

TELEFONOS DE MEXICO S A DE C V
Form 6-K
April 23, 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

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MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-01

CONSOLIDATED BALANCE SHEETS

AT MARCH 31, 2004 & 2003

(Thousand Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|---------------------------------|--------------------|-----|---------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | TOTAL ASSETS | 186,989,245 | 100 | 178,205,546 | 100 |
| 2 | CURRENT ASSETS | 40,758,085 | 22 | 38,977,528 | 22 |
| 3 | CASH AND SHORT-TERM INVESTMENTS | 9,623,354 | 5 | 10,135,145 | 6 |
| 4 | ACCOUNTS RECEIVABLE, NET | 17,132,853 | 9 | 17,988,328 | 10 |
| 5 | OTHER ACCOUNTS RECEIVABLE, NET | 3,528,058 | 2 | 2,401,092 | 1 |
| 6 | INVENTORIES | 1,013,303 | 1 | 1,078,625 | 1 |
| 7 | OTHER CURRENT ASSETS | 9,460,517 | 5 | 7,374,338 | 4 |
| | | | | | |

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| | | | | | |
|----|--|-------------|-----|-------------|-----|
| 8 | LONG - TERM | 808,220 | 0 | 934,792 | 1 |
| 9 | ACCOUNTS RECEIVABLE, NET | 0 | 0 | 0 | 0 |
| 10 | INVESTMENT IN SHARES OF SUBSIDIARIES AND AFFILIATES NON-CONSOLIDATED | 761,760 | 0 | 893,431 | 1 |
| 11 | OTHER INVESTMENTS | 46,460 | 0 | 41,361 | 0 |
| 12 | PLANT, PROPERTY AND EQUIPMENT, NET | 120,372,410 | 64 | 129,231,897 | 73 |
| 13 | PROPERTY | 0 | 0 | 0 | 0 |
| 14 | MACHINERY AND INDUSTRIAL EQUIPMENT | 305,080,751 | 163 | 293,103,473 | 164 |
| 15 | OTHER EQUIPMENTS | 0 | 0 | 0 | 0 |
| 16 | ACCUMULATED DEPRECIATION | 185,684,402 | 99 | 169,554,681 | 95 |
| 17 | CONSTRUCTIONS IN PROGRESS | 976,061 | 1 | 5,683,105 | 3 |
| 18 | DEFERRED ASSETS, NET | 636,049 | 0 | 786,583 | 0 |
| 19 | OTHER ASSETS | 24,414,481 | 13 | 8,274,746 | 5 |
| 20 | TOTAL LIABILITIES | 106,765,572 | 100 | 109,948,856 | 100 |
| 21 | CURRENT LIABILITIES | 38,733,281 | 36 | 32,612,542 | 30 |
| 22 | SUPPLIERS | 0 | 0 | 0 | 0 |
| 23 | BANK LOANS | 10,063,263 | 9 | 12,615,397 | 11 |
| 24 | STOCK MARKET LOANS | 8,982,616 | 8 | 0 | 0 |
| 25 | TAXES PAYABLE | 2,519,520 | 2 | 2,978,742 | 3 |
| 26 | OTHER CURRENT LIABILITIES | 17,167,882 | 16 | 17,018,403 | 15 |
| 27 | LONG - TERM LIABILITIES | 47,892,240 | 45 | 58,094,476 | 53 |
| 28 | BANK LOANS | 13,407,240 | 13 | 22,217,982 | 20 |
| 29 | STOCK MARKET LOANS | 34,485,000 | 32 | 35,876,494 | 33 |
| 30 | OTHER LOANS | 0 | 0 | 0 | 0 |
| 31 | DEFERRED CREDITS | 20,140,051 | 19 | 15,021,149 | 14 |
| 32 | OTHER LIABILITIES | 0 | 0 | 4,220,689 | 4 |
| 33 | CONSOLIDATED STOCKHOLDERS' EQUITY | 80,223,673 | 100 | 68,256,690 | 100 |
| 34 | MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 35 | MAJORITY INTEREST | 80,223,673 | 100 | 68,256,690 | 100 |
| 36 | CONTRIBUTED CAPITAL | 39,480,320 | 49 | 40,604,831 | 59 |

| | | | | | |
|----|---|--------------|------|--------------|-------|
| 37 | CAPITAL STOCK (NOMINAL) | 298,325 | 0 | 316,014 | 0 |
| 38 | RESTATEMENT OF CAPITAL STOCK | 27,535,623 | 34 | 28,698,488 | 42 |
| 39 | PREMIUM ON SALES OF SHARES | 11,646,372 | 15 | 11,590,329 | 17 |
| 40 | CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 | 0 |
| 41 | CAPITAL INCREASE (DECREASE) | 40,743,353 | 51 | 27,651,859 | 41 |
| 42 | RETAINED EARNINGS AND CAPITAL RESERVE | 98,099,088 | 122 | 95,289,989 | 140 |
| 43 | RESERVE FOR REPURCHASE OF OWN SHARES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) FROM RESTATEMENT OF STOCKHOLDERS' EQUITY | (62,853,097) | (78) | (72,828,778) | (107) |
| 45 | NET INCOME | 5,497,362 | 7 | 5,190,648 | 8 |

MEXICAN STOCK EXCHANGE

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STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-02

CONSOLIDATED BALANCE SHEETS

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--------------------------------------|----------------------------------|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| | | 3 | CASH AND SHORT- TERM INVESTMENTS | 9,623,354 | 100 |
| 46 | CASH | 1,064,397 | 11 | 1,133,688 | 11 |
| 47 | SHORT-TERM INVESTMENTS | 8,558,957 | 89 | 9,001,457 | 89 |
| 18 | DEFERRED ASSETS, NET | 636,049 | 100 | 786,583 | 100 |
| 48 | AMORTIZED OR REDEEMED EXPENSES | 585,793 | 92 | 627,554 | 80 |
| 49 | GOODWILL | 50,256 | 8 | 159,029 | 20 |
| 50 | DEFERRED TAXES | 0 | 0 | 0 | 0 |
| 51 | OTHERS | 0 | 0 | 0 | 0 |
| 21 | CURRENT LIABILITIES | 38,733,281 | 100 | 32,612,542 | 100 |
| 52 | FOREIGN CURRENCY LIABILITIES | 17,695,879 | 46 | 11,777,085 | 36 |
| 53 | MEXICAN PESOS LIABILITIES | 21,037,402 | 54 | 20,835,457 | 64 |
| 24 | STOCK MARKET SHORT-TERM SECURITIES | 8,982,616 | 100 | 0 | 100 |
| 54 | COMMERCIAL PAPER | 0 | 0 | 0 | 0 |
| 55 | MEDIUM-TERM NOTES | 0 | 0 | 0 | 0 |
| 56 | CURRENT MATURITIES OF SECURITIES | 8,982,616 | 100 | 0 | 0 |
| 26 | OTHER CURRENT LIABILITIES | 17,167,882 | 100 | 17,018,403 | 100 |
| 57 | OTHER CURRENT LIABILITIES WITH COST | 0 | 0 | 0 | 0 |
| 58 | OTHER CURRENT LIABILITIES WITHOUT COST | 17,167,882 | 100 | 17,018,403 | 100 |
| 27 | LONG - TERM LIABILITIES | 47,892,240 | 100 | 58,094,476 | 100 |
| 59 | FOREIGN CURRENCY LIABILITIES | 40,492,240 | 85 | 49,795,472 | 86 |
| 60 | MEXICAN PESOS LIABILITIES | 7,400,000 | 15 | 8,299,004 | 14 |
| 29 | STOCK MARKET LONG-TERM SECURITIES | 34,485,000 | 100 | 35,876,494 | 100 |

| | | | | | |
|----|--|--------------|-----|--------------|-----|
| 61 | BONDS | 34,485,000 | 100 | 35,876,494 | 100 |
| 62 | MEDIUM-TERM NOTES | 0 | 0 | 0 | 0 |
| 30 | OTHER LOANS | 0 | 100 | 0 | 100 |
| 63 | OTHER LOANS WITH COST | 0 | 0 | 0 | 0 |
| 64 | OTHER LOANS WITHOUT COST | 0 | 0 | 0 | 0 |
| 31 | DEFERRED CREDITS | 20,140,051 | 100 | 15,021,149 | 100 |
| 65 | GOODWILL | 0 | 0 | 0 | 0 |
| 66 | DEFERRED TAXES | 20,140,051 | 100 | 15,021,149 | 100 |
| 67 | OTHERS | 0 | 0 | 0 | 0 |
| 32 | OTHER LIABILITIES | 0 | 100 | 4,220,689 | 100 |
| 68 | RESERVES | 0 | 0 | 4,220,689 | 100 |
| 69 | OTHERS LIABILITIES | 0 | 0 | 0 | 0 |
| 44 | EXCESS (SHORTFALL) FROM RESTATEMENTS OF STOCKHOLDERS' EQUITY | (62,853,097) | 100 | (72,828,778) | 100 |
| 70 | ACCUMULATED MONETARY POSITION INCOME | (13,125,260) | 21 | (13,123,825) | 18 |
| 71 | RESULT FROM HOLDING NON-MONETARY ASSETS | (49,727,837) | 79 | (59,704,953) | 82 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-03

CONSOLIDATED BALANCE SHEETS

- OTHER CONCEPTS -

(Thousand Pesos)

| REF S | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--------------------------------------|--|
| | | Amount | Amount |
| 72 | WORKING CAPITAL | 2,024,804 | 6,364,986 |
| 73 | PENSIONS FUND AND SENIORITY PREMIUMS | 0 | 4,220,689 |
| 74 | EXECUTIVES (*) | 133 | 135 |
| 75 | EMPLOYEES (*) | 11,255 | 11,538 |
| 76 | WORKERS (*) | 50,292 | 51,706 |
| 77 | OUTSTANDING SHARES (*) | 11,933,015,972 | 12,640,562,715 |
| 78 | REPURCHASE OF OWN SHARES (*) | 179,573,700 | 136,539,010 |
| | | | |
| | | | |
| (*) | THESE CONCEPTS SHOULD BE EXPRESSED IN UNITS. | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-04

CONSOLIDATED STATEMENTS OF INCOME

- FROM JANUARY 01 TO MARCH 31, 2004 & 2003 -

(Thousand Pesos)

| REF R | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|--|-----------------------|-----|------------------------|-----|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 29,041,085 | 100 | 28,892,171 | 100 |
| 2 | COST OF SALES AND SERVICES | 14,945,220 | 51 | 14,913,711 | 52 |
| 3 | GROSS INCOME | 14,095,865 | 49 | 13,978,460 | 48 |
| 4 | OPERATING COSTS | 4,429,764 | 15 | 4,257,897 | 15 |
| 5 | OPERATING INCOME | 9,666,101 | 33 | 9,720,563 | 34 |
| 6 | COMPREHENSIVE FINANCING COST | 36,664 | 0 | 1,655,159 | 6 |
| 7 | INCOME AFTER COMPREHENSIVE FINANCING COST | 9,629,437 | 33 | 8,065,404 | 28 |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 0 | 0 | 0 |
| 9 | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | 9,629,437 | 33 | 8,065,404 | 28 |
| 10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 4,103,591 | 14 | 2,837,467 | 10 |
| 11 | INCOME AFTER INCOME TAX AND EMPLYEE PROFIT SHARING | 5,525,846 | 19 | 5,227,937 | 18 |
| 12 | EQUITY IN RESULTS OF SUBSIDIARIES AND AFFILIATES | (28,484) | 0 | (37,289) | 0 |
| 13 | INCOME FROM CONTINUOUS OPERATIONS | 5,497,362 | 19 | 5,190,648 | 18 |
| 14 | INCOME FROM DISCONTINUOUS OPERATIONS, NET | 0 | 0 | 0 | 0 |
| 15 | NET INCOME BEFORE EXTRAORDINARY ITEMS | 5,497,362 | 19 | 5,190,648 | 18 |
| 16 | EXTRAORDINARY ITEMS NET EXPENDITURES (REVENUES) | 0 | 0 | 0 | 0 |
| 17 | NET EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET INCOME | 5,497,362 | 19 | 5,190,648 | 18 |
| 19 | MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 20 | MAJORITY INTEREST | 5,497,362 | 19 | 5,190,648 | 18 |
| | | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-05

CONSOLIDATED STATEMENTS OF INCOME

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|----------|--|-----------------------|---------|------------------------|------|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 29,041,085 | 100 | 28,892,171 | 100 |
| 21 | DOMESTIC | 28,542,336 | 98 | 28,603,557 | 99 |
| 22 | FOREIGN | 498,749 | 2 | 288,614 | 1 |
| 23 | TRANSLATION INTO DOLLARS (***) | 44,951 | 0 | 25,203 | 0 |
| | | | | | |
| 6 | COMPREHENSIVE FINANCING COST | 36,664 | 100 | 1,655,159 | 100 |
| 24 | INTEREST EXPENSE | 1,318,256 | 3,596 | 436,252 | 26 |
| 25 | EXCHANGE LOSS | 0 | 0 | 2,207,749 | 133 |
| 26 | INTEREST INCOME | 289,601 | 790 | 324,685 | 20 |
| 27 | EXCHANGE GAIN | 316,629 | 864 | 0 | 0 |
| 28 | INCOME DUE TO MONETARY POSITION | (675,362) | (1,842) | (664,157) | (40) |
| 42 | RESTATEMENT OF UDIS'S LOSS | 0 | 0 | 0 | 0 |
| 43 | RESTATEMENT OF UDIS'S PROFIT | 0 | 0 | 0 | 0 |
| | | | | | |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 100 | 0 | 100 |
| 29 | OTHER INCOME AND EXPENSES, NET | 0 | 0 | 0 | 0 |
| 30 | LOSS (PROFIT) ON SALE OF OWN SHARES | 0 | 0 | 0 | 0 |
| | | | | | |

| | | | | | |
|-------|--|-----------|-----|-----------|-----|
| 31 | LOSS (PROFIT) ON SALE OF SHORT-TERM INVESTMENTS | 0 | 0 | 0 | 0 |
| 10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 4,103,591 | 100 | 2,837,467 | 100 |
| 32 | INCOME TAX | 3,711,886 | 90 | 2,327,028 | 82 |
| 33 | DEFERRED INCOME TAX | (327,632) | (8) | (119,687) | (4) |
| 34 | EMPLOYEE PROFIT SHARING | 719,337 | 18 | 630,126 | 22 |
| 35 | DEFERRED EMPLOYEE PROFIT SHARING | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |
| (***) | THOUSAND DOLLARS | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-06

CONSOLIDATED STATEMENTS OF INCOME

- OTHER CONCEPTS -

(Thousand Pesos)

Final printing

| REF R | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|-------------------------|--------------------------------------|--|
| | | Amount | Amount |
| 36 | TOTAL REVENUES | 29,041,084 | 28,892,170 |
| 37 | NET INCOME | 0 | 0 |
| 38 | OPERATING REVENUES (**) | 118,843,071 | 119,084,050 |

| | | | |
|------|---------------------------------------|------------|------------|
| 39 | OPERATING INCOME (**) | 40,108,737 | 40,755,483 |
| 40 | NET INCOME OF MAJORITY INTEREST (**) | 23,111,183 | 19,780,132 |
| 41 | NET INCOME (**) | 23,111,183 | 19,780,132 |
| | | | |
| | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-07

CONSOLIDATED STATEMENTS OF INCOME

- FROM JANUARY 01 TO MARCH 31, 2004 & 2003 -

(Thousand Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|-----------|--|--------------------------------------|-----|---------------------------------------|-----|
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 29,041,085 | 100 | 28,892,171 | 100 |
| 2 | COST OF SALES AND SERVICES | 14,945,220 | 51 | 14,913,711 | 52 |
| 3 | GROSS INCOME | 14,095,865 | 49 | 13,978,460 | 48 |
| 4 | OPERATING COST | 4,429,764 | 15 | 4,257,897 | 15 |
| 5 | OPERATING INCOME | 9,666,101 | 33 | 9,720,563 | 34 |
| 6 | COMPREHENSIVE FINANCING COST | 36,664 | 0 | 1,655,159 | 6 |
| 7 | INCOME AFTER COMPREHENSIVE FINANCING COST | 9,629,437 | 33 | 8,065,404 | 28 |
| | | | | | |

| | | | | | |
|----|---|-----------|----|-----------|----|
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 0 | 0 | 0 |
| 9 | INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING | 9,629,437 | 33 | 8,065,404 | 28 |
| 10 | PROVISIONS FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 4,103,591 | 14 | 2,837,467 | 10 |
| 11 | INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING | 5,525,846 | 19 | 5,227,937 | 18 |
| 12 | EQUITY IN RESULTS OF SUBSIDIARIES AND AFFILIATES | (28,484) | 0 | (37,289) | 0 |
| 13 | INCOME FROM CONTINUOUS OPERATIONS | 5,497,362 | 19 | 5,190,648 | 18 |
| 14 | INCOME FROM DISCONTINUOUS OPERATIONS, NET | 0 | 0 | 0 | 0 |
| 15 | NET INCOME BEFORE EXTRAORDINARY ITEMS | 5,497,362 | 19 | 5,190,648 | 18 |
| 16 | EXTRAORDINARY ITEMS NET EXPENDITURES (REVENUES) | 0 | 0 | 0 | 0 |
| 17 | NET EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES | 0 | 0 | 0 | 0 |
| 18 | NET INCOME | 5,497,362 | 19 | 5,190,648 | 18 |
| 19 | MINORITY INTEREST | 0 | 0 | 0 | 0 |
| 20 | MAJORITY INTEREST | 5,497,362 | 19 | 5,190,648 | 18 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-08

CONSOLIDATED STATEMENTS OF INCOME, FOURTH QUARTER

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF RT | CONCEPTS | QUARTER OF PRESENT | | QUARTER OF PREVIOUS | |
|-----------|---|-----------------------|---------|------------------------|------|
| | | FINANCIAL YEAR | | FINANCIAL YEAR | |
| | | Amount | % | Amount | % |
| 1 | OPERATING REVENUES | 29,041,085 | 100 | 28,892,171 | 100 |
| 21 | DOMESTIC | 28,542,336 | 98 | 28,603,557 | 99 |
| 22 | FOREIGN | 498,749 | 2 | 288,614 | 1 |
| 23 | TRANSLATION INTO DOLLARS (***) | 44,951 | 0 | 25,203 | 0 |
| | | | | | |
| 6 | COMPREHENSIVE FINANCING COST | 36,664 | 100 | 1,655,159 | 100 |
| 24 | INTEREST EXPENSE | 1,318,256 | 3,596 | 436,252 | 26 |
| 25 | EXCHANGE LOSS | 0 | 0 | 2,207,749 | 133 |
| 26 | INTEREST INCOME | 289,601 | 790 | 324,685 | 20 |
| 27 | EXCHANGE GAIN | 316,629 | 864 | 0 | 0 |
| 28 | INCOME DUE TO MONETARY POSITION | (675,362) | (1,842) | (664,157) | (40) |
| 42 | RESTATEMENT OF UDI'S LOSS | 0 | 0 | 0 | 0 |
| 43 | RESTATEMENT OF UDI'S PROFIT | 0 | 0 | 0 | 0 |
| | | | | | |
| 8 | OTHER FINANCIAL OPERATIONS | 0 | 100 | 0 | 100 |
| 29 | OTHER INCOME AND EXPENSES, NET | 0 | 0 | 0 | 0 |
| 30 | LOSS (PROFIT) ON SALE OF OWN SHARES | 0 | 0 | 0 | 0 |
| 31 | LOSS (PROFIT) ON SALE OF SHORT-TERM INVESTMENTS | 0 | 0 | 0 | 0 |
| | | | | | |
| 10 | PROVISION FOR INCOME TAX AND EMPLOYEE PROFIT SHARING | 4,103,591 | 100 | 2,837,467 | 100 |
| 32 | INCOME TAX | 3,711,886 | 90 | 2,327,028 | 82 |
| 33 | DEFERRED INCOME TAX | (327,632) | (8) | (119,687) | (4) |
| 34 | EMPLOYEE PROFIT SHARING | 719,337 | 18 | 630,126 | 22 |
| 35 | DEFERRED EMPLOYEE PROFIT SHARING | 0 | 0 | 0 | 0 |
| | | | | | |
| | | | | | |
| (***) | THOUSANDS OF DOLLARS | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-09

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- FROM JANUARY 01 TO MARCH 31, 2004 & 2003 -

(Thousand Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT | QUARTER OF PREVIOUS |
|----------|---|-----------------------|------------------------|
| | | FINANCIAL YEAR | FINANCIAL YEAR |
| | | Amount | Amount |
| 1 | NET INCOME | 5,497,362 | 5,190,648 |
| 2 | ADD (DEDUCT) ITEMS NOT REQUIRING THE USE OF RESOURCES | 4,756,476 | 5,059,187 |
| 3 | CASH FLOW FROM NET INCOME FOR THE YEAR | 10,253,838 | 10,249,835 |
| 4 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | 415,924 | (5,255,282) |
| 5 | RESOURCES PROVIDED BY OPERATING ACTIVITIES | 10,669,762 | 4,994,553 |
| 6 | CASH FLOW FROM OUTSIDE FINANCING | (2,463,351) | 865,216 |
| 7 | CASH FLOW FROM OWN FINANCING | (5,224,667) | (4,169,238) |
| 8 | RESOURCES PROVIDED BY FINANCING ACTIVITIES | (7,688,018) | (3,304,022) |
| 9 | RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | (3,707,662) | (5,028,354) |
| 10 | NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS | (725,918) | (3,337,823) |

| | | | |
|----|--|------------|------------|
| 11 | CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD | 10,349,272 | 13,472,968 |
| 12 | CASH AND SHORT-TERM INVESTMENTS AT THE END OF PERIOD | 9,623,354 | 10,135,145 |
| | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

FS-10

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

- BREAKDOWN OF MAIN CONCEPTS -

(Thousand Pesos)

Final printing

| REF C | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | QUARTER OF PREVIOUS FINANCIAL YEAR |
|----------|--|--|---|
| | | Amount | Amount |
| 2 | ADD (DEDUCT) ITEMS NOT REQUIRING THE USE OF RESOURCES | 4,756,476 | 5,059,187 |
| 13 | (+)DEPRECIATION AND AMORTIZATION FOR THE YEAR | 5,055,623 | 5,141,585 |
| 14 | +(-) NET INCREASE (DECREASE) IN PENSIONS FUND AND SENIORITY PREMIUMS | 0 | 0 |
| 15 | +(-) NET LOSS (PROFIT) IN MONEY EXCHANGE | 0 | 0 |
| 16 | +(-) NET LOSS (PROFIT) IN ASSETS AND LIABILITIES ACTUALIZATION | 0 | 0 |

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| | | | |
|----|---|-------------|-------------|
| 17 | +(-) OTHER ITEMS | 0 | 0 |
| 40 | (+) OHTER ITMES NOT CONSIDERED FOR EBITDA CALCULATION | (299,147) | (82,398) |
| | | | |
| 4 | CASH FLOW FROM CHANGES IN WORKING CAPITAL | 415,924 | (5,255,282) |
| 18 | +(-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLE | 296,919 | 204,205 |
| 19 | +(-) DECREASE (INCREASE) IN INVENTORIES | (100,380) | 109,170 |
| 20 | +(-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLE AND OTHER ASSETS | (1,310,194) | 75,241 |
| 21 | +(-) INCREASE (DECREASE) IN SUPPLIERS ACCOUNT | 0 | 0 |
| 22 | +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | 1,529,579 | (5,643,898) |
| | | | |
| 6 | CASH FLOW FROM OUTSIDE FINANCING | (2,463,351) | 865,216 |
| 23 | + SHORT-TERM BANK FINANCING AND DEBT SECURITIES | 512,042 | 203,295 |
| 24 | + LONG-TERM BANK FINANCING AND DEBT SECURITIES | 0 | 0 |
| 25 | + DIVIDEND RECEIVED | 0 | 0 |
| 26 | + OTHER FINANCING | 0 | 1,827,355 |
| 27 | (-) BANK FINANCING AMORTIZATION | (1,269,927) | (1,003,166) |
| 28 | (-) DEBT SECURITIES AMORTIZATION | (68,264) | (162,268) |
| 29 | (-) OTHER FINANCING AMORTIZATION | (1,637,202) | 0 |
| | | | |
| 7 | CASH FLOW FROM OWN FINANCING | (5,224,667) | (4,169,238) |
| 30 | +(-) INCREASE (DECREASE) IN CAPITAL STOCK | (294,413) | (228,912) |
| 31 | (-) DIVIDENS PAID | (1,856,748) | (1,851,761) |
| 32 | + PREMIUM ON SALE OF SHARES | 54,788 | 0 |
| 33 | + CONTRIBUTION FOR FUTURE CAPITAL INCREASES | (3,128,294) | (2,088,565) |
| | | | |
| 9 | RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | (3,707,662) | (5,028,354) |
| 34 | +(-) DECREASE (INCREASE) IN STOCK INVESTMENTS OF PERMANENT NATURE | (1,895,728) | 0 |

| | | | |
|----|--|-------------|-------------|
| 35 | (-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT | (1,768,659) | (866,752) |
| 36 | (-) INCREASE IN CONSTRUCTIONS IN PROCESS | 0 | 0 |
| 37 | + SALE OF OTHER PERMANENT INVESTMENTS | 0 | 0 |
| 38 | + SALE OF TANGIBLE FIXED ASSETS | 0 | 0 |
| 39 | +(-) OTHER ITEMS | (43,275) | (4,161,602) |

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FI-01

RATIOS

- CONSOLIDATED INFORMATION -

(Thousand Pesos)

Final printing

| REF P | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|--|--|---|---|---|
| | | | | | |
| | YIELD | | | | |
| 1 | NET INCOME TO OPERATING REVENUES | 18.93 | % | 17.97 | % |
| 2 | NET INCOME TO STOCKHOLDERS' EQUITY (**) | 28.81 | % | 28.98 | % |
| 3 | NET INCOME TO TOTAL ASSETS (**) | 12.36 | % | 11.10 | % |
| 4 | CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME | 8.14 | % | 8.96 | % |

| | | | | | |
|------|---|-------|-------|---------|-------|
| 5 | INCOME DUE TO MONETARY POSITION TO NET INCOME | 12.29 | % | 12.80 | % |
| | ACTIVITY | | | | |
| 6 | OPERATING REVENUES TO TOTAL ASSETS (**) | 0.64 | times | 0.67 | times |
| 7 | OPERATING REVENUES TO FIXED ASSETS (**) | 0.99 | times | 0.92 | times |
| 8 | INVENTORIES ROTATION (**) | 72.02 | times | 36.55 | times |
| 9 | ACCOUNTS RECEIVABLE IN DAYS OF SALES | 46 | days | 49 | days |
| 10 | INTEREST PAID TO TOTAL LIABILITIES WITH COST (**) | 9.78 | % | 7.60 | % |
| | LEVERAGE | | | | |
| 11 | TOTAL LIABILITIES TO TOTAL ASSETS | 57.10 | % | 61.70 | % |
| 12 | TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY | 1.33 | times | 1.61 | times |
| 13 | FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES | 54.50 | % | 56.00 | % |
| 14 | LONG-TERM LIABILITIES TO FIXED ASSETS | 39.79 | % | 44.95 | % |
| 15 | OPERATING INCOME TO INTEREST EXPENSE | 7.33 | times | 22.28 | times |
| 16 | OPERATING REVENUES TO TOTAL LIABILITIES (**) | 1.11 | times | 1.08 | times |
| | LIQUIDITY | | | | |
| 17 | CURRENT ASSETS TO CURRENT LIABILITIES | 1.05 | times | 1.20 | times |
| 18 | CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES | 1.03 | times | 1.16 | times |
| 19 | CURRENT ASSETS TO TOTAL LIABILITIES | 0.38 | times | 0.35 | times |
| 20 | AVAILABLE ASSETS TO CURRENT LIABILITIES | 24.85 | % | 31.08 | % |
| | STATEMENT OF CHANGES IN FINANCIAL POSITION | | | | |
| 21 | CASH FLOW FROM NET INCOME TO OPERATING REVENUES | 35.31 | % | 35.48 | % |
| 22 | CASH FLOW FROM CHANGES IN WORKING CAPITAL TO OPERATING REVENUES | 1.43 | % | (18.19) | % |
| 23 | RESOURCES PROVIDED BY OPERATING ACTIVITIES TO INTEREST EXPENSES | 8.09 | times | 11.45 | times |
| 24 | OUTSIDE FINANCING TO RESOURCES PROVIDED BY FINANCING ACTIVITIES | 32.04 | % | (26.19) | % |
| 25 | OWN FINANCING TO RESOURCES PROVIDED BY FINANCING ACTIVITIES | 67.96 | % | 126.19 | % |
| 26 | ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT TO RESOURCES PROVIDED BY INVESTMENT ACTIVITIES | 47.70 | % | 17.24 | % |
| | | | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | | | |

MEXICAN STOCK EXCHANGE

[Index](#)

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

FI-02

DATA PER SHARE

- CONSOLIDATED INFORMATION -

(Thousand Pesos)

Final printing

| REF D | CONCEPTS | QUARTER OF PRESENT FINANCIAL YEAR | | QUARTER OF PREVIOUS FINANCIAL YEAR | |
|----------|---|--|--------|--|--------|
| | | Amount | | Amount | |
| 1 | BASIC INCOME PER ORDINARY SHARE (**) | 1.89 | \$ | 1.54 | \$ |
| 2 | BASIC INCOME PER PREFERENT SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 3 | INCOME PER DILUTED SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 4 | INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 1.89 | \$ | 1.54 | \$ |
| 5 | EFFECT OF DISCONTINUOUS OPERATIONS ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 6 | EFFECT OF EXTRAORDINARY INCOME ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 7 | EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES ON INCOME FROM CONTINUOUS OPERATIONS PER ORDINARY SHARE (**) | 0.00 | \$ | 0.00 | \$ |
| 8 | CARRYING VALUE PER SHARE | 6.72 | \$ | 5.40 | \$ |
| 9 | ACUMULATED CASH DIVIDEND PER SHARE | 0.16 | \$ | 0.15 | \$ |
| 10 | SHARE DIVIDENDS PER SHARE | 0.00 | shares | 0.00 | shares |
| 11 | MARKET PRICE TO CARRYING VALUE | 2.83 | times | 3.19 | times |
| 12 | | 10.07 | times | 11.18 | times |

| | | | | | |
|------|---|------|-------|------|-------|
| | MARKET PRICE TO BASIC INCOME PER ORDINARY SHARE (**) | | | | |
| 13 | MARKET PRICE TO BASIC INCOME PER PREFERENT SHARE (**) | 0.00 | times | 0.00 | times |
| | | | | | |
| (**) | INFORMATION OF THE PAST TWELVE MONTHS | | | | |

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 1

CHIEF EXECUTIVE OFFICER REPORT

Consolidated

Final printing

First Quarter 2004

Results

Operating

- Lines in service increased 9.1%
- Internet access accounts increased 23.3%, almost half of this growth was due to Prodigy Infinitum
- In the data transmission business, line equivalents in operation increased 22.6%
- Local traffic increased 4.0%
- Interconnection traffic increased 13.1%
- DLD traffic increased 5.3%
- ILD incoming traffic increased 66.6% and ILD outgoing increased 7.4%

Financial

- Revenues rose to 29,041 million pesos, 0.5% higher than in 2003
- Net income rose to 5,497 million pesos, 5.9% higher than in 2003

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- Earnings per share were 0.46 pesos and 0.83 dollars per ADR
- Total debt in dollars decreased 4.6% compared with the previous year
- Debt-to-capitalization ratio was 45.5% in March 2004

Operating results

Local

At the end of the first quarter, TELMEX had 16,082,761 fixed lines in service, an annual increase of 9.1% with a net addition of 399,497 lines. This gain was 37.8% higher than the first quarter of 2003.

In the first quarter, penetration of digital services, without including free voice mail (Buzon TELMEX) was 35.9%, 4.1 percentage points higher than the same quarter of last year. Total lines with at least one digital service were 5,773,702, 23.1% higher than in 2003. At March 31, there were 5,775,082 free voice mails (Buzon TELMEX) in operation, an increase of 884.3% compared with the previous year, and a penetration of 35.9% of lines in service.

During the quarter, 6,731 million local calls were made 4.0% higher than the same quarter of last year. Interconnection traffic totaled 6,862 million minutes during the quarter, 13.1% more than in the same period of the previous year.

Long distance

In the first quarter, domestic long distance traffic totaled 4,030 million minutes, 5.3% higher than the same period of 2003.

International long distance traffic surged in the first quarter by totaling 419 million of outgoing minutes and 895 million of incoming minutes, an increase of 7.4% and 66.6, respectively than same period of the previous year. The incoming-outgoing ratio was 2.1 compared with 1.4 registered last year

Data

At March 31, 2004 Internet service penetration (dial-up and broadband) in respect to total lines in service was 9.5%, 1.1 percentage points more than the same period of 2003. At the end of the first quarter, TELMEX had 1,521,334 Internet access accounts, an annual increase of 23.3%. The gain in accounts during the first quarter was 68,996.

In the first quarter, 49,599 users were added to broadband service Prodigy Infinitum (ADSL) (71.9% of the total gain of Internet users), reaching 228,892 services at the end of March, 134.4% more than the previous year. Prodigy Infinitum accounts represented 15.0% of total accounts in service.

In the corporate market of data transmission, TELMEX operated 2,463,922 line equivalents at the end of the quarter; an increase of 22.6% compared with the same period of last year. Data services offered by Uninet (Public Data Network) had a year-over-year increase of 48.1%. This increase demonstrates that companies are migrating from

private networks to public data networks.

TELMEX Latin America

On February 24, the transaction for the acquisition of AT&T's assets in Latin America was closed. To date, we are working on the integration and standardization of these operations, as well as in the simplification of the administrative structure of each country.

Continuing with our expansion strategy in the region, we closed the following transaction in Argentina, that seeks synergies among the operations and also to provide TELMEX with an appropriate size in that strategic market. We acquired Techtel that recently closed a deal for the purchase of Metrored. Techtel is a company that provides data, Internet and voice transmission and Metrored operates metropolitan fiber optic rings and two data centers. These companies had revenues of 40.2 million dollars and net fixed assets of 74.7 million dollars in 2003. During the first quarter of 2004, these companies had revenues of 11.3 million dollars.

The combination of these assets with TELMEX Latin America is expected to create operating synergies and it will allow us to have a relative size in each country in order to be competitive. These acquisitions improved TELMEX's offer for commercial customers in the region.

Consolidated Financial Results

Revenues

In the first quarter of 2004, total revenues rose to 29,041 million pesos, an increase of 0.5%, compared with the same period of the previous year.

- **Local**
: revenues were similar to the first quarter of 2003
- **DLD**
: these revenues increased 0.9% in the first quarter.
- **ILD**
: revenues increased 1.2% compared with the first quarter of 2003 mainly due to more incoming traffic.
- **Data**
: revenues related to Internet services, rent and installation of line equivalents and value-added services related to data transmission increased 15.7% in the first quarter compared with the same period of 2003. These revenues were approximately 3,914 million pesos in the first quarter and represent 13.5% of total revenues.
- **Interconnection**
: revenues decreased 0.4% compared with the first quarter of the previous year. This decrease was due to no changes in the rates of these services and lower dynamics in the growth of calling party pays traffic.
- **Others**

: these revenues are mainly comprised by advertising sales of yellow pages as well as for sales in Tiendas TELMEX (TELMEX Stores) that increased 6.0% compared with the same period of the previous year.

Costs and Expenses

Costs and expenses totaled 19,375 million pesos in the quarter, an increase of 1.1% compared with the same period of

the previous year.

- Cost of sales and services:

increased 1.1% in the quarter due to higher maintenance expenses for local districts, more pages in Seccion Amarilla (Yellow Pages), as well as for the increase in electricity rates.

- Commercial, administrative and general expenses:

increased 4.0% in the quarter due to charges related with the incorporation of the recently acquired Latin American subsidiaries, as well as maintenance expenses for information systems.

- Interconnection:

increased 1.4% in the first quarter due to higher traffic made by telecommunications operators and cellular users through TELMEX's network.

- Depreciation and Amortization:

decreased 1.7% in the first quarter.

EBITDA and Operating Income

EBITDA totaled 14,722 million pesos, 0.9% lower than the same period of 2003. Operating income totaled 9,666 million pesos, 0.6% lower than the same period of the previous year.

Comprehensive Financing Cost

Comprehensive financing cost was 37 million pesos during the first quarter due to a net exchange gain of 317 million pesos. Net Interest showed a charge of 1,029 million pesos and a net gain of 675 million pesos was generated in the monetary position.

Net Income

Net income totaled 5,497 million pesos, 5.9% higher than the same period of 2003.

Repurchase of Shares

From January 1st to March 31st, TELMEX repurchased 179,573,700 of its own shares representing 1.5% of outstanding shares at the end of December. TELMEX's earnings per share for the first quarter, based on the number of shares outstanding at period end, were 0.46 pesos.

Debt

Total debt, short-term and long-term equaled 6.001 billion dollars compared with 6.291 billion dollars in March 2003, a decrease of 4.6%. Without considering hedges, 86.9% of total debt was foreign-denominated and at the end of the quarter, currency hedges covered 865 million dollars of the total debt. Additionally, interest rate swaps were carried out for 12,390 million pesos producing a new fixed rate of 9.2% and 900 million dollars with a fixed rate of 2.2%, with average maturities of 5 years for swaps denominated in pesos and 4 years for swaps denominated in dollars. After the interest rate swaps, fixed rate debt represents 90.5% of total debt.

In March and the first weeks of April, TELMEX repurchased 163.5 million dollars (nominal value) of its convertible debt. Additionally, some investors carried out their right to convert this debt to ADRs for the amount of 5 million

dollars (nominal value). At April 20, 2004 the balance of the convertible bond was 640.3 million dollars.

Conversion of MCI Bonds

On April 20, 2004, MCI (formerly known as WorldCom) was no longer under Chapter 11 of the Bankruptcy Law of the United States. At that same date, TELMEX had approximately 1,759 million dollars in debt bonds of this company in nominal terms, which, if converted, would be approximately 25.1 million shares.

Consolidation effect of subsidiaries in Latin America

The integration of TELMEX's subsidiaries in Latin America was carried out since February 24. Additional revenues of 178 million pesos and approximately 208 million pesos of operating expenses were recognized in the income statement.

Local Service Business

| Income statements (Millions of Mexican constant pesos as of March 2004) | 1Q2004 | 1Q2003 | % Increase |
|--|--------|--------|------------|
| Operating revenues | | | |
| Access, rent and measured service | 13,448 | 13,478 | (0.2) |
| Recovery of LADA special projects | 520 | 481 | 8.1 |
| L A D A interconnection | 985 | 911 | 8.1 |
| Interconnection with operators | 278 | 276 | 0.7 |
| Interconnection with cellular | 4,095 | 4,120 | (0.6) |
| Other | 2,157 | 2,107 | 2.4 |
| Total | 21,483 | 21,373 | 0.5 |
| | | | |
| Operating costs and expenses | | | |

| | | | |
|--|--------|--------|-------|
| Cost of sales and services | 4,707 | 4,387 | 7.3 |
| Commercial, administrative and general | 3,582 | 3,600 | (0.5) |
| Interconnection | 3,114 | 3,074 | 1.3 |
| Depreciation and amortization | 3,312 | 3,410 | (2.9) |
| Total | 14,715 | 14,471 | 1.7 |
| | | | |
| Operating income | 6,768 | 6,902 | (1.9) |
| | | | |
| EBITDA | 10,080 | 10,312 | (2.2) |
| EBITDA Margin (%) | 46.9 | 48.2 | (1.3) |
| Operating Margin (%) | 31.5 | 32.3 | (0.8) |

Comments on local financial results

The local service income statement, prepared in accordance with accounting separation principles, shows that revenues for the first quarter increased 0.5% compared with the same period of the previous year. This result was due to the increase in interconnection of TELMEX's long distance network (LADA interconnection) and interconnection from other long distance operators. Total local revenues were 21,483 million pesos.

Operating costs and expenses increased 1.7% compared with the first quarter of 2003. The increase was due to a higher cost of sales and services of approximately 320 million pesos, partially offset by lower depreciation and amortization in the quarter. Total operating costs and expenses were 14,715 million pesos.

In the quarter, operating income decreased 1.9% totaling 6,768 million pesos and EBITDA totaled 10,080 million pesos, 2.2% lower than the same period of 2003.

Long distance business

| Income statements | 1Q2004 | 1Q2003 | % Increase |
|-------------------|--------|--------|------------|
| | | | |

| | | | |
|---|-------|-------|--------|
| (Millions of Mexican constant pesos as of March 2004) | | | |
| Operating revenues | | | |
| Domestic long distance | 3,999 | 4,496 | (11.1) |
| International long distance | 1,772 | 1,735 | 2.1 |
| Total | 5,771 | 6,231 | (7.4) |
| Operating costs and expenses | | | |
| Cost of sales and services | 1,080 | 1,152 | (6.3) |
| Commercial, administrative and general | 1,213 | 1,202 | 0.9 |
| Interconnection to the local network | 927 | 878 | 5.6 |
| Cost of LADA special projects | 485 | 460 | 5.4 |
| Depreciation and amortization | 690 | 713 | (3.2) |
| Total | 4,395 | 4,405 | (0.2) |
| Operating income | 1,376 | 1,826 | (24.6) |
| EBITDA | 2,066 | 2,539 | (18.6) |
| EBITDA Margin (%) | 35.8 | 40.7 | (4.9) |
| Operating Margin (%) | 23.8 | 29.3 | (5.5) |

Comments on Long Distance Financial Results

The long distance income statement prepared in accordance with accounting separation principles shows that long distance revenues decreased 7.4% in the first quarter. The decrease in revenues was due the reduction of domestic and international long distance rates in real terms, partially offset by a recovery in international long distance traffic. Total long distance revenues were 5,771 million pesos.

In the first quarter, the reductions of 72 million pesos in costs of sales and services and 23 million pesos in depreciation and amortization, offset the increase in the cost of interconnection and caused that total operating costs and expenses decreased 0.2% compared with the first quarter of 2003, totaling 4,395 million pesos.

Operating income decreased 24.6% and EBITDA decreased 18.6% in the first quarter totaling 1,376 and 2,066 million pesos, respectively.

MEXICAN STOCK EXCHANGE

Index

SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 1 YEAR: 2004

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2003 & 2002

(Thousand Pesos)

Consolidated

Final printing

S 12 PLANT, PROPERTY AND EQUIPMENT (NET)

Following, the breakdown is provided for the fixed assets included for the first quarter of 2004 by the specific index method and the NCPI, 5th document.

| CONCEPT | INDEX | NCPI 5 th . DOCUMENT |
|---------------------------|--------------------|------------------------------------|
| Investment | Ps. 305,080,751 | Ps. 341,246,156 |
| Depreciation | (185,684,402) | (217,363,416) |
| Constructions in progress | 976,061 | 1,018,518 |
| Total | 120,372,410 | 124,901,258 |
| Results | 4,997,500 | 5,474,359 |

S 18 DEFERRED ASSETS

At March 31, 2004, deferred assets rose to Ps. 636,049 that is comprised mainly by Ps. 585,793, that correspond to the acquisition of concessions to operate radio spectrum frequency bands to provide fixed wireless and mobile telephony services, that will be amortized in 20 years and the amount of Ps. 50,256 corresponds to goodwill that Telefonos de Mexico Group recognizes for share acquisitions of Teckmarketing and Multicom, that will be completely amortized in this year.

S 19 OTHER ASSETS

This item rose to

\$ 24,414,481 and \$ 8,274,746 at March 31, 2004 and 2003, respectively, and is comprised by the following:

| | 2004 | 2003 |
|----------------------------|------------------|------------------|
| Inventories | Ps. 1,360,660 | Ps. 1,215,864 |
| Intangible assets D-3 | 0 | 7,058,882 |
| Projected net Asset D-3 | 23,053,821 | 0 |

INVENTORIES: are used for the operation of the telephone plant and are valued by the average cost method and are updated based on the specific index method, without exceeding their market value.

INTANGIBLE ASSETS: derived from the application of Bulletin D-3 "Labor Obligations", issued by the Mexican Institute of Public Accounts (IMCP)

PROJECTED NET ASSET (D-3):

At March 31, 2004, the market value of the pensions and seniority premiums fund that is in trust, was higher than the accumulated benefit obligation (ABO), that in accordance with Bulletin D-3 "Labor Obligations" issued by the Mexican Institute of Public Accountants, the recognition of an additional liability and the related intangible asset and effect on stockholders' equity was eliminated. At March 31, 2004, this item rose to \$23,053,821.

S 23 AND S 28 BANK LOANS

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

S 24 AND S 29 STOCK MARKET LOANS

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

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 bi-annually.

During the third and fourth quarter of 2003, Telmex made several purchases in the market of the convertible debentures for the amount of US\$ 191.2 million. Additionally during March and April 2004, Telmex made several purchases of the convertible debentures for the amount of US\$ 163.5 million.

Also, during the first quarter of 2004, some holders chose to convert their convertible debentures into ADR's for the amount of US \$ 5 million.

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

During 2002, TELMEX made four placements of domestic senior notes ("Certificados Bursatiles") for a total of Ps. 3,200 million, face value (Ps. 4,250 million in 2001, face value) under the Ps. 10,000 million program authorized by the National Banking and Securities Commission. The unissued balance at March 31,2004, under this program is Ps. 2,550 million.

On November 19, 2003 TELMEX issued a bond for U.S. \$1,000 million due 2008, with an annual interest of 4.5%. Interest will be paid every six months.

S 26 OTHER CURRENT LIABILITIES

At March 31, 2004 and 2003, this item rose to Ps. 17,167,882 and Ps. 17,018,403 respectively and is comprised by the following concepts:

| | 2004 | 2003 |
|---------------------------|-------------------|------------------|
| A c c o u n t s payable | Ps. 10,516,148 | Ps. 9,710,039 |
| A c c r u e d liabilities | 5,408,973 | 5,945,050 |
| D e f e r r e d credits | 1,242,761 | 1,363,314 |

Short-term deferred credits consist of not accrued accounts receivable and advanced payments from customers and others.

S 29 STOCK MARKET LOANS (LONG-TERM)

This item rose to \$ 34,485,000 and \$ 35,876,494 at March 31 2004, and 2003, respectively and is comprised by the following:

| | 2004 | 2003 |
|-----------------------|--------------|---------------|
| Domestic Senior Notes | Ps 6,600,000 | Ps. 7,777,055 |
| Bonds | 27,885,000 | 16,859,663 |
| Convertible Debt | 0 | 11,239,776 |

S 31 DEFERRED CREDITS

At March 31, 2004 and 2003, this item rose to Ps. 20,140,051 and Ps. 15,021,149, respectively and correspond to deferred taxes based on the requirements of Bulletin D-4, issued by the Mexican Institute of Public Accountants.

S 32 OTHER LIABILITIES

At March 31, 2003 this item rose to Ps. 4,220,689 and represents the liability for pensions and seniority premiums based on the requirements of Bulletin D-3 "Labor Obligations".

S 42 RETAINED EARNINGS

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At March 31, 2004 and 2003, this item rose to Ps. 98,099,088 and Ps. 95,289,989, respectively and is comprised by the following concepts:

| | 2004 | 2003 |
|--|-------------------|-------------------|
| Legal reserve | Ps. 16,897,076 | Ps. 16,229,751 |
| Unappropriated earnings of prior years | 81,202,012 | 79,060,238 |

On March 1st, 2004 and April 29, 2003, the shareholders meeting approved an increase of Ps. 12,000,000 (nominal value) and Ps. 7,601,474 (nominal value) respectively, in the total authorized nominal amount to be used by the Company to acquire its own shares, bringing the total amount to be used for this purpose to Ps. 12,001,362 (nominal value) and Ps 10,000,000 (nominal value), respectively.

From January to March 2004, the Company acquired 179.1 million Series "L" shares for Ps. 3,414,541 (historical cost of Ps. 3,398,590) and 0.4 million Series "A" shares for Ps. 8,250 (historical cost of Ps. 8,206).

From January to March 2003, the Company acquired 135.5 million Series "L" shares for Ps. 2,299,829 (historical cost of Ps. 2,197,678) and 1.0 million Series "A" shares for Ps. 17,640 (historical cost of Ps. 16,843).

The Company's repurchased shares are applied to unappropriated retained earnings in the amount the corresponding shares purchased exceeded capital stock.

S 44 EXCESS (SHORTFALL) IN RESTATEMENT OF STOCKHOLDERS EQUITY

At March 31, 2004 and 2003, this item rose to Ps. (62,853,097) and Ps. (72,828,778), respectively and is comprised in the following manner:

| | 2004 | 2003 |
|---|---------------------|---------------------|
| Accumulated monetary position loss | Ps. (13,125,260) | Ps. (13,123,825) |
| Result from holding non-monetary assets | (49,727,837) | (59,704,953) |

S 73 PENSION FUND AND SENIORITY PREMIUMS

The Company grants pensions and seniority premiums that are established in defined pension plans that cover substantially all employees.

Pensions are determined based on employees benefits, the last year of service, years of service in the company and their age at the moment they retire.

The Company established an irrevocable trust fund to cover the payment of these obligations and has the policy of making annual contributions to such fund. These contributions are deductible for Mexican corporate income tax purposes.

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

COMPREHENSIVE INCOME

At March 31, 2004 and 2003 this item rose to Ps. 4,540,489 and Ps. 7,829,922, respectively by the application of Bulletin B-4 comprehensive income; and is comprised by the following:

| | 2004 | 2003 |
|---|------------------|------------------|
| Net income for the period | Ps. 5,497,362 | Ps. 5,190,648 |
| Result from holding non-monetary assets | (1,290,021) | 4,287,381 |
| Deferred income tax of the period | 333,148 | (1,461,895) |
| Effect of labor obligations | 0 | (186,212) |
| Comprehensive Income | 4,540,489 | 7,829,922 |

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

R 33 DEFERRED INCOME TAX

At March 31, 2004 and 2003, Telmex Group recognized net income of Ps. (327,632) and Ps. (119,687), respectively, for the application of Bulletin D-4 "Accounting treatment of income tax, asset tax and employee profit sharing".

NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

C 39 OTHER ITEMS

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

RATIOS

P 08 INVENTORY TURNOVER RATE-COST

The SIFI/ICS system automatically calculates the inventory turnover rate-cost by dividing the total cost of goods and services (Ref. R 2) between the inventory of goods for sale (Ref. S 6), fact that affects the result.

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 3

SHARE INVESTMENTS

Consolidated

Final printing

| COMPANY NAME | MAIN ACTIVITIES | NUMBER OF SHARES | OWNERSHIP | TOTAL AMOUNT (Thousand Pesos) | | |
|--------------|---|---|----------------|----------------------------------|---------------|------------|
| | | | % | ACQUISITION COST | PRESENT VALUE | |
| SUBSIDIARIES | | | | | | |
| 1 | Consertel, S.A. de C.V. | Investments in all types of businesses | 28,444,797,340 | 100 | 16,374,507 | 29,894,965 |
| 2 | Cía. de Teléfonos y Bienes Raíces, S.A. de C.V. | Real estate acquisition & leasing | 1,034,000,000 | 100 | 1,040,903 | 7,196,516 |
| 3 | Alquiladora de Casas, S.A. de C.V. | Real estate acquisition & leasing | 686,001,490 | 100 | 702,096 | 3,151,892 |
| 4 | Construcciones y Canalizaciones, S.A. de C.V. | Construction & maint. of telephone network | 28,369,000 | 100 | 28,636 | 516,295 |
| 5 | Empresa de Limpieza Mexicana, S.A. de C.V. | Cleaning Service Company | 50 | 100 | 49 | 58 |
| 6 | Renta de Equipo, S.A. de C.V. | Equipment, vehicles & real estate leasing | 769,595,000 | 100 | 769,645 | 849,995 |
| 7 | Multicomunicación Integral, S.A. de C.V. | Trunking, installation & sales services | 186,000,000 | 100 | 137,877 | 164,956 |
| 8 | Teleconstructora, S.A. de C.V. | Construction & maint. of telephone network | 19,400,000 | 100 | 19,397 | 116,793 |
| 9 | Anuncios en Directorios, S.A. de C.V. | Sale of advertising space in yellow pages | 1,081,750 | 100 | 1,240 | 68,028 |
| 10 | Operadora Mercantil, S.A. de C.V. | Sales agent advertising space in yellow pages | 50,000 | 100 | 54 | 1,364 |
| 11 | Impulsora Mexicana de Telecomunicaciones, S.A. | Network projects | 4,602,225 | 100 | 4,602 | 29,223 |
| 12 | Fuerza y Clima, S.A. de C.V. | Air conditioning installation & maint. | 4,925,000 | 100 | 4,944 | 73,492 |
| 13 | Teléfonos del Noroeste, S.A. de C.V. | Telecommunications services | 110,000,000 | 100 | 75,279 | 890,672 |
| 14 | Aerocomunicaciones, S.A. de C.V. | Aeronautic radiocom. mobile serv. | 76,723,650 | 99.99 | 76,724 | 79,968 |
| 15 | Tecmarketing, S.A. de C.V. | Telemarketing services | 6,850,000 | 100 | 138,972 | 189,030 |

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| | | | | | | |
|----|---|--|---------------|-------|------------|------------|
| 16 | Comertel Argos, S.A. de C.V. | Personnel services | 6,000 | 100 | 13 | 2,744 |
| 17 | Telmex International, Inc. | Holding Company in the U S A. | 4 | 100 | 202,570 | 237,343 |
| 18 | Instituto Tecnológico 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 | 259,945 |
| 20 | Consortio Red Uno, S.A. de C.V. | Design & integrated telecom. Services | 167,691,377 | 100 | 360,533 | 554,600 |
| 21 | Uninet, S.A. de C.V. | Data transmission services | 5,647,430 | 100 | 564,743 | 1,019,229 |
| 22 | Aerofrisco, S.A. de C.V. | Air Taxi services | 3,113,528,600 | 100 | 310,871 | 544,887 |
| 23 | Telnix, S.A. de C.V. | Managment of yellow pages | 7,100,214 | 100 | 2,241,707 | 2,254,008 |
| 24 | Grupo Técnico de Administración, S.A. de C.V. | Management, consulting & org. Services | 61,952 | 100 | 62 | 69 |
| 25 | Teninver, S.A. de C.V. | Investments in all types of businesses | 4,120,049,760 | 100 | 6,094,053 | 6,499,784 |
| 26 | Telmex Internet Investments, L.L.C. | Investments in Internet companies | 1,000 | 100 | 998,867 | 1,210,829 |
| | | | | | | |
| | Others Subsidiaries () (Number of subsidiaries) | | | | | |
| | TOTAL INVESTMENT IN SUBSIDIARIES | | | | 30,290,790 | 55,806,689 |
| | | | | | | |
| | ASSOCIATES | | | | | |
| 1 | Technology and Internet , LLC | Internet services | 500 | 50 | 974,989 | 205,278 |
| 2 | Technology Fund I, LLC | Communication services | 500 | 50 | 20,898 | 16,853 |
| 3 | Grupo Telvista, S.A. de C.V. | Telemarketing in Mexico and USA | 459,124,621 | 45 | 459,125 | 416,131 |
| 4 | Centro Histórico de la Ciudad de México, SA de CV | Real estate services | 80,020,000 | 21.77 | 80,020 | 95,687 |
| 5 | TM & MS, LLC | Internet portal (TIMSN) | 1 | 50 | 29,621 | 27,811 |

| | | | | | | |
|--|--|--|--|--|-----------|------------|
| | Others Associates () (Number of associates) | | | | | |
| | TOTAL INVESTMENT IN ASSOCIATES | | | | 1,564,653 | 761,760 |
| | OTHER PERMANENT INVESTMENTS | | | | | 46,460 |
| | TOTAL | | | | | 56,614,909 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 5

CREDITS BREAKDOWN

(Thousand Pesos)

Consolidated

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) | | | | | | A |
|---------------------------|-------------------|------------------|----------------------|------------------|---|--------------|---------------|---------------|---------------|-----------------------|---|
| | | | Until 1 Year | More Than 1 Year | Time Interval | | | | | | |
| | | | | | Current Year | Until 1 Year | Until 2 Years | Until 3 Years | Until 4 Years | Until 5 Years or more | |
| BANKS | | | | | | | | | | | |
| FOREIGN TRADE | | | | | | | | | | | |
| | 14/12/05 | 2.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

| | | | | | | | | | | | | |
|----------------------------------|----------|------|---|---|---|---|---|---|---|---|---|---|
| AB SVENKS EXPORTKREDIT (1) | | | | | | | | | | | | |
| ABN AMRO BANK (1) | 14/03/08 | 2.59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANAMEX AG. NY (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCA SERFIN AG.NY (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BBV ARGENTARIA S.A. (1) | 22/12/07 | 1.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO INTERNAC SAG (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO SANTANDER CH NY (1) | 27/11/08 | 1.36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANK OF AMERICA (1) | 14/04/06 | 1.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANK OF AMERICA (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BARCLAYS BANK, BRUSS (1) | 31/12/04 | 2.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BARCLAYS BANK, BRUSS (1) | 31/12/05 | 2.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CITIBANK, N.A. (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEXIA BANK (1) | 31/12/14 | 2.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXPORT DEVELOPMENT (1) | 22/04/08 | 1.71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GOLDMAN SACHS INT. (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JAPAN BANK FOR INT COOP (1) | 10/10/11 | 2.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JP MORGAN CHASE BANK (1) * | 20/12/04 | 1.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| KREDITANSTALT FUR W. (1) | 15/12/06 | 2.46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KREDITANSTALT FUR W. (1) | 30/11/04 | 1.66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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| | | | | | | | | | | | |
|----------------------------------|----------|------|---------|---------|---------|--------|---------|--------|---|---|---|
| NATEXIS BANQUE (2) | 31/03/22 | 2.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NORDEA BANK FINLAND (1) | 04/12/07 | 2.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NORDEA BANK FINLAND (1) | 09/11/04 | 2.66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NORDIC INVESTMENT BANK (1) | 06/12/06 | 2.26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SKANDINAVISKA ENSKILDA (1) | 28/02/10 | 2.59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOCIETE GENERALE PARIS (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOCIETE GENERALE PARIS (1) | 24/12/06 | 1.97 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOCIETE GENERALE PARIS (1) | 14/05/07 | 1.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THE BANK OF TOKYO-MIT (1) | 28/12/08 | 2.51 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARRENDADORA CITIBANK (1) | 25/06/04 | 2.16 | 0 | 0 | 64,669 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANAMEX, S.A. (1) | 27/06/05 | 2.16 | 0 | 0 | 159,181 | 55,165 | 53,858 | 0 | 0 | 0 | 0 |
| BBVA BANCOMER (1) | 10/10/06 | 2.06 | 0 | 0 | 91,913 | 31,096 | 126,720 | 97,542 | 0 | 0 | 0 |
| BBVA BANCOMER (1) | 10/10/06 | 2.16 | 0 | 0 | 173,847 | 59,887 | 185,708 | 0 | 0 | 0 | 0 |
| BBVA BANCOMER (3) | 27/01/04 | 6.25 | 0 | 800,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BANCO INTERNACIONAL (1) | 24/12/06 | 1.97 | 0 | 0 | 19,501 | 3,281 | 13,123 | 9,842 | 0 | 0 | 0 |
| BBVA BANCOMER (3) | 22/05/04 | 6.32 | 500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CITIBANK MEXICO, S.A. (1) | 26/06/06 | 2.04 | 0 | 0 | 216,847 | 73,662 | 301,733 | 77,240 | 0 | 0 | 0 |
| TESORERIA DE LA FEDER (1) | 24/12/06 | 1.97 | 0 | 0 | 38,220 | 6,420 | 25,680 | 19,260 | 0 | 0 | 0 |
| VARIAS INSTITUCIONES | 23/08/04 | 3.16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | | |
|--|----------|-------|------------|-----------|---------|---------|---------|---------|---|---|----|
| (1) | | | | | | | | | | | |
| VARIAS INSTITUCIONES (2) | 01/06/13 | 10.95 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL BANKS | | | 500,000 | 800,000 | 764,178 | 229,511 | 706,822 | 203,884 | 0 | 0 | 8 |
| STOCK EXCHANGE | | | | | | | | | | | |
| LISTED IN THE MEXICAN STOCK EXCHANGE | | | | | | | | | | | |
| UNSECURED DEBT | | | | | | | | | | | |
| SENIOR NOTES DUE 2006 (2) | 26/01/06 | 8.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SENIOR NOTES DUE 2008 (2) | 19/11/08 | 4.50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONVERT. SECURIT DUE 04 (2) | 15/06/04 | 4.25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| CERT BURS. TMX 02-2 (4) | 10/02/05 | 7.13 | 850,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CERT. BURS. TMX 02 (4) | 09/02/07 | 7.03 | 0 | 1,650,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| C. B. TMX 01, 02-3, 02-4 (2) | 31/05/12 | 11.05 | 0 | 1,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CERT. BURS TMX 01-2 (4) | 26/10/07 | 7.13 | 0 | 3,250,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL STOCK EXCHANGE | | | 850,000 | 6,600,000 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | | | | | | | | | |
| OTHER CURRENT LIABILITIES AND OTHER CREDITS (S-26) | | | 17,167,882 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OTHER CURRENT LIABILITIES AND OTHER CREDITS | | | 17,167,882 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | 18,517,882 | 7,400,000 | 764,178 | 229,511 | 706,822 | 203,884 | 0 | 0 | 16 |

NOTES:

A.- Interest rates:

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

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

B.- The following rates were considered:

1. Libor

at 6 months in U S dollars is equivalent to 1.16 at March 31, 2004

- TIIE

at 28 days is equivalent to 6.2500 at March 31, 2004

- CETES

at 91 days is equivalent to 6.1300 at March 25, 2004

- CETES

at 182 days is equivalent to 6.2300 at March 25, 2004

C.- * Syndicated Credit Administrative Agent

D.- The suppliers' Credits are reclassified to Bank Loans because in this document, SIFIC/ICS, Long-Term opening to Suppliers' does not exist.

E.- Liabilities in foreign currency were exchanged at the prevailing exchange rate at the end of the reporting period, which at

March 31,2004 were as follows:

| CURRENCY | AMOUNT | E.R. |
|------------------|-----------|---------|
| DOLLAR (U.S.) | 5,180,707 | 11.1540 |
| EURO | 22,136 | 13.7105 |

F- There are financings in Chilean pesos and Colombian pesos for an equivalent amount of \$99, 017 thousand Mexican pesos

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 6

FOREIGN EXCHANGE MONETARY POSITION

(Thousand Pesos)

Consolidated

Final printing

| TRADE BALANCE | DOLLARS | | OTHER CURRENCIES | | TOTAL THOUSAND PESOS |
|---------------------------|---------------------|-------------------|---------------------|-------------------|----------------------------|
| | THOUSAND DOLLARS | THOUSAND PESOS | THOUSAND DOLLARS | THOUSAND PESOS | |
| TOTAL ASSETS | 775,143 | 8,645,949 | 0 | 0 | 8,645,949 |
| LIABILITIES | 5,180,742 | 57,785,999 | 36,051 | 402,120 | 58,188,119 |
| SHORT-TERM LIABILITIES | 1,583,160 | 17,658,567 | 3,345 | 37,312 | 17,695,879 |
| LONG-TERM LIABILITIES | 3,597,582 | 40,127,432 | 32,706 | 364,808 | 40,492,240 |
| NET BALANCE | (4,405,599) | (49,140,050) | (36,051) | (402,120) | (49,542,170) |

NOTES:

At the end of the quarter the exchange rates were as follows:

| CURRENCY | AMOUNT | E.R. |
|------------------|-----------|---------|
| DOLLAR (U.S.) | 5,180,707 | 11.1540 |
| EURO | 22,136 | 13.7105 |

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ANNEX 7

CALCULATION OF MONETARY POSITION

(Thousand Pesos)

Consolidated

Final printing

| MONTH | MONETARY ASSETS | MONETARY LIABILITIES | (ASSET) LIABILITIES MONETARY POSITION | MONTHLY INFLATION | MONTHLY (EFFECT) (ASSET) LIABILITIES |
|------------------|-----------------|----------------------|---------------------------------------|-------------------|--------------------------------------|
| JANUARY | 39,624,973 | 85,658,395 | 46,033,422 | 0.62 | 285,407 |
| FEBRUARY | 39,882,677 | 83,525,438 | 43,642,761 | 0.60 | 261,857 |
| MARCH | 40,488,616 | 86,043,360 | 45,554,744 | 0.34 | 154,886 |
| ACTUALIZATION : | 0 | 0 | 0 | 0.00 | 3,573 |
| CAPITALIZATION : | 0 | 0 | 0 | 0.00 | 0 |
| FOREIGN CORP. : | 0 | 0 | 0 | 0.00 | 0 |
| OTHER | 0 | 0 | 0 | 0.00 | (30,361) |
| TOTAL | | | | | 675,362 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 8

BONDS AND/OR MEDIUM-TERM NOTES LISTED IN STOCK MARKET

Consolidated

Final printing

| FINANCIAL COVENANTS UNDER ISSUANCE DEED AND/OR TITLE | | | | |
|--|--|--|--|--|
| DOES NOT APPLY | | | | |
| | | | | |
| | | | | |
| | | | | |

CURRENT SITUATION OF FINANCIAL COVENANTS

| | | | | |
|----------------|--|--|--|--|
| DOES NOT APPLY | | | | |
| | | | | |
| | | | | |
| | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 9

PLANTS, - COMMERCIAL, DISTRUBUTION AND/OR SERVICE CENTERS -

Consolidated

Final printing

| PLANT OR CENTER | ECONOMIC ACTIVITY | PLANT CAPACITY (1) | USAGE (%) |
|-----------------|-------------------|--------------------|-----------|
| NOT AVAILABLE | | 0 | 0 |
| | | | |
| NOTES: | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 10

RAW MATERIALS

Consolidated

Final printing

| DOMESTIC | MAIN SUPPLIERS | IMPORT | MAIN SUPPLIERS | DOM. SUBS. | PRODUCTION COST (%) |
|---------------|----------------|--------|----------------|------------|---------------------|
| | | | | | |
| NOT AVAILABLE | | | | 0 | 0 |
| | | | | | |
| NOTES : | | | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11

DOMESTIC SALES - MAIN SERVICES -

(Thousand Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SALES | | MARKET | MAIN | |
|---------------|------------------|--------|-----------|------------|--------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | (%) | TRADEMARKS | CUSTOMERS |
| LOCAL SERVICE | | | | 13,712,934 | | | |
| | | | | 9,332,804 | | | |

| | | | | | | | |
|-----------------------|--|--|--|------------|--|--|--|
| LONG DISTANCE SERVICE | | | | | | | |
| INTERCONNECTION | | | | 4,347,167 | | | |
| OTHERS | | | | 1,149,431 | | | |
| TOTAL | | | | 28,542,336 | | | |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11b

FOREIGN SALES - MAIN SERVICES -

(Thousand Pesos)

Consolidated

Final printing

| MAIN PRODUCTS | TOTAL PRODUCTION | | NET SALES | | DESTINATION | MAIN | |
|----------------|------------------|--------|-----------|---------|-------------|------------|-----------|
| | VOLUME | AMOUNT | VOLUME | AMOUNT | | TRADEMARKS | CUSTOMERS |
| | | | | | | | |
| NET SETTLEMENT | | | | 498,749 | | | |
| | | | | | | | |
| TOTAL | | | | 498,749 | | | |
| NOTES: | | | | | | | |

MEXICAN STOCK EXCHANGE

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 13

PROJECT INFORMATION

(Thousand Pesos)

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| ITEM | FIRST QUARTER 2004 Jan-Mar | USAGE | BUDGET |
|-------------------------|-------------------------------------|-------------|-------------------|
| | | % | 2004 |
| DATA | 336,372 | 13.8 | 2,445,953 |
| INTERNAL PLANT | 548,783 | 12.7 | 4,312,125 |
| OUTSIDE PLANT | 595,766 | 11.5 | 5,183,525 |
| TRANSMISSION NETWORK | 140,919 | 4.0 | 3,525,566 |
| SYSTEMS | 10,163 | 1.0 | 1,065,127 |
| OTHERS | 136,656 | 5.0 | 2,740,635 |
| TOTAL INVESTMENT | 1,768,659 | 9.18 | 19,272,931 |

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ANNEX 14

TRANSACTIONS IN FOREIGN CURRENCY AND EXCHANGE OF FINANCIAL STATEMENTS FROM
FOREIGN OPERATIONS

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Basis of translation of financial statements of foreign subsidiaries

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

All balance sheet amounts, except for stockholders' equity, were translated at the prevailing exchange rate at year-end; stockholders' equity accounts were exchanged 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 of non-monetary assets.

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

INTEGRATION OF PAID CAPITAL STOCK

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| SERIES | NOMINAL | VALID | NUMBER OF SHARES | CAPITAL STOCK |
|--------|---------|-------|------------------|---------------|
|--------|---------|-------|------------------|---------------|

| | VALUE | CUPON | FIXED PORTION | VARIABLE PORTION | MEXICAN | PUBLIC SUBSCRIPTION | (Thousand Pesos) | |
|-------|---------|-------|----------------|------------------|---------------|---------------------|------------------|----------|
| | | | | | | | FIXED | VARIABLE |
| A | 0.02500 | | 260,069,004 | 0 | | 260,069,004 | 6,502 | |
| AA | 0.02500 | | 4,063,417,276 | 0 | 4,063,417,276 | 0 | 101,585 | |
| L | 0.02500 | | 7,609,529,692 | 0 | | 7,609,529,692 | 190,238 | |
| TOTAL | 0.02500 | | 11,933,015,972 | 0 | 4,063,417,276 | 7,869,598,696 | 298,325 | 0 |

TOTAL NUMBER OF SHARES REPRESENTING CAPITAL STOCK ON THE REPORTING DATE OF THE INFORMATION:

| | | | | | | | | |
|--|----------------|--|--|--|--|--|--|--|
| | 11,933,015,972 | | | | | | | |
|--|----------------|--|--|--|--|--|--|--|

SHARES PROPORTION BY:

| | | | | | | | | |
|----------|--|--|--|--|--|--|--|--|
| CPO'S : | | | | | | | | |
| T.VINC.: | | | | | | | | |
| ADRS's : | | | | | | | | |
| GDRS's : | | | | | | | | |
| ADS's : | | | | | | | | |
| GDS's : | | | | | | | | |

REPURCHASE OF OWN SHARES

| SERIES | NUMBER OF SHARES | MARKET VALUE OF THE SHARE | |
|--------|------------------|---------------------------|------------|
| | | AT REPURCHASE | AT QUARTER |
| A & L | 179,573,700 | 18.9716 | 19.0319 |

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

GENERAL INFORMATION

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ISSUER GENERAL INFORMATION

| | |
|----------------|-----------------------------------|
| COMPANY: | TELEFONOS DE MEXICO, S.A. DE C.V. |
| ADDRESS: | PARQUE VIA 198, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 12 12 |
| FAX: | |
| INTERNET PAGE: | |

ISSUER FISCAL INFORMATION

| | |
|-----------------------|---------------------------------|
| TAX PAYER FEDERAL ID: | TME 840315KT6 |
| FISCAL ADDRESS: | PARQUE VIA 198, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |

PAYMENT RESPONSIBLE

| | |
|------------|--|
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH FLOOR OFFICE 501, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | |

| | |
|---------|---------------------|
| E-MAIL: | 52 50 80 54 |
| | erosendo@telmex.com |

OFFICERS INFORMATION

| | |
|---------------|--|
| POSITION BMV: | CHAIRMAN OF THE BOARD |
| POSITION: | CHAIRMAN OF THE BOARD |
| NAME: | ING. CARLOS SLIM HELU |
| ADDRESS: | AV. PASEO DE LAS PALMAS 750, COL. LOMAS DE CHAPULTEPEC |
| ZIP: | 11000 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 56 25 49 00 |
| FAX: | 55 20 15 10 |
| E-MAIL: | |

| | |
|---------------|---|
| POSITION BMV: | CHIEF EXECUTIVE OFFICER |
| POSITION: | CHIEF EXECUTIVE OFFICER |
| NAME: | ING. JAIME CHICO PARDO |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1001, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 55 46 15 46 & 52 22 51 52 |
| FAX: | 57 05 00 39 |
| E-MAIL: | |

| | |
|---------------|---|
| POSITION BMV: | CHIEF FINANCIAL OFFICER |
| POSITION: | CHIEF FINANCIAL OFFICER |
| NAME: | ING. ADOLFO CEREZO PEREZ |
| ADDRESS: | PARQUE VIA 190 - 10 TH . FLOOR OFFICE 1016, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 57 80 & 52 22 51 44 |
| FAX: | 52 55 15 76 |
| E-MAIL: | acerezo@telmex.com |

| | |
|---------------|---|
| POSITION BMV: | QUATERLY FINANCIAL INFORMATION RESPONSIBLE |
| POSITION: | COMPTROLLER |
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 501, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | erosendo@telmex.com |

| | |
|---------------|---|
| POSITION BMV: | RESPONSIBLE FOR SENDING INFORMATION THROUGH EMISNET |
| POSITION: | SHAREHOLDER SERVICES MANAGER |
| NAME: | LIC. MIGUEL ANGEL PINEDA CATALAN |
| ADDRESS: | PARQUE VIA 198 - 2 ND . FLOOR OFFICE 202, COL. CUAUHEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |

| | |
|------------|--------------------|
| TELEPHONE: | 52 22 53 22 |
| FAX: | 55 46 21 11 |
| E-MAIL: | mpineda@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | LEGAL DIRECTOR |
| POSITION: | LEGAL DIRECTOR |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | SECRETARY OF BOARD OF DIRECTORS |
| POSITION: | SECRETARY OF BOARD OF DIRECTORS |
| NAME: | LIC. SERGIO F. MEDINA NORIEGA |
| ADDRESS: | PARQUE VIA 190 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 14 25 & 52 22 57 42 |
| FAX: | 55 46 43 74 |
| E-MAIL: | smedinan@telmex.com |

| | |
|---------------|---|
| POSITION BMV: | RESPONSIBLE OF PROVIDE INFORMATION TO INVESTORS |
| POSITION: | INVESTORS RELATIONS MANAGER |
| NAME: | LIC. ALEJANDRO MARTINEZ ALTAMIRANO |

| | |
|------------|--|
| ADDRESS: | PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 57 03 39 90 |
| FAX: | 55 45 55 50 |
| E-MAIL: | amaltami@telmex.com & ri@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | RESPONSIBLE FOR SENDING FINANCIAL INFORMATION THROUGH EMISNET |
| POSITION: | COMPROLLER |
| NAME: | C.P. EDUARDO ROSENDO GIRARD |
| ADDRESS: | PARQUE VIA 198 - 5 TH . FLOOR OFFICE 501, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 52 22 53 95 |
| FAX: | 52 50 80 54 |
| E-MAIL: | erosendo@telmex.com |

| | |
|---------------|--|
| POSITION BMV: | RESPONSIBLE FOR SENDING RELEVANT INFORMATION THROUGH EMISNET |
| POSITION: | INVESTORS RELATIONS MANAGER |
| NAME: | LIC. ALEJANDRO MARTINEZ ALTAMIRANO |
| ADDRESS: | PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHTEMOC |
| ZIP: | 06599 |
| CITY: | MEXICO, D.F. |
| TELEPHONE: | 57 03 39 90 |
| FAX: | 55 45 55 50 |

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| E-MAIL: | amaltami@telmex.com & ri@telmex.com |
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TELÉFONOS DE MÉXICO, S.A. DE C.V.

BOARD OF DIRECTORS

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SERIES: ALL

POSITION: CHAIRMAN OF THE BOARD
NAME: [ING. CARLOS SLIM ELU](#)

POSITION: BOARD PROPIETORS
NAME: [SR. EMILIO AZCARRAGA JEAN](#)
NAME: [ING. JAIME CHICO PARDO](#)
NAME: [ING. ANTONIO COSIO ARI](#)

NAME: [ñO](#)
NAME: [SR. MARK E. ROYSE](#)
NAME: [MTRA. AMPARO ESPINOSA RUGARCIA](#)
NAME: [ING. ELMER FRANCO MACIAS](#)
NAME: [C.P. RAFAEL KALACH MIZRAHI](#)
NAME: [LIC. ANGEL LOSADA MORENO](#)
NAME: [SRITA. JANET M. DUNCAN](#)
NAME: [LIC. RICARDO MARTIN BRINGAS](#)
NAME: [SR. ROMULO O FARRIL JR.:](#)
NAME: [C.P. JUAN ANTONIO PEREZ SIMON](#)

NAME: LIC. FERNANDO SENDEROS MESTRE
NAME: LIC. CARLOS SLIM DOMIT
NAME: LIC. MARCO ANTONIO SLIM DOMIT
NAME: SR. JAMES W. CALLAWAY

POSITION: BOARD ALTERNATES
NAME: SR. JAIME ALVERDE GOYA
NAME: LIC. CARLOS BERNAL VERA
NAME: SR. JORGE A. CHAPA SALAZAR
NAME: ING. ANTONIO COSIO PANDO
NAME: C.P. ANTONIO DEL VALLE RUIZ
NAME: LIC. ARTURO ELIAS AYUB
NAME: SRA. ANGELES ESPINOSA YGLESIAS
NAME: SR. JORGE ESTEVE CAMPDERA
NAME: ING. AGUSTIN FRANCO MACIAS
NAME: C.P. HUMBERTO GUTIERREZ OLVERA Z.
NAME: LIC. JOSE KURI HARFUSH
NAME: LIC. FEDERICO LAFFAN FANO
NAME: C.P. FRANCISCO MEDINA CHAVEZ
NAME: ING. BERNARDO QUINTANA ISAAC
NAME: LIC. PATRICK SLIM DOMIT
NAME: LIC. FERNANDO SOLANA MORALES
NAME: LIC. EDUARDO VALDES ACRA

POSITION: STATUTORY AUDITOR
NAME: C.P. ALBERTO TIBURCIO CELORIO

POSITION: ALTERNATE STATUTORY AUDITOR
NAME: C.P. FERNANDO ESPINOSA LOPEZ

POSITION: SECRETARY OF BOARD OF DIRECTORS
NAME: LIC. SERGIO MEDINA NORIEGA

POSITION: ASISTANT SECRETARY
NAME: LIC. RAFAEL ROBLES MIAJA

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

DECLARATION BY THE COMPANY'S OFFICERS THAT ARE RESPONSIBLE FOR THE INFORMATION

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

ING. ADOLFO CEREZO PEREZ
CHIEF FINANCIAL OFFICER

C.P. EDUARDO ROSENDO GIRARD
COMPTROLLER

MEXICO CITY, [APRIL 22, 2004](#).
