

NATIONAL HEALTHCARE CORP
Form 10-Q
August 09, 2018

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**UNITED
STATES
SECURITIES
AND
EXCHANGE
COMMISSION
Washington,
D.C. 20549**

FORM 10-Q

QUARTERLY
REPORT
PURSUANT TO
SECTION 13 OR
15(d) OF THE
SECURITIES
EXCHANGE
ACT OF 1934
For the quarterly
period
ended June 30,
2018

OR

TRANSITION
REPORT
PURSUANT TO
SECTION 13 OR
15(d) OF
THE
SECURITIES
EXCHANGE
ACT OF 1934
For the transition
period from
_____ to

Commission file
number

001-13489

(Exact name of registrant as specified in its Charter)

Delaware 52-2057472
(State or other jurisdiction (I.R.S. Employer of incorporation or Identification No.) organization)

100 E. Vine
Street
Murfreesboro,
TN

37130
(Address of principal executive offices)
(Zip Code)

(615)
890-2020
Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this

chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated filer

Accelerated
filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller
reporting
company

Emerging
growth
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act).
Yes No

15,225,654 shares of common stock of the registrant were outstanding as of August 7, 2018.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Statements of Operations***(in thousands, except share and per share amounts)**(unaudited)*

	Three Months Ended		Six Months Ended	
	June 30 2018	2017 <i>(as adjusted)</i>	June 30 2018	2017 <i>(as adjusted)</i>
Revenues:				
Net patient revenues	\$230,654	\$227,085	\$462,346	\$454,339
Other revenues	11,488	11,610	22,757	22,894
Net operating revenues	242,142	238,695	485,103	477,233
Cost and expenses:				
Salaries, wages and benefits	145,466	142,684	285,561	280,739
Other operating	62,589	62,094	127,761	125,272
Facility rent	10,272	10,079	20,501	20,167
Depreciation and amortization	10,397	10,481	20,739	20,776
Interest	1,253	1,219	2,493	2,277
Total costs and expenses	229,977	226,557	457,055	449,231
Income from operations	12,165	12,138	28,048	28,002
Other income:				
Non-operating income	5,654	5,189	2,589	9,957
Unrealized gains (losses) on marketable equity securities	12,448	-	(3,069)	-
Income before income taxes	30,267	17,327	27,568	37,959
Income tax provision	(7,892)	(6,758)	(8,092)	(14,757)
Net income	22,375	10,569	19,476	23,202
Net loss attributable to noncontrolling interest	86	86	194	181

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Net income attributable to National HealthCare Corporation	\$22,461	\$10,655	\$19,670	\$23,383
Earnings per share attributable to National HealthCare Corporation stockholders:				
Basic	\$1.48	\$0.70	\$1.29	\$1.54
Diluted	\$1.47	\$0.70	\$1.29	\$1.54
Weighted average common shares outstanding:				
Basic	15,221,262	15,189,818	15,218,962	15,181,700
Diluted	15,228,305	15,220,448	15,224,958	15,216,336
Dividends declared per common share	\$0.50	\$0.48	\$0.98	\$0.93

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

Table of Contents**NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Statements of Comprehensive Income***(unaudited – in thousands)*

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2018	2017	2018	2017
Net income	\$22,375	\$10,569	\$19,476	\$23,202
Other comprehensive loss:				
Unrealized gains (losses) on investments in restricted marketable securities	(794)	13,297	(3,592)	12,356
Reclassification adjustment for realized gains on sale of securities	(14)	(204)	(25)	(238)
Income tax benefit (expense) related to items of other comprehensive income	169	(5,054)	759	(4,646)
Other comprehensive income (loss), net of tax	(639)	8,039	(2,858)	7,472
Net loss attributable to noncontrolling interest	86	86	194	181
Comprehensive income attributable to National HealthCare Corporation	\$21,822	\$18,694	\$16,812	\$30,855

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

Table of Contents**NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Balance Sheets***(in thousands)*

	June 30, 2018 <i>unaudited</i>	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	\$59,322	\$59,118
Restricted cash and cash equivalents	7,629	6,397
Marketable equity securities	136,016	139,085
Restricted marketable debt securities	20,064	21,012
Accounts receivable, net	82,230	86,767
Inventories	7,306	7,153
Prepaid expenses and other assets	3,428	2,864
Notes receivable, current portion	1,499	1,450
Federal income tax receivable	-	5,465
Total current assets	317,494	329,311
Property and Equipment:		
Property and equipment, at cost	974,049	958,748
Accumulated depreciation and amortization	(430,014)	(409,429)
Net property and equipment	544,035	549,319
Other Assets:		
Restricted cash and cash equivalents	1,920	1,906
Restricted marketable securities	144,885	145,383
Deposits and other assets	5,849	4,867
Goodwill	17,600	17,600
Notes receivable, less current portion	10,952	11,801
Investments in limited liability companies	28,014	36,339
Total other assets	209,220	217,896
Total assets	\$1,070,749	\$1,096,526

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

Table of Contents**NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Balance Sheets (continued)***(in thousands, except share and per share amounts)*

	June 30, 2018 <i>unaudited</i>	December 31, 2017
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 16,166	\$ 15,978
Capital lease obligations, current portion	3,808	3,696
Accrued payroll	55,688	67,102
Amounts due to third party payors	17,218	17,389
Accrued risk reserves, current portion	27,693	27,409
Other current liabilities	14,808	16,194
Dividends payable	7,612	7,297
Total current liabilities	142,993	155,065
Long-term debt	85,000	100,000
Capital lease obligations, less current portion	21,120	23,052
Accrued risk reserves, less current portion	67,115	65,866
Refundable entrance fees	8,668	8,827
Obligation to provide future services	2,887	2,887
Deferred income taxes	15,240	18,376
Other noncurrent liabilities	16,335	15,795
Deferred revenue	4,621	3,226
Total liabilities	363,979	393,094
Equity:		
Common stock, \$.01 par value; 45,000,000 shares authorized; 15,225,654 and 15,212,133 shares, respectively, issued and outstanding	152	152
Capital in excess of par value	217,296	215,659
Retained earnings	492,377	419,423
Accumulated other comprehensive income (loss)	(3,555)	67,504
Total National HealthCare Corporation stockholders' equity	706,270	702,738
Noncontrolling interest	500	694
Total equity	706,770	703,432
Total liabilities and equity	\$ 1,070,749	\$ 1,096,526

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

Table of Contents**NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Statements of Cash Flows***(unaudited – in thousands)*

	Six Months Ended	
	June 30	
	2018	2017 <i>(as adjusted)</i>
Cash Flows From Operating Activities:		
Net income	\$19,476	\$23,202
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,739	20,776
Equity in (earnings) losses of unconsolidated investments	4,584	(3,380)
Distributions from unconsolidated investments	3,741	4,337
Unrealized losses on marketable equity securities	3,069	-
Gains on sale of restricted marketable securities	(25)	(238)
Deferred income taxes	(2,376)	(1,540)
Stock-based compensation	1,177	832
Changes in operating assets and liabilities:		
Accounts receivable	4,537	2,891
Income tax receivable	5,465	2,218
Inventories	(153)	310
Prepaid expenses and other assets	(1,551)	(969)
Trade accounts payable	188	(3,855)
Accrued payroll	(11,414)	(12,601)
Amounts due to third party payors	(171)	931
Accrued risk reserves	1,538	3,379
Other current liabilities	(1,386)	1,440
Other noncurrent liabilities	540	1,048
Deferred revenue	1,395	1,524
Net cash provided by operating activities	49,373	40,305
Cash Flows From Investing Activities:		
Additions to property and equipment	(15,456)	(16,681)
Investments in unconsolidated companies	-	(176)
Collections of notes receivable	800	3,651
Purchase of restricted marketable securities	(6,545)	(22,775)
Sale of restricted marketable securities	4,399	44,756
Net cash (used in) provided by investing activities	(16,802)	8,775

Cash Flows From Financing Activities:

Principal payments on debt	(15,000)	-
Principal payments under capital lease obligations	(1,820)	(1,715)
Dividends paid to common stockholders	(14,602)	(13,649)
Issuance of common shares	1,327	1,496
Repurchase of common shares	(867)	-
Equity attributable to noncontrolling interest	-	970
Entrance fee refunds	(159)	(757)
Change in deposits	-	(418)
Net cash used in financing activities	(31,121)	(14,073)
Net Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	1,450	35,007
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Period	67,421	31,589
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Period	\$68,871	\$66,596
Balance Sheet Classifications:		
Cash and cash equivalents	\$59,322	\$60,848
Restricted cash and cash equivalents	9,549	5,748
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	\$68,871	\$66,596

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

Table of Contents**NATIONAL HEALTHCARE CORPORATION****Interim Condensed Consolidated Statements of Stockholders' Equity***(in thousands, except share and per share amounts)**(unaudited)*

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance at January 1, 2017	15,162,938	\$ 152	\$211,457	\$391,934	\$ 66,068	\$ –	\$ 669,611
Net income attributable to National HealthCare Corporation	–	–	–	23,383	–	–	23,383
Net loss attributable to noncontrolling interest	–	–	–	–	–	(181)	(181)
Equity contributed by noncontrolling interest	–	–	–	–	–	970	970
Other comprehensive income	–	–	–	–	7,472	–	7,472
Stock-based compensation	–	–	832	–	–	–	832
Shares sold – options exercised	32,092	–	1,496	–	–	–	1,496
Dividends declared to common stockholders (\$0.93 per share)	–	–	–	(14,125)	–	–	(14,125)
Balance at June 30, 2017	15,195,030	\$ 152	\$213,785	\$401,192	\$ 73,540	\$ 789	\$ 689,458
Balance at January 1, 2018	15,212,133	\$ 152	\$215,659	\$419,423	\$ 67,504	\$ 694	\$ 703,432
Reclassification due to new accounting standards	–	–	–	68,201	(68,201)	–	–
Net income attributable to National HealthCare Corporation	–	–	–	19,670	–	–	19,670
Net loss attributable to noncontrolling interest	–	–	–	–	–	(194)	(194)
							10.7109

EURO

12.6540

CHILEAN PESO

0.0209

ARGENTINEAN PESO

3.5325

BRAZILIAN REAL

4.5758

PERUVIAN SOL

3.1218

COLOMBIAN PESO

0.0047

MEXICAN STOCK EXCHANGE

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SIFIC/ICS

STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 7

CALCULATION OF MONETARY POSITION

(Thousand Pesos)

Consolidated

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MONTH	MONETARY ASSETS	MONETARY LIABILITIES	(ASSET) LIABILITIES MONETARY POSITION	MONTHLY INFLATION	MONTHLY (EFFECT) (ASSET) LIABILITIES
JANUARY	64,405,843	143,756,134	79,350,291	0.15	119,025
FEBRUARY	75,493,981	153,506,183	78,012,202	0.11	85,813
MARCH	81,304,637	156,380,922	75,076,285	0.46	345,351

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APRIL	79,282,842	156,465,715	77,182,873	0.32	246,985
MAY	77,422,567	152,286,007	74,863,440	0.10	74,863
JUNE	70,160,029	143,129,438	72,969,409	(0.30)	(218,908)
JULY	67,213,101	141,224,114	74,011,013	0.36	266,440
AUGUST	66,943,392	139,373,492	72,430,100	0.21	152,103
SEPTEMBER	67,083,977	139,264,459	72,180,482	0.39	281,504
OCTOBER	67,266,243	139,927,687	72,661,444	0.30	217,984
NOVEMBER	68,437,132	139,958,217	71,521,085	0.64	457,735
DECEMBER	66,968,797	139,329,082	72,360,285	0.54	390,746
ACTUALIZATION :	0	0	0	0.00	34,856
CAPITALIZATION :	0	0	0	0.00	0
FOREIGN CORP. :	0	0	0	0.00	0
OTHER	0	0	0	0.00	(474,105)
TOTAL					1,980,392

NOTE:

Telmex's policy applies Mexican National Consumer Prices Index (NCPI) estimated from January to November, and real for December.

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 8

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

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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 -

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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

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

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11

DOMESTIC SALES - MAIN SERVICES -

(Thousand Pesos)

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MAIN PRODUCTS	TOTAL PRODUCTION	NET SALES	MARKET (%)	MAIN
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	VOLUME	AMOUNT	VOLUME	AMOUNT		TRADEMARKS	CUSTOMERS
LOCAL SERVICE				55,801,529			
LONG DISTANCE SERVICE				24,078,393			
INTERCONNECTION				17,478,125			
CORPORATE NETWORKS				10,294,172			
INTERNET				8,148,720			
OTHERS				5,851,662			
TOTAL				121,652,601			

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 11b

FOREIGN SALES - MAIN SERVICES -

(Thousand Pesos)

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MAIN PRODUCTS	TOTAL PRODUCTION		NET SALES		DESTINATION	MAIN	
	VOLUME	AMOUNT	VOLUME	AMOUNT		TRADEMARKS	CUSTOMERS
NET SETTLEMENT				3,327,991			
LOCAL SERVICE				2,662,258			
				22,706,149			

LONG DISTANCE SERVICE							
INTERCONNECTION				916,166			
CORPORATE NETWORKS				8,125,815			
INTERNET				2,918,070			
OTHERS				639,054			
TOTAL				41,295,503			
NOTES:							

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

ANNEX 13

PROJECT INFORMATION

(Thousand Pesos)

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ITEM	Thousand Mexican Pesos				
	4th. Quarter 05	% of	Amount used	Budget	% of
	Oct-Dec	Advance	2005	2005	Advance
DATA	1,050,893	28.2	2,994,072	3,728,996	80.3
INTERNAL PLANT	675,343	30.6	1,804,645	2,209,410	81.7
OUTSIDE PLANT	1,169,202	25.0	4,544,386	4,678,603	97.1
TRANSMISSION NETWORK	1,105,500	31.5	2,736,600	3,513,608	77.9

SYSTEMS	479,805	63.4	610,663	757,258	80.6
OTHERS	1,054,894	22.2	2,554,994	4,750,226	53.8
TOTAL INVESTMENT TELMEX MEXICO	5,535,637	28.2	15,245,360	19,638,101	77.6
LATINOAMERICA	2,705,819	36.8	7,819,617	7,351,831	106.4
TOTAL INVESTMENT	8,241,456	30.5	23,064,977	26,989,932	85.5

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

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 abroad 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 Mexican Institute of Public Accountants (MIPA), as follows:

The financial statements as reported by the subsidiaries abroad were adjusted to conform to accounting principles accepted in Mexico. Such conversion includes, among other areas, the recognition of the effects of inflation as required by Mexican Accounting Principles Bulletin B-10, *Accounting Recognition of Effects of Inflation on Financial Information*, issued by the MIPA, using restatement factors of each country.

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.

Translation differences are included in the caption *Effect of translation of foreign entities* and are included in stockholders' equity as part of the caption *Other comprehensive income items*, presented as part of S71 row.

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TELÉFONOS DE MÉXICO, S.A. DE C.V.

INTEGRATION OF PAID CAPITAL STOCK

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SERIES	NOMINAL VALUE	VALID CUPON	NUMBER OF SHARES				CAPITAL STOCK (Thousand Pesos)	
			FIXED PORTION	VARIABLE PORTION	MEXICAN	PUBLIC SUBSCRIPTION	FIXED	VARIABLE
A	0.01250		479,437,546	0		479,437,546	5,993	
AA	0.01250		8,114,596,082	0	8,114,596,082	0	101,433	
L	0.01250		13,451,048,642	0		13,451,048,642	168,138	
TOTAL	0.01250		22,045,082,270	0	8,114,596,082	13,930,486,188	275,564	0

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

	22,045,082,270							
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	1,583,822,040	10.7289		13.1500

Note:

The theoretical nominal value of the outstanding shares is Ps. 0.0125, which consider the two-for one stock split effect, approved since May 25, 2005.

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STOCK EXCHANGE CODE: TELMEX QUARTER: 4 YEAR: 2005

TELÉFONOS DE MÉXICO, S.A. DE C.V.

GENERAL INFORMATION

Consolidated

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ISSUER GENERAL INFORMATION

COMPANY:	TELEFONOS DE MEXICO, S.A. DE C.V.
ADDRESS:	PARQUE VIA 198, COL. CUAUHEMOC
ZIP:	06599
CITY:	MEXICO, D.F.
TELEPHONE:	52 22 12 12
FAX:	
E-MAIL:	
	www.telmex.com

INTERNET PAGE:	
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ISSUER FISCAL INFORMATION

TAX PAYER FEDERAL ID: FISCAL ADDRESS:	TME 840315KT6
ZIP:	PARQUE VIA 198, COL. CUAUHTEMOC
CITY:	06599
	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:	52 50 80 54
E-MAIL:	erosendo@telmex.com

OFFICERS INFORMATION

POSITION BMV:	CHAIRMAN OF THE BOARD
POSITION:	CHAIRMAN OF THE BOARD
NAME:	LIC. CARLOS SLIM DOMIT
ADDRESS:	CALVARIO NUM 100 COL. TLALPAN
ZIP:	14000

CITY:	MEXICO, D.F.
TELEPHONE:	53 25 98 01
FAX:	55 73 31 77
E-MAIL:	slimc@sanborns.com

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:	SUBDIRECTOR OF FINANCE
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 INFORMATION THROUGH EMISNET
POSITION:	SHAREHOLDER SERVICES MANAGER
NAME:	LIC. MIGUEL ANGEL PINEDA CATALAN
ADDRESS:	PARQUE VIA 198 - 2 ND . FLOOR OFFICE 202, COL. CUAUHTEMOC
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:	ING. RUY ECHAVARRIA AYUSO
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:	rechavar@telmex.com & ri@telmex.com

POSITION BMV:	RESPONSIBLE FOR SENDING FINANCIAL INFORMATION THROUGH EMISNET
POSITION:	SUBDIRECTOR OF FINANCE
NAME:	C.P. EDUARDO ROSENDO GIRARD
ADDRESS:	

ZIP:	PARQUE VIA 198 - 5 TH . FLOOR OFFICE 501, COL. CUAUHTEMOC
CITY:	06599
TELEPHONE:	MEXICO, D.F.
FAX:	52 22 53 95
E-MAIL:	52 50 80 54
	erosendo@telmex.com

POSITION BMV:	RESPONSIBLE FOR SENDING RELEVANT INFORMATION THROUGH EMISNET
POSITION:	INVESTORS RELATIONS MANAGER
NAME:	ING. RUY ECHAVARRIA AYUSO
ADDRESS:	PARQUE VIA 198 - 7 TH . FLOOR OFFICE 701, COL. CUAUHTEMOC
ZIP:	06599
CITY:	MEXICO, D.F.
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TELÉFONOS DE MÉXICO, S.A. DE C.V.

BOARD OF DIRECTORS

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POSITION	NAME			
HONORARY BOARD MEMBER	ING.	CARLOS	SLIM	HELU
CHAIRMAN OF THE BOARD	LIC.	CARLOS	SLIM	DOMIT
VICEPRESIDENT	ING.	JAIME	CHICO	PARDO
VICEPRESIDENT	C.P.	JUAN ANTONIO	PEREZ	SIMON
BOARD PROPIETORS	SR.	EMILIO	AZCARRAGA	JEAN
BOARD PROPIETORS	ING.	ANTONIO	COSIO	ARIÑO
BOARD PROPIETORS	SRA.	LAURA	DIEZ BARROSO	DE LAVIADA
BOARD PROPIETORS	MTRA.	AMPARO	ESPINOSA	RUGARCIA
BOARD PROPIETORS	ING.	ELMER	FRANCO	MACIAS
BOARD PROPIETORS	LIC.	ANGEL	LOSADA	MORENO
BOARD PROPIETORS	SR.	ROMULO	O FARRIL JR.	
BOARD PROPIETORS	LIC.	FERNANDO	SENDEROS	MESTRE
BOARD PROPIETORS	LIC.	MARCO ANTONIO	SLIM	DOMIT
BOARD PROPIETORS	SR.	RAYFORD	WILKINS JR.	
BOARD PROPIETORS	SR.	RICHARD	P.	RESNICK
BOARD PROPIETORS	SR.	ROBERT	L.	HENRICHS
BOARD PROPIETORS	C.P.	RAFAEL	KALACH	MIZRAHI
BOARD PROPIETORS	LIC.	RICARDO	MARTIN	BRINGAS
BOARD ALTERNATES	LIC.	PATRICK	SLIM	DOMIT
BOARD ALTERNATES	LIC.	ARTURO	ELIAS	AYUB
BOARD ALTERNATES	C.P.	JOSÉ HUMBERTO	GUTIERREZ-OLVERA	ZUBIZARRETA
BOARD ALTERNATES	LIC.	JORGE C.	ESTEVE	RECOLONS
BOARD ALTERNATES	ING.	ANTONIO	COSIO	PANDO
BOARD ALTERNATES	SR.	EDUARDO	TRICIO	HARO
BOARD ALTERNATES	SRA.	ANGELES	ESPINOSA	YGLESIAS
BOARD ALTERNATES	ING.	AGUSTIN	FRANCO	MACIAS
BOARD ALTERNATES	SR.	JAIME	ALVERDE	GOYA

BOARD ALTERNATES	C.P.	ANTONIO	DEL VALLE	RUIZ
BOARD ALTERNATES	LIC.	JOSE	KURI	HARFUSH
BOARD ALTERNATES	LIC.	FERNANDO	SOLANA	MORALES
BOARD ALTERNATES	LIC.	EDUARDO	VALDES	ACRA
BOARD ALTERNATES	LIC.	CARLOS	BERNAL	VEREA
BOARD ALTERNATES	LIC.	FEDERICO	LAFFAN	FANO
BOARD ALTERNATES	SR.	JORGE A.	CHAPA	SALAZAR
BOARD ALTERNATES	ING.	BERNARDO	QUINTANA	ISAAC
BOARD ALTERNATES	C.P.	FRANCISCO	MEDINA	CHAVEZ
STATUTORY AUDITOR	C.P.	ALBERTO	TIBURCIO	CELORIO
ALTERNATE STATUTORY AUDITOR	C.P.	FERNANDO	ESPINOSA	LOPEZ
SECRETARY OF BOARD OF DIRECTORS	LIC.	SERGIO	MEDINA	NORIEGA
ASISTANT SECRETARY	LIC.	RAFAEL	ROBLES	MIAJA

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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
.SUBDIRECTOR OF FINANCE

MEXICO CITY,

FEBRUARY 13, 2006.
