION OF THE NET FISCAL EARNINGS ACCOUNT (NFEA)

(Thousands of Pesos)

ANNEX 12 CONSOLIDATED

JUDGED INFORMATION Final printing

| NFEA BALANCE FOR PREVIOUS PERIOD FOR WHICH IS DETERMINED | | | | |
|---|--------------------------------------|------------------------------------|-----------------------|--|
| NFEA BALANCE TO DECEMBER 31 st OF: | | 2001 | | 63,415,935 |
| Number of shares Outstanding at the Date of the NFEA : | | | | |
| (Units) | | | | 13,164,847,668 |
| | ARE THE FIGURES FISCALLY AUDITED? | | | ARE THE FIGURES FISCALLY CONSOLIDATED? |
| DIVIDENDS PAIDOUT IN THE PERIOD THAT COMES FROM THE NFEA | | | | |
| QUARTER | SERIAL | NUMBER OF SHARES OUTSTANDING | DATE OF SETTLEMENT | AMOUNT |
| 1st. | A, AA y L. | 13,076,877,931 | 31/03/2002 | 1,608,080 |
| | | | | |
| | | | | |
| DETERMINATION OF THE NFEA OF THE PRESENT YEAR | | | | |
| NFEA FROM THE PERIOD JANUARY 01 TO DICEMBER 31, OF 2002. | | | | |
| FISCAL EARNINGS | | | 19,481,442 | |
| - DETERMINED INCOME | | | 6,818,505 | |
| + DEDUCTED WORKER'S PROFIT | | | 0 | |
| - DETERMINED WORKER | | | 0 | |
| - DETERMINED RFE | | | 0 | |
| - NON DEDUCTABLES | | | 76,821 | |

| | | | | |
|--|--|--|----------------|--|
| NFEA OF PERIOD | | | 12,586,116 | |
| DETERMINATION OF THE NFEA OF THE PRESENT YEAR | | | | |
| (Present year Information) | | | | |
| NFEA BALANCE TO 31 OF DECEMBER OF 2002 | | | 83,294,189 | |
| Number of shares Outstanding at the Date of NFEA : | | | | |
| (Units) | | | 12,777,101,725 | |
| MODIFICATION BY COMPLEMENTARY | | | | |
| NFEA BALANCE TO DECEMBER 31 OF 2001 | | | 0 | |
| Number of shares Outstanding at the Date of NFEA : | | | | |
| (Units) | | | 0 | |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER:4

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

YEAR:2002

CEDULE FOR THE DETERMINATION OF THE NET FISCAL EARNINGS ACCOUNT REINVERTED (NFEAR)

ANNEX 12 A CONSOLIDATED

JUDGED INFORMATION Final printing

| | | | |
|--|------|--|----------------|
| NFEAR BALANCE FOR PREVIOUS PERIOD FOR WHICH IS DETERMINED | | | |
| NFEAR BALANCE TO DECEMBER 31 st OF: | 2001 | | 13,867,316 |
| Number of shares Outstanding at the Date of the NFEAR: | | | |
| (Units) | | | 13,164,847,668 |
| ARE THE FIGURES FISCALLY AUDITED? | | ARE THE FIGURES FISCALLY CONSOLIDATED? | |

| DIVIDENDS PAIDOUT IN THE PERIOD THAT COMES FROM THE NFEAR | | | | |
|---|------------|------------------------------|--------------------|-----------|
| QUARTER | SERIAL | NUMBER OF SHARES OUTSTANDING | DATE OF SETTLEMENT | AMOUNT |
| 2 nd . | A, AA y L. | 13,029,228,431 | 30/06/2002 | 1,789,625 |
| 3 rd . | A, AA y L. | 12,851,401,331 | 30/09/2002 | 1,775,975 |
| 4 | A, AA y L | 12,777,101,725 | 31/12/2002 | 1,759,532 |
| DETERMINATION OF THE NFEAR OF THE PRESENT YEAR | | | | |
| NFEAR FROM THE PERIOD JANUARY 01 TO DECEMBER 31, OF 2002. | | | | |
| FISCAL EARNINGS: | | | | |
| +DEDUCTED WORKERS PROFIT SHARING | | | 0 | |
| -DETERMINED INCOME TAX | | | 0 | |
| -NON-DEDUCTABLES | | | 0 | |
| -(+) EARNINGS (LOSS) FROM FOREING OF PROFIT | | | 0 | |
| DETERMINED RFE OF THE FISCAL YEAR | | | 0 | |
| - INCOME TAX (DEFERED ISR) | | | 0 | |
| * FACTOR TO DETERMINE THE NFEAR | | | 0 | |
| NFER FROM THE PERIOD | | | 0 | |
| BALANCE OF THE NFEAR AT THE END OF THE PERIOD | | | | |
| NFEAR BALANCE TO 31 OF DECEMBER OF 2002 | | | 3,491,639 | |
| Number of shares Outstanding at the Date of the NFEAR | | | 12,777,101,725 | |
| (Units) | | | | |
| MODIFICATION BY COMPLEMENTARY | | | | |
| NFEAR BALANCE TO DECEMBER 31 OF 2001 | | | 0 | |
| Number of shares Outstanding at the Date of NFEA : | | | 0 | |
| | | | | |

(Units)

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER:4

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

YEAR:2002

INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK

CHARACTERISTICS OF SHARES

CONSOLIDATED

JUDGED INFORMATION Final printing

| SERIAL | NOMINAL | VALID | NUMBER OF SHARES | | | | CAPITAL STOCK | | |
|---|----------------|-------|------------------|------------------|---------------|---------------------|------------------|-------|----------|
| | VALUE | CUPON | FIXED PORTION | VARIABLE PORTION | MEXICAN | PUBLIC SUBSCRIPTION | (Thousands of P) | FIXED | VARIABLE |
| A | 0.025 | | 289,068,570 | 0 | | 289,066,570 | 7,227 | | |
| AA | 0.025 | | 4,136,480,585 | 0 | 4,136,480,585 | 0 | 103,412 | | |
| L | 0.025 | | 8,351,554,570 | 0 | | 8,351,554,570 | 208,789 | | |
| TOTAL | 0.025 | | 12,777,101,725 | 0 | 4,136,480,585 | 8,640,621,140 | 319,428 | | |
| TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION: | | | | | | | | | |
| | 12,777,101,725 | | | | | | | | |
| SHARES PROPORTION BY: | | | | | | | | | |
| CPO'S : | | | | | | | | | |
| UNITS': | | | | | | | | | |
| ADRS's : | | | | | | | | | |
| GDRS's : | | | | | | | | | |

| | | | | | | | | |
|---------|------------------------|-------------|---------------------------|--|------------|--|--|--|
| ADS's : | | | | | | | | |
| GDS's : | | | | | | | | |
| | | | | | | | | |
| | REPURCHASED OWN SHARES | | | | | | | |
| | | | | | | | | |
| | | NUMBER OF | MARKET VALUE OF THE SHARE | | | | | |
| | SERIAL | SHARES | AT REPURCHASE | | AT QUARTER | | | |
| | | | | | | | | |
| | L | 387,745,943 | 15.67160 | | 15.81300 | | | |

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER:4

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

YEAR:2002

CONSOLIDATED

JUDGED INFORMATION Final printing

DECLARATION FROM THE COMPANY OFFICIALS RESPONSABLE FOR THE INFORMATION.

I HEREBY SWEAR THAT THE FINANCIAL INFORMATION HERE IN SUPPLIED TO THIS STOCK EXCHANGE, CORRESPONDING TO THE PERIOD FROM

1 OF JANUARY TO 31 OF DECEMBER OF 2002 AND 2001 IS THAT OBTAINED FROM OUR AUTHORIZED ACCOUNTING REGISTERS AND IS RESULT OF THE APPLICATION OF THE ACCOUNTING PRINCIPLES AND NORMS ACCEPTED AND STATED BY THE MEXICAN INSTITUTE OF PUBLIC ACCOUNTANTS AND IN THE PROVISIONS OF THE MEXICAN NATIONAL BANK AND STOCK COMMISSION (COMISION NACIONAL BANCARIA Y DE VALORES).

THE ACCOUNTING PRINCIPLES USED BY THIS COMPANY AND THE PROCESSING OF DATA FOR THE PERIOD WHICH THE SAID INFORMATION REFERS WERE APPLIED USING THE SAME BASES AS FOR THE SIMILAR OF THE PREVIOUS YEAR.

ING. ADOLFO CEREZO PEREZ

C.P. EDUARDO ROSENDO GIRARD

CHIEF FINANCIAL OFFICER

COMPTROLLER

MEXICO, D.F.,

AT FEBRUARY 12 OF 2003.

MEXICAN STOCK EXCHANGE

SIFIC/ICS

STOCK EXCHANGE CODE:TELMEX QUARTER:4

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

INFORMACION GENERAL

| DATOS GENERALES DE LA EMISORA | |
|-------------------------------|-----------------------------------|
| RAZON SOCIAL: | TELEFONOS DE MEXICO, S.A. DE C.V. |
| DOMICILIO: | PARQUE VIA 198, |
| COLONIA: | CUAUHTEMOC |
| CODIGO POSTAL: | 06599 |
| CIUDAD Y ESTADO: | MEXICO, D.F. |
| TELEFONO: | 52 22 12 12 |
| FAX: | |
| E-MAIL: | |
| DIRECCION INTERNET: | |
| | |
| DATOS FISCALES DE LA EMISORA | |
| RFC EMPRESA: | TME 840315KT6 |
| DOMICILIO FISCAL: | PARQUE VIA 198, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| | |
| RESPONSABLE DE PAGO | |
| NOMBRE: | C.P. EDUARDO ROSENDO GIRARD |

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| | |
|---------------------------|--|
| DOMICILIO: | PARQUE VIA 198 - PISO 5, OFICINA 501 |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | |
| | |
| DATOS DE LOS FUNCIONARIOS | |
| PUESTO BMV | PRESIDENTE DEL CONSEJO DE ADMINISTRACION |
| PUESTO: | PRESIDENTE DEL CONSEJO DE ADMINISTRACION |
| NOMBRE: | ING. CARLOS SLIM HELU |
| DOMICILIO: | AV. PASEO DE LAS PALMAS NO. 750, |
| COLONIA: | LOMAS DE CHAPULTEPEC |
| C. POSTAL: | 11000 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 56 25 49 00 |
| FAX: | 55 20 15 10 |
| E-MAIL: | |
| | |
| PUESTO BMV | DIRECTOR GENERAL |
| PUESTO: | DIRECTOR GENERAL |
| NOMBRE: | ING. JAIME CHICO PARDO |
| DOMICILIO: | PARQUE VIA 190 PISO 10, OFICINA 1001, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 55 46 15 46 & 52 22 51 52 |
| FAX: | 57 05 00 39 |
| E-MAIL: | |
| | |
| PUESTO BMV | DIRECTOR DE FINANZAS |
| PUESTO: | DIRECTOR DE FINANZAS Y ADMINISTRACION |
| NOMBRE: | ING. ADOLFO CEREZO PEREZ |
| DOMICILIO: | PARQUE VIA 190 PISO 10, OFICINA 1016, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |

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| | |
|-------------------|---|
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 57 80 & 52 22 51 44 |
| FAX: | 52 55 15 76 |
| E-MAIL: | |
| PUESTO BMV | RESPONSABLE DE ENVIO DE INFORMACION FINANCIERA TRIM. |
| PUESTO: | SUBDIRECTOR DE CONTRALORIA |
| NOMBRE: | C.P. EDUARDO ROSENDO GIRARD |
| DOMICILIO: | PARQUE VIA 198 PISO 5, OFICINA 501, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | |
| PUESTO BMV | 2do. RESPONSABLE DE ENVIO DE INFORMACION FINANCIERA TRIM. |
| PUESTO: | GERENTE DE INTEGRACION CONTABLE |
| NOMBRE: | C.P. WALTERIO FLORES ARIAS |
| DOMICILIO: | PARQUE VIA 198 PISO 5, OFICINA 503, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 18 03 & 52 22 18 04 |
| FAX: | 57 05 07 29 |
| E-MAIL: | |
| PUESTO BMV | RESPONSABLE DEL AREA JURIDICA |
| PUESTO: | DIRECTOR JURIDICO |
| NOMBRE: | LIC. SERGIO MEDINA NORIEGA |
| DOMICILIO: | PARQUE VIA 190 - PISO 2, OFICINA 202, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |

| | |
|-------------------|--|
| E-MAIL: | |
| | |
| PUESTO BMV | SECRETARIO DEL CONSEJO DE ADMINISTRACION |
| PUESTO: | SECRETARIO DEL CONSEJO DE ADMINISTRACION |
| NOMBRE: | LIC. SERGIO MEDINA NORIEGA |
| DOMICILIO: | PARQUE VIA 190 PISO 2, OFICINA 202, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |
| E-MAIL: | |
| | |
| PUESTO BMV | RESPONSABLE DE INFORMACION A INVERSIONISTAS |
| PUESTO: | GERENTE DE RELACION CON INVERSIONISTAS |
| NOMBRE: | LIC. ALEJANDRO MARTINEZ ALTAMIRANO |
| DOMICILIO: | PARQUE VIA 198 PISO 7, OFICINA 701, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 57 03 39 90 |
| FAX: | 55 45 55 50 |
| E-MAIL: | |
| | |
| PUESTO BMV | ACREDITADO PARA ENVIO DE INFORMACION VIA EMISNET |
| PUESTO: | SUBDIRECTOR DE CONTRALORIA |
| NOMBRE: | C.P. EDUARDO ROSENDO GIRARD |
| DOMICILIO: | PARQUE VIA 198 PISO 5, OFICINA 501, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 57 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | |
| | |
| PUESTO BMV | ACREDITADO PARA ENVIO DE EVENTOS RELEVANTES VIA EMISNET |

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| | |
|-------------------|--------------------------------------|
| PUESTO: | GERENTE DE ADMINISTRACION DE VALORES |
| NOMBRE: | LIC. MIGUEL ANGEL PINEDA CATALAN |
| DOMICILIO: | PARQUE VIA 198 PISO 2, OFICINA 202, |
| COLONIA: | CUAUHTEMOC |
| C. POSTAL: | 06599 |
| CIUDAD Y ESTADO:: | MEXICO, D.F. |
| TELEFONO: | 52 22 53 22 |
| FAX: | 55 46 21 11 |
| E-MAIL: | |