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# *Visiology*, Inc.


Todd H. Lowe (205) 330-1701
Barbara L. Lowe (205) 330-1702
Bobbi Ferguson (205) 330-1703
FAX (205) 330-1705
WEB www.visiology.com
E-Mail toddlowe@visiology.com
toddlowe@worldnet.att.net


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March 13, 2001

Docket Control Center
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Re: Docket No. T-03985A-01-0086
Telmex USA, L.L.C.

Dear Sir:

Telmex USA, L.L.C. herewith amends its application in the above referenced docket to incorporate the supplemental financial information in US dollars as requested by staff.

Please acknowledge receipt of this filing by date stamping the extra copy of this transmittal letter and returning it in the enclosed prepaid envelope. Inquiries pertaining to this filing should be directed to me at (205) 330-1703.

Yours truly,

Bobbi Ferguson

Bobbi Ferguson
Consultant to
Telmex USA, L.L.C.

Attachments

BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRWIN
CHAIRMAN

CARL J. KUNASEK
COMMISSIONER

TONY WEST
COMMISSIONER

Arizona Corporation Commission
DOCKETED

MAR 1 4 2001

DOCKETED BY

| | | |
|---|---|---|
| IN THE MATTER OF THE APPLICATION AND PETITION OF TELMEX USA, L.L.C. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE INTRASTATE TELECOMMUNICATIONS SERVICES AS A RESELLER | ) | DOCKET NO. T-03985A-01-0086<br>**NOTICE OF FILING OF SUPPLEMENTAL INFORMATION** |

Telmex USA, L.L.C. hereby submits copies of additional financial information in US dollars in compliance with staff's request.

RESPECTFULLY SUBMITTED this 13th day of March, 2001.

Telmex USA, L.L.C.

By: Bobbi Ferguson

Bobbi Ferguson
Consultant for Telmex USA, L.L.C.
16061 Carmel Bay Drive
Northport, Alabama 35475

## CERTIFICATE OF SERVICE

Original and ten (10) copies of the foregoing mailed or hand-delivered this 13th day of March, 2001 to:

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

Bobbi Ferguson

Bobbi Ferguson
Consultant for Telmex USA, L.L.C.

# TELEFONOS DE MEXICO, S.A. DE C.V. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Thousands of Constant Pesos as of December 31, 1999, except for earnings per share)

| | 1999 | 1998 | 1997 | Millions of U.S. dollars 1999 |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Local service | P.51,236,478 | P.50,170,667 | P.40,757,210 | $ 5,381 |
| Domestic long-distance service | 21,694,906 | 20,192,904 | 20,275,085 | 2,278 |
| International long-distance service | 11,547,481 | 9,738,248 | 15,260,367 | 1,212 |
| Interconnection service | 5,130,638 | 2,498,873 | 925,136 | 539 |
| Other | 6,711,083 | 5,279,560 | 3,680,214 | 705 |
| | 96,320,586 | 87,880,252 | 80,898,012 | 10,115 |
| Operating costs and expenses: | | | | |
| Cost of sales and services | 23,598,403 | 19,246,873 | 18,906,414 | 2,478 |
| Commercial, administrative and general | 19,032,115 | 17,588,433 | 17,221,493 | 1,999 |
| Depreciation and amortization (Notes 3 to 5) | 17,447,244 | 17,655,072 | 16,753,140 | 1,832 |
| | 60,077,762 | 54,490,378 | 52,881,047 | 6,309 |
| Operating income | 36,242,824 | 33,389,874 | 28,016,965 | 3,806 |
| Comprehensive financing (income) cost: | | | | |
| Interest income | (4,733,860) | (5,524,008) | (3,882,603) | (497) |
| Interest expense | 4,922,742 | 5,235,766 | 4,254,046 | 517 |
| Exchange loss (gain), net (Note 9) | 58,118 | 4,297,651 | (267,168) | 6 |
| Monetary effect | (376,103) | (944,134) | (638,829) | (40) |
| | (129,103) | 3,065,275 | (534,554) | (14) |
| Income before income tax and employee profit sharing | 36,371,927 | 30,324,599 | 28,551,519 | 3,820 |
| Provisions for: | | | | |
| Income tax (Note 13) | 8,783,939 | 9,228,416 | 8,751,892 | 922 |
| Employee profit sharing | 2,596,180 | 2,705,355 | 2,733,626 | 273 |
| | 11,380,119 | 11,933,771 | 11,485,518 | 1,195 |
| Income before equity in results of affiliates and minority interest | 24,991,808 | 18,390,828 | 17,066,001 | 2,625 |
| Equity in results of affiliates (Note 5) | (79,419) | 30,232 | 53,939 | (9) |
| Income before minority interest | 24,912,389 | 18,421,060 | 17,119,940 | 2,616 |
| Minority interest in loss of subsidiaries | 214,254 | | | 23 |
| Net income | P.25,126,643 | P.18,421,060 | P.17,119,940 | $ 2,639 |
| Weighted average common shares outstanding (in millions) (Notes 1 and 12) | 15,092 | 15,804 | 16,812 | 15,092 |
| Net income per share (in Mexican pesos and U.S. dollars): | | | | |
| Basic | P. 1.665 | P. 1.166 | P. 1.018 | $ 0.175 |
| Diluted | P. 1.628 | P. 1.166 | P. 1.018 | $ 0.171 |

See accompanying notes.

# TELEFONOS DE MEXICO, S.A. DE C.V. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Thousands of Constant Pesos as of December 31, 1999)

| | December 31, | | |
|---|---|---|---|
| | | | Millions of U.S. dollars |
| | 1999 | 1998 | 1999 |
| **Assets** | | | |
| Current assets: | | | |
| Cash and short-term investments | P. 24,302,275 | P. 20,207,207 | $ 2,552 |
| Marketable securities | 4,076,899 | - | 428 |
| Accounts receivable, net (Note 2) | 18,072,265 | 16,710,429 | 1,898 |
| Prepaid expenses | 2,271,426 | 1,717,396 | 239 |
| Total current assets | 48,722,865 | 38,635,032 | 5,117 |
| Plant, property and equipment, net (Note 3) | 108,736,261 | 119,406,471 | 11,419 |
| Inventories, primarily for use in construction of the telephone plant | 3,998,501 | 2,176,270 | 420 |
| Licenses, net (Note 4) | 2,090,906 | 2,203,953 | 220 |
| Equity Investments (Note 5) | 4,270,388 | 681,239 | 449 |
| Intangible asset (Note 6) | 8,164,076 | 9,056,085 | 857 |
| Goodwill, net (Note 5) | 2,554,952 | 671,344 | 268 |
| Total assets | P.178,537,949 | P.172,830,394 | $18,750 |
| **Liabilities and stockholders' equity** | | | |
| Current liabilities: | | | |
| Current portion of long-term debt (Note 7) | P. 9,019,529 | P. 13,006,058 | $ 947 |
| Accounts payable and accrued liabilities | 13,423,772 | 8,706,559 | 1,410 |
| Taxes payable | 4,014,313 | 2,590,557 | 422 |
| Total current liabilities | 26,457,614 | 24,303,174 | 2,779 |
| Long-term debt (Note 7) | 24,145,004 | 20,748,079 | 2,536 |
| Reserve for employee pensions and seniority premiums (Note 6) | 4,961,801 | 7,988,208 | 521 |
| Deferred credits (Note 8) | 676,272 | 846,749 | 71 |
| Total liabilities | 56,240,691 | 53,886,210 | 5,907 |
| Stockholders' equity (Note 12): | | | |
| Capital stock: | | | |
| Historical | 747,472 | 772,433 | 78 |
| Restatement increment | 51,036,706 | 51,126,570 | 5,360 |
| | 51,784,178 | 51,899,003 | 5,438 |
| Premium on sale of shares | 9,127,297 | 9,127,297 | 959 |
| Retained earnings: | | | |
| Unappropriated earnings of prior years | 92,434,060 | 87,785,767 | 9,707 |
| Net income for the year | 25,126,643 | 18,421,060 | 2,639 |
| | 117,560,703 | 106,206,827 | 12,346 |
| Minimum pension and seniority premium liability adjustment (Note 6) | (484,165) | (1,277,173) | (51) |
| Deficit from restatement of stockholders' equity | (56,361,135) | (47,011,770) | (5,919) |
| Total majority stockholders' equity | 121,626,878 | 118,944,184 | 12,773 |
| Minority interest | 670,380 | - | 70 |
| Total stockholders' equity | 122,297,258 | 118,944,184 | 12,843 |
| Total liabilities and stockholders' equity | P.178,537,949 | P.172,830,394 | $18,750 |

See accompanying notes

# TELEFONOS DE MEXICO, S.A. DE C.V. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
(Thousands of Constant Pesos as of December 31, 1999)

| | Year ended December 31, | | | Millions of U.S. dollars |
|---|---|---|---|---|
| | 1999 | 1998 | 1997 | 1999 |
| **Operating activities:** | | | | |
| Net income | P. 25,126,643 | P.18,421,060 | P.17,119,940 | $ 2,639 |
| Add (deduct) items not requiring the use of resources: | | | | |
| Depreciation | 16,887,967 | 17,470,905 | 15,922,714 | 1,773 |
| Amortization | 559,277 | 184,167 | 830,426 | 59 |
| Deferred taxes | 510,021 | 1,648,325 | 78,930 | 54 |
| Equity in results of affiliates | 79,419 | (30,232) | (53,939) | 8 |
| Minority interest | (214,254) | - | - | (23) |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Accounts receivable | (1,161,724) | 1,668,677 | 1,050,466 | (122) |
| Prepaid expenses | (260,347) | 505,966 | 1,914 | (27) |
| Increase (decrease) in: | | | | |
| Employee pensions and seniority premiums: | | | | |
| Reserve | 3,013,232 | 3,048,338 | 3,031,816 | 316 |
| Contributions to trust fund | (2,369,823) | (3,580,939) | (1,407,509) | (249) |
| Payments to employees | (1,984,800) | (1,765,263) | (1,681,691) | (208) |
| Accounts payable and accrued liabilities | 4,462,551 | 336,394 | (415,469) | 469 |
| Taxes payable | 904,759 | (886,676) | (2,517,766) | 95 |
| Deferred credits | (277,787) | (735,702) | 558,839 | (29) |
| Resources provided by operating activities | 45,275,134 | 36,285,020 | 32,518,671 | 4,755 |
| **Financing activities:** | | | | |
| New loans | 17,344,019 | 18,571,252 | 64,111,145 | 1,821 |
| Repayment of loans | (12,882,080) | (17,938,965) | (46,316,373) | (1,353) |
| Effect of inflation and of exchange rate differences on debt | (5,431,721) | (1,171,073) | (4,276,886) | (570) |
| Decrease in capital stock and retained earnings due to purchase of Company's own shares | (7,852,523) | (10,602,845) | (18,082,324) | (825) |
| Minority interest | 191,801 | - | - | 20 |
| Cash dividends paid | (6,035,069) | (6,621,664) | (5,983,837) | (634) |
| Capital reimbursement and dividends received from affiliate | - | - | 137,872 | - |
| Resources used in financing activities | (14,665,573) | (17,763,295) | (10,410,403) | (1,541) |
| **Investing activities:** | | | | |
| Investment in telephone plant | (14,704,697) | (13,254,015) | (10,336,652) | (1,544) |
| Investment in inventories | (1,612,613) | (264,571) | (435,963) | (169) |
| Investment in subsidiary companies | (2,155,833) | - | (850,270) | (226) |
| Investment in affiliated companies | (2,854,229) | (846,509) | (16,832) | (300) |
| Investment in licenses | - | (2,068,976) | (191,524) | - |
| Investment in marketable securities | (4,076,899) | - | - | (428) |
| Other equity investments | (1,110,222) | - | - | (117) |
| Resources used in investing activities | (26,514,493) | (16,434,071) | (11,831,241) | (2,784) |
| Net increase in cash and short-term investments | 4,095,068 | 2,087,654 | 10,277,027 | 430 |
| Cash and short-term investments at beginning of year | 20,207,207 | 18,119,553 | 7,842,526 | 2,122 |
| Cash and short-term investments at end of year | P. 24,302,275 | P.20,207,207 | P.18,119,553 | $ 2,552 |

See accompanying notes.