

PROSPECTUS SUPPLEMENT

(To the Listing Prospectus Dated November 27, 2012)



América Móvil, S.A.B. de C.V.

Ps.10,000,000,000
6.000% Senior Notes due 2019

We are offering Ps.10,000,000,000 aggregate principal amount of our 6.000% senior notes due 2019 (the “notes”). We will pay interest on the notes on June 9 and December 9 of each year, beginning on December 9, 2014. The notes will mature on June 9, 2019.

The notes will rank equally in right of payment with all of our other unsecured and unsubordinated debt obligations from time to time outstanding. The notes will not be guaranteed by any of our subsidiaries.

In the event of certain changes in the applicable rate of Mexican withholding taxes on interest, we may redeem the outstanding notes, in whole but not in part, at a price equal to 100% of their principal amount plus accrued interest thereon to the redemption date.

The notes are concurrently being offered in Mexico pursuant to a prospectus approved by the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or “CNBV”). The notes will be registered with the *Registro Nacional de Valores* (the “Mexican National Securities Registry”) maintained by the CNBV.

Application has been made to list the notes on the *Bolsa Mexicana de Valores, S.A.B. de C.V.* (the “Mexican Stock Exchange”) and on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market.

This Prospectus Supplement and the Prospectus dated November 27, 2012 constitute a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended. This Prospectus Supplement and the Prospectus dated November 27, 2012 may only be used for the purpose for which they have been published.

Investing in the notes involves risks. See “Risk Factors” beginning on page S-6 of this prospectus supplement and page 5 of the accompanying prospectus.

	Price to Public ⁽¹⁾	Underwriting Discounts	Price to Underwriters	Proceeds to América Móvil ⁽¹⁾
6.000% Senior Notes due 2019	99.822%	0.200%	99.622%	Ps. 9,962,200,000

(1) Plus accrued interest, if any, from June 9, 2014.

THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS ARE SOLELY OUR RESPONSIBILITY AND HAVE NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE TERMS AND CONDITIONS OF THIS OFFER WILL BE NOTIFIED TO THE CNBV FOR INFORMATION PURPOSES ONLY AND SUCH NOTICE WILL NOT CONSTITUTE A CERTIFICATION AS TO THE INVESTMENT VALUE OF THE NOTES OR OUR SOLVENCY. THE REGISTRATION OF THE NOTES WITH THE Mexican National Securities Registry DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT VALUE OF THE NOTES, OUR SOLVENCY OR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, AND DOES NOT VALIDATE ANY ACT DONE IN VIOLATION OF APPLICABLE LAWS.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the notes has been made in book-entry form through the facilities of Clearstream Banking, société anonyme (“Clearstream”), and Euroclear Bank S.A./N.V. (“Euroclear”), for the accounts of their direct and indirect participants, including *S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.*, on June 9, 2014.

Joint Book-Running Managers

Deutsche Bank Securities

HSBC

Morgan Stanley

BBVA

Citigroup

Credit Suisse

The date of this prospectus supplement is June 16, 2014

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	<u>Page</u>
IMPORTANT CURRENCY INFORMATION.....	S-1
PROSPECTUS SUPPLEMENT SUMMARY.....	S-2
PRESENTATION OF FINANCIAL INFORMATION.....	S-4
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	S-5
RISK FACTORS	S-5
USE OF PROCEEDS	S-5
CAPITALIZATION	S-6
DESCRIPTION OF NOTES.....	S-8
SUPPLEMENTAL EUROPEAN UNION TAX CONSIDERATIONS.....	S-11
UNDERWRITING	S-13
VALIDITY OF NOTES	S-16
EXPERTS	S-16
LISTING AND GENERAL INFORMATION.....	S-17
DESCRIPTION OF THE ISSUER	S-18

PROSPECTUS

	<u>Page</u>
ABOUT THIS PROSPECTUS	1
IMPORTANT CURRENCY INFORMATION.....	2
FORWARD-LOOKING STATEMENTS.....	3
AMERICA MOVIL	4
RISK FACTORS	5
USE OF PROCEEDS	7
DESCRIPTION OF MXN NOTES.....	8
FORM OF MXN NOTES, CLEARING AND SETTLEMENT.....	20
TAXATION	23
PLAN OF DISTRIBUTION	27
EXPERTS	28
VALIDITY OF MXN NOTES	28
ENFORCEABILITY OF CIVIL LIABILITIES.....	28
WHERE YOU CAN FIND MORE INFORMATION	28
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	29

ANNEXES

	<u>Annex</u>
OPERATING AND FINANCIAL REVIEW FOR THE THREE MONTHS ENDED MARCH 31, 2014.....	A
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013.....	B

We are responsible for the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference therein. Neither we nor any of the underwriters has authorized any person to give you any other information, and neither we nor any of the underwriters takes any responsibility for any other information that others may give you. This document may only be used where it is legal to sell the notes. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. We are not making an offer of the notes in any jurisdiction where the offer is not permitted.

IMPORTANT CURRENCY INFORMATION

You are required to pay for the purchase of the notes in Mexican pesos. The underwriters may, in their discretion and upon your request, arrange for the conversion of your payment in U.S. dollars or another currency into Mexican pesos in order to facilitate the purchase of the notes. All conversions will be made by the underwriters at the applicable exchange rate quoted by them in their absolute discretion and on the terms that they may from time to time establish in accordance with their regular foreign exchange practice. You will be responsible for paying all commissions and fees for any currency conversion related to the purchase of the notes.

We will make all payments on the notes, including payments of interest and the payment of principal at maturity, in Mexican pesos. Consequently, investors with accounts that cannot accept payments on the notes in Mexican pesos must determine how to convert these payments into U.S. dollars or another currency. Your financial institution may automatically convert payments from Mexican pesos into U.S. dollars or another currency if you do not arrange for account facilities denominated in Mexican pesos. You will be responsible for paying all commissions and fees for any currency conversion related to any payment on the notes.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights key information described in greater detail in this prospectus supplement or the accompanying prospectus, including the documents incorporated by reference. You should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein before making an investment decision.

América Móvil

We provide telecommunications services in 18 countries. We are the largest provider of wireless communications services in Latin America based on number of subscribers, with the largest market share in Mexico and the third-largest in Brazil, in each case based on the number of subscribers. We also have major fixed-line operations in Mexico, Brazil, Colombia and 11 other countries.

Summary of the Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of the terms and conditions of the notes, see “Description of Notes” in this prospectus supplement and “Description of MXN Notes” in the accompanying prospectus.

Issuer	América Móvil, S.A.B. de C.V.
Notes Offered	Ps.10,000,000,000 aggregate principal amount of 6.000% Senior Notes due 2019.
Price to Public	99.822%, plus accrued interest, if any, from June 9, 2014.
Issue Date	The notes were issued on June 9, 2014.
Maturity	The notes will mature on June 9, 2019.
Interest Rate	The notes will bear interest at the rate of 6.000% per year from June 9, 2014.
Interest Payment Dates	Interest on the notes will be payable on June 9 and December 9 of each year, beginning on December 9, 2014.
Currency of Payment	All payments of principal of and premium, if any, and interest on the notes will be made in Mexican pesos.
Calculation of Interest	Interest will be computed on the basis of the actual number of days during the relevant interest period and a 360-day year.
Ranking	The notes will be our unsecured and unsubordinated obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated debt. The notes will be effectively subordinated to all of our existing and future secured obligations and to all existing and future liabilities of our subsidiaries. All of our outstanding debt securities that were issued in the Mexican and international markets through mid-September 2011 are unconditionally guaranteed by our subsidiary Radiomóvil Dipsa, S.A. de C.V. (“Telcel”). Accordingly, the holders of those outstanding debt securities will have priority over the holders of the notes with respect to claims to the assets of Telcel. The notes do not restrict our ability or the ability of our subsidiaries to incur additional indebtedness in the future. As of March 31, 2014, we had, on an unconsolidated basis (parent company only), unsecured and unsubordinated indebtedness of (a) approximately Ps.430.3 billion (U.S.\$32.9 billion) excluding guarantees of our subsidiaries’ indebtedness and (b) approximately Ps.442.5 billion (U.S.\$33.8 billion) including guarantees of our subsidiaries’ indebtedness. As of March 31, 2014, our subsidiaries had indebtedness (excluding guarantees of indebtedness of us and our other subsidiaries) of approximately Ps.50.3 billion (U.S.\$3.8 billion).
Use of Proceeds	We intend to use the net proceeds from the sale of the notes for general corporate purposes, which may include the refinancing of outstanding indebtedness. See “Use of Proceeds” in this prospectus supplement.
Further Issuances	We may, from time to time without the consent of holders of the notes, issue additional notes on the same terms and conditions as the notes (except for issue

	date, issue price and the date from which interest will accrue and, if applicable, the date on which interest will first be paid), which additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the notes.
Payment of Additional Interest	If you are not a resident of Mexico for tax purposes, payments of interest on the notes to you will generally be subject to Mexican withholding tax at a rate of 4.9%. See “Taxation—Mexican Tax Considerations” in the accompanying prospectus. We will pay additional interest in respect of those payments of interest so that the amount you receive after Mexican withholding tax is paid equals the amount that you would have received if no such Mexican withholding tax had been applicable, subject to some exceptions as described under “Description of Notes—Payment of Additional Interest” in this prospectus supplement and “Description of MXN Notes—Payment of Additional Interest” in the accompanying prospectus.
Tax Redemption	If, due to changes in Mexican laws relating to Mexican withholding taxes, we are obligated to pay additional interest on the notes in excess of the additional interest attributable to a Mexican withholding tax rate of 4.9%, we may redeem the outstanding notes, in whole but not in part, at any time, at a price equal to 100% of their principal amount plus accrued interest thereon to the redemption date.
Listings	Application has been made to list the notes on the Mexican Stock Exchange and on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market. However, we will not be required to maintain such listings.
ISIN and Common Code	The ISIN for the notes is XS1075312204. The Common Code for the notes is 107531220.
Form and Denomination	The notes were issued only in registered form without coupons and in minimum denominations of Ps.2, 000,000 and integral multiples of Ps.10,000 in excess thereof. Except in limited circumstances, the notes will be issued in the form of global notes. See “Form of MXN Notes, Clearing and Settlement” in the accompanying prospectus. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be made only through, records maintained by Clearstream and Euroclear.
Trustee, Security Registrar, Paying Agent and Transfer Agent	The Bank of New York Mellon.
London Paying Agent	The Bank of New York Mellon, London Branch.
Luxembourg Paying Agent and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Luxembourg Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law	The indenture, the supplemental indenture relating to the notes and the notes will be governed by the laws of the State of New York.
Risk Factors	Before making an investment decision, prospective purchasers of notes should consider carefully all of the information included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, including, in particular, the information under “Risk Factors” in the accompanying prospectus and under “Item 3—Risk Factors” in the 2013 Form 20-F (as defined herein), incorporated by reference herein.

PRESENTATION OF FINANCIAL INFORMATION

This prospectus supplement incorporates by reference our audited consolidated financial statements as of December 31, 2012 and 2013 and for the years ended December 31, 2011, 2012 and 2013, which are included in the 2013 Form 20-F, and our unaudited interim financial data as of March 31, 2014 and for the three months ended March 31, 2013 and 2014, which are included in our report on Form 6-K filed with the SEC on May 28, 2014. See “Incorporation of Certain Documents by Reference” in this prospectus supplement.

Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as of December 31, 2013. Our audited consolidated financial statements are presented in Mexican pesos. The financial statements of our non-Mexican subsidiaries have been translated to Mexican pesos. Note 2(b) (iii) to our audited consolidated financial statements describes how we translate the financial statements of our non-Mexican subsidiaries.

References herein to “Mexican pesos” or “Ps.” are to the lawful currency of Mexico. References herein to “U.S. dollars” or “U.S. \$” are to the lawful currency of the United States.

This prospectus supplement contains translations of various Mexican peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the Mexican peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from Mexican pesos at the exchange rate of Ps.13.0841 to U.S.\$1.00, which was the rate reported by *Banco de México* for March 31, 2014, as published in the Mexican Official Gazette of the Federation (*Diario Oficial de la Federación*, or the “Official Gazette”). For historical information regarding the U.S. dollar/Mexican peso exchange rate, see “Exchange Rates” in our report on Form 6-K filed with the SEC on May 28, 2014.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus supplement incorporates important information about us that is not included in or delivered with this prospectus supplement. The SEC allows us to “incorporate by reference” the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and certain later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

- our annual report on Form 20-F for the year ended December 31, 2013, filed with the SEC on April 30, 2014 (SEC File No. 001-16269) (the “2013 Form 20-F”);
- our report on Form 6-K, filed with the SEC on May 28, 2014 (SEC File No. 001-16269), containing a discussion of our results of operations for the three months ended March 31, 2013 and 2014 and our financial position as of March 31, 2014;
- any future annual reports on Form 20-F filed with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), after the date of this prospectus supplement and prior to the termination of the offering of the notes; and
- any future reports on Form 6-K that we file with, or furnish to, the SEC after the date of this prospectus supplement and prior to the termination of the offering of the notes offered by this prospectus supplement that are identified in such reports as being incorporated by reference in our Registration Statement on Form F-3 (SEC File No. 333-182394).

Any statement contained in any of the foregoing documents shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

You may request a copy of any and all of the information that has been incorporated by reference in this prospectus supplement and that has not been delivered with this prospectus supplement, at no cost, by writing or telephoning us at Lago Zurich 245, Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, México D.F., México, Attention: Investor Relations, telephone (5255) 2581-4449. Our 2013 Form 20-F and our Form 6-K, filed with the SEC on May 28, 2014 (SEC File No. 001-16269), will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E. Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Internet at the SEC’s web site at www.sec.gov.

RISK FACTORS

You should refer to the risk factors discussed under “Risk Factors” in the accompanying prospectus and “Item 3—Risk Factors” in the 2013 Form 20-F, incorporated by reference in this prospectus supplement.

USE OF PROCEEDS

The net proceeds from the sale of the notes, after payment of underwriting discounts and transaction expenses, are expected to be approximately Ps.9,957 million (or approximately U.S.\$771 million calculated using the exchange rate of Ps.12.9134 to U.S.\$1.00 as of June 2, 2014). We intend to use the net proceeds from the sale of the notes for general corporate purposes, which may include the refinancing of outstanding indebtedness.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of March 31, 2014 and as adjusted to reflect the issuance and sale of the notes, but not the application of the net proceeds of the offering. On June 4, 2014, we issued 1.0% Senior Notes due 2018 in an aggregate principal amount of €600 million. On June 9, 2014, we issued 7.125% Senior Notes due 2024 in an aggregate principal amount of Ps.7.5 billion.

U.S. dollar amounts in the table are presented solely for your convenience using the exchange rate of Ps.13.0837 to U.S.\$1.00, which was the rate reported by *Banco de México* for March 31, 2014, for the settlement of obligations in foreign currencies.

		As of March 31, 2014						
		Actual		As Adjusted				
		(millions of Mexican pesos)	(millions of U.S. dollars)	(millions of Mexican pesos)	(millions of U.S. dollars)			
		(unaudited)						
Debt:								
Denominated in U.S. dollars:								
Export credit agency loans.....	Ps.	4,025	U.S.\$	308	Ps.	4,025	U.S.\$	308
Other bank loans		2,274		174		2,274		174
5.750% Notes due 2015		9,318		712		9,318		712
3.625% Senior Notes due 2015.....		9,813		750		9,813		750
5.500% Senior Notes due 2015.....		7,259		555		7,259		555
2.375% Senior Notes due 2016.....		26,167		2,000		26,167		2,000
Floating Rate Senior Notes due 2016		9,813		750		9,813		750
5.625% Notes due 2017		7,629		583		7,629		583
5.000% Senior Notes due 2019.....		9,813		750		9,813		750
5.500% Senior Notes due 2019.....		4,938		377		4,938		377
5.000% Senior Notes due 2020.....		27,800		2,125		27,800		2,125
8.57% Senior Notes due 2020.....		4,579		350		4,579		350
3.125% Senior Notes due 2022.....		20,934		1,600		20,934		1,600
6.375% Notes due 2035		12,839		981		12,839		981
6.125% Notes due 2037		4,831		369		4,831		369
6.125% Senior Notes due 2040.....		26,167		2,000		26,167		2,000
4.375% Senior Notes due 2042.....		15,046		1,150		15,046		1,150
Total.....		203,245		15,534		203,245		15,534
Denominated in Mexican pesos:								
Bank loans		311		24		311		24
Domestic senior notes (<i>certificados bursátiles</i>).....		37,525		2,868		37,525		2,868
8.75% Senior Notes due 2016.....		4,500		344		4,500		344
9.00% Senior Notes due 2016.....		5,000		382		5,000		382
6.45% Senior Notes due 2022.....		22,500		1,720		22,500		1,720
8.46% Senior Notes due 2036.....		7,872		602		7,872		602
6.00% Senior Notes due 2019 offered hereby		—		—		10,000		764
Total.....	Ps.	77,708	U.S.\$	5,940	Ps.	87,708	U.S.\$	6,704
Denominated in euro:								
3.75% Senior Notes due 2017.....	Ps.	18,015	U.S.\$	1,377	Ps.	18,015	U.S.\$	1,377
4.125% Senior Notes due 2019.....		18,015		1,377		18,015		1,377
3.00% Senior Notes due 2021.....		18,015		1,377		18,015		1,377
4.75% Senior Notes due 2022.....		13,511		1,032		13,511		1,032
3.259% Senior Notes due 2023.....		13,511		1,033		13,511		1,033
Euro NC5 (Euro Series A) Capital Securities								
due 2073		16,213		1,239		16,213		1,239
Euro NC10 (Euro Series B) Capital Securities								
due 2073		9,908		757		9,908		757
Total.....		107,188		8,192		107,188		8,192

	As of March 31, 2014			
	Actual		As Adjusted	
	(millions of Mexican pesos)	(millions of U.S. dollars)	(millions of Mexican pesos)	(millions of U.S. dollars)
	(unaudited)			
Denominated in pounds sterling:				
5.00% Senior Notes due 2026.....	10,900	833	10,900	833
5.75% Senior Notes due 2030.....	14,170	1,083	14,170	1,083
4.948% Senior Notes due 2033.....	6,540	500	6,540	500
4.375% Senior Notes due 2041.....	16,351	1,250	16,351	1,250
GBP NC7 Capital Securities due 2073	11,990	916	11,990	916
Total.....	59,951	4,582	59,951	4,582
Denominated in Swiss francs:				
2.25% Senior Notes due 2015.....	3,402	260	3,402	260
2.00% Senior Notes due 20172.....	3,993	305	3,993	305
1.13% Senior Notes due 2018.....	8,135	622	8,135	622
Total.....	15,530	1,187	15,530	1,187
Denominated in Japanese yen:				
1.23% Senior Notes due 2014.....	875	67	875	67
1.53% Senior Notes due 2016.....	646	49	646	49
2.95% Senior Notes due 2039.....	1,648	126	1,648	126
Total.....	3,169	242	3,169	242
Denominated in Colombian pesos	2,996	229	2,996	229
Denominated in Brazilian reais.....	3,284	251	3,284	251
Denominated in other currencies	7,602	581	7,602	581
Total debt.....	480,673	36,738	490,673	37,502
Less short-term debt and current portion of long-term debt	48,878	3,735	48,878	3,735
Total long-term debt	Ps. 431,795	U.S.\$ 33,003	Ps. 441,795	U.S.\$ 33,764
Equity:				
Capital stock	96,388	7,367	96,388	7,367
Total retained earnings	199,003	15,210	199,003	15,210
Other comprehensive income (loss) items.....	(93,169)	(7,121)	(93,169)	(7,121)
Non-controlling interest.....	8,583	656	8,583	656
Total equity.....	210,805	16,112	210,805	16,112
Total capitalization (total long-term debt plus equity).....	Ps. 642,600	U.S.\$ 49,115	Ps. 652,600	U.S.\$ 49,879

As of March 31, 2014, we had, on an unconsolidated basis (parent company only), unsecured and unsubordinated indebtedness of (a) approximately Ps.430.3 billion (U.S.\$32.9 billion) excluding guarantees of our subsidiaries' indebtedness and (b) approximately Ps.442.5 billion (U.S.\$33.8 billion) including guarantees of our subsidiaries' indebtedness. As of March 31, 2014, our subsidiaries had indebtedness (excluding guarantees of indebtedness of us and our other subsidiaries) of approximately Ps.50.3 billion (U.S.\$3.8 billion).

DESCRIPTION OF NOTES

The following description of the specific terms and conditions of the notes supplements the description of the general terms and conditions set forth under “Description of MXN Notes” in the accompanying prospectus. It is important for you to consider the information contained in the accompanying prospectus and this prospectus supplement before making an investment in the notes. If any specific information regarding the notes in this prospectus supplement is inconsistent with the more general terms and conditions of the notes described in the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

In this section of this prospectus supplement, references to “we,” “us” and “our” are to América Móvil, S.A.B. de C.V. only and do not include our subsidiaries or affiliates. References to “holders” mean those who have notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes issued in book-entry form through Clearstream and Euroclear, or in notes registered in street name. Owners of beneficial interests in the notes should refer to “Form of MXN Notes, Clearing and Settlement” in the accompanying prospectus.

General

Base Indenture and Supplemental Indenture

The notes were issued under a base indenture, dated as of June 28, 2012, and under a supplemental indenture relating to the notes dated as of June 9, 2014. References to the “indenture” are to the base indenture as supplemented by the supplemental indenture. The indenture is an agreement among us, The Bank of New York Mellon, as trustee, security registrar, paying agent and transfer agent, The Bank of New York Mellon, London Branch, as London paying agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent.

Principal and Interest

The aggregate principal amount of the notes will initially be Ps.10,000,000,000. The notes will mature on June 9, 2014. The notes will bear interest at a rate of 6.000% per year from June 9, 2014.

Interest on the notes will be payable on June 9 and December 9 of each year, beginning on December 9, 2014, to the holders in whose names the notes are registered at the close of business on the last day on which Clearstream and Euroclear are open for business immediately preceding the related interest payment date.

We will pay interest on the notes on the interest payment dates stated above and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. Interest on the notes will be computed on the basis of the actual number of days during the relevant interest period and a 360-day year.

Ranking of the Notes

We are a holding company, and our principal assets are shares that we hold in our subsidiaries. The notes will not be secured by any of our assets or properties. As a result, by owning the notes, you will be one of our unsecured creditors. The notes will not be subordinated to any of our other unsecured debt obligations. In the event of a bankruptcy or liquidation proceeding against us, the notes would rank equally in right of payment with all our other unsecured and unsubordinated debt.

The notes will not be guaranteed by any of our subsidiaries. Claims of creditors of our subsidiaries, including trade creditors and bank and other lenders, will have priority over the holders of the notes in claims to assets of our subsidiaries.

All of our outstanding debt securities that were issued in the Mexican and international markets through mid-September 2011 are unconditionally guaranteed by Telcel. Accordingly, the holders of those outstanding debt securities will have priority over the holders of the notes with respect to claims to the assets of Telcel.

Form and Denominations

The notes were issued only in registered form without coupons and in minimum denominations of Ps.2,000,000 and integral multiples of Ps.10,000 in excess thereof.

Except in limited circumstances, the notes will be issued in the form of global notes. See “Form of MXN Notes, Clearing and Settlement” in the accompanying prospectus.

Further Issues

We reserve the right, from time to time without the consent of holders of the notes, to issue additional notes on terms and conditions identical to those of the notes (except for issue date, issue price and the date from which interest will accrue and, if applicable, the date on which interest will first be paid), which additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with the notes.

Payment of Additional Interest

We are required by Mexican law to deduct Mexican withholding taxes from payments of interest to investors who are not residents of Mexico for tax purposes as described under “Taxation—Mexican Tax Considerations” in the accompanying prospectus.

Subject to the limitations and exceptions described in “Description of MXN Notes—Payment of Additional Interest” in the accompanying prospectus, we will pay to holders of the notes all additional interest that may be necessary so that every net payment of interest or principal or premium, if any, to the holder will not be less than the amount provided for in the notes. By net payment, we mean the amount that we or our paying agent will pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a Mexican taxing authority. See “Description of MXN Notes—Payment of Additional Interest” in the accompanying prospectus.

Any references in this prospectus supplement to principal, premium, if any, interest or other amounts payable in respect of the notes by us will be deemed to also refer to any additional interest that may be payable in accordance with the provisions described under “Description of MXN Notes—Payment of Additional Interest” in the accompanying prospectus.

Tax Redemption

We will have the right to redeem the notes upon the occurrence of certain changes in the tax laws of Mexico as a result of which we become obligated to pay additional interest on the notes in respect of withholding taxes at a rate in excess of 4.9%, in which case we may redeem the outstanding notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued interest thereon to the redemption date. See “Description of MXN Notes—Optional Redemption—Redemption for Taxation Reasons” in the accompanying prospectus.

Covenants

Holders of the notes will benefit from certain covenants contained in the indenture and affecting our ability to incur liens to secure debt, enter into sale and leaseback transactions, sell shares of capital stock of Telcel, merge or consolidate with other entities and take other specified actions, as well as requiring us to provide certain reports or information to holders of notes. See “Description of MXN Notes—Covenants” and “Description of MXN Notes—Merger, Consolidation or Sale of Assets” in the accompanying prospectus.

Defaults, Remedies and Waiver of Defaults

Holders of the notes will have special rights if an event of default with respect to the notes occurs and is not cured. See “Description of MXN Notes—Defaults, Remedies and Waiver of Defaults” in the accompanying prospectus.

Notices

So long as the notes are represented by a global security deposited with The Bank of New York Mellon, London Branch, as the common depositary (the “Common Depositary”) for Clearstream and Euroclear, notices to be given to holders will be given to Clearstream and Euroclear in accordance with their applicable policies as in effect from time to time. If we issue notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee’s records, and will be deemed given when mailed.

In addition, so long as the notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and it is required by the rules of such exchange, all notices to holders of notes will be published in English:

- (1) in a leading newspaper having a general circulation in Luxembourg (which currently is expected to be *Luxemburger Wort*);
or
- (2) on the website of the Luxembourg Stock Exchange at <http://www.bourse.lu>.

All notices required by Mexican law or regulation to be given to holders of notes will be given by us in Spanish through the facilities of the Mexican Stock Exchange.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication. If publication as provided above is not practicable, notices will be given in such other manner, and shall be deemed to have been given on such date, as the trustee may approve.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Our Relationship with the Trustee

The Bank of New York Mellon is initially serving as the trustee for the notes. The Bank of New York Mellon, London Branch is serving as London paying agent and the Common Depositary for Clearstream and Euroclear. The Bank of New York Mellon (Luxembourg) S.A. is serving as Luxembourg paying agent and transfer agent and Luxembourg listing agent. The Bank of New York Mellon and its affiliates may have other business relationships with us from time to time.

SUPPLEMENTAL EUROPEAN UNION TAX CONSIDERATIONS

European Union Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”), each member state of the European Union (each a “Member State”) is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-European Union countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-European Union countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

On March 24, 2014, the Council of the European Union adopted a directive amending the Savings Directive which, when implemented, will broaden the scope of the rules described above. The Member States will have until January 1, 2016 to adopt the national legislation necessary to comply with this amending directive. Investors who are in any doubt as to their position should consult their professional advisors.

If a payment under a note were to be made by a person in a Member State or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, the Savings Directive, neither the issuer nor any paying agent nor any other person would be obliged to pay additional amounts under the terms of such note as a result of the imposition of such withholding tax. Holders should consult their tax advisors regarding the implications of the Savings Directive in their particular circumstances.

The Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the notes (including secondary market transactions) in certain circumstances.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate and/ or certain of the FTT participating Member States may decide to withdraw. Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

United Kingdom Provision of Information Requirements

The comments below are of a general nature and are based on our understanding of current law and published practice in the United Kingdom ("UK"), relating to a requirement for certain persons to provide information relating to the notes to HM Revenue & Customs ("HMRC"), the UK tax authorities. Such law may be repealed, revoked or modified (possibly with retrospective effect) and such practice may change, resulting in UK tax consequences different from those discussed below. The comments below deal only with UK rules relating to information that may need to be provided to HMRC in connection with the notes. They do not deal with any other UK tax consequences of acquiring, owning or disposing of the notes. Each prospective investor should seek advice based on its particular circumstances from an independent tax adviser.

HMRC has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the notes (or the persons for whom the notes are held), details of the persons to whom payments derived from the notes are or may be paid and information and documents in connection with transactions relating to the notes. Information may be required to be provided by, amongst others, the holders of the notes, persons by or through whom payments derived from the notes are made or who receive such payments (or who would be entitled to receive such payments if they were made), persons who effect or are a party to transactions relating to the notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be exchanged with tax authorities in other countries.

UNDERWRITING

Subject to the terms and conditions in the underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters have agreed to purchase from us, severally and not jointly, the principal amounts of notes set forth below.

Underwriter		Principal Amount of Notes
Deutsche Bank Securities Inc.	Ps.	1,666,670,000
HSBC Securities (USA) Inc.		1,666,670,000
Morgan Stanley & Co. LLC		1,666,670,000
Banco Bilbao Vizcaya Argentaria, S.A.		1,666,670,000
Citigroup Global Markets Inc.		1,666,670,000
Credit Suisse Securities (USA) LLC		1,666,650,000
Total	Ps.	10,000,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The underwriting agreement provides that the underwriters are obligated to purchase all of the notes, if any are purchased.

The underwriters propose to offer the notes at the price to public set forth on the cover page of this prospectus supplement. The underwriters may also offer the notes to securities dealers at that price less a customary selling concession. After the initial offering of the notes, the underwriters may from time to time vary the offering price and other selling terms. The underwriters may offer and sell the notes through certain of their affiliates.

We estimate that our out-of-pocket expenses for this offering will be approximately U.S.\$350,000.

The notes are a new issue of securities with no established trading market. Application has been made to list the notes on the Mexican Stock Exchange and on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of such Exchange. However, even if admissions to such listings are obtained, we will not be required to maintain such listings.

We have selected the underwriters named above to act as underwriters for this offering and for future offerings of our Mexican peso-denominated notes. We anticipate that each of the underwriters will make a secondary market for these notes and, in connection therewith, will post bid and offer price quotations. If any underwriter does not make a market in these notes to our reasonable satisfaction, we currently do not intend to engage that underwriter for future offerings of our Mexican peso-denominated notes.

Each underwriter will engage in any market-making activities with respect to these Mexican peso-denominated notes independently from us, either as principal for its own account or as agent for the account of its clients. We plan to request reports or information from the underwriters regarding their respective market-making activities with respect to these notes. An underwriter may discontinue market-making activities with respect to these notes at any time. Although we can provide no assurances concerning the actual future trading market, we believe that the market-making activities will contribute to the liquidity of the trading market for these notes.

We have agreed to indemnify the underwriters against liabilities under the U.S. Securities Act of 1933, as amended, or contribute to payments which the underwriters may be required to make in that respect.

Stabilization and Short Positions

In connection with the offering of the notes, the underwriters may, subject to applicable law, engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Selling Restrictions

The notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.

European Economic Area

The underwriters have represented, warranted and agreed that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative or representatives nominated by us for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; “Prospectus Directive” means European Council Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State; and “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented, warranted and agreed that:

- (1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended, the “FIEL”) and each underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust will not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Mexico

The notes are concurrently being offered in Mexico pursuant to a prospectus approved by the CNBV. The notes will be registered with the Mexican National Securities Registry maintained by the CNBV.

Peru

The notes and the information contained in this prospectus supplement have not been and will not be registered with or approved by the Peruvian Capital Markets Superintendency (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange. Accordingly, the notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian securities market law establishes, among others, that any particular offer may qualify as private if it is directed exclusively to institutional investors.

Chile

Neither the issuer nor the notes are registered in the Securities Registry (*Registro de Valores*) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile*) (“SVS”), or subject to the control and supervision of the SVS. The notes may not be offered or sold in Chile, directly or indirectly, by means of a “Public Offer” (as defined under Chilean Securities Law (Law No 18,045 and regulations from the SVS of the Republic of Chile)), and may only be offered and sold to a limited number of purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*). Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the notes.

Other Matters

The underwriters and their respective affiliates have engaged in, and may in the future engage in, investment banking, commercial banking, financial advisory and other transactions and matters in the ordinary course of business with us and our affiliates. They have received customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of our company or our affiliates. If any of the underwriters or their affiliates has a lending relationship with us, certain of those underwriters or their affiliates may routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may, at any time, hold or recommend to clients that they acquire, long or short positions in such securities and instruments.

Each underwriter that is not a broker-dealer registered with the SEC will make any sales of notes in the United States, or to persons in the United States, solely through one or more registered broker-dealers in compliance with the Exchange Act and the rules of the Financial Industry Regulatory Authority ("FINRA"). Banco Bilbao Vizcaya Argentaria, S.A. is not a U.S. registered broker-dealer, and will not effect any offers or sales of any notes in the United States unless it is through one or more U.S. registered broker-dealers as permitted by the regulations of FINRA.

VALIDITY OF NOTES

The validity of the notes offered and sold in this offering will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, our United States counsel, and for the underwriters by Simpson Thacher & Bartlett LLP, United States counsel to the underwriters. Certain matters of Mexican law relating to the notes will be passed upon for us by Bufete Robles Miaja, S.C., our Mexican counsel, and for the underwriters by Raz Guzmán, S.C., Mexican counsel to the underwriters.

EXPERTS

The consolidated financial statements of América Móvil, S.A.B. de C.V. appearing in the 2013 Form 20-F, and the effectiveness of América Móvil, S.A.B. de C.V.'s internal control over financial reporting as of December 31, 2013, have been audited by Mancera, S.C., a member practice of Ernst & Young Global Limited, an independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

LISTING AND GENERAL INFORMATION

1. We have applied to have the notes admitted for listing on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market.
2. The notes have been accepted for clearance and settlement through Euroclear and Clearstream. The ISIN number and the Common Code for the notes is as follows:

	<u>ISIN Number</u>	<u>Common Code</u>
6.000% Senior Notes due 2019	XS1075312204	107531220

3. We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes. Resolutions of our board of directors, dated August 5, 2013 authorized the issuance of the notes.
4. Except as described in this listing prospectus, including the documents incorporated by reference herein, there are no pending actions, suits or proceedings against or affecting us or any of our subsidiaries or any of their properties, which, if determined adversely to us or any such subsidiary, would individually or in the aggregate have an adverse effect on our financial condition and that of our subsidiaries taken as a whole or would adversely affect our ability to perform our obligations under the notes or which are otherwise material in the context of the issue of the notes, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.
5. Except as described in this listing prospectus and in the documents incorporated by reference, since December 31, 2013, there has been no change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition and that of our subsidiaries taken as a whole.
6. For so long as any of the notes are outstanding and admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, copies of the following items in English will be available free of charge from The Bank of New York Mellon (Luxembourg) S.A., our listing agent, at its office at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg:
 - our audited consolidated financial statements as of December 31, 2013 and 2012 and for the years ended December 31, 2013 and 2012;
 - our interim financial data for the three months ended March 2014;
 - any related notes to these items.

For as long as any of the notes are outstanding and admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, copies of our current annual financial statements and unaudited financial information may be obtained from our Luxembourg listing agent at its office listed above. We do not prepare non-consolidated financial statements.

During the same period, the indenture, the supplemental indenture and a copy of our articles of incorporation will be available at the offices of The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A. We will, for so long as any notes are admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, maintain a paying agent in New York as well as in Luxembourg.

Copies of our constitutive documents are available at the office of The Bank of New York Mellon (Luxembourg) S.A., the paying agent in Luxembourg.

The trustee for the notes is The Bank of New York Mellon, having its office at 101 Barclay Street, New York, New York 10286. The terms and conditions of our appointment of The Bank of New York Mellon as trustee, including the terms and conditions under which The Bank of New York Mellon may be replaced as trustee, are contained in the indenture and the supplemental indentures available for inspection at the offices of The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A.

DESCRIPTION OF THE ISSUER

América Móvil, S.A.B. de C.V. is a corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico with its principal executive registered offices at Lago Zurich 245, Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, México D.F., México. We were incorporated on September 29, 2000. Our corporate object, as stated in Article Third of our bylaws, is to carry out any object not prohibited by law. We were registered in the *Registro Público de Comercio* (Public Registry of Commerce) of Mexico City on October 13, 2000 under the number 263770. We are a holding company and our principal assets are shares that we hold in our subsidiaries. The amount of our paid-in, authorized capital stock was Ps.96,392 million as of December 31, 2013. The total issued and outstanding shares as of December 31, 2013 was 70,475 million. Our capital stock is comprised of three classes: Class AA; Class A; and Class L. Each AA Share and A Share entitles the holder thereof to one vote at any meeting of our shareholders. Each L Share entitles the holder thereof to one vote solely on certain limited matters. For further information about our capital structure, including information about the number of shares outstanding in each class, see “Item 7—Major Shareholders and Related Party Transactions—Major Shareholders” in our 2013 Form 20-F



América Móvil, S.A.B. de C.V.

DEBT SECURITIES

DENOMINATED AND PAYABLE IN MEXICAN PESOS

We may from time to time offer debt securities denominated and payable in Mexican pesos (the “MXN notes”) pursuant to this prospectus. This prospectus describes some of the general terms that may apply to the MXN notes and the general manner in which they may be offered. The specific terms of each series of MXN notes will be described in a prospectus supplement to this prospectus.

We may also concurrently offer MXN notes in Mexico pursuant to a prospectus that will be subject to approval by the *Comisión Nacional Bancaria y de Valores* (the Mexican National Banking and Securities Commission, or “CNBV”). The MXN notes will be registered with the *Registro Nacional de Valores* (the “Mexican National Securities Registry”) maintained by the CNBV.

Unless we provide otherwise in the applicable prospectus supplement, the MXN notes will have the following general terms:

- The MXN notes will be our unsecured and unsubordinated obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated debt.
- The MXN notes will bear interest at a fixed or floating rate. If the MXN notes bear interest at a floating rate, the floating interest rate formula will be based on one or more base rates plus or minus a fixed amount or multiplied by a specified percentage.
- We will pay all amounts due on the MXN notes in Mexican pesos.

Investment in the MXN notes involves risks. See “Risk Factors” beginning on page 5 of this prospectus.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

THIS PROSPECTUS IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE TERMS AND CONDITIONS OF ANY OFFER OF MXN NOTES OUTSIDE OF MEXICO WILL BE NOTIFIED TO THE CNBV FOR INFORMATION PURPOSES ONLY AND SUCH NOTICE WILL NOT CONSTITUTE A CERTIFICATION AS TO THE INVESTMENT VALUE OF THE MXN NOTES OR OUR SOLVENCY. THE REGISTRATION OF THE MXN NOTES WITH THE MEXICAN NATIONAL SECURITIES REGISTRY DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT VALUE OF THE MXN NOTES, OUR SOLVENCY OR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN, AND DOES NOT VALIDATE ANY ACT DONE IN VIOLATION OF APPLICABLE LAWS.

November 27, 2012

TABLE OF CONTENTS

	<u>Page</u>
ABOUT THIS PROSPECTUS	1
IMPORTANT CURRENCY INFORMATION.....	2
FORWARD-LOOKING STATEMENTS.....	3
AMERICA MOVIL	4
RISK FACTORS	5
USE OF PROCEEDS	7
DESCRIPTION OF MXN NOTES.....	8
FORM OF MXN NOTES, CLEARING AND SETTLEMENT.....	20
TAXATION	23
PLAN OF DISTRIBUTION	27
EXPERTS	28
VALIDITY OF MXN NOTES	28
ENFORCEABILITY OF CIVIL LIABILITIES.....	28
WHERE YOU CAN FIND MORE INFORMATION	28
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	29

We are responsible for the information contained in this prospectus, any accompanying prospectus supplement and the documents incorporated by reference herein and therein. We have not authorized any person to give you any other information, and we take no responsibility for any other information that others may give you. This document may only be used where it is legal to sell the MXN notes. You should not assume that the information contained in this prospectus, any accompanying prospectus supplement and the documents incorporated by reference is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. We are not making an offer of MXN notes in any jurisdiction where the offer is not permitted.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a “shelf” registration process. Under this shelf process, América Móvil, S.A.B. de C.V. may from time to time offer debt securities.

As used in this prospectus, “América Móvil,” “we,” “our” and “us” refer to América Móvil, S.A.B. de C.V. and its consolidated subsidiaries, unless the context otherwise requires or unless otherwise specified.

This prospectus only provides a general description of the MXN notes. Each time we offer MXN notes, we will prepare a prospectus supplement containing specific information about the particular offering and the specific terms of the MXN notes. If any information in the prospectus supplement, including any changes in the terms of the MXN notes, is inconsistent with this prospectus, you should rely on the information in the prospectus supplement. We may also add, update or change other information contained in this prospectus by means of a prospectus supplement or by incorporating by reference information we file with the SEC. The registration statement that we filed with the SEC includes exhibits that provide more detail on the matters discussed in this prospectus.

Before you invest in the MXN notes, you should read this prospectus, any related prospectus supplement and the related exhibits filed with the SEC, together with the additional information described under the headings “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

IMPORTANT CURRENCY INFORMATION

You are required to pay for the purchase of the MXN notes in Mexican pesos. The agents or the underwriters may, in their discretion and upon your request, arrange for the conversion of your payment in U.S. dollars or another currency into Mexican pesos in order to facilitate the purchase of the MXN notes. All conversions will be made by the agents or the underwriters at the applicable exchange rate quoted by them in their absolute discretion and on the terms that they may from time to time establish in accordance with their regular foreign exchange practice. You will be responsible for paying all commissions and fees for any currency conversion related to the purchase of the MXN notes.

We will make all payments on the MXN notes, including payments of interest and the payment of principal at maturity, in Mexican pesos. Consequently, investors with accounts that cannot accept payments on the MXN notes in Mexican pesos must determine how to convert these payments into U.S. dollars or another currency. Your financial institution may automatically convert payments from Mexican pesos into U.S. dollars or another currency if you do not arrange for account facilities denominated in Mexican pesos. You will be responsible for paying all commissions and fees for any currency conversion related to any payment on the MXN notes.

FORWARD-LOOKING STATEMENTS

Some of the information contained or incorporated by reference in this prospectus may constitute “forward-looking statements” within the meaning of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Although we have based these forward-looking statements on our expectations and projections about future events, it is possible that actual events may differ materially from our expectations. In many cases, we include together with the forward-looking statements themselves a discussion of factors that may cause actual events to differ from our forward-looking statements. Examples of forward-looking statements include the following:

- projections of operating revenues, net income (loss), net income (loss) per share, capital expenditures, indebtedness levels, dividends, capital structure or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to acquisitions, competition, regulation and rates;
- statements about our future economic performance or that of Mexico or other countries in which we operate;
- competitive developments in the telecommunications sector in each of the markets where we operate or into which we may expand;
- other factors and trends affecting the telecommunications industry generally and our financial condition in particular; and
- statements of assumptions underlying the foregoing statements.

We use words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should” and other similar expressions to identify forward-looking statements, but they are not the only way we identify such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under “Risk Factors” in our most recent annual report on 20-F, which is incorporated in this prospectus by reference, any reports on Form 6-K that may be incorporated in this prospectus by reference or a prospectus supplement, include economic and political conditions and government policies in Mexico, Brazil or elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. See “Where You Can Find More Information” for information about how to obtain a copy of these documents. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

You should evaluate any statements made by us in light of these important factors.

AMÉRICA MÓVIL

América Móvil provides telecommunications services in 18 countries. América Móvil is the largest provider of wireless communications services in Latin America, based on the number of subscribers, with the largest market share in Mexico and the third-largest market share in Brazil, in each case based on the number of subscribers. América Móvil also has major fixed-line operations in Mexico, Brazil and 12 other countries. As of September 30, 2012, América Móvil had 255.9 million wireless subscribers and 62.8 million fixed revenue generating units in the Americas.

América Móvil, S.A.B. de C.V. is a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico with its principal executive offices at Lago Zurich 245, Edificio Telcel, Colonia Granada Ampliación, Delegación Miguel Hidalgo, 11529, México D.F., México. Our telephone number at this location is (5255) 2581-4449.

RISK FACTORS

We have set forth risk factors in our most recent annual report on Form 20-F, which is incorporated by reference in this prospectus. We have also set forth below certain additional risk factors that relate specifically to the MXN notes. We may include further risk factors in more recent reports on Form 6-K incorporated in this prospectus by reference, or in a prospectus supplement. You should carefully consider all these risk factors in addition to the other information presented or incorporated by reference in this prospectus.

Risks Relating to the MXN Notes

Creditors of our subsidiaries will have priority over the holders of the MXN notes in claims to assets of our subsidiaries

Our MXN notes will be obligations of América Móvil and not any of our subsidiaries. We conduct substantially all of our business and hold substantially all of our assets through our subsidiaries. Claims of creditors of our subsidiaries, including trade creditors and bank and other lenders, will have priority over the holders of MXN notes in claims to assets of our subsidiaries. Our ability to meet our obligations, including under the MXN notes, will depend, in significant part, on our receipt of cash dividends, advances and other payments from our subsidiaries.

All of our outstanding debt securities that were issued in the Mexican and international markets through mid-September 2011 are unconditionally guaranteed by our subsidiary Radiomóvil Dipsa, S.A. de C.V. (“Telcel”). Accordingly, the holders of those outstanding debt securities will have priority over the holders of the unguaranteed MXN notes offered by this prospectus with respect to claims to the assets of Telcel.

Our obligations under the MXN notes would be converted in the event of bankruptcy

Under Mexico’s *Ley de Concursos Mercantiles* (Law on Mercantile Reorganization), if we were declared bankrupt or in *concurso mercantil* (bankruptcy reorganization), our obligations under the MXN notes:

- would be converted from Mexican pesos into inflation-adjusted units, or *Unidades de Inversión*;
- would be satisfied at the time claims of all our creditors are satisfied;
- would be subject to the outcome of, and priorities recognized in, the relevant proceedings;
- would cease to accrue interest; and
- would not be adjusted to take into account any depreciation of the Mexican peso against the U.S. dollar or other currency occurring after such declaration.

There may not be a liquid trading market

If an active market for our MXN notes does not develop, the price of the MXN notes and the ability of a holder of MXN notes to find a ready buyer will be adversely affected. As a result, we cannot assure you as to the liquidity of any trading market for the MXN notes.

Risks Relating to Mexican Pesos as Currency of Payments

There are risks inherent in investments in securities denominated and payable in Mexican pesos for an investor whose home currency is not Mexican pesos

You should consult your financial, legal and tax advisers as to the specific risks of investing in securities that are denominated and payable in a currency other than the currency of the country in which you are resident or in which you conduct your business. We refer to the currency of your home country as your “home currency.” For U.S. investors, the U.S. dollar would be the home currency. The MXN notes are not appropriate investments for investors who do not understand foreign currency exchange risks.

Any depreciation of the Mexican peso against your home currency will reduce the effective yield on the MXN notes in home currency terms, and the amount payable at maturity may be less than your investment in home country terms, resulting in a loss to you

Exchange rates between the Mexican peso and other currencies vary significantly from period to period. Historical exchange rates are not necessarily indicative of future changes in rates and should not be relied upon as indicative of future trends.

Exchange rates can be volatile and unpredictable. If the Mexican peso depreciates against your home currency, the effective yield on the MXN notes, measured in your home currency, will be less than the interest rate on the MXN notes, and the amount payable on the MXN notes at maturity may be less than your investment in home country terms, resulting in a loss to you. Depreciation of the Mexican peso against your home currency could also adversely affect the market value of the MXN notes.

Mexican governmental policy and other factors could adversely affect the exchange rate between the Mexican peso and your home currency, which could adversely affect your investment in the MXN notes

Mexican governmental policy or action could adversely affect the exchange rate between the Mexican peso and other currencies, which may, in turn, negatively affect the market value of the MXN notes as well as, in home currency terms, the yield on the MXN notes and the amount payable on the MXN notes at maturity. Thus, a special risk in purchasing the MXN notes is that their liquidity, trading value and amount payable could be affected by the actions of sovereign governments that could change or interfere with previously freely determined currency valuations, fluctuations in response to other market forces and the movement of currencies across borders. There will be no offsetting adjustment or change made during the term of the MXN notes in the event that the exchange rate between Mexican pesos and any other currency should become fixed. Nor will there be any offsetting adjustment or change in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting the Mexican peso.

Exchange rate movements are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to the Mexican peso or other currencies. Changes in the exchange rate result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in Mexico and elsewhere, including: (i) existing and expected rates of inflation; (ii) existing and expected interest rate levels; (iii) levels of interest rate and exchange rate volatility, which impact currency bid/offer spreads; (iv) balance of payments; and (v) the extent of governmental surpluses or deficits in Mexico and the United States. All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of Mexico and the United States and other countries important to international trade and finance. Fluctuations in the exchange rates between the Mexican peso and your home currency could affect the value of your interest and principal payments measured in your home currency as well as the value of the MXN notes in the secondary market.

Exchange controls could impair our ability to make payments or negatively affect payments on the MXN notes

The Mexican government currently does not restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into another currency or to transfer other currencies out of Mexico. However, the government could institute restrictive exchange rate policies or regulations which could result in depreciation of the Mexican peso against your home currency, resulting in a reduced yield to holders of the MXN notes, a possible loss on your investment in the MXN notes and a possible decline in the market value of the MXN notes. In addition, any restrictive exchange controls could impair our ability to make payments on the MXN notes in accordance with the terms of the MXN notes.

USE OF PROCEEDS

Unless otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the MXN notes for general corporate purposes.

DESCRIPTION OF MXN NOTES

Unless otherwise specified in the applicable prospectus supplement, the MXN notes will be issued under a base indenture, dated as of June 28, 2012 (the “base indenture”), and supplemental indentures relating to particular series of MXN notes (collectively, the “indenture”). The indenture is an agreement among us, The Bank of New York Mellon, as trustee, and any other applicable party thereto.

The following section summarizes the material terms that are common to all series of MXN notes issued by América Móvil under the indenture, unless otherwise indicated in this section or in the prospectus supplement relating to a particular series of MXN notes. We will describe the particular terms of each series of MXN notes in a prospectus supplement to this prospectus.

Because this section is a summary, it does not describe every aspect of the MXN notes and the indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture, including the definition of various terms used in the indenture. For example, we describe the meanings for only the more important terms that have been given special meanings in the indenture. We also include references in parentheses to some sections of the base indenture.

The indenture and the documents relating to each series of MXN notes will together contain the full legal text of the matters summarized in this section. We have filed a copy of the base indenture with the SEC as an exhibit to the registration statement of which this prospectus forms a part. We will file a copy of the supplemental indentures relating to particular series of MXN notes with the SEC. Upon request, we will provide you with a copy of the indenture. See “Where You Can Find More Information” for information concerning how to obtain a copy.

In this section, references to “we,” “us” and “our” are to América Móvil, S.A.B. de C.V. only and do not include our subsidiaries or affiliates. References to “holders” mean those who have MXN notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in MXN notes issued in book-entry form or in MXN notes registered in street name. Owners of beneficial interests in MXN notes should refer to “Form of MXN Notes, Clearing and Settlement.”

The MXN notes will be issued in one or more series. The following discussion of provisions of the MXN notes, including, among others, the discussion of provisions described under “—Optional Redemption,” “—Defaults, Remedies and Waiver of Defaults,” “—Modification and Waiver” and “—Defeasance,” applies to individual series of MXN notes.

General

Trustee

The trustee has the following two main roles:

- First, the trustee can enforce your rights against us if we default in respect of the MXN notes. There are some limitations on the extent to which the trustee acts on your behalf, which we describe under “—Defaults, Remedies and Waiver of Defaults.”
- Second, the trustee performs administrative duties for us, such as making interest payments and sending notices to holders of MXN notes.

Ranking of the MXN Notes

We are a holding company and our principal assets are shares that we hold in our subsidiaries. Our MXN notes will not be secured by any of our assets or properties. As a result, by owning the MXN notes, you will be one of our unsecured creditors. The MXN notes will not be subordinated to any of our other unsecured debt obligations. In the event of a bankruptcy or liquidation proceeding against us, the MXN notes would rank equally in right of payment with all our other unsecured and unsubordinated debt.

The MXN notes will not be guaranteed by any of our subsidiaries. Claims of creditors of our subsidiaries, including trade creditors and bank and other lenders, will have priority over the holders of the MXN notes in claims to assets of our subsidiaries.

All of our outstanding debt securities that were issued in the Mexican and international markets through mid-September 2011 are unconditionally guaranteed by Telcel. Accordingly, the holders of those outstanding debt securities will have priority over the holders of the MXN notes with respect to claims to the assets of Telcel.

Stated Maturity and Maturity

The day on which the principal amount of the MXN notes is scheduled to become due is called the “stated maturity” of the principal. The principal may become due before the stated maturity by reason of redemption or acceleration after a default. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the “maturity” of the principal.

We also use the terms “stated maturity” and “maturity” to refer to the dates when interest payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the “stated maturity” of that installment. When we refer to the “stated maturity” or the “maturity” of the MXN notes without specifying a particular payment, we mean the stated maturity or maturity, as the case may be, of the principal.

Payments of Interest

The MXN notes will bear interest at a fixed or floating rate. If the MXN notes bear interest at a floating rate, the floating interest rate formula will be based on one or more base rates plus or minus a fixed amount or multiplied by a specified percentage.

Form and Denominations

The MXN notes will be issued only in registered form without coupons and in minimum denominations of Ps.2,000,000 principal amount and integral multiples of Ps.10,000 in excess thereof, unless otherwise specified in the applicable prospectus supplement. (*Section 302*)

Except in limited circumstances, the MXN notes will be issued in the form of global debt securities. See “Form of MXN Notes, Clearing and Settlement.”

Further Issues

Unless otherwise specified in the applicable prospectus supplement, we reserve the right, from time to time without the consent of holders of the MXN notes, to issue additional MXN notes on terms and conditions identical to those of the previously issued MXN notes of a series (except for issue date, issue price and the date from which interest will accrue and, if applicable, first be paid), which additional MXN notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the MXN notes of that series. (*Section 203*)

Payment Provisions

Payment of Purchase Price

You are required to pay for the purchase of MXN notes in Mexican pesos. The agents or the underwriters may, in their discretion and upon your request, arrange for the conversion of a payment in U.S. dollars or another currency into Mexican pesos in order to facilitate the purchase of MXN notes. All conversions will be made by the agents or the underwriters at the applicable exchange rate quoted by them in their absolute discretion and on the terms that they may from time to time establish in accordance with their regular foreign exchange practice. You will be responsible for paying all commissions and fees for any currency conversion related to the purchase of MXN notes.

Currency of Payments

We will pay principal, interest, additional interest and any other amounts due in respect of the MXN notes in Mexican pesos. Investors with accounts that cannot accept payments on the MXN notes in Mexican pesos must determine how to convert these payments into U.S. dollars or another currency. Your financial institution may automatically convert payments from Mexican pesos into U.S. dollars or another currency if you do not arrange for Mexican pesos denominated account facilities. You will be responsible for paying all commissions and fees related to any currency conversion with respect to any payment on the MXN notes.

Payments on MXN Notes

We will pay interest on the MXN notes on the interest payment dates stated in the applicable prospectus supplement and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date.

For interest due on MXN notes on an interest payment date, we will pay the interest to the holder in whose name the MXN notes are registered at the close of business on the regular record date relating to the interest payment date. For interest due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the MXN note. For principal due on MXN notes at maturity, we will pay the amount to the holder of the MXN notes against surrender of the MXN notes at the proper place of payment. (*Section 306*)

Unless otherwise specified in the applicable prospectus supplement, we will compute interest on MXN notes bearing interest at a fixed rate on the basis of the actual number of days during the relevant interest period and a 360-day year.

The regular record dates relating to the interest payment dates for any series of MXN notes will be set forth in the applicable prospectus supplement.

Payments on Global MXN Notes. For MXN notes issued in global form, we will make payments on the MXN notes in accordance with the applicable procedures of the depositary as in effect from time to time. (*Section 1002*) Under those procedures, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in a global MXN note. An indirect holder's right to receive those payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated MXN Notes. For MXN notes issued in certificated form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at the holder's address shown on the trustee's records as of the close of business on the regular record date, and we will make all other payments by check to the paying agent described below, against surrender of the MXN note. All payments by check may be made in next-day funds, that is, funds that become available on the day after the check is cashed. If we issue MXN notes in certificated form, holders of MXN notes in certificated form will be able to receive payments of principal and interest on their MXN notes at the office of our paying agent maintained in New York City. (*Sections 202 and 306*)

Payment When Offices Are Closed

If any payment is due on a MXN note on a day that is not a business day, we will make the payment on the day that is the next business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. Postponement of this kind will not result in a default under the MXN notes or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day.

"Business day" means any day that is (a) not Saturday, Sunday or any other day on which banking institutions in London, New York City or Mexico City generally are authorized or obligated by law, regulation or executive order to close and (b) a day on which banks and financial institutions in Mexico are open for business with the general public. (*Section 101*)

Paying Agents

If we issue MXN notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the MXN notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time; *provided* that if any MXN notes are issued in certificated form, so long as such MXN notes are outstanding, we will maintain a paying agent in New York City. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as a paying agent. We must notify you of changes in the paying agents as described under "—Notices."

Unclaimed Payments

All money paid by us to the trustee or any paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the trustee, any paying agent or anyone else. (*Section 1003*)

Payment of Additional Interest

We are required by Mexican law to deduct Mexican withholding taxes from payments of interest to holders of MXN notes who are not residents of Mexico for tax purposes as described under "Taxation—Mexican Tax Considerations."

We will pay to holders of the MXN notes all additional interest that may be necessary so that every net payment of interest or principal or premium to the holder will not be less than the amount provided for in the MXN notes. By net payment, we mean the

amount that we or our paying agent will pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed or levied with respect to that payment by a Mexican taxing authority.

Our obligation to pay additional interest is, however, subject to several important exceptions. We will not pay additional interest to or on behalf of any holder or beneficial owner, or to the trustee, for or on account of any of the following:

- any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder and Mexico (other than the mere receipt of a payment or the ownership or holding of a MXN note);
- any taxes, duties, assessments or other governmental charges imposed solely because the holder or any other person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Mexico of the holder or any beneficial owner of the MXN note if compliance is required by law, regulation or by an applicable income tax treaty to which Mexico is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the holders at least 30 calendar days' notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that holders will be required to provide such information and identification;
- any taxes, duties, assessments or other governmental charges with respect to a MXN note presented for payment more than 15 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such MXN note would have been entitled to such additional interest on presenting such MXN note for payment on any date during such 15-day period;
- any estate, inheritance, gift or other similar tax, assessment or other governmental charge imposed with respect to the MXN notes;
- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the MXN notes;
- any payment on a MXN note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional interest had the beneficiary, settlor, member or beneficial owner been the holder of such MXN note;
- any taxes, duties, assessments or other governmental charges that are imposed on a payment to an individual and are required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meetings of November 26 and 27, 2000, December 13, 2001, and January 21, 2003, or any law or agreement implementing or complying with, or introduced in order to conform to, such a directive; and
- any combination of the items in the bullet points above. (*Section 1009*)

The limitations on our obligations to pay additional interest described in the second bullet point above will not apply if the provision of information, documentation or other evidence described in the applicable bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a MXN note, taking into account any relevant differences between U.S. and Mexican law, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States/Mexico Income Tax Treaty), regulations (including proposed regulations) and administrative practice. (*Section 1009(a)*)

Applicable Mexican regulations currently allow us to withhold at a reduced rate, provided that we comply with certain information reporting requirements. Accordingly, the limitations on our obligations to pay additional interest described in the second bullet point above also will not apply unless (a) the provision of the information, documentation or other evidence described in the applicable bullet point is expressly required by the applicable Mexican regulations, (b) we cannot obtain the information, documentation or other evidence necessary to comply with the applicable Mexican regulations on our own through reasonable diligence and (c) we otherwise would meet the requirements for application of the applicable Mexican regulations.

In addition, the limitation described in the second bullet point above does not require that any person, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

We will remit the full amount of any Mexican taxes withheld to the applicable Mexican taxing authorities in accordance with applicable law. We will also provide the trustee with documentation satisfactory to the trustee evidencing the payment of Mexican taxes in respect of which we have paid any additional interest. We will provide copies of such documentation to the holders of the MXN notes or the relevant paying agent upon request. (*Section 1009(a)*)

In the event that additional interest actually paid with respect to the MXN notes pursuant to the preceding paragraphs is based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such MXN notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such MXN notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto. (*Section 1009(d)*)

Any reference in this prospectus, the base indenture, any applicable supplemental indenture or the MXN notes to principal, premium, if any, interest or any other amount payable in respect of the MXN notes by us will be deemed also to refer to any additional interest that may be payable with respect to that amount under the obligations referred to in this subsection. (*Section 1009(e)*)

Optional Redemption

We will not be permitted to redeem the MXN notes before their stated maturity, except as set forth below. The MXN notes will not be entitled to the benefit of any sinking fund—meaning that we will not deposit money on a regular basis into any separate account to repay your MXN notes. In addition, you will not be entitled to require us to repurchase your MXN notes from you before the stated maturity. (*Section 1101(a)*)

Optional Redemption

If so indicated in the applicable prospectus supplement, we will be entitled, at our option, to redeem some or all of the outstanding MXN notes of any series from time to time at the redemption price set forth in the applicable prospectus supplement. If the MXN notes of a series are redeemable only on or after a specified date or upon the satisfaction of additional conditions, the prospectus supplement will specify the date or describe the conditions. In each case we will also pay you accrued and unpaid interest, if any, through the redemption date. MXN notes will stop bearing interest on the redemption date, even if you do not collect your money. (*Sections 301, 1101 and 1104*)

Redemption for Taxation Reasons

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the MXN notes of any series are issued, we would be obligated, after taking such measures as we may consider reasonable to avoid this requirement, to pay additional interest in excess of the additional interest attributable to a Mexican withholding tax rate of 4.9% with respect to the MXN notes of that series (see “—Payment of Additional Interest” and “Taxation—Mexican Tax Considerations”), then, at our option, all, but not less than all, of the MXN notes of that series may be redeemed at any time on giving not less than 30 nor more than 60 days’ notice, at a redemption price equal to 100% of the outstanding principal amount of the MXN notes being redeemed, plus accrued and unpaid interest, any premium applicable in the case of a redemption prior to maturity and any additional interest due thereon up to but not including the date of redemption; *provided, however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay such additional interest if a payment on the MXN notes of that series were then due and (2) at the time such notice of redemption is given such obligation to pay such additional interest remains in effect. (*Section 1101(c)*)

Prior to the publication of any notice of redemption for taxation reasons, we will deliver to the trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right of redemption for taxation reasons have occurred; and

- an opinion of Mexican legal counsel (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such additional interest as a result of such change or amendment. (*Section 1101(d)*)

This notice, after it is delivered to the holders, will be irrevocable. (*Section 1102*)

Covenants

The following covenants will apply to us and certain of our subsidiaries for so long as any MXN note remains outstanding. These covenants restrict our ability and the ability of these subsidiaries to enter into certain transactions. However, these covenants do not limit our ability to incur indebtedness or require us to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Limitation on Liens

We may not, and we may not allow any of our restricted subsidiaries to, create, incur, issue or assume any liens on our restricted property to secure debt where the debt secured by such liens, plus the aggregate amount of our attributable debt and that of our restricted subsidiaries in respect of sale and leaseback transactions, would exceed an amount equal to an aggregate of 15% of our Consolidated Net Tangible Assets unless we secure the MXN notes equally with, or prior to, the debt secured by such liens. This restriction will not, however, apply to the following:

- liens on restricted property acquired and existing on the date the property was acquired or arising after such acquisition pursuant to contractual commitments entered into prior to such acquisition;
- liens on any restricted property securing debt incurred or assumed for the purpose of financing its purchase price or the cost of its construction, improvement or repair; *provided* that such lien attaches to the restricted property within 12 months of its acquisition or the completion of its construction, improvement or repair and does not attach to any other restricted property;
- liens existing on any restricted property of any restricted subsidiary prior to the time that the restricted subsidiary became a subsidiary of ours or liens arising after that time under contractual commitments entered into prior to and not in contemplation of that event;
- liens on any restricted property securing debt owed by a subsidiary of ours to us or to another of our subsidiaries; and
- liens arising out of the refinancing, extension, renewal or refunding of any debt described above, provided that the aggregate principal amount of such debt is not increased and such lien does not extend to any additional restricted property. (*Section 1006*)

“Consolidated Net Tangible Assets” means total consolidated assets less (1) all current liabilities, (2) all goodwill, (3) all trade names, trademarks, patents and other intellectual property assets and (4) all licenses, each as set forth on our most recent consolidated balance sheet and computed in accordance with International Financial Reporting Standards (“IFRS”). (*Section 101*)

“Restricted property” means (1) any exchange and transmission equipment, switches, cellular base stations, microcells, local links, repeaters and related facilities, whether owned as of the date of the indenture or acquired after that date, used in connection with the provision of telecommunications services in Mexico, including any land, buildings, structures and other equipment or fixtures that constitute any such facility, owned by us or our restricted subsidiaries and (2) any share of capital stock of any restricted subsidiary. (*Section 101*)

“Restricted subsidiaries” means our subsidiaries that own restricted property. (*Section 101*)

Limitation on Sales and Leasebacks

We may not, and we may not allow any of our restricted subsidiaries to, enter into any sale and leaseback transaction without effectively providing that the MXN notes will be secured equally and ratably with or prior to the sale and leaseback transaction, unless:

- the aggregate principal amount of all debt then outstanding that is secured by any lien on any restricted property that does not ratably secure the MXN notes (excluding any secured indebtedness permitted under “—Limitation on Liens”)

plus the aggregate amount of our attributable debt and the attributable debt of our restricted subsidiaries in respect of sale and leaseback transactions then outstanding (other than any sale and leaseback transaction permitted under the following bullet point) would not exceed an amount equal to 15% of our Consolidated Net Tangible Assets; or

- we or one of our restricted subsidiaries, within 12 months of the sale and leaseback transaction, retire an amount of our secured debt which is not subordinate to the MXN notes in an amount equal to the greater of (1) the net proceeds of the sale or transfer of the property or other assets that are the subject of the sale and leaseback transaction and (2) the fair market value of the restricted property leased. *(Section 1008)*

“Sale and leaseback transaction” means an arrangement between us or one of our restricted subsidiaries and a bank, insurance company or other lender or investor where we or our restricted subsidiary leases a restricted property for an initial term of three years or more that was or will be sold by us or our restricted subsidiary to that lender or investor for a sale price of U.S.\$1 million (or its equivalent in other currencies) or more. *(Section 101)*

“Attributable debt” means, with respect to any sale and leaseback transaction, the lesser of (1) the fair market value of the asset subject to such transaction and (2) the present value, discounted at a rate per annum equal to the discount rate of a capital lease obligation with a like term in accordance with IFRS, of the obligations of the lessee for net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges and contingent rents) during the term of the lease. *(Section 101)*

Limitation on Sale of Capital Stock of Telcel

We may not, and we may not allow any of our subsidiaries to, sell, transfer or otherwise dispose of any shares of capital stock of Telcel if following such sale, transfer or disposition we would own, directly or indirectly, less than (1) 50% of the voting power of all of the shares of capital stock of Telcel and (2) 50% of all of the shares of capital stock of Telcel. *(Section 1007)*

Provision of Information

We will furnish the trustee with copies of our annual report and the information, documents and other reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), including our annual reports on Form 20-F and reports on Form 6-K, within 15 days after we file them with the SEC. In addition, we will make the same information, documents and other reports available, at our expense, to holders who so request in writing. *(Section 1005)*

In the event that, in the future, we are not required to file such information, documents or other reports pursuant to Section 13 or 15(d) of the Exchange Act, we will furnish on a reasonably prompt basis to the trustee and holders who so request in writing, substantially the same financial and other information that we would be required to include and file in an annual report on Form 20-F and reports on Form 6-K. *(Section 1005)*

If we become aware that a default or event of default or an event that with notice or the lapse of time would be an event of default has occurred and is continuing, as the case may be, we will deliver a certificate to the trustee describing the details thereof and the action we are taking or propose to take. *(Section 1004)*

Merger, Consolidation or Sale of Assets

We may not consolidate with or merge into any other person or, directly or indirectly, transfer, convey, sell, lease or otherwise dispose of all or substantially all of our assets and properties and may not permit any person to consolidate with or merge into us, unless all of the following conditions are met:

- if we are not the successor person in the transaction, the successor is organized and validly existing under the laws of Mexico or the United States or any political subdivision thereof and expressly assumes our obligations under the MXN notes or the indenture;
- immediately after the transaction, no default under the MXN notes has occurred and is continuing. For this purpose, “default under the MXN notes” means an event of default or an event that would be an event of default with respect to the MXN notes if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. See “—Defaults, Remedies and Waiver of Defaults”; and

- we have delivered to the trustee an officer's certificate and opinion of counsel, each stating, among other things, that the transaction complies with the indenture. (*Section 801*)

If the conditions described above are satisfied, we will not have to obtain the approval of the holders in order to merge or consolidate or to sell or otherwise dispose of our properties and assets substantially as an entirety. In addition, these conditions will apply only if we wish to merge into or consolidate with another person or sell or otherwise dispose of all or substantially all of our assets and properties. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another person, any transaction that involves a change of control of our company, but in which we do not merge or consolidate, and any transaction in which we sell or otherwise dispose of less than substantially all our assets.

Defaults, Remedies and Waiver of Defaults

You will have special rights if an event of default with respect to the MXN notes you hold occurs and is not cured, as described below.

Events of Default

Each of the following will be an "event of default" with respect to the MXN notes of any series:

- we fail to pay interest on any MXN note of that series within 30 days after its due date;
- we fail to pay the principal or premium, if any, of any MXN note of that series on its due date;
- we remain in breach of any covenant in the indenture for the benefit of holders of the MXN notes of that series for 60 days after we receive a notice of default (sent by the trustee or the holders of not less than 25% in principal amount of the MXN notes of that series) stating that we are in breach;
- we or Telcel experience a default or event of default under any instrument relating to debt having an aggregate principal amount exceeding U.S.\$50 million (or its equivalent in other currencies) that constitutes a failure to pay principal or interest when due or results in the acceleration of the debt prior to its maturity;
- a final judgment is rendered against us or Telcel in an aggregate amount in excess of U.S.\$50 million (or its equivalent in other currencies) that is not discharged or bonded in full within 30 days; or
- we or Telcel file for bankruptcy, or other events of bankruptcy, insolvency or reorganization or similar proceedings occur relating to us or Telcel.

Remedies Upon Event of Default

If an event of default with respect to the MXN notes of any series occurs and is not cured or waived, the trustee, at the written request of holders of not less than 25% in principal amount of the MXN notes of that series, may declare the entire principal amount of all the MXN notes of that series to be due and payable immediately, and upon any such declaration the principal, any accrued interest and any additional interest shall become due and payable. If, however, an event of default occurs because of a bankruptcy, insolvency or reorganization relating to us or Telcel, the entire principal amount of all the MXN notes of that series and any accrued interest and any additional interest will be automatically accelerated, without any action by the trustee or any holder and any principal, interest or additional interest will become immediately due and payable. (*Section 502*)

Each of the situations described in the preceding paragraph is called an acceleration of the maturity of the MXN notes. If the maturity of the MXN notes of any series is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the MXN notes of that series may cancel the acceleration for all the MXN notes of that series, provided that all amounts then due (other than amounts due solely because of such acceleration) have been paid and all other defaults with respect to the MXN notes of that series have been cured or waived. (*Section 502*)

If any event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the indenture, and to use the same degree of care and skill in doing so, that a prudent person would use under the circumstances in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection, known as an indemnity, from expenses and liability. If the trustee receives an indemnity that is reasonably satisfactory to it, the holders of a majority in principal amount of the MXN notes of any series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture with respect to the MXN notes of that series. (*Sections 512 and 603(e)*)

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the MXN notes of any series, the following must occur:

- you must give the trustee written notice that an event of default has occurred and the event of default has not been cured or waived;
- the holders of not less than 25% in principal amount of the MXN notes of that series must make a written request that the trustee take action with respect to the MXN notes of that series because of the default and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;
- the trustee must not have taken action for 60 days after the above steps have been taken; and
- during those 60 days, the holders of a majority in principal amount of the MXN notes of that series must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of the MXN notes of that series. (*Section 507*)

You will be entitled, however, at any time to bring a lawsuit for the payment of money due on your MXN notes on or after its due date. (*Section 508*)

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

Waiver of Default

The holders of not less than a majority in principal amount of the MXN notes of any series may waive a past default for all the MXN notes of that series. If this happens, the default will be treated as if it had been cured. No one can waive a payment default on any MXN note, however, without the approval of the particular holder of that MXN note. (*Section 513*)

Modification and Waiver

There are three types of changes we can make to the indenture and the outstanding MXN notes under the indenture.

Changes Requiring Each Holder's Approval

The following changes cannot be made without the approval of each holder of an outstanding MXN note affected by the change:

- a change in the stated maturity of any principal or interest payment on a MXN note;
- a reduction in the principal amount, the interest rate or the redemption price for a MXN note;
- a change in the obligation to pay additional interest;
- a change in the currency of any payment on a MXN note other than as permitted by the MXN note;
- a change in the place of any payment on a MXN note;
- an impairment of the holder's right to sue for payment of any amount due on its MXN note;

- a reduction in the percentage in principal amount of the MXN notes of any series needed to change the indenture or the outstanding MXN notes of such series under the indenture; and
- a reduction in the percentage in principal amount of the MXN notes of any series needed to waive our compliance with the indenture or to waive defaults. (*Section 902*)
- *Changes Not Requiring Approval*

Some changes will not require the approval of holders of MXN notes. These changes are limited to specific kinds of changes, like the addition of covenants, events of default or security, and other clarifications and changes that would not adversely affect the holders of outstanding MXN notes under the indenture in any material respect. (*Section 901*)

Changes Requiring Majority Approval

Any other change to the indenture or the MXN notes of any series will be required to be approved by the holders of a majority in principal amount of the MXN notes of the series affected by the change or waiver. The required approval must be given by written consent. (*Section 902*)

The same majority approval will be required for us to obtain a waiver of any of our covenants in the indenture. Our covenants include the promises we make about merging and creating liens on our interests, which we describe under “—Merger, Consolidation or Sale of Assets” and “—Covenants.” If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in a particular MXN note or the indenture, as it affects that MXN note, that we cannot change without the approval of the holder of that MXN note as described under in “—Changes Requiring Each Holder’s Approval,” unless that holder approves the waiver. (*Section 1011*)

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the MXN notes or request a waiver.

Defeasance

We may, at our option, elect to terminate (1) all of our obligations with respect to the MXN notes of any series (“legal defeasance”), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the MXN notes, the replacement of mutilated, destroyed, lost or stolen MXN notes and the maintenance of agencies with respect to the MXN notes (*Sections 1201 and 1202*) or (2) our obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default (“covenant defeasance”) in respect of the MXN notes of that series (*Sections 1201 and 1203*). In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee Mexican pesos, government obligations of the Mexican government, Mexican governmental agency or Mexican central bank or any combination thereof, in such amounts as will be sufficient to pay the principal, premium, if any, and interest (including additional interest) in respect of the outstanding MXN notes of the affected series on the maturity date, and comply with certain other conditions, including, without limitation, the delivery of opinions of counsel as to specified tax and other matters. (*Sections 1201, 1204 and 1205*)

If we elect either legal defeasance or covenant defeasance with respect to any MXN note of any series, we must so elect it with respect to all of the MXN notes of that series. (*Section 1201*)

Special Rules for Actions by Holders

When holders take any action under the indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding MXN notes are Eligible for Action by Holders

Only holders of outstanding MXN notes will be eligible to vote or participate in any action by holders. In addition, we will count only outstanding MXN notes in determining whether the various percentage requirements for voting or taking action have been met. For these purposes, a MXN note will not be “outstanding” if it has been surrendered for cancellation or if we have deposited or set aside, in trust for its holder, money for its payment or redemption. (*Section 101*)

Determining Record Dates for Action by Holders

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the indenture. In some limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global MXN note may be set in accordance with procedures established by the depositary from time to time. *(Section 104)*

Transfer Agents

We may appoint one or more transfer agents, at whose designated offices any MXN notes in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity. Initially, we have appointed the trustee, at its corporate trust office in New York City, as transfer agent. We may also choose to act as our own transfer agent. We must notify you of changes in the transfer agent as described under “—Notices.” If we issue MXN notes in certificated form, holders of MXN notes in certificated form will be able to transfer their MXN notes, in whole or in part, by surrendering the MXN notes, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in New York City. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer. *(Sections 304 and 1002)*

Notices

As long as we issue MXN notes in global form, notices to be given to holders will be given to Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”), in accordance with their applicable policies as in effect from time to time. If we issue MXN notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee’s records, and will be deemed given when mailed. *(Section 106)*

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder. *(Section 106)*

Governing Law

The indenture and the MXN notes will be governed by, and construed in accordance with, the laws of the State of New York, United States of America. *(Section 113)*

Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the MXN notes or the indenture (subject to the exceptions described below), we have:

- submitted to the jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, The City of New York, and any appellate court thereof;
- agreed that all claims in respect of such legal action or proceeding may be heard and determined in such U.S. federal or New York state court and waived, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of our place of residence or domicile; and
- appointed CT Corporation System, with an office at 111 Eighth Avenue, New York, New York 10011, United States of America, as process agent.

The process agent will receive, on our behalf, service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York state or U.S. federal court sitting in New York City. Service may be made by mailing or delivering a copy of such process to us at the address specified above for the process agent. *(Section 115)*

A final judgment in any of the above legal actions or proceedings will be conclusive and may be enforced in other jurisdictions, in each case, to the extent permitted under the applicable laws of such jurisdiction.

In addition to the foregoing, the holders may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder to bring any action or proceeding against us or our properties in other courts where jurisdiction is independently established. *(Section 115)*

To the extent that we have or hereafter may acquire or have attributed to us any sovereign or other immunity under any law, we have agreed to waive, to the fullest extent permitted by law, such immunity from jurisdiction or to service of process in respect of any legal suit, action or proceeding arising out of or relating to the indenture or the MXN notes. *(Section 115)*

Currency Indemnity

Our obligations under the MXN notes will be discharged only to the extent that the relevant holder is able to purchase Mexican pesos with any other currency paid to that holder in accordance with any judgment or otherwise. If the holder cannot purchase Mexican pesos in the amount originally to be paid, we have agreed to pay the difference. The holder, however, agrees that, if the amount of Mexican pesos purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us. The holder will not be obligated to make this reimbursement if we are in default of our obligations under the MXN notes. *(Section 1010)*

Our Relationship with the Trustee

The Bank of New York Mellon is initially serving as the trustee for the MXN notes. The Bank of New York Mellon or its affiliates may have other business relationships with us from time to time.

FORM OF MXN NOTES, CLEARING AND SETTLEMENT

Unless otherwise specified in the applicable prospectus supplement, the following information relates to the form, clearing and settlement of the MXN notes.

We will issue the MXN notes as one or more global securities registered in the name of a common depositary for Clearstream and Euroclear. Investors may hold book-entry interests in the global securities through organizations that participate, directly or indirectly, in Clearstream and/or Euroclear. Book-entry interests in the MXN notes and all transfers relating to the MXN notes will be reflected in the book-entry records of Clearstream and Euroclear.

Holders of MXN notes may own beneficial interests in the global security through the facilities of *S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.* (“Indeval”), which is a participant in each of Clearstream and Euroclear. Indeval is a privately owned securities depositary that is authorized and acts as a clearinghouse, depositary and central custodian for securities in Mexico. As such, Indeval provides settlement and transfer services and is the registration agent for Mexican securities transactions, eliminating the need for physical transfer of securities. Holders who own beneficial interests in the MXN notes through Indeval may be required to certify as to their residency in accordance with the procedures of Indeval.

The distribution of the MXN notes will be carried through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the MXN notes will take place through participants in Clearstream and Euroclear and will settle in same-day funds. Owners of book-entry interests in the MXN notes will receive payments relating to their MXN notes in Mexican pesos. Clearstream and Euroclear have established electronic securities and payment transfer, processing, depositary and custodial links among themselves and others, either directly or through custodians and depositaries. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investor’s interest in securities held by them. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We do not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interest in the MXN notes will not be entitled to have the MXN notes registered in their names, will not receive or be entitled to receive physical delivery of the MXN notes in definitive form and will not be considered the owners or holders of the MXN notes under the indenture governing the MXN notes, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a MXN notes must rely on the procedures of the Clearstream and Euroclear and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, in order to exercise any rights of a holder of MXN notes.

This description of the clearing systems reflects our understanding of the rules and procedures of Clearstream and Euroclear as they are currently in effect. These systems could change their rules and procedures at any time. We have obtained the information in this section concerning Clearstream and Euroclear and their book-entry systems and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Clearstream and Euroclear

Clearstream has advised that: it is a duly licensed bank organized as a *société anonyme* incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the supervision of the financial sector (*Commission de surveillance du secteur financier*); it holds securities for its customers and facilitates the clearance and settlement of securities transactions among them, and does so through electronic book-entry transfers between the accounts of its customers, thereby eliminating the need for physical movement of certificates; it provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities; it interfaces with the domestic markets in over 30 countries through established depositary and custodial relationships; its customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other professional financial intermediaries; its U.S. customers are limited to securities brokers and dealers and banks; and indirect access to the Clearstream system is also available to others that clear through Clearstream customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear has advised that: it is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (*Commission Bancaire et Financière*) and the National Bank of Belgium (*Banque Nationale de Belgique*); it holds securities for its participants and facilitates the clearance and settlement of securities transactions among them; it does so through simultaneous electronic book-entry delivery against payments, thereby eliminating the need for physical movement of certificates; it provides other services to its participants, including credit, custody, lending and borrowing of securities and tri-party collateral management; it interfaces with the domestic markets of several countries; its customers include banks, including central banks, securities brokers and dealers, banks, trust companies and clearing corporations and certain other professional financial intermediaries; indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers; and all securities in Euroclear are held on a fungible basis, which means that specific certificates are not matched to specific securities clearance accounts.

Clearance and Settlement Procedures

We understand that investors that will hold their MXN notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to securities in registered form. MXN notes will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to securities in registered form.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the MXN notes through Clearstream and Euroclear on business days. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States or Mexico.

In addition, because of time zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States or Mexico. U.S. and Mexican investors who wish to transfer their interests in the MXN notes, or to make or receive a payment or delivery of the MXN notes on a particular day may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of participants in Clearstream or Euroclear in accordance with the relevant systemic rules and procedures, to the extent received by its depositary. Clearstream or Euroclear, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the MXN notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Same-Day Settlement and Payment

The underwriters will settle the MXN notes in immediately available funds. We will make all payments of principal and interest on the MXN notes in immediately available funds. Secondary market trading between participants in Clearstream and Euroclear will occur in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to securities in immediately available funds. See “—Clearstream and Euroclear.”

Certificated MXN Notes

We will issue MXN notes to you in certificated registered form only if:

- Clearstream or Euroclear is no longer willing or able to discharge its responsibilities properly, and neither the trustee nor we have appointed a qualified successor within 90 days; or
- we, at our option, notify the trustee that we elect to cause the issuance of certificated MXN notes; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the MXN notes.

If any of these three events occurs, the trustee will reissue the MXN notes in fully certificated registered form and will recognize the registered holders of the certificated MXN notes as holders under the indenture.

In the event that we issue certificated securities under the limited circumstances described above, then holders of certificated securities may transfer their MXN notes in whole or in part upon the surrender of the certificate to be transferred, together with a completed and executed assignment form endorsed on the definitive MXN note, at the offices of the transfer agent in New York City. Copies of this assignment form may be obtained at the offices of the transfer agent in New York City. Each time that we transfer or exchange a new MXN note in certificated form for another MXN note in certificated form, and after the transfer agent receives a completed assignment form, we will make available for delivery the new definitive MXN note at the offices of the transfer agent in New York City. Alternatively, at the option of the person requesting the transfer or exchange, we will mail, at that person's risk, the new definitive MXN note to the address of that person that is specified in the assignment form. In addition, if we issue MXN notes in certificated form, then we will make payments of principal of, interest on and any other amounts payable under the MXN notes to holders in whose names the MXN notes in certificated form are registered at the close of business on the record date for these payments. If the MXN notes are issued in certificated form, we will make payments of principal and any redemption payments against the surrender of these certificated MXN notes at the offices of the paying agent in New York City.

Unless and until we issue the MXN notes in fully-certificated, registered form,

- you will not be entitled to receive a certificate representing our interest in the MXN notes;
- all references in this prospectus or any prospectus supplement to actions by holders will refer to actions taken by a depository upon instructions from their direct participants; and
- all references in this prospectus or in any prospectus supplement to payments and notices to holders will refer to payments and notices to the depository as the registered holder of the MXN notes, for distribution to you in accordance with its policies and procedures.

TAXATION

The following summary of certain Mexican federal and U.S. federal income tax considerations contains a description of the principal Mexican federal and U.S. federal income tax consequences of the purchase, ownership and disposition of the MXN notes, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the MXN notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Mexico, or U.S. federal taxes other than income taxes.

This summary is based on the tax laws of Mexico and the United States as in effect on the date of this prospectus (including the tax treaty described below), as well as on rules and regulations of Mexico and regulations, rulings and decisions of the United States available on or before such date and now in effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of MXN notes should consult their own tax advisors as to the Mexican, United States or other tax consequences of the purchase, ownership and disposition of the MXN notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Mexican Tax Considerations

The following is a general summary of the principal consequences under the Mexican *Ley del Impuesto sobre la Renta* (the “Mexican Income Tax Law”) and rules and regulations thereunder, as currently in effect, of the purchase, ownership and disposition of the MXN notes by a holder that is not a resident of Mexico and that will not hold MXN notes or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Mexico (a “foreign holder”).

For purposes of Mexican taxation, tax residency is a highly technical definition that involves the application of a number of factors. Generally, an individual is a resident of Mexico if he or she has established his or her home in Mexico, and a corporation is considered a resident if it has established its principal place of business management or its effective seat of business management in Mexico. However, any determination of residence should take into account the particular situation of each person or legal entity.

U.S./Mexico and Other Tax Treaties

The United States and Mexico have entered into a Convention for the Avoidance of Double Taxation (collectively, with subsequent Protocols thereto, referred to as the “tax treaty”). Provisions of the tax treaty that may affect the taxation of certain United States holders are summarized below. The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters. Mexico has also entered into and is negotiating several other tax treaties that may reduce the amount of Mexican withholding tax to which payments of interest on the MXN notes may be subject. Prospective purchasers of MXN notes should consult their own tax advisors as to the tax consequences, if any, of such treaties.

Payments of Interest, Principal and Premium in Respect of MXN Notes

Under the Mexican Income Tax Law, payments of interest we make in respect of the MXN notes (including payments of principal in excess of the issue price of such MXN notes, which, under Mexican law, are deemed to be interest) to a foreign holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9% if (1) the MXN notes are placed through banks or brokerage houses (*casas de bolsa*) in a country with which Mexico has entered into a tax treaty for the avoidance of double taxation, which is in effect, (2) the CNBV has been notified of the issuance of the MXN notes pursuant to the Mexican Income Tax Law and Article 7 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and its regulations, and (3) the information requirements specified in the general rules of the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público* or the “SHCP”) are satisfied. In case such requirements are not met, the applicable withholding tax rate will be 10%. We believe that because the conditions described in (1) through (3) above will be satisfied, the applicable withholding tax rate will be 4.9%.

A higher income tax withholding rate will be applicable when a party related to us, jointly or individually, directly or indirectly, is the effective beneficiary of more than 5% of the aggregate amount of payments treated as interest on the MXN notes, as set forth in Mexican Income Tax Law.

Payments of interest we make with respect to the MXN notes to a non-Mexican pension or retirement fund will be generally exempt from Mexican withholding taxes, provided that (1) the fund is the effective beneficiary of such interest income, (2) the fund is duly established pursuant to the laws of its country of origin, (3) the relevant interest income is exempt from taxation in such country, and (4) the fund is duly registered with the SHCP.

We have agreed, subject to specified exceptions and limitations, to pay additional interest to the holders of MXN notes in respect of the Mexican withholding taxes mentioned above. If we pay additional interest in respect of such Mexican withholding taxes, any refunds of such additional interest will be for our account. See “Description of MXN Notes—Payment of Additional Interest.”

Holders or beneficial owners of MXN notes may be requested to provide certain information or documentation necessary to enable us to establish the appropriate Mexican withholding tax rate applicable to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided on a timely basis, our obligations to pay additional interest may be limited as set forth under “Description of MXN Notes—Payment of Additional Interest.”

Under the Mexican Income Tax Law, payments of principal we make to a foreign holder of MXN notes will not be subject to any Mexican withholding or similar taxes.

Taxation of Disposition of MXN Notes

The application of Mexican tax law provisions to capital gains realized on the disposition of MXN notes by foreign holders is unclear. We expect that no Mexican tax will be imposed on transfers of MXN notes between foreign holders effected outside of Mexico.

Other Mexican Taxes

A foreign holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings of MXN notes. There are no Mexican stamp, issue registration or similar taxes payable by a foreign holder with respect to MXN notes.

U.S. Federal Income Tax Considerations

The following is a summary of the principal U.S. federal income tax considerations that may be relevant to a beneficial owner of MXN notes that is a citizen or resident of the United States or a domestic corporation or otherwise subject to U.S. federal income tax on a net income basis in respect of the MXN notes (a “U.S. holder”) and certain U.S. federal income tax considerations that may be relevant to a beneficial owner of MXN notes (other than a partnership or other entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder (a “non-U.S. holder”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor’s decision to invest in MXN notes.

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. In addition, except where noted, this summary deals only with investors that are U.S. holders who acquire the MXN notes in the United States as part of the initial offering of the MXN notes of that series, who will own the MXN notes as capital assets, and whose functional currency is the U.S. dollar. It does not address U.S. federal income tax considerations applicable to investors who may be subject to special tax rules, such as banks, financial institutions, partnerships (or entities treated as a partnership for U.S. federal income tax purposes) or partners therein, tax-exempt entities, insurance companies, traders in securities that elect to use the mark-to-market method of accounting for their securities, persons subject to the alternative minimum tax, dealers in securities or currencies, certain short-term holders of MXN notes, or persons that hedge their exposure in the MXN notes or will hold MXN notes as a position in a “straddle” or conversion transaction or as part of a “synthetic security” or other integrated financial transaction. U.S. holders should be aware that the U.S. federal income tax consequences of holding the MXN notes may be materially different for investors described in the prior sentence. This discussion also does not address all of the tax considerations that may be relevant to particular issuances of MXN notes, such as MXN notes offered at a price less or more than their stated principal amount. For information regarding any such special tax considerations relevant to particular issuances, you should read the applicable prospectus supplement.

Payments of Interest and Additional Interest

Payments of the gross amount of interest and additional interest (as defined in “Description of MXN Notes—Payment of Additional Interest”), *i.e.*, including amounts withheld in respect of Mexican withholding taxes, with respect to an MXN note will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. holder’s regular method of tax accounting. Thus, cash method U.S. holders will report interest on the MXN note when it is received or unconditionally made available for receipt, and accrual method U.S. holders will report stated interest as it accrues. The amount of interest income realized by a cash method U.S. holder will be the U.S. dollar value of the Mexican peso payment based on the exchange rate in effect on the date of receipt, regardless of whether the payment in fact is converted into U.S. dollars. A cash

method U.S. holder will not recognize foreign currency gain or loss with respect to the receipt of such payment, but may have foreign currency gain or loss attributable to the actual disposition of the foreign currency so received. An accrual method U.S. holder will accrue interest income on an MXN note in Mexican pesos and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. holder's taxable year), or, at the accrual method U.S. holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A U.S. holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the U.S. Internal Revenue Service (the "IRS"). An accrual method U.S. holder will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to an MXN note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss, and will not be treated as an adjustment to interest income received on an MXN note. Foreign currency gain or loss recognized by a U.S. holder generally will be U.S. source gain or loss.

The Mexican withholding tax that is imposed on interest will be treated as a foreign income tax eligible, subject to generally applicable limitations and conditions under the Code, for credit against a U.S. holder's federal income tax liability or, at the U.S. holder's election, for deduction in computing the holder's taxable income (provided that the U.S. holder elects to deduct, rather than credit, all foreign income taxes paid or accrued for the relevant taxable year). Interest and additional interest paid on the MXN notes generally will constitute foreign source passive category income.

The calculation and availability of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules (including, in the case of foreign tax credits, relating to a minimum holding period) that depend on a U.S. holder's particular circumstances. U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits and the treatment of additional interest.

Sale or Other Taxable Disposition of MXN Notes

A U.S. holder generally will recognize gain or loss on the sale or other taxable disposition of the MXN notes in an amount equal to the difference between (i) the amount realized on such sale or other taxable disposition (other than amounts attributable to accrued but unpaid interest, including any additional interest thereon, which will be taxable as ordinary income to the extent not previously included in income) and (ii) the U.S. holder's adjusted tax basis in the MXN notes. A U.S. holder's adjusted tax basis in an MXN note generally will be the U.S. dollar value of the purchase price for that MXN note on the date of purchase. If a U.S. holder receives Mexican pesos in exchange for MXN notes, the amount realized generally will be the U.S. dollar value of the Mexican pesos received, calculated at the exchange rate in effect on the date the MXN notes are sold or otherwise disposed of. If the MXN notes are traded on an established securities market, however, a cash method U.S. holder (and, if it so elects, an accrual method U.S. holder) will determine its adjusted basis in, or amount realized on, an MXN note by translating the amount paid or received at the spot rate of exchange on the settlement date of the purchase or disposition of the MXN note, respectively. Except as described below with respect to foreign currency gain or loss, gain or loss realized by a U.S. holder on such sale or other taxable disposition generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the MXN notes have been held for more than one year. Certain non-corporate U.S. holders (including individuals) may be eligible for preferential rates of taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

Gain or loss realized by a U.S. holder on the sale or other taxable disposition of an MXN note generally will be treated as foreign currency gain or loss taxable as ordinary income to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such MXN note. For these purposes, the amount of foreign currency gain or loss recognized will be equal to the difference between (i) the U.S. dollar value of the principal amount of the MXN note determined on the date of the sale or other taxable disposition of the note and (ii) the U.S. dollar value of the principal amount of the MXN note determined on the date the U.S. holder purchased the note. In addition, upon the sale or other taxable disposition of an MXN note, an accrual method U.S. holder may realize foreign currency gain or loss attributable to amounts received in respect of accrued and unpaid interest. The amount of foreign currency gain or loss realized with respect to principal and accrued interest will, however, be limited to the amount of overall gain or loss realized on the sale or other taxable disposition of the note.

Gain or loss (including foreign currency gain or loss) recognized by a U.S. holder on the sale or other taxable disposition of the MXN notes generally will be U.S.-source gain or loss. Consequently, if any such gain would be subject to Mexican income tax, a U.S. holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. U.S. holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the MXN notes.

Non-U.S. Holders

A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on interest received on the MXN notes or on gain realized on the sale or other taxable disposition of MXN notes unless in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale or other taxable disposition and certain other conditions are met.

Information Reporting and Backup Withholding

Payments on the MXN notes, and proceeds of the sale or other disposition of the MXN notes, that are paid within the United States or through certain U.S.-related financial intermediaries to a U.S. holder generally are subject to information reporting and backup withholding unless (i) the U.S. holder is a corporation or other exempt recipient and demonstrates this fact when so required or (ii) in the case of backup withholding, the U.S. holder provides an accurate taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Although non-U.S. holders generally are exempt from information reporting and backup withholding, a non-U.S. holder may, in certain circumstances, be required to comply with certification procedures to prove entitlement to this exemption.

PLAN OF DISTRIBUTION

At the time of offering any MXN notes, we will supplement the following summary of the plan of distribution with a description of the offering, including the particular terms and conditions thereof, set forth in a prospectus supplement.

We may sell MXN notes in any of three ways: (1) through underwriters or dealers; (2) directly to one or a limited number of institutional purchasers; or (3) through agents. We may also concurrently offer MXN notes in Mexico through Mexican underwriters, dealers or agents. Each prospectus supplement with respect to a series of MXN notes will set forth the terms of the offering of such MXN notes, including the name or names of any underwriters or agents, the offering price and the net proceeds to us, any underwriting discounts, commissions or other items constituting underwriters' or agents' compensation, any discount or concessions allowed or reallocated or paid to dealers and any securities exchanges on which such MXN notes may be listed.

If underwriters are used in the sale, the MXN notes will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices to be determined at the time of sale. We may offer the MXN notes to the public either through underwriting syndicates of investment banking firms represented by managing underwriters, or directly through one or more such investment banking firms or others, as designated. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters to purchase the MXN notes will be subject to certain conditions precedent and the underwriters will be obligated to purchase all of the MXN notes offered thereby if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

We may sell MXN notes either directly to one or more institutional purchasers, or through agents designated by us from time to time. Any agent involved in the offer or sale of the MXN notes will be named, and any commissions payable by us to such agent will be set forth in the applicable prospectus supplement. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

If indicated in the applicable prospectus supplement, we will authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the MXN notes from us at the public offering price set forth in the prospectus supplement plus accrued interest, if any, pursuant to delayed delivery contracts providing for payment and delivery on one or more specified dates in the future. Institutions with which such contracts may be made include commercial and saving banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all such cases we must approve such institutions. Such contracts will be subject only to those conditions set forth in such prospectus supplement and the prospectus supplement will set forth the commission payable for solicitation of those contracts.

Agents and underwriters may be entitled under agreements entered into with us to indemnification by us against certain civil liabilities, including liabilities under the U.S. Securities Act of 1933, as amended, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof.

Agents and underwriters may engage in transactions with us or perform services for us in the ordinary course of business.

In compliance with guidelines of the Financial Industry Regulatory Authority ("FINRA"), the maximum amount of underwriting compensation, including underwriting commissions or discounts, to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the MXN notes offered pursuant to this prospectus; however, it is anticipated that the maximum underwriting compensation to be received in any particular offering of MXN notes will be significantly less than this amount.

EXPERTS

The consolidated financial statements of América Móvil, S.A.B. de C.V. appearing in its annual report on Form 20-F for the year ended December 31, 2011, and the effectiveness of América Móvil, S.A.B. de C.V.'s internal control over financial reporting as of December 31, 2011, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

VALIDITY OF MXN NOTES

Unless otherwise specified in the applicable prospectus supplement, Cleary Gottlieb Steen & Hamilton LLP will provide an opinion regarding the validity of the MXN notes under New York law, and Bufete Robles Miaja, S.C. will provide an opinion regarding the authorization of the MXN notes under Mexican law.

Mr. Rafael Robles Miaja, our Corporate Pro-Secretary and formerly our Corporate Secretary and member of our Board of Directors, is a partner at the firm Bufete Robles Miaja, S.C.

ENFORCEABILITY OF CIVIL LIABILITIES

América Móvil is a corporation organized under the laws of Mexico, with its principal places of business (*domicilio social*) in Mexico City. In addition, most of our directors, officers and controlling persons, as well as certain experts named in this prospectus, reside outside the United States, and all or a substantial portion of their assets and our assets are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon these persons or to enforce against them, either inside or outside the United States, judgments obtained against these persons in U.S. courts, or to enforce in U.S. courts judgments obtained against these persons in courts in jurisdictions outside the United States, in each case, in any action predicated upon civil liabilities under the U.S. federal securities laws. Based on the opinion of Bufete Robles Miaja, S.C., our Mexican counsel, there is doubt as to the enforceability against these persons in Mexico, whether in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated solely upon the U.S. federal securities laws.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement, including exhibits, which we have filed with the SEC on Form F-3 under the Securities Act of 1933, as amended. This prospectus does not contain all of the information set forth in the registration statement. Statements made in this prospectus as to the contents of any contract, agreement or other document are not necessarily complete. We have filed certain of these documents as exhibits to our registration statement and we refer you to those documents. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Internet at the SEC's web site at www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede earlier information filed with the SEC or included in this prospectus or a prospectus supplement. We incorporate by reference the following documents:

- our annual report on Form 20-F for the year ended December 31, 2011, filed with the SEC on April 30, 2012 (SEC File No. 001-16269);
- our report on Form 6-K, filed with the SEC on November 27, 2012 (SEC File No. 001-16269), containing a discussion of our results of operations for the nine months ended September 30, 2012 and 2011 and of our financial condition as of September 30, 2012;
- our report on Form 6-K, filed with the SEC on November 27, 2012 (SEC File No. 001-16269), containing our unaudited interim condensed consolidated financial statements as of September 30, 2012 and for the three and nine months ended September 30, 2012 and 2011;
- any future annual reports on Form 20-F filed with the SEC under the Exchange Act, after the date of this prospectus and prior to the termination of the offering of the MXN notes; and
- any future reports on Form 6-K that we furnish to the SEC after the date of this prospectus and prior to the termination of the offering of MXN notes offered by this prospectus that are identified in such reports as being incorporated by reference in our Registration Statement on Form F-3.

You may request a copy of any and all of the information that has been incorporated by reference in this prospectus and that has not been delivered with this prospectus, at no cost, by writing or telephoning us at Lago Zurich 245, Edificio Telcel, Colonia Granada Ampliación, Delegación Miguel Hidalgo, 11529, México D.F., México, Attention: Investor Relations, telephone (5255) 2581-4449.



AMÉRICA MÓVIL

We provide telecommunications services in 18 countries. We are the largest provider of wireless communications services in Latin America based on the number of subscribers, with the largest market share in Mexico and the third-largest in Brazil, in each case based on the number of subscribers. We also have major fixed-line operations in Mexico, Brazil, Colombia and 11 other countries. The table below provides a summary of the principal businesses we conduct and the principal brand names we use in each country where we operated as of March 31, 2014.

<u>Country</u>	<u>Principal Brand</u>	<u>Principal Businesses</u>
Mexico	Telcel	Wireless
	Telmex	Fixed line
Argentina	Claro	Wireless, Fixed line
Brazil	Claro	Wireless, Fixed line
	Embratel	Fixed line, Pay TV
	Net	Fixed line, Pay TV
Chile	Claro	Wireless, Fixed line, Pay TV
Colombia	Claro	Wireless, Fixed line, Pay TV
Costa Rica	Claro	Wireless, Pay TV
Dominican Republic	Claro	Wireless, Fixed line, Pay TV
Ecuador	Claro	Wireless, Fixed line, Pay TV
El Salvador	Claro	Wireless, Fixed line, Pay TV
Guatemala	Claro	Wireless, Fixed line, Pay TV
Honduras	Claro	Wireless, Fixed line, Pay TV
Nicaragua	Claro	Wireless, Fixed line, Pay TV
Panama	Claro	Wireless, Pay TV
Paraguay	Claro	Wireless, Pay TV
Peru	Claro	Wireless, Fixed line, Pay TV
Puerto Rico	Claro	Wireless, Fixed line, Pay TV
Uruguay	Claro	Wireless, Fixed line
United States	TracFone	Wireless
	Simple Mobile	Wireless

The following table sets forth, as of March 31, 2013 and 2014, the number of our wireless subscribers and revenue generating units (“RGUs”) in the countries in which we operate. RGUs consist of fixed lines, broadband accesses and cable or direct-to-home Pay TV units. The table includes total subscribers and RGUs of all of our consolidated subsidiaries, without adjustment where our equity interest is less than 100%. The table reflects the geographic segments that we use in our consolidated financial statements, including the following: (a) Southern Cone refers to Argentina, Chile, Paraguay and Uruguay; (b) Andean Region refers to Ecuador and Peru; (c) Central America refers to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama; and (d) Caribbean refers to the Dominican Republic and Puerto Rico.

	<u>As of March 31,</u>	
	<u>2013</u>	<u>2014</u>
	<u>(in thousands)</u>	
Wireless subscribers:		
Mexico	71,220	73,343
Brazil	66,308	68,749
Colombia	27,661	29,210
Southern Cone	27,766	27,806
Andean Region	25,144	24,175
Central America	15,700	17,637
United States	23,230	25,511
Caribbean	5,881	5,773
Total wireless subscribers	<u>262,910</u>	<u>272,204</u>
RGUs:		
Mexico	22,346	22,311
Brazil	29,680	33,597
Colombia	4,333	4,932
Southern Cone	1,572	1,768
Andean Region	1,155	1,414
Central America	4,008	4,366
Caribbean	<u>2,201</u>	<u>2,266</u>
Total RGUs	<u>65,295</u>	<u>70,654</u>

Our principal operations are described below. Unless otherwise indicated, we operate in all of our geographic segments under the Claro brand.

- *Mexico Wireless.* Our subsidiary Radiomóvil Dipsa, S.A. de C.V., which operates under the name Telcel, is the largest provider of wireless telecommunications services in Mexico, based on the number of subscribers.
- *Mexico Fixed Line.* Our subsidiary Teléfonos de México, S.A.B. de C.V., which operates under the name Telmex, is the largest nationwide provider of fixed-line telecommunications services in Mexico, based on the number of subscribers.
- *Brazil.* Our subsidiaries provide wireless telecommunications services under the brand name Claro and together constitute one of the three largest providers of wireless telecommunications services in Brazil, based on the number of subscribers. Two of our subsidiaries, Empresa Brasileira de Telecomunicações, S.A. (“Embratel”) and Net Serviços de Comunicação, S.A. (“Net Serviços”), also operate under their own brands. Embratel, together with its subsidiaries, is one of the leading providers of telecommunications services in Brazil. Net Serviços is the largest cable television operator in Brazil based on the number of subscribers. Together they offer quadruple-play services in Brazil, with a cable television network that passed 19.3 million homes as of March 31, 2014.
- *Colombia.* We provide wireless services in Colombia, where we are the largest wireless service provider, based on the number of subscribers. We also provide fixed-line telecommunications and Pay TV services. As of March 31, 2014, our network passed 6.8 million homes.
- *Southern Cone.* We provide wireless and fixed-line services in Argentina, Paraguay, Uruguay and Chile. In Chile and Paraguay, we offer nationwide Pay TV services.
- *Andean Region.* We provide wireless services in Peru and Ecuador. We also provide fixed-line telecommunications and Pay TV services in Peru, where our network passed 1.1 million homes, and Ecuador where our network passed 0.5 million homes, in each case as of March 31, 2014.
- *Central America.* We provide fixed-line telecommunications, wireless and Pay TV services in Guatemala, El Salvador, Honduras and Nicaragua. We also provide wireless and Pay TV services in Panama and Costa Rica.
- *United States.* Our subsidiary TracFone Wireless Inc. (“TracFone”) is engaged in the sale and distribution of no-contract wireless services and wireless phones throughout the United States, Puerto Rico and the U.S. Virgin Islands. It operates under the TracFone and Simple Mobile brands.
- *Caribbean.* We provide fixed-line telecommunications, wireless and Pay TV services in the Dominican Republic and Puerto Rico, where we are, in each case, the largest telecommunications services provider, based on the number of subscribers.

Other Investments

We have substantial investments in Koninklijke KPN N.V. (“KPN”) and Telekom Austria AG (“Telekom Austria”). KPN is the leading telecommunications and IT services provider in the Netherlands and is listed on the Amsterdam Stock Exchange (Euronext Amsterdam). Telekom Austria is a leading telecommunications provider in Central and Eastern Europe and is listed on the Vienna Stock Exchange (*Wiener Börse AG*). In our audited consolidated financial statements, we account for KPN and Telekom Austria using the equity method. For more information on Telekom Austria, see “Recent Developments.”

**OPERATING AND FINANCIAL REVIEW AS OF MARCH 31, 2014 AND FOR THE
THREE MONTHS ENDED MARCH 31, 2013 AND 2014**

The following is a summary and discussion of our financial position as of March 31, 2014 and our results of operations for the three months ended March 31, 2014. For comparative purposes, the tables include financial information as of and for the three months ended March 31, 2013. The following tables and discussion should be read in conjunction with our audited annual consolidated financial statements as of December 31, 2013 and for the three years then ended, which are included in our 2013 Form 20-F.

In the opinion of our management, the unaudited condensed consolidated financial information discussed below includes all adjustments, consisting only of normal and recurring adjustments, necessary for the fair presentation of this financial information in a manner consistent with the presentation under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board made in our audited annual consolidated financial statements included in our 2013 Form 20-F.

References herein to “U.S.\$” are to U.S. dollars. References herein to “Ps.” are to Mexican pesos. U.S. dollar amounts in the tables are presented solely for convenience, using the exchange rate of Ps.13.0841 to U.S.\$1.00, which was the rate reported by Banco de México at March 31, 2014, as published in the Mexican Official Gazette of the Federation (*Diario Oficial de la Federación*, or the “Official Gazette”). You should not construe these translations or any other currency translations included herein as representations that the Mexican peso amounts actually represent the U.S. dollar or other foreign currency amounts or could be converted into U.S. dollars or such other foreign currency at the rate used or indicated.

Condensed Consolidated Financial Data of América Móvil

	For the three months ended March 31,		
	2013	2014	
	(in thousands of Mexican pesos)		(in millions U.S. dollars)
	(unaudited)	(unaudited)	(unaudited)
Income Statement Data			
Operating revenues:			
Mobile voice services	Ps. 67,112,590	Ps. 63,250,795	U.S.\$ 4,834
Fixed voice services	28,927,460	26,747,886	2,044
Mobile data services	38,311,759	43,296,702	3,309
Fixed data services	21,009,283	21,947,407	1,677
Pay TV	14,975,359	16,145,295	1,234
Other services	22,622,945	24,050,736	1,838
Total operating revenues	192,959,396	195,438,821	14,936
Operating costs and expenses:			
Cost of sales and services	87,744,295	88,532,626	6,767
Commercial, administrative and general expenses	40,528,677	41,014,232	3,135
Other expenses	868,109	1,004,251	77
Depreciation and amortization	25,162,247	26,166,790	2,000
Total operating costs and expenses	154,303,328	156,717,899	11,979
Operating income	38,656,068	38,720,922	2,957
Interest income	1,278,912	2,636,830	202
Interest expense	(6,283,477)	(8,297,983)	(634)
Foreign currency exchange gain, net	17,359,468	90,935	7
Valuation of derivatives, interest cost from labor obligations and other financial items, net	(10,955,900)	(2,774,333)	(212)
Equity interest in net (losses) income of associated companies	(308,355)	(27,941)	(2)
Profit before income tax	39,746,716	30,348,430	2,318
Income tax	12,840,327	16,367,045	1,251
Net profit for the period	26,906,389	13,981,385	1,067
Net profit for the period attributable to:			
Equity holders of the parent	26,870,786	13,886,771	1,060
Non-controlling interests	35,603	94,614	7
	Ps. 26,906,389	Ps. 13,981,385	U.S.\$ 1,067

	As of December 31,		As of March 31, 2014	
	(in thousands of Mexican pesos)		(in millions U.S. dollars)	
	(audited)		(unaudited)	(unaudited)
Balance Sheet Data				
Total current assets	Ps.	236,698,068	Ps. 229,865,299	U.S.\$ 17,569
Total non-current assets		788,894,365	788,357,476	60,255
Total assets		1,025,592,433	1,018,222,775	77,824
Total current liabilities		273,954,953	297,062,508	22,705
Long-term debt		464,478,366	431,795,366	33,003
Deferred taxes		1,628,409	4,849,537	371
Deferred revenues		1,105,294	1,108,778	85
Asset retirement obligation		7,516,460	7,614,200	582
Employee benefits		66,607,874	64,969,092	4,966
Total liabilities		815,291,356	807,399,481	61,712
Equity:				
Capital stock		96,392,339	96,388,650	7,367
Retained earnings:				
Prior periods		122,693,933	185,126,154	14,150
Profit for the period		74,624,979	13,886,771	1,060
Total retained earnings		197,318,912	199,012,925	15,210
Other comprehensive income items		(91,310,640)	(93,166,677)	(7,121)
Equity attributable to equity holders of the parent		202,400,611	202,234,898	15,456
Non-controlling interests		7,900,466	8,588,396	656
Total equity		210,301,077	210,823,294	16,112
Total liabilities and equity	Ps.	1,025,592,433	Ps.1,018,222,775	U.S.\$ 77,824

Consolidated Results of Operations for the Three Months Ended March 31, 2014 and 2013

Our financial statements are presented in Mexican pesos, but our operations outside Mexico account for a significant portion of our revenues. Currency variations between the Mexican peso and the currencies of our non-Mexican subsidiaries, especially the Brazilian real, affect our results of operations as reported in Mexican pesos. In the following discussion regarding our operating revenues and operating costs and expenses, we include a discussion of the change in the different components of our revenues and cost and expenses between periods at constant exchange rates (*i.e.*, using the same exchange rate to translate the local-currency results of our non-Mexican operations for both periods). We believe that this additional information helps investors better understand the performance of our non-Mexican operations and their contribution to our consolidated results.

Operating Revenues

Total operating revenues for the first three months of 2014 increased by 1.3%, or Ps.2.5 billion, over the first three months of 2013. At constant exchange rates, total operating revenues for the first three months of 2014 increased by 6.9% over the first three months of 2013. This increase was principally attributable to increases in revenues from our mobile data, fixed data and Pay TV services, partially offset by a decrease in revenues from our mobile voice and fixed voice services.

Mobile Voice—Mobile voice revenues for the first three months of 2014 decreased by 5.8%, or Ps.3.9 billion, from the first three months of 2013. At constant exchange rates, mobile voice revenues for the first three months of 2014 decreased by 0.8% from the first three months of 2013. This decrease was principally due to reductions in the effective price per minute for calls, as well as reductions in tariffs for certain regulated services such as national roaming and interconnection services.

Fixed Voice—Fixed voice revenues for the first three months of 2014 decreased by 7.5%, or Ps.2.2 billion, from the first three months of 2013. At constant exchange rates, fixed voice revenues for the first three months of 2014 decreased by 3.2% from the first three months of 2013. The decrease was principally due to increased penetration of wireless technology, a decrease in long-distance traffic and lower interconnection rates, principally in Mexico, Brazil and Colombia.

Mobile Data—Mobile data revenues for the first three months of 2014 increased by 13.0%, or Ps.5.0 billion, over the first three months of 2013. At constant exchange rates, mobile data revenues for the first three months of 2014 increased by 17.8% over the first three months of 2013. The increase was principally due to increased use of services such as media downloading, web browsing and machine-to-machine services, as well as content downloading on handsets, tablets and notebooks. Mobile data represented 22.2% of our operating revenues for the first three months of 2014, compared to 19.9% for the first three months of 2013.

Fixed Data—Fixed data revenues for the first three months of 2014 increased by 4.5%, or Ps.0.9 billion, over the first three months of 2013. At constant exchange rates, fixed data revenues for the first three months of 2014 increased by 11.3% over the first three months of 2013. The increase was principally attributable to growth of residential broadband services, as well as growth of corporate data services such as cloud, dedicated lines and leasing.

Pay TV—Pay TV revenues for the first three months of 2014 increased by 7.8%, or Ps.1.1 billion, over the first three months of 2013. At constant exchange rates, Pay TV revenues for the first three months of 2014 increased by 20.8% over the first three months of 2013. The increase primarily reflects the increase in the use of our services as a result of the introduction of new plans and channel packages, particularly in Brazil, Colombia, Peru, the Dominican Republic and Ecuador.

Other Services—Revenues from other services for the first three months of 2014 increased by 6.3%, or Ps.1.4 billion, over the first three months of 2013. At constant exchange rates, revenues from other services for the first three months of 2014 increased by 11.5% over the first three months of 2013. This increase primarily reflects the sale of handsets, accessories and computers.

Operating Costs and Expenses

Cost of sales and services—Cost of sales and services for the first three months of 2014 increased by 0.9%, or Ps.0.8 billion, over the first three months of 2013, representing 45.3% of operating revenues compared to 45.5% of operating revenues for the first three months of 2013. At constant exchange rates, cost of sales and services for the first three months of 2014 increased by 6.1% over the first three months of 2013.

Cost of sales was Ps.29.2 billion for the first three months of 2014 and Ps.27.5 billion for the first three months of 2013. This 6.4% increase primarily reflects the purchase of increasing quantities of smartphones, other handsets, accessories and computers for sale to customers in all countries in which we operate, which increased the subsidies we provide in order to acquire and retain subscribers.

Cost of services was Ps.59.3 billion for the first three months of 2014 and Ps.60.3 billion for the first three months of 2013. This 1.6% decrease was principally due to lower costs of providing interconnection and long-distance services. At constant exchange rates, cost of services for the first three months of 2014 increased by 4.3% over the first three months of 2014.

Commercial, administrative and general expenses—Commercial, administrative and general expenses for the first three months of 2014 increased by 1.2%, or Ps.0.5 billion, over the first three months of 2013. This increase principally reflects higher subscriber acquisition costs in the wireless and Pay TV businesses, including those related to advertising and customer-service costs, such as an expansion of physical customer-service centers, and telemarketing costs. As a percentage of operating revenues, commercial, administrative and general expenses for the first three months of 2013 and 2014 were 21.0%. At constant exchange rates, commercial, administrative and general expenses for the first three months of 2014 increased by 8.1% over the first three months of 2013.

Depreciation and amortization—Depreciation and amortization for the first three months of 2014 increased by 4.0%, or Ps.1.0 billion, over the first three months of 2013 principally as a result of capital expenditures made in recent years. As a percentage of revenues, depreciation and amortization for the first three months of 2014 increased slightly to 13.4% compared to 13.0% for the first three months of 2013.

Operating Income

Operating income for the first three months of 2014 increased by 0.2%, or Ps.64.9 million, from the first three months of 2013. Operating margin (operating income as a percentage of operating revenues) for the first three months of 2014 was 19.8% compared to 20.0% for the first three months of 2013. This slight decrease in our operating margin for the first three months of 2014 was due principally to higher costs for subscriber acquisition, network maintenance and customer service, as well as to the growth of lower margin business such as Pay TV and TracFone.

Non-Operating Items

Net Interest Expense—Net interest expense (interest expense less interest income) for the first three months of 2014 increased by 13.1%, or Ps.0.7 billion, over the first three months of 2013, which was attributable to a higher average level of net debt.

Foreign Currency Exchange Gain, Net—We recorded a net exchange gain of Ps.0.1 billion for the first three months of 2014, compared to a net exchange gain of Ps.17.4 billion for the first three months of 2013. The decrease in net exchange gain for the first three months of 2014 when compared to the first three months of 2013 was primarily attributable to the stability of the Mexican peso against the currencies in which our indebtedness is denominated, particularly the euro and the U.S. dollar, during the first three months of 2014.

Valuation of Derivatives, Interest Cost from Labor Obligations and Other Financial Items, Net—The net change in valuation of derivatives and other financial items represented a loss of Ps.2.8 billion for the first three months of 2014, compared to a loss of Ps.11.0 billion for the first three months of 2013. This item principally reflected changes in the fair value of the derivative instruments we use to hedge against exchange rate risk on our indebtedness.

Income Tax—Our income tax expenses for the first three months of 2014 increased by 27.5% over the first three months of 2013. In Mexico, for tax purposes we recognize a taxable gain attributable to the effects of inflation on our financial liabilities. The increase in income tax expenses for the first three months of 2014 over the first three months of 2013 was principally due to a higher level of taxable inflationary effects. Our effective rate of provisions for corporate income tax as a percentage of profit before income tax was 53.9% for the first three months of 2014, compared to 32.3% for the first three months of 2013. Our effective tax rate differed from the Mexican statutory rate of 30%, principally because of the higher level of taxable inflationary effects.

Net Profit

We recorded net profit of Ps.14.0 billion for the first three months of 2014, a decrease of 48.0%, or Ps.12.9 billion, from net profit of Ps.26.9 billion in the first three months of 2013. This decrease primarily reflected the favorable impact of changes in exchange rates in the first three months of 2013 and a higher tax burden in the first three months of 2014.

Segment Results of Operations for the Three Months Ended March 31, 2013 and 2014

The following table sets forth the exchange rates used to translate the results of our significant non-Mexican operations, as expressed in Mexican pesos per foreign currency unit, and the change from the rate used in the prior period indicated. The U.S. dollar is our functional currency in several countries in addition to the United States, including Ecuador and Puerto Rico.

	Mexican pesos per foreign currency unit (average the period) for the three months ended March 31,		%	Change
	2013	2014		
Brazilian real	6.3431	5.5987		(11.7)
Colombian peso	0.0071	0.0066		(6.6)
Argentine peso	2.5248	1.7424		(31.0)
U.S. dollar	12.6600	13.2359		4.5

The tables below set forth operating revenues and operating income for each of our segments for the periods indicated.

	For the Three Months ended March 31, 2013	
	Operating revenues	Operating income (loss)
	(in millions of Mexican Pe)	(unaudited)
Mexico Wireless	Ps. 43,007	Ps. 19,447
Mexico Fixed	26,267	5,570
Brazil	50,807	3,557
Colombia	18,217	4,900
Southern Cone	15,028	1,599
Andean Region	10,862	3,203
Central America	5,744	(332)
United States	19,170	(628)
Caribbean	6,328	1,177
Eliminations	(2,471)	163

Total	<u>Ps. 192,959</u>	<u>Ps. 38,656</u>
-------	--------------------	-------------------

	For the Three Months end March 31, 2014	
	Operating revenues	Operating income (los)
	(in millions of Mexican Pe (unaudited))	
Mexico Wireless	Ps. 47,939	Ps. 18,941
Mexico Fixed	26,418	5,484
Brazil	48,710	3,450
Colombia	18,356	4,423
Southern Cone	13,389	1,397
Andean Region	11,614	3,131
Central America	6,440	(166)
United States	21,953	1,243
Caribbean	6,434	1,075
Eliminations	(5,814)	(257)
Total	Ps. 195,439	Ps. 38,721

In the following discussion of our segment results of operations, we use certain operating measures that are defined below:

ARPU—Average revenues per user. This measure analyzes revenues from wireless data and voice services. We calculate ARPU for a given period by dividing service revenues for such period on a local-currency basis by the simple average number of wireless subscribers for such period. The result is then presented in Mexican pesos, and comparability from one period to the next is therefore affected by changes in exchange rates. The figure includes both prepaid and postpaid customers.

MOUs—Average minutes of use per user. This measure analyzes usage of wireless services. We calculate MOUs by dividing total wireless traffic in a given period by the simple average number of wireless subscribers for such period.

Churn—This measure analyzes the rate at which customers disconnect from our services (wireless, fixed or Pay TV). We calculate churn rate as the total number of customer disconnections for a period divided by total subscribers at the beginning of such period. For wireless customers, postpaid subscribers are considered disconnected at the expiration of their contracts or earlier if they voluntarily discontinue service or following a specified period of time after they become delinquent, and prepaid customers are considered disconnected following a specified period after they cease using our service, so long as they have not activated a calling card or received traffic.

The following discussion addresses the financial performance of each of our operating segments by comparing results for the first three months of 2014 and 2013. In the period-to-period comparisons for each segment, we include percentage changes in operating revenues, percentage changes in operating income and operating margin (operating income as a percentage of operating revenues). Comparisons in the following discussion are calculated using figures in Mexican pesos. We also include percentage

changes in adjusted segment operating revenues, percentage changes in adjusted segment operating income and adjusted operating margin (adjusted operating income as a percentage of adjusted operating revenues). The adjustments eliminate (a) certain intersegment transactions, (b) for our non-Mexican segments, the effects of exchange rate changes, and (c) for the Mexican Wireless segment only, revenues and costs of group corporate activities and other businesses that are allocated to the Mexico Wireless segment.

Mexico Wireless

Mexico Wireless segment operating revenues for the first three months of 2014 increased by 11.5% over the first three months of 2013. Adjusted segment operating revenues increased by 3.5%. Mobile voice revenues for the first three months of 2014 decreased by 2.1% from the first three months of 2013, principally due to larger discounts and promotions for customers for both prepaid and postpaid plans. Mobile data revenues increased by 13.3% over the first three months of 2013, offsetting the decreases in mobile voice revenues and allowing operating revenues to increase.

MOUs for the first three months of 2014 decreased by 3.6% over the first three months of 2013. ARPU for the first three months of 2014 increased by 0.3% from the first three months of 2013, principally as a result of larger discounts and promotions for our customers, such as prepaid and postpaid airtime plans with bonus minutes. The wireless churn rate for our Mexican Wireless operations for the first three months of 2014 increased to 3.9% from 3.5% for the first three months of 2013.

Mexico Wireless segment operating income for the first three months of 2014 decreased by 2.6% from the first three months of 2013. Adjusted segment operating income decreased by 1.0%. Segment operating margin was 39.5% for the first three months of 2014 and 45.2% for the first three months of 2013. The decrease in segment operating margin for the first three months of 2014 was principally due to higher subscriber acquisition costs, such as higher handset subsidies, and an increase in the costs of mobile data services, advertising and customer services.

Mexico Fixed

Mexico Fixed segment operating revenues for the first three months of 2014 increased by 0.6% over the first three months of 2013. Adjusted segment operating revenues increased by 0.3%. Fixed voice revenues for the first three months of 2014 decreased by 4.3% from the first three months of 2013, principally due to lower interconnection rates, larger discounts and promotions for the first year for our customers, including bonus minutes for the first year for wireless customers. Fixed data revenues increased by 6.7% over the first three months of 2013, partially offsetting the decreases in fixed voice revenues. RGUs for the first three months of 2014 decreased by 0.2% from the first three months of 2013 to 22.3 million.

Mexico Fixed segment operating income for the first three months of 2014 decreased by 1.5% from the first three months of 2013. Adjusted segment operating income decreased by 1.3%. Segment operating margin was 20.8% for the first three months of 2014 and 21.2% for the first three months of 2013. The decrease in segment operating margin for the first three months of 2014 was principally due to expenses related to improvements to infrastructure and higher broadband maintenance and energy costs.

Brazil

Brazil segment operating revenues for the first three months of 2014 decreased by 4.1% from the first three months of 2013. Adjusted segment operating revenues increased by 8.5% due to increases in mobile data and Pay TV revenues. Mobile data revenues for the first three months of 2014 increased by 22.6% and fixed data revenues for the first three months of 2014 increased by 13.8%, in each case compared to the first three months of 2013. The increase in mobile data revenues and fixed data revenues primarily reflects greater use of value-added services, such as SMS messaging and web browsing. Pay TV revenues for the first three months of 2014 increased by 20.9% over the first three months of 2013, as a result of subscriber growth driven by new commercial packages offered by Embratel. Wireless and fixed voice revenues for the first three months of 2014 decreased by 6.9% and 2.0%, respectively.

MOUs for the first three months of 2014 increased by 0.8% over the first three months of 2013. The increase in MOUs for the first three months of 2014 reflects increased traffic, on net and from other providers, in our network, which was partly due to new commercial plans and packages. ARPU for the first three months of 2014 decreased by 12.4% from the first three months of 2013. This decrease reflected a decrease in monthly airtime and interconnection rates that was not offset by increased data usage.

Brazil segment operating income for the first three months of 2014 decreased by 3.0% from the first three months of 2013. Adjusted segment operating income increased by 12.2%. Segment operating margin was 7.1% for the first three months of 2014 and 7.0% for the first three months of 2013. Adjusted segment operating margin was 5.8% for the first three months of 2014 and 5.6% for the first three months of 2013. This decrease in segment operating income was due principally to subscriber acquisition costs, higher costs for customer service, call centers and energy, and advertising, higher rent and marketing costs associated with the integration of our various Brazilian brands.

Colombia

Colombia segment operating revenues for the first three months of 2014 increased by 0.8% over the first three months of 2013. Adjusted segment operating revenues increased by 8.0%. Fixed and mobile data revenues for the first three months of 2014 increased by 14.7% and 3.5%, respectively, over the first three months of 2013, as a result of new promotional packages focused on web browsing and broadband services. Fixed voice revenues increased by 7.0%, while mobile voice revenues decreased by 0.2% for the first three months of 2014, in each case from the first three months of 2013. Pay TV revenues for the first three months of 2014 increased by 10.8% over the first three months of 2013.

MOUs for the first three months of 2014 decreased by 7.5% from the first three months of 2013, principally due to a decrease in traffic, partially resulting from fundamental changes in our commercial conditions, linked to regulatory measures. ARPU for the first three months of 2014 decreased by 5.9% over the first three months of 2013.

Colombia segment operating income for the first three months of 2014 decreased by 9.7% from the first three months of 2013. Adjusted segment operating income decreased by 1.0%. Segment operating margin was 24.1% for the first three months of 2014 and 26.9% for the first three months of 2013. Adjusted segment operating margin was 27.1% for the first three months of 2014 and 29.5% for the first three months of 2013. Segment operating margin in 2014 was affected by higher subscriber acquisition costs, primarily as a result of handset subsidies offered to new customers.

Southern Cone—Argentina, Chile, Paraguay and Uruguay

Southern Cone segment operating revenues for the first three months of 2014 decreased by 10.9% from the first three months of 2013. Adjusted segment operating revenues increased by 15.3%. The decrease in operating revenue was driven primarily by decreases in wireless revenues in Chile as a result of lower interconnection rates that took effect in January, 2014 and aggressive promotional data offers.

MOUs for the first three months of 2014 decreased by 8.4% from the first three months of 2013, primarily due to the phasing out of promotional packages from earlier periods for both prepaid and postpaid services. ARPU for the first three months of 2014 decreased by 21.5% in Argentina, Paraguay and Uruguay and decreased by 2.3% in Chile, in each case compared to 2013. ARPU was negatively affected by lower usage and airtime purchases.

Southern Cone segment operating income for the first three months of 2014 decreased by 12.6% from the first three months of 2013. Adjusted segment operating income increased by 30.0%. Segment operating margin was 10.4% for the first three months of 2014 and 10.6% for the first three months of 2013. Adjusted segment operating margin was 12.9% for the first three months of 2014 and 11.4% for the first three months of 2013. Results of operations in all countries in the segment in 2014 reflected higher costs of supplies, employees, network maintenance, customer service call centers and energy.

Andean Region—Ecuador and Peru

Andean Region segment operating revenues for the first three months of 2014 increased by 6.9% over the first three months of 2013. Adjusted segment operating revenues increased by 7.2%. This increase in operating revenues primarily reflected higher usage of wireless data in both countries.

MOUs for the first three months of 2014 increased by 11.8% from the first three months of 2013, principally reflecting increased usage by prepaid subscribers and higher utilization of minutes in postpaid plans. ARPU for the first three months of 2014 increased by 8.7% in Ecuador and by 12.5% in Peru, in each case compared to 2013.

Andean Region segment operating income for the first three months of 2014 decreased by 2.2% over the first three months of 2013. Adjusted segment operating income decreased by 1.2%. Segment operating margin was 27.0% for the first three months of 2014 and 29.5% for the first three months of 2013. Adjusted segment operating margin was 30.2% for the first three months of 2014 and 32.8% for the first three months of 2013.

Central America—Guatemala, El Salvador, Honduras, Nicaragua, Panama and Costa Rica

Central America segment operating revenues for the first three months of 2014 increased by 12.1% over the first three months of 2013. Adjusted segment operating revenues increased by 7.6%. This increase was driven primarily by increases in wireless data, broadband and Pay TV services, offset by decreases in fixed voice services.

MOUs for the first three months of 2014 decreased by 4.6% over the first three months of 2013. ARPU for the first three months of 2014 increased by 0.3% from the first three months of 2013.

Central America segment operating loss for the first three months of 2014 decreased by 50.0% from the first three months of 2013. Operating margin for the first three months of 2014 was 2.6% compared to 5.8% for the first three months of 2013. Adjusted segment operating margin was 2.4% for the first three months of 2014 and 5.5% for the first three months of 2013. This decrease in adjusted segment operating margin reflected higher network operating and subscriber acquisition costs.

United States

United States segment operating revenues for the first three months of 2014 increased by 14.5% over the first three months of 2013. Adjusted segment operating revenues increased by 9.6%. This increase reflected customer base increases due primarily to the acquisition of Start Wireless Group, Inc. in January 2014 and the success of new and existing plans, including unlimited use plans.

MOUs for the first three months of 2014 increased by 0.4% over the first three months of 2013. ARPU for the first three months of 2014 increased by 8.2% over the first three months of 2013. The increases in MOUs and ARPU were primarily due to our packages, some of which offer usage for a fixed monthly rate.

United States segment operating income for the first three months of 2014 increased to Ps.1.2 billion from an operating loss of Ps.0.6 billion during the first three months of 2013. Segment operating margin was 5.7% for the first three months of 2014 and 3.3% for the first three months of 2013. Adjusted segment operating margin was 12.7% for the first three months of 2014 and 3.9% for the first three months of 2013. The increase in operating income primarily reflected the increase in our operating revenues, as well as important cost reductions for airtime, data and SMS messaging purchases.

Caribbean—Dominican Republic and Puerto Rico

Caribbean segment operating revenues for the first three months of 2014 increased by 1.7% from the first three months of 2013. Adjusted segment operating revenues decreased by 3.4%. This decrease in adjusted segment operating revenues was driven primarily by lower fixed voice revenues, partially offset by increases in mobile data and Pay TV revenues, in each case as a result of more aggressive pricing practices.

MOUs for the first three months of 2014 decreased by 4.5% from the first three months of 2013, primarily due to reduced usage of voice services. On a U.S. dollar basis, ARPU for the first three months of 2014 increased by 2.2% compared to 2013, primarily as a result of declining prices and average voice usage, and a more competitive market for voice services.

Caribbean segment operating income for the first three months of 2014 decreased by 8.7% over the first three months of 2013. Segment operating margin was 16.7% in 2014 and 18.6% for the first three months of 2013. The decreases in segment operating income and operating margin for the first three months of 2014 reflected a lower prices as a result of more aggressive pricing practices.

Liquidity and Capital Resources

As of March 31, 2014, we had net debt (total debt minus cash and cash equivalents) of Ps.440.0 billion, compared to Ps.442.2 billion as of December 31, 2013. As of March 31, 2014, cash and cash equivalents amounted to Ps.40.7 billion, compared to Ps.48.2 billion as of December 31, 2013.

Our total indebtedness as of March 31, 2014 was Ps.480.7 billion, of which Ps.48.9 billion was short-term debt (including the current portion of long-term debt). Without considering the effect of hedging instruments used to manage our interest rate and foreign exchange exposures, approximately Ps.203.2 billion, or 42.3%, of our total indebtedness as of March 31, 2014 was denominated in U.S. dollars. Approximately Ps.28.9 billion, or 6.0%, of our total indebtedness at that date, bore interest at variable rates, while approximately Ps.451.8 billion, or 94.0%, bore interest at fixed rates.

The maturities of our long-term debt as of March 31, 2014 were as follows:

<u>Years</u>	<u>Amount</u> (in millions Mexican peso)
2015	Ps. 5,369
2016	52,985
2017	32,392
2018	12,654
2019	32,769
2020 and thereafter	295,626
Total	Ps. 431,795

We regularly assess our interest rate and foreign exchange exposures, and we often manage those exposures by using derivative financial instruments. As of March 31, 2014, the net fair value of our derivatives and other financial items was a net asset of Ps.2.3 billion.

During the first three months of 2014, we used approximately Ps.19.1 billion to fund capital expenditures, including for new 4G or LTE technology, network deployment and network capacity. We have also continued to repurchase shares of our capital stock under our share repurchase program: during the first three months of 2014, we repurchased approximately 885.4 million Series L shares and 18.0 thousand Series A shares for an aggregate purchase price of Ps.12.3 billion.

RECENT DEVELOPMENTS

The information presented below concerns recent developments since the original filing of our 2013 Form 20-F on April 30, 2014, through the date of this report on Form 6-K.

Telekom Austria

On May 15, 2014, our wholly owned subsidiary, Carso Telecom, B.V., launched a public tender offer for cash for all outstanding ordinary shares of Telekom Austria not held by us, Carso Telecom, B.V., Österreichische Industrieholding AG (“OIAG”), an entity controlled by the Republic of Austria, or Telekom Austria at an offer price of €15 per share. We were required to make the offer by Austrian law, as a result of entering into a shareholders’ agreement with OIAG. The acceptance period during which the shareholders of Telekom Austria can tender their shares began on May 15, 2014 and will expire on July 10, 2014, unless extended. The offer is subject to certain regulatory approvals in Austria and certain merger control authorizations in Austria and in other Central and Eastern European countries in which Telekom Austria operates. The total purchase price for us, if all the shares are tendered, would be approximately €4 billion. For a description of the shareholders’ agreement and other matters related to Telekom Austria, see “Item 3.—Recent Developments—Telekom Austria” in our 2013 Form 20-F.

AT&T

On May 19, 2014, two members of our Board of Directors, Michael J. Viola and Jeffery Scott McElfresh, submitted their resignations. Messrs. Viola and McElfresh had been nominated to our Board of Directors by our shareholder AT&T International, Inc. a subsidiary of AT&T, Inc., and appointed by holders of our shares pursuant to a shareholders’ agreement entered into by several of our major shareholders. In addition, AT&T, Inc. has announced its intention to divest all of its interest in our capital stock to facilitate regulatory approval for its announced acquisition of DIRECTV.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges⁽¹⁾ for the three months ended March 31, 2014 and 2013, in accordance with IFRS.

Three months ended March 31	Three months ended March 31
4.2	6.2

(1) Earnings, for this purpose, consist of profit before income tax, plus interest expense, interest implicit in operating leases and current period amortization of interest capitalized in prior periods, minus equity interest in net income (losses) of affiliates, during the periods.

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

For the years ended December 31, 2011, 2012 and 2013 with
Report of Independent Registered Public Accounting Firm

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

For the years ended December 31, 2011, 2012 and 2013

Contents:

Report of Independent Registered Public Accounting Firm	F-3
Audited Consolidated Financial Statements:	
Consolidated Statements of Financial Position	F-4
Consolidated Statements of Comprehensive Income	F-5
Consolidated Statements of Changes in Equity	F-6
Consolidated Statements of Cash Flows	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
América Móvil, S.A.B. de C.V.

We have audited the accompanying consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2012 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2012 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

As discussed in Note 3, the Company retrospectively adopted International Accounting Standard 19, Employee Benefits (Revised) in 2013, which included the disclosure of the January 1, 2012 consolidated statement of financial position.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), América Móvil, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework) and our report dated April 28, 2014, expressed an unqualified opinion thereon.

Mancera, S.C.
A member practice of
Ernst & Young Global Limited

/s/ Carlos Carrillo Contreras
C.P.C. Carlos Carrillo Contreras

Mexico City, Mexico
April 28, 2014

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(In thousands of Mexican pesos)

		At December 31,		
	At January 1, 2012	2012 Restated (Note 3)	2013	Millions of U.S. dollars 2013
Assets				
Current assets:				
Cash and cash equivalents (Note 4)	Ps. 59,123,996	Ps. 45,487,200	Ps. 48,163,550	US\$ 3,683
Accounts receivable:				
Subscribers, distributors, recoverable taxes and other, net (Note 5)	124,973,353	120,205,954	127,872,657	9,779
Related parties (Note 18)	3,413,899	689,053	1,346,392	103
Derivative financial instruments (Note 11)	9,793,836	2,779,749	10,469,316	801
Inventories, net (Note 6)	34,141,317	28,697,820	36,718,953	2,808
Other assets, net (Note 7)	10,846,749	11,271,463	12,127,200	927
Total current assets	242,293,150	209,131,239	236,698,068	18,101
Non-current assets:				
Property, plant and equipment, net (Note 8)	466,086,773	500,434,272	501,106,951	38,321
Licenses and rights of use, net (Note 9)	38,530,899	44,052,430	37,053,832	2,834
Trademarks, net (Note 9)	3,006,854	1,143,315	1,166,306	89
Goodwill (Note 9)	73,038,433	99,705,859	92,486,284	7,073
Investment in associated companies (Note 10)	54,218,023	73,116,285	88,887,024	6,797
Deferred taxes (Note 20)	47,372,186	44,372,129	50,853,686	3,889
Other assets, net (Note 7)	15,056,421	15,729,154	17,340,282	1,326
Total assets	<u>Ps.939,602,739</u>	<u>Ps.987,684,683</u>	<u>Ps.1,025,592,433</u>	<u>US\$78,430</u>
Liabilities and equity				
Current liabilities:				
Short-term debt and current portion of long-term debt (Note 16a)	Ps. 26,643,315	Ps. 13,621,806	Ps. 25,841,478	US\$ 1,976
Accounts payable (Note 13a)	140,423,417	141,604,957	154,137,312	11,787
Accrued liabilities (Note 13b)	30,769,767	34,005,553	36,958,922	2,826
Taxes payable	28,622,319	24,944,134	22,082,241	1,689
Derivative financial instruments (Note 11)	2,889,281	5,025,047	5,366,323	410
Related parties (Note 18)	2,790,307	2,523,027	2,552,337	195
Deferred revenues (Note 15)	26,248,679	23,956,939	27,016,340	2,066
Total current liabilities	258,387,085	245,681,463	273,954,953	20,949
Long-term debt (Note 16a)	353,975,487	404,048,282	464,478,366	35,520
Deferred taxes (Note 20)	7,310,446	8,389,943	1,628,409	125
Deferred revenues (Note 15)	3,175,796	1,100,195	1,105,294	85
Asset retirement obligation (Note 13c)	6,387,229	7,177,215	7,516,460	575
Employee benefits (Note 12)	73,905,997	66,439,339	66,607,874	5,094
Total liabilities	703,142,040	732,836,437	815,291,356	62,348
Equity (Note 19):				
Capital stock	96,419,636	96,414,841	96,392,339	7,371
Retained earnings:				
Prior years	79,370,886	119,968,225	122,693,933	9,383
Profit for the year	83,045,198	90,988,570	74,624,979	5,707
Total retained earnings	162,416,084	210,956,795	197,318,912	15,090
Other comprehensive income items	(28,866,810)	(61,794,165)	(91,310,640)	(6,983)
Equity attributable to equity holders of the parent	229,968,910	245,577,471	202,400,611	15,478
Non-controlling interests	6,491,789	9,270,775	7,900,466	604
Total equity	236,460,699	254,848,246	210,301,077	16,082
Total liabilities and equity	<u>Ps.939,602,739</u>	<u>Ps.987,684,683</u>	<u>Ps.1,025,592,433</u>	<u>US\$78,430</u>

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

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(In thousands of Mexican pesos, except for earnings per share)

	For the year ended December 31			Millions of U.S. dollars, except for earnings per share 2013
	2011 Restated (Note 3)	2012 Restated (Note 3)	2013	
Operating revenues:				
Mobile voice services	Ps. 281,952,808	Ps. 287,133,858	Ps. 265,039,903	US\$ 20,268
Fixed voice services	139,219,344	123,778,159	111,785,611	8,549
Mobile data voice services	102,190,374	136,394,772	159,589,580	12,204
Fixed data services	72,007,127	83,628,831	85,039,329	6,503
Paid television	16,958,846	56,520,982	60,829,310	4,652
Equipment, accessories, computer sale and other services	77,637,813	87,613,043	103,817,288	7,939
	<u>689,966,312</u>	<u>775,069,645</u>	<u>786,101,021</u>	<u>60,115</u>
Operating costs and expenses:				
Cost of sales and services	289,594,015	341,123,833	358,291,177	27,400
Commercial, administrative and general expenses	145,592,831	165,631,457	167,184,570	12,785
Other expenses	3,176,328	3,579,638	4,832,685	370
Depreciation and amortization (Notes 7, 8 and 9)	93,997,035	103,584,737	101,534,833	7,765
	<u>532,360,209</u>	<u>613,919,665</u>	<u>631,843,265</u>	<u>48,320</u>
Operating income	<u>157,606,103</u>	<u>161,149,980</u>	<u>154,257,756</u>	<u>11,795</u>
Interest income (Note 16b)	6,853,900	5,776,600	6,245,323	478
Interest expense (Note 16c)	(20,791,606)	(24,914,596)	(30,349,694)	(2,321)
Foreign currency exchange (loss) gain, net	(22,394,716)	7,395,154	(19,610,465)	(1,500)
Valuation of derivatives, interest cost from labor obligations and other financial items, net (Note 16d)	4,747,266	(12,535,708)	(5,211,983)	(399)
Equity interest in net income of associated companies (Note 10)	1,923,997	761,361	36,282	3
Profit before income tax	<u>127,944,944</u>	<u>137,632,791</u>	<u>105,367,219</u>	<u>8,056</u>
Income tax (Note 20)	<u>39,745,867</u>	<u>45,983,452</u>	<u>30,392,731</u>	<u>2,322</u>
Net profit for the year	<u>Ps. 88,199,077</u>	<u>Ps. 91,649,339</u>	<u>Ps. 74,974,488</u>	<u>US\$ 5,734</u>
Net profit for the year attributable to:				
Equity holders of the parent	Ps. 83,045,198	Ps. 90,988,570	Ps. 74,624,979	US\$ 5,707
Non-controlling interests	5,153,879	660,769	349,509	27
	<u>Ps. 88,199,077</u>	<u>Ps. 91,649,339</u>	<u>Ps. 74,974,488</u>	<u>5,734</u>
Basic and diluted earnings per share attributable to equity holders of the parent from continuing operations	<u>Ps. 1.06</u>	<u>Ps. 1.19</u>	<u>Ps. 1.02</u>	<u>US\$0.0776</u>
Other comprehensive income items:				
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:				
Effect of translation of foreign entities	Ps. 10,461,607	Ps. (33,421,104)	Ps. (26,888,282)	US\$ (2,056)
Effect of fair value of derivatives, net of deferred taxes	(317,598)	(239,164)	(740,740)	(57)
Items not to be reclassified to profit or loss in subsequent years:				
Remeasurement of defined benefit plan, net of deferred taxes	(16,627,898)	2,439,641	(2,438,039)	(186)
Total other comprehensive income items for the year, net of deferred taxes	<u>(6,483,889)</u>	<u>(31,220,627)</u>	<u>(30,067,061)</u>	<u>(2,299)</u>
Total comprehensive income for the year	<u>Ps. 81,715,188</u>	<u>Ps. 60,428,712</u>	<u>Ps. 44,907,427</u>	<u>US\$ 3,435</u>
Comprehensive income for the year attributable to:				
Equity holders of the parent	Ps. 77,446,363	Ps. 60,212,233	Ps. 45,108,504	US\$ 3,450
Non-controlling interests	4,268,825	216,479	(201,077)	(15)
	<u>Ps. 81,715,188</u>	<u>Ps. 60,428,712</u>	<u>Ps. 44,907,427</u>	<u>US\$ 3,435</u>

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

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2011, 2012 and 2013

(In thousands of Mexican pesos)

	Capital stock	Legal reserve	Retained earnings	Effect of derivative financial instruments acquired for hedging purposes	Remeasurement of defined benefit plan	Effect of translation	Total equity attributable to equity holders of the parent
Balance at December 31, 2010, as previously reported	Ps.96,433,461	Ps.358,440	Ps.195,774,252	Ps. 34,165	Ps. —	Ps. 15,051,665	Ps.307,651,374
Adoption of IAS 19(R) (Note 3)			(1,828,066)		(38,622,370)	268,565	(40,181,831)
Balance at December 31, 2010 (Restated)	96,433,461	358,440	193,946,186	34,165	(38,622,370)	15,320,230	267,470,830
Net profit for the year			83,045,198				83,045,198
Effect of fair value of derivatives, net of deferred taxes				(276,748)			(276,748)
Remeasurement of defined benefit plan, net of deferred taxes					(15,681,072)		(15,681,072)
Effect of translation of foreign entities						10,358,985	10,358,985
Comprehensive income for the year			83,045,198	(276,748)	(15,681,072)	10,358,985	77,446,363
Dividends declared			(13,987,602)				(13,987,602)
Repurchase of shares	(13,825)		(52,437,966)				(52,451,791)
Acquisition of non-controlling interests through public offer to purchases			(47,693,452)				(47,693,452)
Other acquisitions of non-controlling interests			(814,720)				(814,720)
Balance at December 31, 2011	96,419,636	358,440	162,057,644	(242,583)	(54,303,442)	25,679,215	229,968,908
Net profit for the year			90,988,570				90,988,570
Remeasurement of defined benefit plan, net of deferred taxes					2,377,006		2,377,006
Effect of fair value of derivatives, net of deferred taxes				(253,428)			(253,428)
Effect of translation of foreign entities						(32,899,915)	(32,899,915)
Comprehensive income for the year			90,988,570	(253,428)	2,377,006	(32,899,915)	60,212,223
Dividends			(15,216,636)				(15,216,636)
Repurchase of shares	(4,795)		(18,326,979)				(18,331,774)
Effect of business combinations of NET			(155,158)				(155,158)
Other acquisitions of non-controlling interests			(8,749,086)		(2,151,018)		(10,900,104)
Balance at December 31, 2012	96,414,841	358,440	210,598,355	(496,011)	(54,077,454)	(7,220,700)	245,577,479
Net profit for the year			74,624,979				74,624,979
Remeasurement of defined benefit plan, net of deferred taxes					(2,289,811)		(2,289,811)
Effect of fair value of derivatives, net of deferred taxes				(741,321)			(741,321)
Effect of translation of foreign entities						(26,485,343)	(26,485,343)
Comprehensive income for the year			74,624,979	(741,321)	(2,289,811)	(26,485,343)	45,108,504
Dividends declared			(15,872,527)				(15,872,527)
Repurchase of shares	(22,502)		(70,923,493)				(70,945,995)
Other acquisitions of non-controlling interests			(1,466,842)				(1,466,842)
Balance at December 31, 2013	Ps.96,392,339	Ps.358,440	Ps.196,960,472	Ps.(1,237,332)	Ps.(56,367,265)	Ps.(33,706,043)	Ps.202,400,611

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

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands of Mexican pesos)

	For the year ended December 31			
	2011 Restated (Note 3)	2012 Restated (Note 3)	2013	Millions of U.S. dollars 2013
Operating activities				
Profit before income tax	Ps. 127,944,944	Ps. 137,632,791	Ps. 105,367,219	US\$ 8,056
Items not requiring the use of cash:				
Depreciation (Note 8)	82,642,200	92,268,275	94,893,801	7,257
Amortization of intangible assets (Note 7 and 9)	11,354,835	11,316,462	6,641,032	508
Equity interest in net income of associated companies (Note 10)	(1,923,997)	(761,361)	(36,282)	(3)
Loss on sale of property, plant and equipment	32,463	112,445	546,939	42
Net period cost of labor obligations (Note 12)	6,611,558	10,141,672	7,292,839	557
Foreign currency exchange (gain) loss, net	30,971,438	(18,908,099)	10,120,083	774
Interest income (Note 16b)	(6,853,900)	(5,776,600)	(6,245,323)	(478)
Interest expense (Note 16c)	20,791,606	24,914,596	30,349,694	2,321
Employee profit sharing	4,043,350	4,377,755	4,648,304	355
(Gain) loss in valuation of derivative financial instruments, capitalized interest expense and other, net	(14,745,549)	2,988,396	(8,027,124)	(614)
Working capital changes:				
Accounts receivable from subscribers, distributors and other	(6,705,574)	8,624,782	(12,386,088)	(947)
Prepaid expenses	(1,307,557)	(379,179)	(1,596,241)	(122)
Related parties	(530,500)	45,575	(628,029)	(48)
Inventories	(6,721,377)	4,104,304	(9,564,979)	(731)
Other assets	(3,064,825)	(3,096,301)	(3,081,649)	(236)
Employee benefits	(12,769,401)	(10,649,297)	(13,524,328)	(1,034)
Accounts payable and accrued liabilities	20,976,860	(2,764,066)	37,754,976	2,890
Employee profit sharing paid	(3,346,952)	(3,354,552)	(4,013,320)	(307)
Financial instruments and other	6,130,808	(924,497)	(1,194,640)	(91)
Deferred revenues	994,315	1,809,425	2,541,976	194
Interest received	2,272,270	2,229,170	2,944,399	225
Income taxes paid	(63,556,256)	(47,347,341)	(55,013,967)	(4,207)
Net cash flows provided by operating activities	193,240,759	206,604,355	187,789,292	14,361
Investing activities				
Purchase of property, plant and equipment (Note 8)	(120,193,188)	(121,955,947)	(118,416,286)	(9,056)
Acquisition of licenses and right of use (Note 9)	(993,692)	(7,830,248)	(3,334,464)	(255)
Dividends received from associates (Note 9)	—	571,187	212,394	16
Proceeds from sale of plant, property and equipment	38,312	58,006	44,045	3
Cash acquired in business combination of NET (Note 10)	—	5,378,807	—	—
Acquisition of business, net of cash acquired (Note 10)	(995,621)	(2,289,018)	(1,730,588)	(132)
Partial sale of shares of associated company (Note 10)	—	—	4,299,360	329
Investments in associate companies (Note 10)	(1,275,438)	(71,560,918)	(15,366,062)	(1,175)
Net cash flows used in investing activities	(123,419,627)	(197,628,131)	(134,291,601)	(10,270)
Financing activities				
Loans obtained	87,230,827	140,094,584	126,301,382	9,659
Repayment of loans	(41,222,218)	(97,354,311)	(60,710,863)	(4,643)
Interest paid	(18,067,293)	(21,329,791)	(22,654,119)	(1,732)
Repurchase of shares	(53,726,784)	(17,836,724)	(70,745,785)	(5,410)
Dividends paid	(17,042,980)	(15,384,647)	(15,722,576)	(1,202)
Derivative financial instruments	3,158,678	5,003,187	(546,770)	(42)
Acquisition of non-controlling interests	(67,464,370)	(11,052,674)	(2,567,609)	(196)
Net cash flows used in financing activities	(107,134,140)	(17,860,376)	(46,646,340)	(3,566)
Net increase (decrease) in cash and cash equivalents	(37,313,008)	(8,884,152)	6,851,351	525
Adjustment to cash flows due to exchange rate fluctuations	498,539	(4,752,644)	(4,175,001)	(320)
Cash and cash equivalents at beginning of the year	95,938,465	59,123,996	45,487,200	3,478
Cash and cash equivalents at end of the year	Ps. 59,123,996	Ps. 45,487,200	Ps. 48,163,550	US\$ 3,683
Non-cash transactions related to:				
Acquisitions of property, plant and equipment in accounts payable at end of year	Ps. 36,319,549	Ps. 30,461,133	Ps. 15,146,947	US\$ 1,161

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

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31,

2012 and 2013

(In thousands of Mexican pesos [Ps.] and thousands of
U.S. dollars [US\$], unless otherwise indicated)

1. Description of the Business and Relevant Events

I. Corporate Information

América Móvil, S.A.B. de C.V. and subsidiaries (hereinafter, the “Company or “América Móvil” or “AMX”) was incorporated under laws of Mexico on September 25, 2000. The Company provides telecommunications services in 18 countries throughout the United States, Latin America and the Caribbean. These telecommunications services include mobile and fixed voice services, mobile and fixed data services, internet access and paid TV, as well as other related services.

- The voice services provided by the Company, both mobile and fixed, mainly include the following: airtime, local, domestic and international long-distance services, and network interconnection services.
- The data services provided by the Company include the following: value added, corporate networks, data and Internet services.
- Paid TV represents basic services, as well as pay per view and additional programming and advertising services.
- Related services mainly include equipment and computer sales, and revenues from advertising in telephone directories, publishing and call center services.

In order to provide these services, América Móvil has licenses, permits and concessions (collectively referred to herein as “licenses”) to build, install, operate and exploit public and/or private telecommunications networks and provide miscellaneous telecommunications services (mostly mobile and fixed telephony services), as well as to operate frequency bands in the radio-electric spectrum to be able to provide fixed wireless telephony and to operate frequency bands in the radio-electric spectrum for point-to-point and point-to-multipoint microwave links. The Company holds licenses in the 18 countries where it has a presence, and such licenses have different dates of expiration through 2046.

Certain licenses require the payment to the respective governments of a share in sales determined as a percentage of revenues from services under concession. The percentage is set as either a fixed rate or in some cases based on certain size of the infrastructure in operation.

The corporate offices of América Móvil are located in Mexico City, Mexico, at Lago Zurich # 245, Colonia Ampliación Granada, Miguel Hidalgo, zip code 11529.

The accompanying financial statements are expected to be approved for their issuance by the Board of Directors on April 28, 2014. They are expected to be approved by the Company’s shareholders on April 28, 2014. Subsequent events have been considered through April 28, 2014.

Relevant events

i) During 2012, the Company increased its direct and indirect holding of the outstanding shares of Telmex International, S.A. de C.V. (hereinafter Telint) and Teléfonos de México, S.A. de C.V. (hereinafter Telmex) to 97.59% and 97.53%, respectively, through additional tender offers, in the amount of Ps.8,051,089. As explained in Note 2, acquisitions of such non-controlling interests are accounted for as equity transactions.

ii) Telmex delisted its securities in February 2012 from the NYSE and NASDAQ. It has also terminated its reporting obligations under the Mexican securities laws and the U.S. federal securities laws. It delisted its securities from the *Mercado de Valores Latinoamericanos* en Euros in Madrid, Spain.

iii) On December 7, 2012, Telmex was authorized by the “Comisión Nacional Bancaria y de Valores” to proceed with the cancellation of its shares’ registration in the “Registro Nacional de Valores” and to proceed with its delisting from the Mexican Stock Exchange.

iv) On March 21, 2013, the International Olympic Committee (“IOC”), awarded to AMX the right to broadcast the XXII Olympic Winter Games in Sochi, Russia in 2014 and the Games of the XXXI Olympiad in Rio de Janeiro, Brazil in 2016. AMX has acquired broadcast rights on all media platforms across Latin America, except Brazil.

v) During April 2013, KPN launched a rights offering to raise up to € 3 billion of equity. Pursuant to the Company’s agreement with KPN, the Company subscribed for a share in the rights offering in proportion to the Company’s previous ownership of the KPN shares. Upon settlement of the offering on May 17, 2013, the Company paid € 895.8 million (Ps.14.2 billion) and owned a total of 1,267,677,000 shares of KPN continuing to represent 29.77% of the then outstanding shares of KPN.

vi) On July 29, 2013, the Company terminated the Relationship Agreement dated February 20, 2013 entered into with KPN.

2. Basis of Preparation of the Consolidated Financial Statements and Summary of Significant Accounting Policies and Practices

a) Basis of preparation

The accompanying financial statements for all the periods presented have been prepared in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IASB”) (hereafter referred to as IFRS), in force at December 31, 2013.

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments and the trust assets of post-employment and other employee benefit plans.

The preparation of these financial statements under IFRS requires the use of critical estimates and assumptions that affect the amounts reported for certain assets and liabilities, as well as certain income and expenses. It also requires that management exercise judgment in the application of the Company’s accounting policies. Actual results could differ from these estimates and assumptions.

The financial statements provide comparative information in respect of the previous period. In addition, América Móvil presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at January 1, 2012 is presented in these financial statements for disclosure purposes due to the retrospective application of IAS 19R, as explained in Note 3.

The Mexican peso is the functional currency and the reporting currency of the parent Company in Mexico.

b) Business combination, consolidation and basis of translation of financial statements of foreign subsidiaries

i) Business combination

Subsidiaries:

The consolidated financial statements include the accounts of América Móvil, S.A.B. de C.V. and those of the subsidiaries over which the Company exercises control. The financial statements for the subsidiaries were prepared for the same period as the Company, applying consistent accounting policies. All of the companies operate in the telecommunications field or provide services to companies relating to this activity.

The investments in associated companies in which the Company exercises significant influence are accounted for using the equity method, whereby América Móvil recognizes its share in the net profit (losses) and equity of the associate.

The results of operations of the subsidiaries and associates were included in the Company's consolidated financial statements beginning as of the month following their acquisition.

Non-controlling interests represent the portion of profits or losses and net assets not held by the Company. Non-controlling interests are presented separately in the consolidated statement of comprehensive income and in equity in the consolidated statements of financial position separately from América Móvil's own equity.

Acquisition-related cost is accounted as an expense in the consolidated statements of comprehensive income as they are incurred.

Goodwill is initially measured as the excess of the aggregate of the fair value of the consideration transferred plus any non-controlling interest in the acquiree over the net value of the identifiable assets acquired and liabilities assumed as of the acquisition date.

If the consideration paid is less than the fair value of the net assets of the acquired company, (in the case of a bargain purchase), the difference is recognized in the consolidated statements of comprehensive income.

ii) Consolidation and equity method

The consolidated financial statements include the accounts of América Móvil, S.A.B. de C.V. and those of the subsidiaries over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- b) Exposure, or rights, to variable returns from its involvement with the investee, and
- c) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee
- (ii) Rights arising from other contractual arrangements
- (iii) The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Company and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company’s accounting policies. All intercompany balances and transactions are eliminated in the consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- (i) Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- (ii) Derecognizes the carrying amount of any non-controlling interests
- (iii) Derecognizes the cumulative translation differences recorded in equity
- (iv) Recognizes the fair value of the consideration received
- (v) Recognizes the fair value of any investment retained
- (vi) Recognizes any surplus or deficit in profit or loss
- (vii) Reclassifies the parent’s share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

The financial statements for the subsidiaries were prepared for the same period as the holding company, applying consistent accounting policies. All of the companies operate in the telecommunications field or provide services to companies relating to this activity.

Non-controlling interests refers to certain subsidiaries in which the Company does not hold 100% of the shares.

Non-controlling interests represent the portion of profits or losses and net assets not held by the Company. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and in equity in the consolidated statements of financial position separately from América Móvil’s own equity.

Acquisitions of non-controlling interests are accounted for as equity transactions. The difference between the book value and the subscription price for acquired shares under common control are accounted for as an equity transaction within retained earnings.

Associates:

Associates are entities over which the Company has significant influence without having control. According to IAS 28, “*Investments in Associates*”, significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence typically exists when an investor holds from 20% to 50% of the voting power of an investee.

Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's participation in the profits or losses of the associate after acquisition is recognized in the consolidated statements of comprehensive income and its share of other comprehensive income after acquisition is recognized directly in other comprehensive income.

The Company assesses at each reporting date whether there is objective evidence that its investment in associates is impaired. If so, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The Company's equity interest in the most significant subsidiaries and associated companies at December 31, 2012 and 2013 is as follows:

Company name	Country	Equity interest at December 31	
		2012	2013
Subsidiaries:			
AMX Tenedora, S.A. de C.V. (a)	Mexico	100.0%	100.0%
Carso Telecom B.V. (antes Amov Europa B.V.) (a)	Netherlands	100.0%	100.0%
AMOV Canadá, S.A. (a)	Mexico	100.0%	100.0%
Compañía Dominicana de Teléfonos, S.A. (“Codetel”) (b)	Dominican Republic	100.0%	100.0%
Sercotel, S.A. de C.V. (a)	Mexico	100.0%	100.0%
Radiomóvil Dipsa, S.A. de C.V. y subsidiarias (“Telcel”) (b)	Mexico	100.0%	100.0%
Telecomunicaciones de Puerto Rico, Inc. (b)	Puerto Rico	100.0%	100.0%
Puerto Rico Telephone Company, Inc. (b)	Puerto Rico	100.0%	100.0%
Servicios de Comunicaciones de Honduras, S.A. de C.V. (“Sercom Honduras”) (b)	Honduras	100.0%	100.0%
AMX USA Holding, S.A. de C.V. (a)	Mexico	100.0%	100.0%
TracFone Wireless, Inc. (“TracFone”) (b)	USA	98.2%	98.2%
AM Telecom Américas, S.A. de C.V. (a)	Mexico	100.0%	100.0%
Claro Telecom Participacoes, S.A. (a)	Brazil	100.0%	100.0%
Americel, S.A. (b)	Brazil	100.0%	100.0%
Claro S.A. (antes BCP, S.A.) (b)	Brazil	100.0%	100.0%
América Central Tel, S.A. de C.V. (“ACT”) (b)	Mexico	100.0%	100.0%
Telecomunicaciones de Guatemala, S.A. (“Telgua”) (b)	Guatemala	99.3%	99.3%
Empresa Nicaragüense de Telecomunicaciones, S.A. (“Enitel”) (b)	Nicaragua	99.5%	99.5%
Estesa Holding Corp. (a)	Panama	100.0%	100.0%
Cablenet, S.A. (b)	Nicaragua	100.0%	100.0%
Estaciones Terrenas de Satélite, S.A. (“Estesa”) (b)	Nicaragua	100.0%	100.0%
AMX El Salvador, S.A. de C.V. (b)	Mexico	100.0%	100.0%
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (“CTE”) (b)	El Salvador	95.8%	95.8%
Cablenet, S.A. (“Cablenet”) (b)	Guatemala	95.8%	95.8%
Telecomoda, S.A. de C.V. (“Telecomoda”) (b)	El Salvador	95.8%	95.8%
Telecom Publicar Directorios, S.A. de C.V. (“Publicom”) (c)	El Salvador	48.9%	48.9%
CTE Telecom Personal, S.A. de C.V. (“Personal”) (b)	El Salvador	95.8%	95.8%
Comunicación Celular, S.A. (“Comcel”) (b)	Colombia	99.4%	99.4%
Megacanales, S.A. (1) (b)	Colombia	99.4%	—
The Now Operation, S.A. (2) (b)	Colombia	99.4%	—
Telmex Colombia, S.A. (b)	Colombia	99.3%	99.3%
Consortio Ecuatoriano de Telecomunicaciones, S.A. (“Conecel”) (b)	Ecuador	100.0%	100.0%
AMX Argentina, S.A. (b)	Argentina	100.0%	100.0%
AMX Wellington Gardens, S.A. de C.V. (a)	Mexico	100.0%	100.0%

Company name	Country	Equity interest at December 31	
		2012	2013
Widcombe, S.A. de C.V. (a)	Mexico	100.0%	100.0%
AMX Paraguay, S.A. (b)	Paraguay	100.0%	100.0%
AM Wireless Uruguay, S.A. (b)	Uruguay	100.0%	100.0%
Claro Chile, S.A. (b)	Chile	100.0%	100.0%
América Móvil Perú, S.A.C (b)	Peru	100.0%	100.0%
Claro Panamá, S.A. (b)	Panama	100.0%	100.0%
Carso Global Telecom, S.A.B. de C.V. (a)	Mexico	99.9%	99.9%
Empresas y Controles en Comunicaciones, S.A. de C.V. (a)	Mexico	99.9%	99.9%
Teléfonos de México, S.A.B. de C.V. (b) (2)	Mexico	97.5%	97.7%
Telmex Internacional, S.A. de C.V. (b)	Mexico	97.6%	97.7%
Controladora de Servicios de Telecomunicaciones, S.A. de C.V. (b)	Mexico	97.6%	97.7%
Telmex Argentina, S.A. (b)	Argentina	99.6%	99.6%
Ertach, S.A. (b)	Argentina	99.5%	99.5%
Telstar, S.A. (b)	Uruguay	99.9%	99.9%
Ecuador Telecom, S.A. (b)	Ecuador	97.6%	97.7%
Empresa Brasileira de Telecomunicacoes, S.A.—(“Embratel”) (b)	Brazil	95.4%	95.7%
Páginas Telmex Colombia, S.A. (c)	Colombia	97.6%	97.7%
Claro 155, S.A. (c)	Chile	97.6%	97.7%
Claro 110, S.A. (c)	Chile	99.9%	99.9%
Sección Amarilla USA, LLC. (c)	USA	97.6%	97.7%
Publicidad y Contenido Editorial, S.A. de C.V. (c)	Mexico	97.6%	97.7%
Editorial Contenido, S.A. de C.V. (c)	Mexico	97.6%	97.7%
Plaza VIP COM, S.A.P.I. de C.V. (c)	Mexico	97.6%	97.7%
Grupo Telvista, S.A. de C.V. (c)	Mexico	88.9%	88.9%
Net Servicios de Comunicacao, S.A. (“NET”) (b)	Brazil	88.0%	92.2%
Associates:			
Hildebrando, S.A. de C.V. (c)	Mexico	35.0%	35.0%
KoninKlijke KPN B.V. (“KPN”) (b)	Netherlands	29.8%	27.4%
Telecom Austria AG (b)	Austria	23.7%	23.7%

a) Holding companies

b) Operating companies offering mobile and fixed services

c) Advertising, media and content companies and other businesses

(1) Liquidated on April 23, 2013

(2) During 2013, certain real estate assets of Telmex were spun-off into separate legal entities. This spin-off did not have an impact on the consolidated financial position of the Company.

iii) Basis of translation of financial statements of foreign subsidiaries and associated companies

The operating revenues of foreign subsidiaries (those outside of Mexico) jointly represent approximately 59%, 63% and 65% of operating revenues of 2011, 2012 and 2013, respectively, and their total assets jointly represent approximately 72% and 70% of total assets at December 31, 2012 and 2013, respectively.

The financial information is consolidated, as appropriate, after the financial statements have been converted to IFRS in the respective local currency and translated into the reporting currency.

Since none of the subsidiaries operate in a hyperinflationary economic environment and the local currency is their functional currency, the translation of their financial statements prepared under IFRS and denominated in their respective local currencies, are translated as follows:

- all monetary assets and liabilities are translated at the prevailing exchange rate at the period closing;
- all non-monetary assets and liabilities are translated at the prevailing exchange rate in effect at the period closing;
- equity accounts are translated at the prevailing exchange rate at the time the capital contributions were made and the profits were generated;
- revenues, costs and expenses are translated at the average exchange rate during the applicable period;
- the difference resulting from the translation process is recognized in equity in the caption “Effect of translation”;
- the consolidated statements of cash flows are translated using the weighted-average exchange rate for the applicable period, and the resulting difference is shown in the consolidated statement of cash flows under the heading “Adjustment to cash flows due to exchange rate fluctuations”.

The difference resulting from the translation process is recognized in equity in the caption “Effect of translation”. At December 31, 2012 and 2013, the cumulative translation loss was Ps.(7,220,700) and Ps.(33,706,043), respectively.

c) Revenue recognition

Revenues are recognized at the time the related service is rendered, provided that the revenue may be reliably measured, it is probable that the entity will receive the economic benefits associated with the transaction, the degree of completion of the transaction may be reliably measured and there is high a certainty of collectability.

For the postpaid plans, the amount billed to clients combines a fixed tariff for a specific quantity of services, plus the rates use above of the specified quantities (minutes in each plan). Expenses related to these services are recognized when the services are rendered.

The Company divides its main services into six types, as presented in the consolidated comprehensive income statements, as follows:

- Mobile voice
- Mobile data
- Fixed voice
- Fixed data
- Paid TV
- Other related services

To recognize the multi-elements or multiple services at their fair value, the Company has established the necessary indicators and metrics that allow it to assign to each type of element its fair value. In multi-element plans, these indicators are based on the price offered in each package, considering the number of offered minutes and the data plans offered to subscribers.

Voice services

- Monthly rent in post-paid plans is billed based on the associated plan and package rates, corresponding to when the services are provided. Revenues billed for services to be rendered in the future are initially recorded as deferred revenues.

- Revenues from local services are derived from charges for line installations, monthly rent for services and monthly charges for metered services based on the number of minutes used. These revenues depend on the number of lines in service, the number of newly installed lines and the volume of minutes.
- Revenues for interconnection services, which represent calls from other carriers entering the Company's mobile and fixed line networks (incoming interconnection services), are recognized at the time the service is provided. Such services are invoiced based on rates previously agreed with other carriers.
- Long-distance revenues originate from airtime or minutes used in making calls to a region or coverage area outside of the area where the customer's service is activated. These revenues are recognized at the time the service is provided.
- Revenues from roaming charges are related to airtime charged to customers for making or receiving calls when visiting a local service area, country or region outside the local service area where the customer's service is activated. The related revenues are recognized at the time the service is provided based on the rates established and agreed upon by our subsidiaries with other domestic and international mobile carriers. See Note 23 on new regulation.

Data

- Value added services and other services include voice services and data transmission services (such as two-way and written messages, call information, ring tones and emergency services, among others). Revenues from such services are recognized at the time they are provided or when the services are downloaded.
- Revenues from internet services and the sale of point-to-point and point-to-multipoint links are recognized on the date of installation, which is similar to the date when the respective traffic begins.
- Revenues from corporate networks are obtained mainly from private lines and from providing virtual private network services. These revenues are recognized at the time the respective traffic begins.

Pay television

- Revenues from pay TV include payments for package deals, pay-per-view and advertising, all of which are recognized at the time the services are provided.

Other related services

Equipment, accessories and computers sale

- Sales of mobile phone equipment and computers, which are made to authorized distributors and the general public, are recognized as revenue at the time the products are delivered and accepted by the customer and the recovery of the amounts is probable. The distributors and general public do not have the right to return the products.

The majority of equipment sales are performed through distributors, though not exclusively, as a portion of equipment sales is performed through client service centers.

Marketing revenues

- Advertising revenues earned through the publication of telephone directory are recognized over the life of the directories.

Transmission rights

Transmission rights include exclusive rights for the transmission of the Winter Olympic Games and the Rio de Janeiro Olympics of 2016. The related costs and expenses (amortization of its investment) are recognized when the associated revenue is recognized.

Points programs

Points programs are recognized as a reduction to revenues, since they effectively represent a decrease in the price of mobile services and equipment. Upon redemption of points the deferred income is cancelled and the cost of equipment is expensed.

Commissions to distributors

Distribution agreements have three types of commissions related to postpaid plans.

Loyalty and activation commissions are accrued monthly as an expense based on statistical information about customer retention, sales volume and the number of new customers obtained by each distributor. Retention commissions are paid when customers continue for a specified period. Volume commissions are paid at the time the distributor reaches prescribed ranges of activated clients.

In all three cases the fees are recognized within commercial, administrative and general expenses, as these fees are not reflected in the price of services and products.

d) Cost of mobile equipment and computers

The cost of mobile equipment and computers is recognized at the time the related revenue is recognized. The costs relating to the sale of such equipment are recognized in cost of sales and services.

e) Cost of services

These costs include the cost of call terminations in the networks of other carriers, the costs to link the fixed and mobile networks, payments for long-distance services, rental costs for the use of infrastructure (links, ports and measured service), as well as message exchanges between carriers. Such costs are recognized at the time the service is received by the fixed or mobile carriers. These costs also include last-mile costs and line installation costs, which are also recognized at the time the services are received.

Last mile installation costs and decoder-related charges are capitalized at the time of installation and depreciated over the average useful life as the customer remains active in the Company.

f) Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and highly liquid investments with maturities of less than three months. These investments are stated at cost plus accrued interest, which is similar to their market value.

g) Allowance for bad debts

The Company periodically recognizes a provision for doubtful accounts based mainly on its past experience, the aging of its accounts receivable, the delays in resolving its disputes with other carriers, and the market segments of its customers (governments, businesses and mass market).

Collection policies and procedures vary depending on the credit history of the customer, the credit granted, and the age of the unpaid calls among other reasons.

The evaluation of collection risk of accounts receivables with related parties is performed annually based on an examination of each related party's financial situation and the markets in which they operate.

h) Inventories

Inventories, which are mainly composed of cellular equipment, accessories, tablets and other devices, are initially recognized at historical cost and are valued using the average cost method, without exceeding their net realizable value.

The estimate of the realizable value of inventories on-hand is based on their age and turnover.

The difference between the sales price to the end user and the subsidized cost of equipment is recognized as an expense in the “cost of sales and service” in the consolidated statements of comprehensive income, at the time of delivery.

i) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, which in accordance with IFRS 3, “Business acquisitions”, consists in general terms as follows:

- i) identify the acquirer
- ii) determine the acquisition date
- iii) value the acquired identifiable assets and assumed liabilities
- iv) recognize the goodwill or a bargain purchase gain

For acquired subsidiaries, goodwill represents the difference between the purchase price and the fair value of the net assets acquired at the acquisition date. For acquired associates, the investment in associates includes goodwill identified on the acquisition date, net of any impairment loss.

Goodwill is reviewed annually to determine its recoverability, or more often if circumstances indicate that the carrying value of the goodwill might not be fully recoverable.

The possible loss of value in goodwill is determined by analyzing the recovery value of the cash generating unit (or the group thereof) to which the goodwill is associated at the time it originated. If this recovery value is lower than the carrying value, an impairment loss is charged to results of operations.

For the years ended December 31, 2011, 2012 and 2013, no impairment losses were recognized for the goodwill shown in the Company’s consolidated statements of financial position.

j) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, net of accumulated depreciation. Depreciation is computed on the cost of the assets using the straight line method, based on the estimated useful lives of the related assets, beginning the month after they become available for use.

The Company periodically assesses the residual values, useful lives and depreciation methods associated with its property, plant and equipment. If necessary, the effects of any changes in accounting estimates is recognized prospectively, at the closing of each period, in accordance with IAS 8, “*Accounting Policies, Changes in Accounting Estimates and Errors*”.

Borrowing costs that are incurred for general financing for construction in progress for periods exceeding six months are capitalized as part of the cost of the asset. During 2011, 2012 and 2013 the borrowing costs that were capitalized amounted to Ps.3,845,609, Ps.3,152,811 and Ps.3,002,576, respectively.

Inventories for the operation of telephone plant are valued using the average cost method, without exceeding their net realizable value.

The valuations of inventories for the operation of telephone plant considered obsolete, defective or slow-moving, are reduced to their estimated net realizable value. The estimate of the recovery value of inventories is based on their age and turnover.

In addition to the purchase price and costs directly attributable to preparing an asset in terms of its physical location and condition for use as intended by management, when required, the cost also includes the estimated costs for the dismantling and removal of the asset, and for restoration of the site where it is located. See Note 13b).

For property, plant and equipment made up of several components with different useful lives, the major individual components are depreciated over their individual useful lives. Maintenance costs and repairs are expensed as incurred.

The net book value of property, plant and equipment is removed from the statements of financial position at the time the asset is sold or when no future economic benefits are expected from its use or sale. Any gains or losses on the sale of property, plant and equipment represent the difference between net proceeds of the sale, if any, and the net book value of the item at the time of sale. These gains or losses are recognized as either other operating income or operating expenses upon sale.

Annual depreciation rates are as follows:

Telephone plant in operation:	
Monitoring equipment and network performance	20%-33%
Base stations	20%
Switching and telephone exchanges	20%
Towers, antennas and engineering works	10%
Measuring equipment	17%
Buildings	3.33%
Other assets	10%-33%

The carrying value of property, plant and equipment is reviewed whenever there are indicators of impairment in such assets. Whenever an asset's recovery value, which is the greater of the asset's selling price and its value in use (the present value of future cash flows), is less than the asset's net carrying value, the difference is recognized as an impairment loss.

During the years ended December 31, 2011, 2012 and 2013, no impairment losses were recognized.

k) Licenses, trademarks and rights of use

i) Licenses are recorded at acquisition cost, net of accumulated amortization.

Licenses to operate wireless telecommunications networks are accounted for at cost or at fair value at their acquisition date.

The licenses that in accordance with government requirements are categorized as automatically renewable, for a nominal cost and with substantially consistent terms, are considered by the Company as intangible assets with an indefinite useful life. Accordingly, they are not amortized. Licenses are amortized when the Company does not have a basis to conclude that they have indefinite lives. Licenses are amortized using the straight-line method over a period ranging from 5 to 20 years, which represents the usage period of the assets. The payments to the governments are recognized in the cost of service and equipment.

ii) Trademarks

Trademarks are recorded at their fair value at the valuation date when acquired, as determined by independent appraisers, and are amortized using the straight-line method over a period ranging from 1 to 10 years.

iii) Rights of use

Rights of use are recognized according to the amount paid for the right to carry traffic and are amortized over the period in which they are granted.

The carrying value of the Company's licenses and trademarks with indefinite useful lives and with finite useful lives is reviewed annually and whenever there are indicators of impairment in the value of such assets. When an asset's recoverable amount, which is the higher of the asset's fair value less disposal costs and its value in use (the present value of future cash flows), is less than the asset's carrying value, the difference is recognized as an impairment loss.

During the years ended December 31, 2011, 2012 and 2013, no impairment losses were recognized.

l) Impairment in the value of long-lived assets

The Company has a policy in place for evaluating the existence of indicators of impairment in the carrying value of long-lived assets, investments in associates, goodwill and intangible assets. When there are such indicators, or in the case of assets whose nature requires an annual impairment analysis (goodwill and intangible assets with indefinite useful lives), the Company estimates the recoverable amount of the asset, which is the higher of its fair value, less disposal costs, and its value in use. Value in use is determined by discounting estimated future cash flows, applying a discount rate after taxes that reflects the time value of money and taking into consideration the specific risks associated with the asset. When the recoverable amount of an asset is below its carrying value, impairment is considered to exist. In this case, the carrying value of the asset is reduced to the asset's recoverable amount, recognizing the loss in results of operations for the respective period. Depreciation and/or amortization expense of future periods is adjusted based on the new carrying value determined for the asset over the asset's remaining useful life. Impairment is computed individually for each asset. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In the estimation of impairments, the Company uses the strategic plans established for the separate cash-generating units to which the assets are assigned. Such strategic plans generally cover a period from three to five years. For longer periods, beginning in the fifth year, projections are based on such strategic plans while applying a constant or declining expected growth rate.

Key assumptions used in value in use calculations

The forecasts were performed by the Company's management in real terms (net of inflation) and in pesos with acquisition value as of December 31, 2013.

In developing information for financial forecasts, premises and assumptions have been included that any other market participant in similar conditions would consider.

Local synergies have not been taken into consideration that any other market participant would not have taken into consideration to prepare similar forecasted financial information.

The assumptions used to develop the financial forecasts were validated by the Company's Chief Executive Officer and the Chief Financial Officer for each of the cash-generating units ("CGUs"), taking into consideration the following:

- Current subscribers and expected growth
- Type of subscribers (prepaid, postpaid, fixed line, multiple services)
- Market situation and penetration expectations
- New products and services

- Economic situation of each country
- Investments in maintenance of the current assets
- Investments in technology for expanding the current assets
- Market consolidation and synergies

The foregoing forecasts could differ from the results obtained over time; however, América Móvil prepares its estimates based on the current situation of each of the CGUs.

The recoverable amounts are based on value in use. The value in use of CGUs is determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are: Adjusted EBITDA (which the Company defines as operating income excluding currency fluctuations plus depreciation and amortization), capital expenditure (“CAPEX”) / margin on revenue, the change in working capital and the weighted average cost of capital (“WACC”) used to discount the projected flows.

To determine the discount rate, América Móvil uses the WACC as determined for each of the cash generating units in real terms and as described in following paragraphs.

The estimated discount rates to perform the IAS 36 “*Impairment of assets*”, impairment test for each CGU consider market participants’ assumptions. Market participants were selected taking into consideration the size, operations and characteristics of the business that are similar to those of América Móvil.

The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by América Móvil’s investors. The cost of debt is based on the interest bearing borrowings América Móvil is obliged to service. Segment-specific risk is incorporated by applying individual beta factors.

The beta factors are evaluated annually based on publicly available market data.

Market participant assumptions are important because, not only do they include industry data for growth rates, management also assesses how the CGU’s position, relative to its competitors, might change over the forecasted period.

The most significant assumptions used for the 2012 and 2013 impairment evaluations are shown below:

	EBIDTA	CAPEX	Discount rate (WACC)
2012:			
Mexico	34.76% - 53.48%	6.82% - 18.5%	6.41%
USA	8.94%	0.77%	7.90%
Guatemala	43.96%	25.07%	10.26%
El Salvador	40.67%	17.47%	9.88%
Chile	14.52%	24.23%	8.19%
Peru	40.80%	13.13%	8.57%
Paraguay	15.17%	23.84%	12.32%
Honduras	5.14%	12.83%	12.80%
Nicaragua	51.90%	23.16%	13.57%
Uruguay	17.35%	16.72%	10.41%
Argentina	35.6%	9.94%	12.11%
Brazil	24.32% - 31.43%	20.13% - 24.79%	7.73%
Colombia	25.37% - 47.94%	11.12% - 29.07%	7.99%
Ecuador	46.42%	10.72%	12.41%
Dominican Republic	41.95%	15.59%	8.90%
Puerto Rico	16.09%	14.87%	7.11%
2013:			
Mexico	33.48% - 49.74%	5.38% - 18.5%	3.75%
USA	9.40%	0.48%	5.42%
Guatemala	44.37%	19.28%	5.59%
El Salvador	40.62%	14.90%	5.64%
Chile	12.75%	17.52%	4.80%
Peru	40.36%	10.23%	4.58%
Paraguay	18.47%	28.68%	8.77%
Honduras	14.76%	10.26%	6.52%
Nicaragua	42.68%	19.02%	9.53%
Uruguay	20.14%	16.66%	6.68%
Argentina	34.08%	10.56%	6.92%
Brazil	18.11% - 31.37%	15.48% - 27.07%	4.27%
Colombia	29.00% - 47.81%	11.63% - 16.27%	4.15%
Ecuador	49.80%	9.49%	9.19%
Dominican Republic	39.78%	12.47%	6.68%
Puerto Rico	22.69%	5.05%	5.67%

México, Colombia and Brazil include fixed and mobile operations.

m) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement and requires an evaluation of whether performance of the agreement is dependent on the use of a specific asset and whether the agreement transfers the right of use of the asset to the Company.

- Operating leases

Leases under which the lessor retains a significant portion of the risks and benefits inherent to the ownership of the leased asset are considered operating leases. Payments made under operating lease agreements are charged to results of operations on a straight-line basis over the rental period.

- **Finance leases**

Lease agreements that transfer substantially all the risks and benefits of ownership of the leased assets to the Company are accounted for as finance leases. Accordingly, upon commencement of the lease, the asset, which is classified based on its nature, and associated debt are recorded at the lower of the fair value of the leased asset or the present value of the lease payments. Finance lease payments are apportioned between the reduction of lease liability and the finance cost so that a constant interest rate is determined on the outstanding liability balance. Finance costs are charged to results of operations over the life of the agreement.

n) Financial assets and liabilities

Financial assets

Financial assets are categorized, at initial recognition, as (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, (iv) available-for-sale financial assets, or as (v) derivatives designated as hedging instruments in an effective hedge, as appropriate.

- **Initial recognition and measurement**

Financial assets are initially recognized at fair value, plus directly attributable transactions costs, except for financial assets designated upon initial recognition at fair value through profit or loss.

- **Subsequent measurement**

The subsequent measurement of assets depends on their categorization as either financial assets and liabilities measured at fair value through profit and loss, loans and receivables, held to maturity or available for sale financial assets, or derivatives designated as hedging instruments in an effective hedge.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss as held for trading if they are acquired for the purpose of selling or repurchasing in the short term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined in IAS 39. Financial assets at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value with net changes in fair value in the consolidated statements of comprehensive income in the line of “valuation of derivatives, interest cost from labor obligations and other financial items”.

Held-to-maturity investments

Held-to-maturity investments are those that the Company has the intent and ability to hold to maturity and are recorded at cost which includes transaction costs and premiums or discounts related to investment that are amortized over the life of the investment based on its outstanding balance, less any impairment. Interest and dividends on investments classified as held-to-maturity are included within the interest income.

Available-for-sale financial assets

Available-for-sale financial assets are recorded at fair value, with gains and losses, net of tax, reported in other comprehensive income. Interest and dividends on investments classified as available-for-sale are included in interest income. The fair value of investments is readily available based on market value. The currency effects of securities available for sale are recognized in the consolidated statement of comprehensive income in the period in which they occur.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active markets. Loans and receivables with a relevant period (including accounts receivable to

subscribers, distributors and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for accounts receivable from subscribers, distributors and others in the short term, where the recognition of interest would be immaterial.

This category generally applies to accounts receivable from subscribers, distributors and other receivables. For more information on receivables, refer to Note 5.

- Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the group's consolidated statement of financial position) when: the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

- Impairment of financial assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Financial liabilities

Financial liabilities are classified into the following categories based on the nature of the financial instruments contracted or issued: (i) financial liabilities measured at fair value, and (ii) financial liabilities

measured at their amortized cost. The Company's financial liabilities include accounts payable to suppliers, deferred revenues, other accounts payable, loans and derivative financial instruments. Derivative financial instruments are measured at fair value; short- and long-term debt and accounts payable, are accounted for as financial liabilities measured at amortized cost.

- **Initial recognition**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39, "*Financial Instruments: Recognition and Measurement*". Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. América Móvil has not designated any financial liabilities as fair value liabilities through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate ("EIR") amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 16.

- **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

- Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position if, and only if there is:

- (i) a currently a legally enforceable right to offset the recognized amounts, and
- (ii) the intention to either settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

- Fair value of financial instruments

At each financial statement reporting date, the fair value of financial instruments traded in active markets is determined based on market prices, or prices quoted by brokers (purchase price for asset positions and sales price for liability positions), without any deduction for transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, references to the current fair value of another financial instrument that is substantially similar, a discounted cash flow analysis or other valuation models.

Note 14 provides an analysis of the fair values of the Company's financial instruments.

o) Transactions in foreign currency

Transactions in foreign currency are recorded at the prevailing exchange rate at the time of the related transactions. Foreign currency denominated assets and liabilities are translated at the prevailing exchange rate at the financial statement reporting date. Exchange differences determined from the transaction date to the time foreign currency denominated assets and liabilities are settled or translated at the financial statement reporting date are charged or credited to the results of operations.

The exchange rates used for the translation of foreign currencies against the Mexican peso are as follows:

Country or Zone	Currency	Average exchange rate			Closing exchange rate at December 31,	
		2013	2012	2011	2013	2012
Argentina ⁽¹⁾	Argentine Peso	2.3410	2.9305	3.0055	2.0053	2.6454
Brazil	Real	5.9334	6.7605	7.4135	5.5820	6.3666
Colombia	Colombian Peso	0.0068	0.0073	0.0067	0.0068	0.0074
Guatemala	Quetzal	1.6244	1.6808	1.5944	1.6676	1.6464
USA ⁽²⁾	US Dollar	12.7660	13.1663	12.4210	13.0765	13.0101
Uruguay	Uruguay Peso	0.6249	0.6568	0.6426	0.6104	0.6706
Nicaragua	Cordobas	0.5164	0.5594	0.5536	0.5162	0.5393
Honduras	Lempiras	0.6228	0.6758	0.6519	0.6304	0.6472
Chile	Chilean Peso	0.0258	0.0274	0.0257	0.0249	0.0271
Paraguay	Guaraní	0.0030	0.0030	0.0030	0.0029	0.0030
Peru	Soles	4.7271	5.0952	4.5170	4.6769	5.1000
Dominican Republic	Dominican Peso	0.3052	0.3373	0.3258	0.3050	0.3209
Costa Rica	Colon	0.0253	0.0259	0.0243	0.0258	0.0253
European Union	Euro	16.9693	16.9276	17.2666	17.9710	17.1642

-
- (1) Official exchange rate published by the Argentine Central Bank. The Argentine peso has experienced significant devaluation over the past several years and the government has adopted various rules and regulations since late 2011 that established new restrictive controls on capital flows into the country. These enhanced exchange controls have practically closed the foreign exchange market to retail transactions. It is widely reported that the Argentine peso/U.S. dollar exchange rate in the unofficial market substantially differs from the official foreign exchange rate. The Argentine government could impose further exchange controls or restrictions on the movement of capital and take other measures in the future in response to capital flight or a significant depreciation of the Argentine peso.
 - (2) Includes United States, Ecuador, El Salvador, Puerto Rico and Panama.

p) Accounts payable, accrued liabilities and provisions

Liabilities are recognized whenever (i) the Company has current obligations (legal or assumed) resulting from a past event, (ii) when it is probable the obligation will give rise to a future cash disbursement for its settlement, and (iii) the amount of the obligation can be reasonably estimated.

When the effect of the time value of money is significant, the amount of the liability is determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis and reflects current market conditions at the financial statement reporting date and, where appropriate, the risks specific to the liability. Where discounting is used, an increase in the liability is recognized as finance expense.

Contingent liabilities are recognized only when it is probable they will give rise to a future cash disbursement for their settlement. Also, contingencies are only recognized when they will generate a loss.

q) Employee benefits

The Company has defined benefit pension plans in place for its subsidiaries Radiomóvil Dipsa, S.A. de C.V., Telecomunicaciones de Puerto Rico, S.A., Teléfonos de México and Embratel. Embratel also has medical plans and defined contribution plans. The Company recognizes the costs of these plans based upon independent actuarial computations, which are determined using the projected unit credit method. The latest actuarial computation was prepared as of December 31, 2013.

Mexico

The Mexican subsidiaries have the obligation to pay seniority premiums to personnel based on the Mexican Federal labor law, which also establishes the obligation to make certain payments to personnel who cease to provide services under certain circumstances.

The costs of pensions, seniority premiums and severance benefits are recognized based on calculations by independent actuaries using the projected unit credit method using financial hypotheses, net of inflation.

Puerto Rico

In Puerto Rico, the Company has noncontributing pension plans for full-time employees, which are tax qualified as they meet the Employee Retirement Income Security Act of 1974 requirements.

The pension benefit is composed of two elements:

- (i) An employee receives an annuity at retirement if the employee meets the rule of 85 (age at retirement plus accumulated years of service). The annuity is calculated by applying a percentage multiplied by the number of years of service to the last three years of salary.

(ii) The second element is a lump-sum benefit based on years of service equivalent to approximately nine to twelve months of salary. Health care and life insurance benefits are also provided to retirees under a separate plan (post-retirement benefits).

Ecuador

The subsidiary Consorcio Ecuatoriano de Telecomunicaciones, S.A. has a pension plan, where the Company purchases an annuity for the employee and is paid by the employee by means of individual funding. The Company purchases a deferred annuity from an insurance company for which the Company pays an annual premium. This plan is classified as a defined benefit plan. The cost of the plan for the period is disclosed in Note 12.

Other subsidiaries

For the rest of the Company's subsidiaries, there are no defined benefit plans or compulsory defined contribution structures. However, the foreign subsidiaries make contributions to national pension, social security and severance plans in accordance with the percentages and rates established by the applicable payroll and labor laws of each country. Such contributions are made to the entities designated by the country and are recorded as direct labor benefits in the results of operations as they are incurred.

Re-measurements of defined benefit plans, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognizes restructuring-related costs

Net interest on liability for defined benefits is calculated by applying the discount rate to the net defined benefit liability or asset and it is recognized in the "valuation of derivatives, interest cost from labor obligations and other financial items" in the consolidated comprehensive income statement. The Company recognizes the changes in the net defined benefit obligation under "cost of sales and services" and "Commercial, administrative and general expenses" in the consolidated statements of comprehensive income.

Paid absences

The Company recognizes a provision for the costs of paid absences, such as vacation time, based on the accrual method.

r) Employee profit sharing

Employee profit sharing is paid by certain subsidiaries of the Company to its eligible employees. In Mexico, the employee profit sharing is computed at the rate of 10% of the individual company taxable income, except for depreciation of historical rather than restated values, and foreign exchange gains and losses, which are not included until the asset is disposed of or the liability is due and other effects of inflation are also excluded. Current year employee profit sharing is presented as an operating expense in the consolidated statements of comprehensive income.

s) Income taxes

Current income tax is presented as a short-term liability, net of prepayments made during the year.

Deferred income tax is determined using the liability method based on the temporary differences between the tax values of the assets and liabilities and their book values at the financial statement reporting date.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in effect in the period when the asset will materialize or the liability will be settled, based on the enacted tax rates (and tax legislation) that have been enacted or substantially enacted at the financial statement reporting date. The value of deferred tax assets is reviewed by the Company at each financial statement reporting date and is reduced to the extent that it is more likely than not that the Company will not have sufficient future tax profits to allow for the realization of all or a part of its deferred tax assets. Unrecognized deferred tax assets are revalued at each financial statement reporting date and are recognized when it is more likely than not that there will be sufficient future tax profits to allow for the realization of these assets.

Deferred taxes relating to items recognized outside profit or loss are also recognized outside of profit and loss. These deferred taxes are recognized together with the underlying transaction in other comprehensive income.

Deferred tax consequences on unremitted foreign earnings are accounted for as temporary differences, except to the extent that the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Taxes paid on remitted foreign earnings are able to be offset against Mexican taxes, thus to the extent that a remittance is to be made, the deferred tax would be limited to the incremental difference between the Mexican tax rate and the rate of the remitting country. As of December 31, 2012 and 2013, the Company has not provided for any deferred taxes related to unremitted foreign earnings.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

t) Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

u) Advertising

Advertising expenses are expensed as incurred. For the years ended December 31, 2011, 2012 and 2013, advertising expenses were Ps.17,867,455, Ps.22,652,826 and Ps.19,699,228, respectively, and are recorded in the consolidated statements of comprehensive income in the line "Commercial, administrative and general expenses".

v) Earnings per share

Basic and diluted earnings per share are determined by dividing net income for the year by the weighted-average number of shares outstanding during the year (the common control component of the shares are reflected for all periods presented). In determining the weighted average number of shares issued and outstanding, shares repurchased by the Company have been excluded.

w) Financial risks

The main risks associated with the Company's financial instruments are: (i) liquidity risk, (ii) market risk (foreign currency exchange risk and interest rate risk) (iii) credit risk and counterparty risk. The Board of Directors approves the policies submitted by management to mitigate these risks.

(i) Liquidity risk

Liquidity risk is the risk that the Company may not meet its financial obligations associated with financial instruments when they are due. The Company's financial obligations and commitments are included in Notes 16 and 17.

(ii) Market risk

The Company is exposed to market risks from changes in interest rates and fluctuations in exchange rates of foreign currencies. The Company's debt is denominated in foreign currencies, mainly in US dollars, other than its functional currency. In order to reduce the risks related to fluctuations in the exchange rate of foreign currencies, the Company uses derivative financial instruments such as cross-currency swaps and forwards to adjust exposures resulting from foreign exchange currency. The Company does not use derivatives to hedge the exchange risk arising from having operations in different countries.

Additionally, the Company occasionally uses interest rate swaps to adjust its exposure to the variability of the interest rates or to reduce its financing costs. The Company's practices vary from time to time depending on its judgments about the level of risk, expectations of change in the movements of interest rates and the costs of using derivatives. The Company may terminate or modify a derivative financial instrument at any time. See Note 11 for disclosure of the fair value of derivatives as of December 31, 2012 and 2013.

(iii) Credit risk

Credit risk represents the loss that could be recognized in case the counterparties fail to fully comply with the contractual obligations.

The financial instruments that potentially represent concentrations of credit risk are cash and short-term deposits, trade accounts receivable and financial instruments related to debt and derivatives. The Company's policy is designed in order to limit its exposure to any one financial institution; therefore, the Company's financial instruments are contracted with several different financial institutions located in different geographic regions.

The credit risk in accounts receivable is diversified because the Company has a broad customer base that is geographically dispersed. The Company continuously evaluates the credit conditions of its customers and does not require collateral to guarantee collection of its accounts receivable. The Company monitors on a monthly basis its collection cycle to avoid deterioration of its results of operations.

A portion of the Company's cash surplus is invested in short-term deposits with financial institutions with high credit ratings.

(iv) Sensitivity analysis for market risks

The Company uses sensitivity analyses to measure the potential losses based on a theoretical increase of 100 basis points in interest rates and a 10% fluctuation in exchange rates:

a) Exchange rate fluctuations

Should the Company's debt at December 31, 2013 of Ps.490,319,844 suffer a 10% increase in exchange rates, the debt would increase by Ps.48,566,612 (resulting in total debt of Ps.538,886,456), while the Company's net interest expense would increase by Ps.2,113,199 as a consequence of the base for interest being higher in Mexican pesos.

b) Interest rates

In the event that the Company's agreed-upon interest rates at December 31, 2013 increased by 100 basis points, the increase in net interest expense would be Ps.4,506,326.

(v) Concentration of risk

The Company depends on several key suppliers and sellers. During the years ended December 31, 2011, 2012 and 2013, approximately 58%, 55% and 64%, respectively, of the total cost of the cellular equipment of América Móvil represent purchases made from three suppliers, and approximately 29%, 20% and 21%, respectively, of the telephony plant equipment was purchased from two suppliers. If any of these suppliers were to cease to provide equipment and services to the Company, or to provide them in a timely manner and at a reasonable cost, the Company's business and results of operations might be adversely affected.

(vi) Administration of capital

The Company manages its capital to ensure that its subsidiaries continue as going concerns while maximizing the return to stakeholders through the optimization of their balances and debt capital to maintain the lowest cost of capital available. The Company manages its capital structure and makes adjustments according to economic conditions. To maintain its capital structure the Company may adjust the dividend payment to shareholders or buy back shares, for which the company holds a reserve. In addition, the Company creates a legal reserve, as required by law. See Note 19.

x) Derivative financial instruments

The Company is exposed to interest rate and foreign currency risks, which it tries to mitigate through a controlled risk management program that includes the use of derivative financial instruments. The Company principally uses cross-currency swaps and, if necessary, foreign currency forwards to offset the short-term risk of exchange rate fluctuations. For purposes of reducing the risks from changes in interest rates, the Company utilizes interest rate swaps through which it pays or receives the net amount resulting from paying or receiving a fixed rate, and from receiving or paying cash based on a variable rate, on notional amounts denominated mainly in Mexican pesos, U.S. dollars, Japanese yen, Swiss francs, Euros and Sterling pounds. At December 31, 2011, 2012 and 2013, some of the Company's derivative financial instruments have been designated, and have qualified, as cash flow hedges.

The policy of the Company in this regard comprises: (i) the formal documentation of all transactions between the hedging instruments and hedged positions, (ii) risk management objectives, and (iii) the strategy for executing hedging transactions. This documentation also includes the relationship between the cash flows of the derivatives with those of the Company's assets and liabilities recognized in the consolidated statement of financial position.

The effectiveness of the Company's derivatives is evaluated prior to their designation as hedges, as well as during the hedging period, which is performed at least quarterly based on recognized statistical techniques. Whenever it is determined that a derivative is not highly effective as a hedge or that the derivative ceases to be a highly effective hedge, the Company ceases to apply hedge accounting for the derivative on a prospective basis.

Derivative financial instruments are recognized in the consolidated statement of financial position at fair value, which is obtained from the financial institutions with which the agreements are entered into, and it is the Company's policy to compare such fair value to the valuation provided by an independent pricing provider retained by the Company. The effective portion of gains or losses on the cash flow derivatives is recognized in equity under the heading "Effect for fair value of derivatives", and the ineffective portion is charged to results of operations for the period. Changes in the fair value of derivatives that do not qualify as hedging instruments are recognized immediately in results.

The change in fair value recognized in results of operations corresponding to derivatives that qualify as hedges is presented in the same caption of the consolidated statements of comprehensive income as the gain or loss of the hedged item (interests and foreign exchange rate).

y) Presentation of consolidated statement of comprehensive income

The costs and expenses shown in América Móvil's consolidated statement of comprehensive income are presented in combined manner (based on both their function and nature), which allows for a better understanding of the components of the Company's operating income. This classification allows for a comparison to the telecommunications industry.

The Company's presents operating income in its consolidated statements of comprehensive income, since it is a key indicator of the Company's performance. Operating income includes operating revenues, operating costs and expenses.

z) Operating segments

Segment information is presented based on information used by management in its decision-making processes. Segment information is presented based on the geographic areas in which the Company operates.

The management of América Móvil is responsible for making decisions regarding the resources to be allocated to the Company's different segments, as well as evaluating the performance of each segment.

Inter-segment revenues are eliminated upon consolidation and reflected in the "eliminations" column.

None of the segments records revenue from transactions with a single external customer amounting to at least 10% or more of the Company's revenues.

z.1) Convenience translation

At December 31, 2013, amounts in U.S. dollars have been included in the financial statements solely for the convenience of the reader and have been translated to Mexican pesos at December 31, 2013 at an exchange rate of Ps.13.0765 pesos per U.S. dollar, which was the exchange rate at that date. Such translation should not be construed as a representation that the Mexican peso can be converted to U.S. dollars at the exchange rate in effect on December 31, 2013 or any other exchange rate.

z.2) Judgments, estimates and significant accounting assumptions

In preparing its consolidated financial statements, América Móvil makes estimates concerning a variety of matters. Some of these matters are highly uncertain, and its estimates involve judgments it makes based on the information available to it. In the discussion below, América Móvil has identified several of these matters for which its financial statements would be materially affected if either (1) América Móvil used different estimates that it could reasonably have used or (2) in the future América Móvil changes its estimates in response to changes that are reasonably likely to occur.

The following discussion addresses only those estimates that América Móvil considers most important based on the degree of uncertainty and the likelihood of a material impact if it used a different estimate. There are many other areas in which América Móvil uses estimates about uncertain matters, but the reasonably likely effect of changed or different estimates is not material to the financial presentation.

Fair Value of Financial Assets and Liabilities

América Móvil has substantial financial assets and liabilities that it recognizes at their fair value, which is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties. The methodologies and assumptions América Móvil uses to estimate an instrument's fair value depend on the type of instrument and include (i) recognizing cash and cash equivalents and trade receivables and trade payables and other current liabilities at close to their carrying amount, (ii) recognizing quoted instruments at their price quotations on the reporting date, (iii) recognizing unquoted instruments, such as loans from banks and obligations under financial leases, by discounting future cash flows using rates for similar instruments and

(iv) applying various valuation techniques, such as present value calculations, to derivative instruments. Using different methodologies or assumptions to estimate the fair value of AMX's financial assets and liabilities could materially impact the reported financial results. See Note 14.

Estimated Useful Lives of Plant, Property and Equipment

América Móvil estimates the useful lives of particular classes of plant, property and equipment in order to determine the amount of depreciation expense to be recorded in each period. América Móvil currently depreciates most of its telephone plant and equipment based on an estimated useful life determined upon the expected particular conditions of operations and maintenance in each of the countries in which it operates. The estimates are based on AMX's historical experience with similar assets, anticipated technological changes and other factors, taking into account the practices of other telecommunications companies. América Móvil reviews estimated useful lives each year to determine whether they should be changed, and at times, it changes them for particular classes of assets. América Móvil may shorten the estimated useful life of an asset class in response to technological changes, changes in the market or other developments. This results in increased depreciation expense. See Notes 2j and Note 8.

Impairment of Long-Lived Assets

América Móvil has large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in affiliates and goodwill, on its balance sheet. América Móvil is required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in some cases, at least on an annual basis. The impairment analysis for long-lived assets requires the Company to estimate the recovery value of the asset, which is the higher of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, América Móvil typically takes into account recent market transactions or, if no such transactions can be identified, América Móvil uses a valuation model that requires the making of certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, América Móvil typically makes various assumptions about the future prospects for the business to which the asset relates, consider market factors specific to that business and estimate future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets, América Móvil determines whether it needs to take an impairment charge to reduce the net carrying value of the asset as stated on its balance sheet. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in the Company's business strategy and its internal forecasts. Different assumptions and estimates could materially impact the Company's reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on the balance sheet. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. The key assumptions used to determine the recoverable amount for the Company's CGUs, are further explained in Notes 2 l and Note 9 and Note 10.

Deferred Taxes

América Móvil is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the jurisdiction-by-jurisdiction estimation of actual current tax exposure and the assessment of temporary differences resulting from the differing treatment of certain items, such as accruals and amortization, for tax and financial reporting purposes, as well as net operating loss carry-forwards and other tax credits. These items result in deferred tax assets and liabilities, which are included in the América Móvil's consolidated statement of financial position. América Móvil assess in the course of its tax planning procedures the fiscal year of the reversal of its deferred tax assets and liabilities, and if there will be future taxable profits in those periods to support the recognition of the deferred tax assets. Significant management judgment is required in determining

the Company's provisions for income taxes, deferred tax assets and liabilities. The analysis is based on estimates of taxable income in the jurisdictions in which América Móvil operates and the period over which the deferred tax assets and liabilities will be recoverable or settled. If actual results differ from these estimates, or América Móvil adjusts these estimates in future periods, its financial position and results of operations may be materially affected.

América Móvil records deferred tax assets based on the amount that it believes is probable to be realized. In assessing the future realization of deferred tax assets, the Company considers future taxable income and ongoing tax planning strategies. In the event that the estimates of projected future taxable income and benefits from tax planning strategies are lowered, or changes in current tax regulations are enacted that would impose restrictions on the timing or extent of the ability to utilize the tax benefits of net operating loss carry-forwards in the future, an adjustment to the recorded amount of deferred tax assets would be made, with a related charge to income. See Note 20.

Accruals

Accruals are recorded when, at the end of the period, the Company has a present obligation as a result of past events, whose settlement requires an outflow of resources that is considered probable and can be measured reliably. This obligation may be legal or constructive, arising from, but not limited to, regulation, contracts, common practice or public commitments, which have created a valid expectation for third parties that the Company will assume certain responsibilities. The amount recorded is the best estimation performed by the Company's management in respect of the expenditure that will be required to settle the obligations, considering all the information available at the date of the financial statements, including the opinion of external experts, such as legal advisors or consultants. Accruals are adjusted to account for changes in circumstances for ongoing matters and the establishment of additional accruals for new matters.

If América Móvil is unable to reliably measure the obligation, no accrual is recorded and information is then presented in the notes to its consolidated financial statements. Because of the inherent uncertainties in this estimation, actual expenditures may be different from the originally estimated amount recognized. See Note 13.

América Móvil is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 17.

Labor Obligations

América Móvil recognizes liabilities on its balance sheet and expenses in its comprehensive income statement to reflect its obligations related to its post-retirement seniority premiums, pension and retirement plans in the countries in which it operates and offer defined contribution and benefit pension plans. The amounts the Company recognizes are determined on an actuarial basis that involves many estimates and accounts for post-retirement and termination benefits in accordance with IFRS.

América Móvil uses estimates in four specific areas that have a significant effect on these amounts: (a) the rate of return América Móvil assumes its pension plan will achieve on its investments, (b) the rate of increase in salaries that the Company assumes it will observe in future years, (c) the discount rates that the Company uses to calculate the present value of its future obligations and (d) the expected rate of inflation. The assumptions América Móvil has applied are further disclosed in Note 12. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

Allowance for Doubtful Accounts

América Móvil maintains an allowance for doubtful accounts for estimated losses resulting from the failure of its customers, distributors and cellular operators to make required payments. The Company bases these

estimates on the individual conditions of each of the markets in which it operates that may impact the collectability of accounts. In particular, in making these estimates the Company takes into account (i) with respect to accounts with customers, the number of days since the calls were made, (ii) with respect to accounts with distributors, the number of days invoices are overdue and (iii) with respect to accounts with cellular operators, both the number of days since the calls were made and any disputes with respect to such calls. The amount of loss, if any, that América Móvil actually experiences with respect to these accounts may differ from the amount of the allowance maintained in connection with them. See Note 5.

z.3) Reclassifications and other adjustments

The following balances in the consolidated statement of financial position at December 31, 2012, have been adjusted to conform to the presentation as of December 31, 2013:

	2012, as previously reported	IAS 19R	Reclassifications	2012, as Reclassified
Deferred tax liabilities	Ps. 33,996,070	Ps. 7,295,412	Ps. 3,080,647	Ps. 44,372,129
Accounts payable	184,056,080		(42,451,123)	141,604,957
Accrued liabilities	—		34,005,553	34,005,553
Related parties	1,254,672		1,268,355	2,523,027
Asset retirement obligation . . .	—		7,177,215	7,177,215
Deferred tax liabilities	21,231,775	(15,922,478)	3,080,647	8,389,944

The following amounts in the consolidated statements of cash flows for the years ended December 31, 2011 and 2012 have been adjusted to conform to the presentation for the year ended December 31, 2013:

	2011, As previously reported	Reclassifications	2011, as Reclassified
Operating activities			
Interest expense	Ps. —	Ps.(6,853,900)	Ps. (6,853,900)
Employee profit sharing		4,043,350	4,043,350
Valuation of derivative financial instruments, net	(10,692,199)	(4,053,350)	(14,745,549)
Accounts receivable from subscribers, distributors and other	(11,287,204)	4,581,630	(6,705,574)
Accounts payable and accrued liabilities	20,966,860	10,000	20,976,860
Interest received		2,272,270	2,272,270
Total operating activities	Ps. (1,012,543)	Ps. —	Ps. (1,012,543)
Investing activities			
Acquisition of business, net of cash acquired	Ps. —	Ps. (995,621)	Ps. (995,621)
Acquisition of investments in associate companies	(2,271,059)	995,621	(1,275,438)
Total investing activities	Ps. (2,271,059)	Ps. —	Ps. (2,271,059)

	2012, As previously reported	Reclassifications	2012, as Reclassified
Operating activities			
Interest expense	Ps.	Ps.(5,776,600)	Ps. (5,776,600)
Employee profit sharing		4,377,755	4,377,755
Valuation of derivative financial instruments, net	5,885,869	(2,897,473)	2,988,396
Accounts receivable from subscribers, distributors and other	5,077,352	3,547,430	8,624,782
Accounts payable and accrued liabilities	(1,283,784)	(1,480,282)	(2,764,066)
Interest received	—	2,229,170	2,229,170
Total operating activities	Ps. 9,679,437	Ps. —	Ps. 9,679,437
Investing activities			
Acquisition of business, net of cash acquired	Ps.—	Ps.(2,289,018)	Ps. (2,289,018)
Acquisition of investments in associate companies	(73,849,936)	2,289,018	(71,560,918)
Total investing activities	Ps.(73,849,936)	Ps. —	Ps.(73,849,936)

3. New standards, interpretations and amendments thereof

During 2013, the Company applied, for the first time, certain new IFRS amendments that required retrospective application (restatement) of the previously reported financial statements. Most specifically, the Company adopted IAS 1 and IAS 19 (Revised 2011), both as quantified below. Several other new standards and amendments were also applied for the first time in 2013. However, the adoption of those IFRS standards and amendments did not have a significant impact on the financial statements of América Móvil.

The nature and the impact of each new standard/amendment are described below.

IAS 1 Presentation of Items of other comprehensive Income Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (“OCI”). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, effect of translation, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., remeasurement of actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on América Móvil’s financial position or results of operations. Refer to the consolidated statement of other comprehensive income for a quantification of this new segregation for the periods presented herein.

IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the “third balance sheet”) must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The opening consolidated statement of financial position of the earliest comparative period presented (January 1, 2012) and the comparative figures have been accordingly restated. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes.

IAS 19, Employee Benefits (Revised)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in OCI and permanently excluded from profit and loss. Expected returns on plan assets are no longer recognized in profit or loss; instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation and; Unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

These modifications were effective beginning January 1, 2013, with retrospective application to January 1, 2011 resulting in the restatement of both the December 31, 2012 consolidated statement of financial position, and the previously reported consolidated statement of comprehensive income for the years 2012 and 2011.

Changes in the defined benefit obligation and plan assets are divided in three components:

- (i) Current service cost,
- (ii) Net interest of net (assets) liabilities of defined benefits, (finance cost over the net obligation for defined benefits and expected return on the plan assets), and
- (iii) Actuarial gains and losses (remeasurements) of the net (assets) liabilities for defined benefits.

The net interest of net (assets) liabilities is calculated using a rate of return for high quality corporate bonds for the Company's Puerto Rico operations, using a rate of return for Mexican Government bonds for the Company's Mexican operations, and using a rate of return for Brazilian Government bonds for the Company's Brazilian operations. The modifications require that interest on plan assets is calculated with the discount rate used to measure the obligation, which may be less than the rate previously used to calculate the expected return on plan assets.

In the case of AMX, the transition to IAS 19R had an impact on the pension asset and employee benefits as is explained in the table below:

Consolidated Statements of Financial Position:

	At January 1,		
	2011	2012	2013
Decrease in net projected pension plan asset . .	Ps.(16,222,999)	Ps.(22,327,733)	Ps.(26,589,389)
Increase in deferred tax asset	2,611,121	8,123,333	7,295,413
Net decrease in assets	Ps.(13,611,878)	Ps.(14,204,400)	Ps.(19,293,976)
Increase in labor obligations	Ps. 43,636,427	Ps. 60,590,261	Ps. 54,103,632
Decrease in deferred tax liability	(14,622,296)	(15,615,665)	(15,922,478)
Net increase in liabilities	Ps. 29,014,131	\$ 44,974,596	Ps. 38,181,154
Retained earnings:			
Prior years	Ps. (1,828,066)	Ps. (1,828,066)	Ps. (1,710,885)
Current period	—	191,669	(452,311)
Accumulated other comprehensive income . .	(38,353,805)	(54,034,877)	(54,057,147)
Non-controlling interests	(2,444,138)	(3,507,722)	(1,254,787)
Net decrease in equity	Ps.(42,626,009)	Ps.(59,178,996)	Ps.(57,475,130)
Net effect attributable to:			
Equity holders of the parent	Ps.(40,181,871)	Ps.(55,671,274)	Ps.(56,220,343)
Non-controlling interests	(2,444,138)	(3,507,722)	(1,254,787)
	<u>Ps.(42,626,009)</u>	<u>Ps.(59,178,996)</u>	<u>Ps.(57,475,130)</u>

Consolidated Statements of Comprehensive Income

	For the years ended December 31,	
	2011	2012
Decrease in costs and expenses	Ps.(2,830,635)	Ps.(3,839,793)
Increase in financing cost	3,430,519	4,725,370
Deferred income taxes	(674,795)	(395,239)
(Decrease) increase in net profit for the period from amounts previously reported	Ps. (74,911)	Ps. 490,338
(Decrease) increase in net profit for the period attributable to:		
Equity holders of the parent	Ps. (191,669)	Ps. 452,311
Non-controlling interests	116,758	38,027
(Decrease) increase in net profit for the period from amounts previously reported	Ps. (74,911)	Ps. 490,338
Earnings per share attributable to equity holders	(1.06)	(1.19)

The adoption of IAS 19R had no impact on previously reported amounts of cash flows from operating, financing or investing activities

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27, “*Consolidated and Separate Financial Statements*” that dealt with consolidated financial statements and SIC-12, “*Consolidation—Special Purpose Entities*”. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns. IFRS 10 was adopted on January 1, 2013 and in accordance with the transitional provisions the Company reassessed the control conclusion for its investees as at January 1, 2013 and it had no impact on the Company’s consolidated financial statements.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31, *Interests in Joint Ventures* and SIC-13 “*Jointly-controlled Entities—Non-monetary Contributions by Ventures*”. IFRS 11 removes the option to account for jointly controlled entities (“JCEs”) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

IFRS 11 was effective for annual periods beginning on or after January 1, 2013. The Company reassessed its involvement in its joint arrangements and concluded that the adoption of this standard had no impact on the Company’s consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, additional disclosures are required when a subsidiary is controlled with less than a majority of voting rights. While the Company has subsidiaries with material non-controlling interests, there are no unconsolidated structured entities. The Company has provided the applicable disclosures in Note 10.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7, *“Financial Instruments: Disclosures”*. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the financial statements. The Company has provided the applicable disclosures in Note 14.

Standards issued but not yet effective and annual improvements

The Company has not early adopted any other IFRS interpretation or amendment that has been issued but is not yet effective.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company’s financial assets, but will not have an impact on the classification and measurements of the Company’s financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 32 Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after January 1, 2014. The Company has yet to quantify the impact of these amendments.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Company has yet to quantify the impact of this standard on its financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting—Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company has not novated its derivatives during 2013. However, these amendments would be considered for future novations.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets—Amendments to IAS 36

These amendments require disclosure of the recoverable amounts of the assets or CGUs for which an impairment loss has been recognized or reversed during the period. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. The Company has not recognized or reversed any impairment loss on non-financial assets during the periods presented in these financial statements.

Annual Improvements to IFRSs—2010-2012 Cycle and 2011-2013 Cycle

On December 12, 2013, the IASB issued two cycles of Annual Improvements to IFRSs—Cycles 2010-2012 and 2011-2013—that contain 11 changes to nine standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 2 Share-based Payment; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IFRS 13 Fair Value Measurement; IAS 16 Property, Plant and Equipment; IAS 24 Related Party Disclosures; IAS 38 Intangible Assets; and IAS 40 Investment Property. One of the amendments to IFRS 13 and the amendment to IFRS 1 only affect the Basis for Conclusions for the respective standards and, therefore, are effective immediately. The other amendments are effective from July 1, 2014 either prospectively or retrospectively. The Company has yet to quantify the impact these annual improvements will have on its financial statements.

4. Cash and Cash Equivalents

	At December 31,	
	2012	2013
Cash in banks	Ps.17,225,343	Ps.22,617,446
Short-term deposits	28,261,857	25,546,104
	<u>Ps.45,487,200</u>	<u>Ps.48,163,550</u>

5. Accounts Receivable from subscribers, distributors, recoverable taxes and other, net

a) An analysis of accounts receivable at December 31, 2012 and 2013 is as follows:

	At December 31,	
	2012	2013
Subscribers and distributors	Ps. 96,136,373	Ps. 96,007,977
Mobile phone carriers for network interconnection and other services including calling party pays	6,780,334	6,305,459
Recoverable taxes	26,102,082	31,116,185
Sundry debtors	13,625,309	14,735,135
	<u>142,644,098</u>	<u>148,164,756</u>
Less: Allowance for bad debts due from subscribers, distributors and mobile phone carriers	<u>(22,438,144)</u>	<u>(20,292,099)</u>
Net	<u><u>Ps.120,205,954</u></u>	<u><u>Ps.127,872,657</u></u>

b) Changes in the allowance for doubtful accounts during the years ended December 31, 2011, 2012 and 2013 were as follows:

	For the years ended December 31,		
	2011	2012	2013
Balance at beginning of year	Ps.(19,002,607)	Ps.(23,358,822)	Ps.(22,438,144)
Increases recorded in expenses	(12,111,915)	(12,009,580)	(10,417,235)
Charges against the allowance	8,252,701	10,534,631	14,405,151
Translation effect	(497,001)	2,395,627	(1,841,871)
Balance at end of year	<u>Ps.(23,358,822)</u>	<u>Ps.(22,438,144)</u>	<u>Ps.(20,292,099)</u>

c) The following table shows the aging of accounts receivable at December 31, 2012 and 2013, for subscribers and distributors:

	Total	Unbilled services provided	1-30 days	30-60 days	61-90 days	Greater than 90 days
December 31, 2012	Ps.96,136,373	Ps.50,031,727	Ps.18,419,119	Ps.3,473,650	Ps.2,223,077	Ps.21,988,800
December 31, 2013	96,007,977	48,223,217	21,308,236	3,561,179	2,439,653	20,475,692

In accordance with the Company's accounting policy for the allowance for bad debts, as of December 31, 2012 and 2013, there are accounts receivable greater than 90 days that are not impaired. To estimate the recoverability of accounts receivable, the Company considers any change in the credit quality of the subscribers and distributors from the date the credit was granted until the end of period.

d) The following table shows the deteriorated accounts receivable from subscribers and distributors as of December 31, 2012 and 2013:

	Total	61-90 days	Greater than 90 days
December 31, 2012	Ps.22,438,144	Ps.449,344	Ps.21,988,800
December 31, 2013	20,292,099	814,500	19,477,599

6. Inventories, net

An analysis of inventories at December 31, 2012 and 2013 is as follows:

	2012	2013
Mobile phones, accessories, cards and other materials	Ps.30,976,789	Ps.39,238,656
Less: Reserve for obsolete and slow-moving inventories	(2,278,969)	(2,519,703)
Total	<u>Ps.28,697,820</u>	<u>Ps.36,718,953</u>

For the years ended December 31, 2011, 2012 and 2013, the cost of inventories recognized in cost of sales and services was Ps.95,062,633, Ps.110,465,701 and Ps.121,994,900, respectively.

7. Other assets, net

a) An analysis of other assets at December 31, 2012 and 2013 is as follows:

	2012	2013
Current portion:		
Advances to suppliers	Ps. 7,578,127	Ps. 7,999,148
Costs associated with deferred revenues	2,827,178	3,041,371
Prepaid insurance	450,283	605,318
Other	415,875	481,363
	<u>Ps.11,271,463</u>	<u>Ps.12,127,200</u>
Non-current portion:		
Recoverable taxes	Ps. 3,305,273	Ps. 3,269,699
Advance payments for the use of fiber optics	1,307,791	2,765,495
Prepaid expenses and judicial deposits	11,116,090	11,305,088
Total	<u>Ps.15,729,154</u>	<u>Ps.17,340,282</u>

For the years ended December 31, 2011, 2012 and 2013, the amortization expense for other assets was Ps.398,383, Ps.244,538 and Ps.127,058, respectively.

Judicial deposits represent cash pledged in order to fulfill the collateral requirements for tax contingencies in Brazil.

8. Property, Plant and Equipment, net

a) An analysis of property, plant and equipment, net at December 31, 2011, 2012 and 2013 is as follows:

Cost	Telephonic plant in operation and equipment	Land and buildings	Other assets	Construction in process and advances to plant suppliers ⁽¹⁾	Inventories for operation of the plant (Impairment)	Total
At January 1, 2011	Ps. 336,923,824	Ps. 44,187,818	Ps. 51,312,793	Ps. 41,082,331	Ps. 12,026,165	Ps. 485,532,931
Additions	72,736,548	9,680,678	13,492,397	38,419,430	18,904,313	153,233,366
Retirements	(16,186,099)	(350,418)	(2,262,172)	(30,439,838)	(13,311,357)	(62,549,884)
Effect of translation	18,527,029	1,732,445	2,912,022	1,786,354	375,886	25,333,736
At December 31, 2011	412,001,302	55,250,523	65,455,040	50,848,277	17,995,007	601,550,149
Additions	104,467,913	2,434,107	9,883,676	19,730,746	11,603,283	148,119,725
Retirements	(25,693,072)	(1,219,353)	(5,413,649)	(21,177,560)	(12,647,522)	(66,151,156)
Business combinations	15,107		40,160	4,259		59,526
Business acquisition of NET (Note 10)	33,098,556	255,018	—	128,643	—	33,482,217
Effect of translation	(56,393,038)	(4,181,864)	(1,977,322)	(3,588,130)	(925,663)	(67,066,017)
At December 31, 2012	467,496,768	52,538,431	67,987,905	45,946,235	16,025,105	649,994,444
Additions	116,170,134	2,567,068	22,957,505	13,085,094	12,458,316	167,238,117
Retirements	(17,995,021)	(3,298,197)	(8,367,342)	(15,326,412)	(10,142,059)	(55,129,031)
Business combinations	310		87,122	1,268		88,700
Effect of translation	(55,763,545)	(3,579,859)	(4,654,256)	(3,874,210)	(975,281)	(68,847,151)
At December 31, 2013	Ps. 509,908,646	Ps. 48,227,443	Ps. 78,010,934	Ps. 39,831,975	Ps. 17,366,081	Ps. 693,345,079
Accumulated depreciation						
At January 1, 2011	Ps. 58,825,288	Ps. 177,289	Ps. 14,727,856		Ps. (17,889)	Ps. 73,712,544
Depreciation of the year	68,660,250	1,396,102	12,581,222		4,626	82,642,200
Retirements	(30,664,840)	(53,910)	(3,211,913)		(7,988)	(33,938,651)
Effect of translation	11,130,430	318,881	1,590,024		7,948	13,047,283
At December 31, 2011	107,951,128	1,838,362	25,687,189		(13,303)	135,463,376
Depreciation of the year	83,905,974	1,097,460	7,282,983		(18,142)	92,268,275
Retirements	(22,753,727)	(306,881)	(6,297,626)		(24,451)	(29,382,685)
Effect of translation	(43,392,735)	(1,641,993)	(3,740,236)		(13,830)	(48,788,794)
At December 31, 2012	125,710,640	986,948	22,932,310		(69,726)	149,560,172
Depreciation of the year	80,867,568	1,973,707	11,994,657		57,869	94,893,801
Retirements	(11,006,444)	(31,133)	(3,380,289)		(11,121)	(14,428,987)
Effect of translation	(33,975,506)	(1,322,209)	(2,485,845)		(3,298)	(37,786,858)
At December 31, 2013	Ps. 161,596,258	Ps. 1,607,313	Ps. 29,060,833		Ps. (26,276)	Ps. 192,238,128
Net book value						
At January 1, 2011	Ps. 304,050,174	Ps. 53,412,161	Ps. 39,767,851	Ps. 50,848,277	Ps. 18,008,310	Ps. 466,086,773
At December 31, 2012	Ps. 341,786,128	Ps. 51,551,483	Ps. 45,055,595	Ps. 45,946,235	Ps. 16,094,831	Ps. 500,434,272
At December 31, 2013	Ps. 348,312,388	Ps. 46,620,130	Ps. 48,950,101	Ps. 39,831,975	Ps. 17,392,357	Ps. 501,106,951

(1) Construction in progress includes fixed and mobile telephone facilities as well as satellite developments and fiber optic which is being laid.

The completion period is variable and depends upon the type of fixed assets in construction. In the case of telephone plant (switching and transmission), it takes 6 months on average; for others may take more than 2 years.

The Company is building a submarine cable system designed with 17,500 kilometers of length that will have a 100 Gigabit per second (100G) transmission. The cable extends from the U.S. to Central America and Brazil, which provides international connectivity to all the Company subsidiaries in these geographic areas. The investment at December 31, 2013 is Ps.4,691,102 (US\$358,743).

b) At December 31, 2012 and 2013, property, plant and equipment include the following assets under capital leases:

	2012	2013
Assets under capital leases	Ps. 848,622	Ps. 972,601
Accumulated depreciation	(409,105)	(367,698)
	<u>Ps. 439,517</u>	<u>Ps. 604,903</u>

c) At December 31, 2013, Embratel and Net have land and buildings and other equipment that are pledged in guarantee of legal proceedings in the amount of Ps.1,619,109 (Ps.3,518,426 in 2012).

d) Relevant information related to the computation of the capitalized borrowing costs is as follows:

	Years ended December 31,		
	2011	2012	2013
Amount invested in the acquisition of qualifying assets	Ps.51,240,658	Ps.52,849,800	Ps.46,686,790
Capitalized interest	3,845,609	3,152,811	3,002,756
Capitalization rate	7.5%	6.0%	6.4%

Capitalized interest is being amortized over a period of 7 years, which is the estimated useful life of the plant.

e) In January 2012, Star One entered into an agreement denominated in U.S. dollars with a manufacturer for the construction and launching of the Star One C-4 satellite. The cost of the project is estimated to be approximately Ps.3,772,929 (US\$290,000). At December 31, 2012 and 2013, the amount of construction in progress associated with this project amounts to Ps.1,386,755 and Ps.2,567,775, respectively.

9. Intangible assets

a) An analysis of intangible assets at December 31, 2011, 2012 and 2013 is as follows:

	At December 31, 2011						
	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries, net	Balance at end of year
Licenses and rights of use ...	Ps.124,992,523	Ps.1,479,130	Ps.1,149,119	Ps.(281,397)	Ps. —	Ps. 2,721,997	Ps.130,061,372
Accumulated amortization ..	(80,471,665)	—	—	163,060	(9,731,392)	(1,490,476)	(91,530,473)
Net	44,520,858	1,479,130	1,149,119	(118,337)	(9,731,392)	1,231,521	38,530,899
Trademarks	Ps. 12,654,899	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (343,019)	Ps. 12,311,880
Accumulated amortization ..	(8,123,022)	—	—	—	(1,225,060)	43,056	(9,305,026)
Net	Ps. 4,531,877	Ps. —	Ps. —	Ps. —	Ps.(1,225,060)	Ps. (299,963)	Ps. 3,006,854
Goodwill	Ps. 70,918,967	Ps. —	Ps. 159,797	Ps.(152,285)	Ps. —	Ps. 2,111,954	Ps. 73,038,433

At December 31, 2012

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries, net	Balance at end of year
Licenses and rights of use	Ps.130,061,372	Ps.7,830,248	Ps.12,414,914	Ps. —	Ps. —	Ps.(16,545,574)	Ps.133,760,960
Accumulated amortization	(91,530,473)	—	—	—	(9,482,044)	11,303,987	(89,708,530)
Net	38,530,899	7,830,248	12,414,914	—	(9,482,044)	(5,241,587)	44,052,430
Trademarks	Ps. 12,311,880	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (713,321)	Ps. 11,598,559
Accumulated amortization	(9,305,026)	—	—	—	(1,589,880)	439,662	(10,455,244)
Net	Ps. 3,006,854	Ps. —	Ps. —	Ps. —	Ps. —	Ps. (273,659)	Ps. 1,143,315
Goodwill	Ps. 73,038,433	Ps. —	Ps.31,347,978	Ps.(278,756)	Ps.(1,589,880)	Ps. (4,401,796)	Ps. 99,705,859

At December 31, 2013

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries, net	Balance at end of year
Licenses and rights of use	Ps.133,760,960	Ps.3,334,464	Ps. —	Ps.(2,158,796)	Ps. —	Ps.(11,853,114)	Ps.123,083,514
Accumulated amortization	(89,708,530)	—	—	—	(6,271,998)	9,950,846	(86,029,682)
Net	Ps. 44,052,430	Ps.3,334,464	Ps. —	Ps.(2,158,796)	Ps.(6,271,998)	Ps. (1,902,268)	Ps. 37,053,832
Trademarks	Ps. 11,598,559	Ps. —	Ps. —	Ps. 387,926	Ps. —	Ps. (285,879)	Ps. 11,700,606
Accumulated amortization	(10,455,244)	—	—	—	(241,976)	162,920	(10,534,300)
Net	Ps. 1,143,315	Ps. —	Ps. —	Ps. 387,926	Ps. —	Ps. (122,959)	Ps. 1,166,306
Goodwill	Ps. 99,705,859	Ps. —	Ps.1,200,061	Ps.(3,655,164)	Ps. (241,976)	Ps. (4,764,472)	Ps. 92,486,284

b) The aggregate carrying amounts of goodwill allocated to each country are as follows:

	2012	2013
Mexico (Telmex)	Ps. 9,572,007	Ps.10,729,462
USA	1,469,388	1,472,896
Brazil (Fixed, mobile and T.V.)	29,435,809	22,483,917
Argentina	294,480	272,191
Colombia	15,642,979	14,402,035
Ecuador	2,155,385	2,155,385
Peru	2,245,717	2,209,484
El Salvador	2,510,596	2,510,596
Guatemala	626,940	645,525
Honduras	58,135	56,630
Nicaragua	1,544,583	1,544,582
Puerto Rico	17,463,394	17,463,394
Dominican Republic	14,186,724	14,186,724
Chile	2,499,722	2,353,463
	Ps.99,705,859	Ps.92,486,284

c) The following is a description of the major changes in the “Licenses and rights of use” caption for the years ended December 31, 2011, 2012 and 2013:

2011 Acquisitions

i) During the first quarter of 2011, the Company won a public bid to provide mobile telecommunications services on a nationwide level in Costa Rica. The concession obtained by its subsidiary grants the Company the right to use and exploit the 70Mhz frequency range for a term of 15 years. The upfront amount paid was Ps.926,000 and no further payments need to be made.

ii) As part of the business combination of Digicel Group Limited described in Note 10, América Móvil recognized a license for an amount of Ps.1,149,119 (US\$82,100).

2012 Acquisitions

i) In January 2012, Telmex Colombia acquired a new TV license for a period of 8 years, expiring in 2020. The amount paid was Ps.253,927.

ii) As part of the business combination of Net Serviços de Comunicação, S.A, the Company recognized a license for an amount of Ps.12,414,914. Given recent changes in the telecommunications law, licenses in Brazil can be renewed indefinitely at nominal cost. Thus, these licenses are considered as indefinite life intangible and are not amortized.

iii) In September 2012, Claro Brazil renewed certain contracts related to its licenses for the 450 MHz frequency band, and such licenses cover the following states of Brazil: Acre, Rondonia, Tacantins, Bahia, Paraná, Santa Catarina, Rio de Janeiro, Espírito Santo, Sao Paulo, Amazonas, Maranhá, Roraima, Amapá and Pará. Such licenses expire in October 2027.

Also Claro Brazil acquired licenses related to 4G (fourth generation) services, or broadband of 2,500 MHz to provide 4G services in Brazilian territory, except for the Brazilian state of Amazonas. Such licenses expire between June 2014 and October 2027.

Additionally, the licenses for the 850 MHz frequency band which expired during 2012 and 2013 were renewed. These renewals expire in October 2027. The amount paid for these renewals was Ps.5,710,116.

2013 Acquisitions

i) In October 2013, Claro Colombia acquired a radio spectrum band of 2500 Mhz to 2690 Mhz for a period of 10 years. The amount paid was Ps.815,488.

ii) Embratel and its subsidiaries acquired various radio frequencies and TV licenses, for a period that ranges from 3 to 19 years. The amount paid was Ps.2,149,074.

c) Amortization of licenses, rights of use and trademarks for the years ended December 31, 2011, 2012 and 2013 amounted to Ps.10,956,452, Ps.11,071,924 and Ps.6,513,974, respectively.

10. Investments in Associated Companies and Consolidated Equity Investments

a) The following is a summary of changes in the investment in the Company's associates during the years ended December 31, 2011, 2012 and 2013:

	Balance at December 31, 2010	Acquisitions	Disposals / Other	Equity interest in net income of associate	Equity method in OCI and effect of translation	Balance at December 31, 2011
NET	Ps.49,675,380	Ps.1,185,359	Ps.—	Ps.1,856,331	Ps.337,932	Ps.53,055,002
Others	864,075	155,490	—	67,666	75,790	1,163,021
	<u>Ps.50,539,455</u>	<u>Ps.1,340,849</u>	<u>Ps.—</u>	<u>Ps.1,923,997</u>	<u>Ps.413,722</u>	<u>Ps.54,218,023</u>

	Balance at December 31, 2011	Acquisition	Disposals /Other	Equity interest in net income (loss) of associate	Equity interest in OCI and effect of translation	Balance at December 31, 2012
NET	Ps.53,055,002	Ps.	Ps.(53,055,002)	Ps.	Ps.	Ps.— KPN . . .
.....		55,081,964		408,179	(482,669)	55,007,474
Telekom Austria		16,363,888		380,334	8,502	16,752,724
Other	1,163,021	379,564		(27,152)	(159,346)	1,356,087
Total	<u>Ps.54,218,023</u>	<u>Ps.71,825,416</u>	<u>Ps.(53,055,002)</u>	<u>Ps. 761,361</u>	<u>Ps. (633,513)</u>	<u>Ps.73,116,285</u>

	Balance at December 31, 2012	Acquisition	Disposals / Other	Equity interest in net income (loss) of associate	Equity interest in OCI and effect of translation	Balance at December 31, 2013
KPN	<u>Ps.55,007,474</u>	<u>Ps.14,988,270</u>	<u>Ps. (6,040,933)</u>	<u>Ps.(244,514)</u>	<u>Ps.5,522,000</u>	<u>Ps.69,232,297</u>
Telekom Austria	<u>16,752,724</u>		<u>(88,461)</u>	<u>326,129</u>	<u>659,583</u>	<u>17,649,975</u>
Other	<u>1,356,087</u>	<u>838,373</u>		<u>(45,333)</u>	<u>(144,375)</u>	<u>2,004,752</u>
Total	<u>Ps.73,116,285</u>	<u>Ps.15,826,643</u>	<u>Ps. (6,129,394)</u>	<u>Ps. 36,282</u>	<u>Ps.6,037,208</u>	<u>Ps.88,887,024</u>

b) The following is a description of the major acquisitions of investments in associates and subsidiaries during the years ended December 31, 2011, 2012 and 2013:

Acquisitions 2011

i) Net Serviços de Comunicação, S.A. ("NET")

In 2011, the Company accounted for its holdings in NET using the equity method of accounting given that it did not exercise voting control over NET. During 2012, given a change in the Brazilian telecommunications laws, the Company was able to exercise an option whereby it obtained control and began consolidating NET starting January 1, 2012.

In 2010, Embratel purchased 155,415,666 preferred shares, no par value, of NET through a public offer. A sufficient number of preferred shares were tendered into the offer to give rise to a shareholder put right at the offer price adjusted for inflation through settlement of the put. The period for exercising the shareholder put right expired on January 13, 2011. A total of 49,847,863 preferred shares, equivalent to 21.81% of outstanding preferred shares as of October 13, 2010, were tendered during the shareholder put right period, bringing the final number of preferred shares tendered into the offer to 193,701,299. The total purchase price of all preferred shares acquired pursuant to the tender offer was approximately R\$4.3 billion (Ps.31,525,000 at the exchange rate as of January 13, 2011) paid in cash.

At December 31, 2011, América Móvil through Embrapar and Embratel had a shareholding (direct and indirect) of 87.5% in NET.

The following tables show condensed consolidated financial information for NET for the year ended December 31, 2011:

Condensed Consolidated Statements of Comprehensive Income

	Year ended December 31, 2011
Revenues	Ps.45,631,540
Operating costs and expenses	41,117,974
Operating income	4,513,566
Net profit	<u>Ps. 2,005,330</u>

ii) Star One S.A.

In July 2011, Embratel acquired a 20% interest in Star One S.A. (“Star One”) from GE Satellite Holdings LLC and its affiliates for a total purchase price of Ps.2,716,164 (US\$235,000). Star One is a Brazilian company that provides satellite services in Brazil. Prior to that date, Embratel owned the remaining 80% interest in Star One. Accordingly, since July 2011 Embratel owns 100% of the shares.

iii) Digicel Group Limited

In November 2011, América Móvil acquired 100% of Digicel Group Limited and its affiliates’ (“Digicel”) operations in Honduras and sold its operations in Jamaica to Digicel. The net amount paid was Ps.4,733,385. As part of the acquisition, the identified licenses in the cellular industry were Ps.1,149,112.

Acquisitions 2012

i) Acquisition of Control over NET

On January 26, 2012, the National Telecommunications Agency of Brazil expressed its consent to the transfer of control of NET. This authorization then allowed Embrapar to exercise a call option on the shares held by GB Empreendimentos e Participações SA (“GB”), a company that previously controlled NET, which until that time was controlled by Globo Comunicação e Participações S.A. (“Globo”). Once this option was exercised, Embrapar and its subsidiary Embratel would have voting control of NET. The ability to exercise the option resulted in the Company effectively controlling NET.

On March 5, 2012 Embrapar exercised the option and purchased ordinary shares of GB. The acquired shares represented 5.5% of the ordinary shares and Embrapar reached 54.54% in the voting capital of GB. As a result of this transaction, América Móvil held an equity interest (directly and indirectly) in NET of 88.0%.

América Móvil obtained control of NET, in accordance with IFRS 3, *Business combinations*, and recognized the fair value of NET’s assets acquired, liabilities assumed and its non-controlling interest. As part of the business combination, América Móvil derecognized its equity method investment in NET. The difference between the carrying value and the acquisition date fair value of the equity method investment in NET that was derecognized was not material and accordingly, no gain or loss was recognized.

NET’s operating results were consolidated in the statement of comprehensive income beginning January 1, 2012.

The consideration transferred to acquire NET consists of the fair value of the equity method investment previously held, plus the amount of cash required to exercise the option to control NET, as shown in the table below.

The fair value of the net assets acquired is as follows:

Other current assets	Ps.10,332,298
Plant and equipment	33,482,219
Intangibles	19,287,138
Others non currents assets	2,821,826
Total of assets acquired	<u>Ps.65,923,481</u>
Liabilities and account payable short-term	Ps.16,062,621
Liabilities and account payable short-term	6,998,214
Long term debt	16,165,150
Total of liabilities assumed	<u>39,225,985</u>
Fair value of net assets identified	26,697,496
Fair value of non-controlling interest	(3,798,181)
Goodwill recognized on acquisition	30,601,656
Purchase consideration transferred:	<u>(47,951)</u>
Fair value of investment in NET de-recognized at the acquisition date	<u><u>Ps.53,453,020</u></u>

The amounts of revenue and net profit of NET recorded in the Company's 2012 and consolidated financial statement since January 1, 2012 date of consolidation were Ps.52,722,225 and Ps.2,661,622, respectively.

ii) *Koninklijke KPN N.V. ("KPN")*.

On May 29, 2012, AMOV Europa B.V. ("AMOV"), a wholly-owned subsidiary of América Móvil, commenced a partial tender offer in cash to all holders of ordinary shares of Koninklijke KPN N.V. ("KPN"). KPN is the leading telecommunications service provider in the Netherlands, which offers fixed-line and wireless telecommunications services, internet and Pay TV to consumers, and end-to-end telecommunications services to business customers. AMOV offered to purchase up to the number of shares that would result in AMOV and América Móvil holding 393,283,000 shares (representing a total of up to approximately 27.7% of all outstanding shares of KPN). The offer expired on June 27, 2012, and more than a sufficient number of shares needed for us to reach the maximum ownership amount of 27.7% of the outstanding shares was tendered. Upon closing of the tender offer, the total aggregate cost of the Company's investment in KPN was approximately €3,047 million (Ps.52,200,000).

During April 2013, KPN launched a rights offering to raise up to €3,000 billion of equity. Pursuant to the Company's agreement with KPN, the Company subscribed for new shares in the rights offering in proportion to the Company's previous ownership of KPN shares. Upon settlement of the offering on May 17, 2013, the Company paid €895.8 million (Ps.14,200,000) and owned a total of 1,267,677,000 shares of KPN, continuing to represent 29.7% of the outstanding shares of KPN.

In August and November 2013, the Company received dividends for an amount of Ps.88,461 and Ps.123,932, respectively.

In November 2013, the Company sold shares of KPN representing 2.38% of KPN's outstanding shares for an amount of Ps. 4.3 billion. At December 31, 2012 and 2013, the Company held 29.77% and 27.39% of the outstanding shares of KPN.

Since April 2013, the Company has had two representatives on KPN's Supervisory Board of a total of at least five and no more than nine members. On August 9, 2013, the Company announced its intention to make a tender offer in cash for all of KPN's ordinary shares that it does not already own (the "Intended KPN Offer") at a price of €2.40 per share. On August 29, 2013, the KPN Preference Shares B Foundation (Stichting Preferente Aandelen B KPN or the "KPN Foundation"), an independent legal entity with the statutory goal of protecting KPN's interests (which includes the interests of stakeholders, such as customers, shareholders and employees), exercised a call option in respect of securities of KPN. As a result, the KPN Foundation holds preferred shares of KPN representing 50% of the voting shares less one share, making América Móvil's goal of acquiring more than 50% of the voting rights for KPN unachievable. On October 16, 2013, the Company announced that the Company would not launch the Intended KPN Offer.

América Móvil's interest in KPN is accounted for using the equity method in the consolidated financial statements because although the voting rights of the Company were reduced to 14.9%, its economic interests remained at 29.77% and the Company kept its two seats on the Supervisory Board which is greater than 20% of Board representation, which is ultimately responsible for all decision-making. Summarized financial information of the associate, based on its IFRS financial information (adjusted for the Company's basis in such investee) is set out below:

	At December 31,	
	2012	2013
Current assets	Ps. 53,174,754	Ps. 93,826,748
Non current assets	331,732,880	400,042,101
Current liabilities	100,513,672	115,787,347
Non current liabilities	298,451,457	312,336,501
Equity	(14,057,495)	65,745,001
Non-controlling interest	875,375	952,465
Total equity	Ps. (14,932,870)	Ps. 64,792,536

	2012 ⁽¹⁾	2013
Revenue	Ps.106,086,293	Ps.143,714,146
Operative expenses and other cost	104,714,118	144,547,525
Net income (loss)	1,372,175	(833,379)
Net income (loss) attributable to the shareholders	1,372,175	(833,379)
Other comprehensive income (loss) items	(1,207,623)	2,798,965
Net comprehensive income for the year	164,552	1,965,586
Net comprehensive income (loss) attributable to the shareholders	301,906	(966,915)

- (1) AMX acquired its equity interest in KPN during the second quarter of 2012, and the equity method results for 2012 were not material to its financial statements. This summarized financial information represents amounts for the entire year ended December 31, 2012.

Below is a reconciliation of the equity attributable to the KPN's shareholders in the table above with the equity method investment as of December 31, 2012 and 2013:

	2012	2013
Equity attributable to the KPN's shareholders	Ps.(14,932,871)	Ps.64,792,536
AMX share at December 31,	29.7%	27.39%
	(4,435,063)	17,746,675
Goodwill	59,442,533	51,485,622
Total investment in KPN	Ps. 55,007,470	Ps.69,232,297

As discussed in Note 2 b) ii), the Company's policy is to evaluate at each reporting date whether there is any objective evidence that an investment in an associate is impaired. If there is a potential impairment, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the associate and its carrying value, and recognizes the impairment loss in its share of profit or loss of the associate in the consolidated statement of comprehensive income.

The Company owned 422,559,000 and 1,169,797,301 shares of KPN, with a carrying value of Ps.55,007,474 and Ps 69,232,297 as of December 31, 2012 and 2013, respectively. KPN's shares are traded on the Amsterdam Stock Exchange, and the closing price for such shares was €3.53 and €2.34 per share at December 31, 2012 and 2013, respectively, equating to a Level 1 fair value of the Company's investment in KPN of Ps.22,600,000 and Ps.49,255,640 at December 31, 2012 and 2013 exchange rates. As of December 31, 2012

and 2013, the carrying value of the investment in KPN was Ps.28,000,000 and Ps.19,976,657, respectively, in excess of its Level 1 fair value. The Level 1 fair value of KPN was Ps.17,048,815 as of April 25, 2014. Under IAS 39, either a significant or a prolonged decline of the Level 1 fair value of an equity security below its carrying value is objective evidence of impairment. Impairment is then recognized as the difference between the carrying value of the equity investment and the greater of its Level 1 fair value and the underlying equity investment's value in use.

The Company has performed a value-in-use computation for its equity method investment in KPN as of December 31, 2013. The value-in-use computation was based in-part on KPN's actual financial results for 2013 and financial projections for the years 2014 to 2016. Beyond the three-year period of the KPN projections, free-cash flow was projected by the Company at 0.5% real growth rate to perpetuity (2.5% nominal, including projected inflation). The Company applied a discount rate of 7.2% (nominal) (5.8% in 2012) to the projected free cash flows of KPN, which is the estimated weighted average cost of capital. Based on the computation performed, a value in use of the Company's 27.70% (29.7% in 2012) ownership interest of Ps.139.3 billion (Ps 55.9 billion in 2012) was estimated as of December 31, 2013, thus no impairment charge was required in the Company's 2013 consolidated financial statements.

iii) Telekom Austria AG ("Telekom Austria")

On June 15, 2012, the Company agreed to acquire approximately 21% of the outstanding shares of Telekom Austria AG ("Telekom Austria") from Marathon Zwei Beteiligungs GmbH, a wholly-owned subsidiary of RPR Privatstiftung, a private trust established by Mr. Ronny Pecik. Under the agreement, the Company acquired 5% of the outstanding shares of Telekom Austria, and the right to acquire additional shares. On September 25, 2012, the Company exercised this right and acquired approximately 16% of the outstanding shares of Telekom Austria, after receiving the required regulatory approvals. As of September 30, 2012, the Company held 22.76% of the outstanding shares of Telekom Austria. The total aggregate costs of the Company's investment in Telekom Austria is approximately €954 million (Ps.15,977,000). Telekom Austria provides telecommunications services in Austria, Belarus, Bulgaria, Croatia, Liechtenstein, Macedonia, Serbia and Slovenia.

América Móvil's interest in Telekom Austria is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the associated company, based on its IFRS financial information (adjusted for the Company's basis in such investee) is set out below:

	At December 31,	
	2012	2013
Current assets	Ps. 30,174,699	Ps. 31,323,505
Non-current assets	115,560,400	122,590,497
Current liabilities	51,286,689	51,975,813
Non-current liabilities	71,025,542	76,916,008
Equity attributable to the Telekom Austria's shareholders	Ps. 23,422,868	Ps. 25,022,181
	2012⁽¹⁾	2013
Revenues	Ps. 18,719,828	Ps. 73,368,514
Operating expenses	15,747,734	71,935,798
Net income	1,668,864	1,431,020
Net income attributable to the shareholders	1,668,864	1,431,020
Other comprehensive loss items	(6,709)	(118,744)
Net comprehensive income for the year	1,662,155	1,312,276
Net comprehensive income attributable to the shareholders	1,660,477	932,295

- (1) AMX acquired its equity interest in Telekom Austria during the second quarter of 2012, and the equity method results for 2012 were not material to its financial statements. This summarized financial information represents amounts for the fourth quarter ended December 31, 2012.

Below is a reconciliation of the Equity attributable to the Telecom Austria's shareholders in the table above with the equity method investment as of December 31, 2012 and 2013:

	2012	2013
Equity attributable to the Telecom Austria's shareholders	Ps.23,422,867	Ps.25,022,180
AMX share	22.79%	22.79%
	5,338,071	5,702,555
Goodwill	11,414,653	11,947,420
Total investment in Telekom Austria	<u>Ps.16,752,724</u>	<u>Ps.17,649,975</u>

The Company owned 104,875,874 shares of Telekom Austria, with a carrying value of Ps.16,752,724 and Ps.17,649,976 as of December 31, 2012 and 2013, respectively, which equates to a carrying value of Ps.159.4 per share and Ps.98.91 respectively. Telekom Austria shares are traded on the Vienna Stock Exchange; however, the Company purchased its investment in Telekom Austria through a private transaction enabling the Company to obtain the size of the holdings it desired. The Company purchased 21,977,284 shares in June 2012 at Ps.147.07 per share, which is the same as the trading price per share on the day of that transaction. The Company then purchased its remaining shares in September 2012 at Ps.160.63 per share, in comparison to a trading price of Ps.125.28 per share on the day of closing. The Level 1 fair value of the Company's investment in Telekom Austria was Ps.10.3 and Ps.10.4 billion as of December 31, 2012 and 2013, respectively, which is Ps.6.4 billion and Ps.7.3 billion less than its carrying value.

The Company has performed a value-in-use computation for its equity method investment in Telekom Austria as of December 31, 2013 and 2012. The value-in-use computation was based in-part on Telekom Austria's actual financial results for 2013 and financial projections for the years 2014 to 2016. Beyond the three-year period of the Telekom Austria projections, free-cash flow was projected by the Company at 1.0% real growth rate to perpetuity. The Company applied a discount rate of 6.9% (nominal) to the projected free cash flows of Telekom Austria, which is the estimated weighted average cost of capital. Based on the computation performed, a value in use of the Company's 22.33% ownership interest of Ps.20.0 billion was estimated as of December 31, 2013, respectively, thus no impairment charge was required in the Company's 2013 consolidated financial statements. In addition see Note 23 for subsequent events after December 31, 2013.

Other acquisitions 2012

iv) DLA, Inc. ("DLA")

On January 6, 2012, América Móvil entered into an agreement with Claxson Interactive Group, Inc., and acquired as of such date 100% of the shares representing the capital stock of DLA, Inc. ("DLA"). The amount paid was Ps.615,927 (US\$50,000). DLA is a corporation involved in the development, integration and delivery of entertainment products made for digital distribution in Latin America.

v) Simple Mobile, Inc.

On June 19, 2012, our subsidiary Tracfone Wireless Inc. acquired 100% of the operations of Simple Mobile Inc. for approximately US\$118,000 (Ps.1,651,700). Simple Mobile, Inc. is a mobile virtual network operator ("MVNO") in the United States, with more than 2.5 million customer activations.

vi) In September 2012, the Company acquired an equity interest in other Mexican entities for an amount of Ps.379,564.

Acquisitions 2013

i) Corporación Interamericana de Entretenimiento, S.A.B. de C.V. (“CIE”)

On April 30, 2013 América Móvil, entered into an agreement with Corporación Interamericana de Entretenimiento, S.A.B. de C.V. (“CIE”) to acquire 100% shares of Corporación de Medios Integrales, S.A. de C.V. (“CMI”) for an amount of Ps.1,668,000 (US\$131,300). CMI holds the media and advertising business within the commercial segment at CIE. The goodwill is Ps.1,200,061.

ii) Shazam Entertainment Limited (Shazam)

In July 8, 2013, América Móvil acquired 10.8% of shares representing the capital stock of Shazam Entertainment Limited (“Shazam”), and entered into a strategic for a business development in the Americas. The amount paid was Ps.527,536.

c) Consolidated subsidiaries with non-controlling interests

Financial information of subsidiaries that have material non-controlling interest are Telint and Telmex. A summary of the consolidated financial statements at December 31, 2011, 2012 and 2013 is as follows:

Telmex Internacional, S.A. de C.V. and subsidiaries **Condensed Consolidated Statements of Financial Position**

	December 31	
	2012	2013
Assets		
Current assets	Ps. 34,610,979	Ps. 36,069,032
Non-current assets	185,466,009	192,026,144
Total assets	<u>Ps.220,076,988</u>	<u>Ps.228,095,176</u>
Liabilities and equity		
Current liabilities	Ps. 42,324,984	Ps. 64,350,774
Long-term liabilities	52,146,418	52,009,944
Total liabilities	94,471,402	116,360,718
Equity attributable to equity holders of the parent	92,459,880	83,055,435
Non-controlling interest	33,145,706	28,679,023
Total equity	<u>125,605,586</u>	<u>111,734,458</u>
Total liabilities and equity	<u>Ps.220,076,988</u>	<u>Ps.228,095,176</u>

Condensed Consolidated Statements of Comprehensive Income

	December 31		
	2011	2012	2013
Operating revenues	Ps.99,527,840	Ps.137,890,557	Ps.134,468,355
Operating costs and expenses	93,642,653	125,850,174	124,931,875
Operating income	5,885,187	12,040,383	9,536,480
Net income	3,678,390	2,645,378	1,228,339
Comprehensive income (loss)	Ps. 4,038,778	Ps. (10,643,451)	Ps. (12,130,741)
Net income attributable to:			
Equity holders of the parent	Ps. 3,445,685	Ps. 2,551,586	Ps. 320,704
Non-controlling interest	232,705	93,792	907,635
	<u>Ps. 3,678,390</u>	<u>Ps. 2,645,378</u>	<u>Ps. 1,228,339</u>
Comprehensive income (loss) attributable to:			
Equity holders of the parent	Ps. 3,805,975	Ps. (8,762,527)	Ps. (8,926,543)
Non-controlling interest	232,803	Ps. (1,880,924)	(3,204,198)
	<u>Ps. 4,038,778</u>	<u>Ps. (10,643,451)</u>	<u>Ps. (12,130,741)</u>

Teléfonos de México, S.A.B. de C.V. and subsidiaries

Condensed Consolidated Statements of Financial Position

	December 31	
	2012	2013
Assets		
Current assets	Ps. 39,890,257	Ps. 40,008,522
Non-current assets	110,844,992	76,269,460
Total assets	<u>Ps.150,735,249</u>	<u>Ps.116,277,982</u>
Liabilities and equity (deficit)		
Current liabilities	Ps. 42,372,956	Ps. 31,275,189
Long-term liabilities	109,565,241	78,747,388
Total liabilities	151,938,197	110,022,577
Equity holders of the parent	(1,527,583)	5,883,014
Non-controlling interest	324,635	372,391
Total equity (deficit)	<u>(1,202,948)</u>	<u>6,255,405</u>
Total liabilities and equity (deficit)	<u>Ps.150,735,249</u>	<u>Ps.116,277,982</u>

Condensed Consolidated Statements of Comprehensive Income

	December 31		
	2011	2012	2013
Operating revenues	Ps. 112,066,058	Ps. 106,243,636	Ps. 105,593,250
Operating costs and expenses	85,085,441	88,277,034	88,807,950
Operating income	26,980,617	17,966,602	16,785,300
Net income	12,867,326	10,752,125	7,692,975
Comprehensive (loss) income	Ps. (1,302,119)	Ps. 13,923,611	Ps. 917,884
Net income attributable to:			
Equity holders of the parent	Ps. 12,846,433	Ps. 10,760,827	Ps. 7,719,097
Non-controlling interest	20,893	(8,702)	(26,122)
	<u>Ps. 12,867,326</u>	<u>Ps. 10,752,125</u>	<u>Ps. 7,692,975</u>
Comprehensive (loss) income attributable to:			
Equity holders of the parent	Ps. (1,326,924)	Ps. 13,933,138	Ps. 941,046
Non-controlling interest	24,805	(9,527)	(23,162)
	<u>Ps. (1,302,119)</u>	<u>Ps. 13,923,611</u>	<u>Ps. 917,884</u>

11. Derivative Financial Instruments

To mitigate the risk of future increases in interest rates for the servicing of its debt, the Company has entered into interest-rate swap contracts in over-the-counter transactions carried out with financial institutions from which the Company has obtained the related loans. No collateral is given as security in connection with these transactions. The weighted-average interest rate of the total debt is 3.5%.

An analysis of the derivative financial instruments contracted by the Company at December 31, 2012 and 2013 is as follows:

Instrument	At December 31,			
	2012		2013	
	Notional amount in millions	Fair value in millions	Notional amount in millions	Fair value in millions
Swaps US Dollar—Mexican peso	US\$1,050	Ps. 307	US\$ 6,002	Ps. 7,558
Swaps Euro—Mexican peso	€ 263	63	€ 720	1,809
Swaps Euro—US Dollar	€ 950	79	€ 945	391
Swaps CHF—US Dollar			CHF 230	81
Swaps CNY—US Dollar			CNY1,000	185
Forwards Sterling pound—US Dollar	£ 650	2,331		
Forwards US Dollar—Mexican peso			US\$ 5,375	362
Forwards Euro-US Dollar			€ 200	83
Total Assets		<u>Ps. 2,780</u>		<u>Ps. 10,469</u>

Instrument	At December 31,			
	2012		2013	
	Notional amount in millions	Fair value in millions	Notional amount in millions	Fair value in millions
Interest rate swaps in Mexican peso	Ps. 23,640	Ps.(2,495)	Ps. 23,640	Ps.(2,220)
Forwards Reales-US Dollar	R 39	(26)		
Forwards US Dollar-Mexican peso	US\$ 10,538	(1,827)		
Swaps Euro-US Dollar				
Swaps Yen-US Dollar	¥ 12,000	(252)	¥ 12,000	(567)
Swaps CHF-Euro	CHF 270	(76)	CHF 270	(159)
Swaps CHF-US Dollar	CHF 230	(4)		
Swaps Sterling pound-Euro			£ 2,720	(2,420)
Swaps Yen-US Dollar	¥ 1,000	(10)		
Swaps GBP-Euro	£ 1,220	(335)		
Total liability		<u>Ps.(5,025)</u>		<u>Ps.(5,366)</u>

The changes in the fair value of these derivative financial instruments for the years ended December 31, 2011, 2012 and 2013 amounted to a gain (loss) of Ps.10,889,940, Ps.(5,346,179) and Ps.5,921,504, respectively, and such amounts are included in the statement of comprehensive income as part of the caption "Valuation of derivatives interest cost from labor obligations and other financial items, net".

12. Employee Benefits

a) An analysis of the net liability and net period cost for employee benefits is as follows:

	At December 31,	
	2012	2013
Liability:		
Mexico	Ps.42,568,937	Ps.49,270,144
Puerto Rico	18,830,835	13,448,765
Brazil	4,966,351	3,796,998
Ecuador	73,216	91,967
Total	<u>Ps.66,439,339</u>	<u>Ps.66,607,874</u>

Net period cost (benefit):

	For the years ended December 31,		
	2011	2012	2013
Mexico	Ps. 7,903,215	Ps. 8,656,797	Ps.7,602,818
Puerto Rico	(1,209,680)	1,097,942	(713,271)
Brazil	(94,072)	384,331	384,642
Ecuador	12,095	2,602	18,650
Total	<u>Ps. 6,611,558</u>	<u>Ps.10,141,672</u>	<u>Ps.7,292,839</u>

The Company's post-retirement obligations for seniority premiums, pension and retirement plans, and medical services in the countries in which it operates and that have defined benefit and defined contribution plans are as follows:

b) Puerto Rico

Pension plan

There is a pension investment fund committee whose responsibility is to verify that the funds are invested in the appropriate instruments as approved by the committee. No employee has either the authority to invest nor change the use of funds without approval of the committee.

The following tables show the net benefit cost and liabilities for labor obligations related to the funds and costs associated with these pension and post-retirement plans at December 31, 2012 and 2013:

	At December 31,			
	2012		2013	
	Pensions and sum of benefits	Post-retirement benefits	Pensions and sum of benefits	Post-retirement benefits
Projected benefit obligation:				
Projected benefit obligation at beginning of year	Ps.24,482,597	Ps. 9,633,990	Ps.23,861,498	Ps. 8,958,942
Current service cost	196,551	84,986	190,067	77,513
Interest cost on projected benefit obligation	989,029	374,837	917,047	334,038
Actuarial gain (loss)	1,368,663	516,233	(1,874,057)	(1,657,720)
Other amendments to plans	(41,778)	124,178		153,355
Payments from trust fund				(1,755,273)
Benefits paid	(1,418,080)	(457,160)	(1,574,400)	(494,681)
Effect of translation	(1,715,484)	(1,318,122)	121,783	45,724
Projected benefit obligation at end of year	<u>Ps.23,861,498</u>	<u>Ps. 8,958,942</u>	<u>Ps.21,641,938</u>	<u>Ps. 5,661,898</u>
	2012		2013	
	Pensions and sum of benefits	Pensions and sum of benefits	Pensions and sum of benefits	Post-retirement benefits
Changes in plan assets:				
Established fund at beginning of year	Ps.13,925,231		Ps.13,989,605	
Expected return on plan assets	578,265		547,276	
Actuarial gain (loss) on plan assets in OCI	622,294		(479,371)	
Employee contributions	1,320,525	Ps. 457,160	1,371,174	Ps. 494,681
Benefits paid	(1,408,394)	(457,160)	(1,574,400)	(494,681)
Actuarial loss	(72,583)		(70,613)	
Effect of translation	(975,733)		71,400	
Established fund at end of year	<u>13,989,605</u>		<u>13,855,071</u>	
Plan asset shortfall	<u>Ps. 9,871,893</u>	<u>Ps.8,958,942</u>	<u>Ps. 7,786,867</u>	<u>Ps.5,661,898</u>

The actual return on plan assets for the years ended December 31, 2012 and December 31, 2013 amounted to Ps.1,200,559 and Ps.67,905, corresponding to the expected return and the actuarial variation, respectively.

	December 31,			
	2012		2013	
	Pensions and sum of benefits	Post-retirement benefits	Pensions and sum of benefits	Post-retirement benefits
Changes in other comprehensive income:				
Balance at the beginning of the year	Ps.(4,048,934)	Ps.(1,912,387)	Ps.(4,511,596)	Ps.(2,294,620)
Actuarial gain on expected return on plan assets	622,294		(479,371)	
Actuarial loss for changes in demographic assumptions			(106,293)	(22,348)
Actuarial gain for changes in financial assumptions			2,065,437	533,867
Actuarial (loss) gain for changes in assumptions	(1,368,663)	(516,233)	(85,087)	1,146,201
Effect of translation	283,707	134,000	(23,026)	(11,712)
Balance at the end of the year	Ps.(4,511,596)	Ps.(2,294,620)	Ps.(3,139,936)	Ps. (648,612)

Below is a quantitative sensitivity analysis of the effect on comprehensive income of the main assumptions as of December 31, 2013, as follows:

	Pensions and sum of benefits	Post-retirement benefits
Discount rate – 100 basis points	Ps. 2,472,034	Ps. 787,013
Discount rate + 100 basis points	Ps.(2,082,791)	Ps.(640,789)

* Discount rate as of December 31, 2013 4.80% and 4.95%

	Post-retirement benefits
Applicable rates to health services – 100 basis points . . .	Ps.(468,675)
Initial assumption	4.80%
Final assumption	3.50%
Applicable rates to health services + 100 basis points . . .	Ps. 570,618
Initial assumption	6.80%
Final assumption	5.50%

Net period cost

An analysis of the net period cost for the years ended December 31, 2011, 2012 and 2013 is as follows:

	2011		2012		2013	
	Pensions and sum of benefits	Post-retirement benefits	Pensions and sum of benefits	Post-retirement benefits	Pensions and sum of benefits	Post-retirement benefits
Current service cost	Ps. 257,771	Ps. 85,207	Ps. 196,551	Ps. 84,986	Ps. 190,067	Ps. 77,513
Interest cost on projected benefit obligation	1,105,399	464,629	989,029	374,837	917,047	334,038
Actual return on plan assets	(760,904)		(578,265)		(547,276)	
Past service costs and other	(66,912)	(2,294,870)	30,804		70,613	(1,755,273)
	Ps. 535,354	Ps.(1,745,034)	Ps. 638,119	Ps. 459,823	Ps. 630,451	Ps.(1,343,722)

Actuarial assumptions

The average rates used in determining the net period cost for 2011, 2012 and 2013 were as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Financial:			
Discount rate and long-term rate return	5.30%	4.50%	3.95%
Rate of future salary increases	4.00%	4.00%	4.00%

Biometric:

Mortality: 2014 Table PPA for cases Plan B “Salaried”, “Hourly” and “Lump Sum” was used.

The average rates and other actuarial assumptions used in determining post-retirement obligations for medical and other services are as follows:

	<u>2012</u>	<u>2013</u>
Percentage of increase in health care costs for the coming year	6.50%	5.90%
Cost percentage due to death	4.50%	4.50%
Year to which this level will be maintained	2021	2027

The average rates and other actuarial assumptions used to determine the net period cost of post-retirement obligations are as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Percentage of increase in health care costs for the following year	6.70%	5.90%	5.80%
Cost percentage due to death	4.50%	4.50%	4.50%
Year to which this level will be maintained	2021	2027	2027

Plan assets

The percentages invested in plan assets are as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2013</u>
Equity instruments	18%	30%
Debt instruments	70%	68%
Cash and cash equivalents	12%	2%
	<u>100.00%</u>	<u>100.00%</u>

c) Brazil (Embratel)

Embratel has a defined benefit pension plan (“DBP”) and a defined contribution plan (“DCP”) that covers virtually all of its employees, as well as a medical assistance plan (“MAP”) granted to participants in the DBP. The liabilities recognized at December 31, 2012 and 2013 under such plans are as follows:

	<u>At December 31,</u>	
	<u>2012</u>	<u>2013</u>
DBP and MAP	Ps. 4,693,469	Ps. 3,583,228
DCP	272,882	213,770
Total liabilities, net	<u>Ps. 4,966,351</u>	<u>Ps. 3,796,998</u>

Pension plan

An analysis of obligations under the DBP and MAP at December 31, 2012 and 2013, as well as the changes in such plans during the years ended December 31, 2012 and 2013, is as follows:

	At December 31,	
	2012	2013
Projected benefit obligation at beginning of year	Ps. 14,998,684	Ps. 16,830,965
Current service cost	(70)	(89)
Interest cost on projected benefit obligation	1,367,191	1,307,437
Actuarial loss (gain)	3,795,632	(3,053,755)
Employee contributions	267	173
Payments from trust fund	(1,135,167)	(1,069,860)
Effect of translation	(2,195,572)	(2,074,038)
Projected benefit obligation at end of year	<u>Ps. 16,830,965</u>	<u>Ps. 11,940,833</u>
Changes in plan assets:		
Established fund at beginning of year	Ps. 16,827,353	Ps. 15,384,266
Expected return on plan assets	1,549,809	1,181,149
Actuarial gain on plan assets in other comprehensive income	413,465	970,432
Employee contributions	192,067	202,027
Payments from trust fund	(1,135,167)	(1,069,860)
Effect of translation	(2,463,261)	(1,895,764)
Fair value of fund at end of year	<u>Ps. 15,384,266</u>	<u>Ps. 14,772,250</u>
Plan asset surplus (short-fall)	Ps. 1,446,699	Ps. (2,831,417)
Effect of asset celling	3,246,770	6,414,645
Net liabilities	<u>Ps. 4,693,469</u>	<u>Ps. 3,583,228</u>

The actual return on plan assets for the years ended December 31, 2012 and December 31, 2013 amounted to Ps.1,963,274 and Ps.2,151,581 corresponding to the expected return and the actuarial variation respectively.

	2012	2013
Changes in other comprehensive income:		
Balance at the beginning of the year	Ps.(5,261,578)	Ps.(5,423,234)
Changes in the asset ceiling during the period	2,450,298	(3,311,757)
Actuarial gain on expected return on plan assets	413,465	970,432
Actuarial loss for changes in experience	(580,103)	(131,636)
Actuarial (loss) gain for changes in financial assumptions	(3,215,529)	3,185,391
Effect of translation	770,213	668,291
Balance at the end of the year	<u>Ps.(5,423,234)</u>	<u>Ps.(4,042,513)</u>

Below is a quantitative sensitivity analysis of the main hypothesis as of December 31, 2013, and its impact on the PBD and PAM:

PBD and PAM obligation at present value:

Discount rate + 100 basis points	Ps. 10,996,779
Discount rate - 100 basis points	13,031,879
Mortality Rate considering that members were a year younger ...	Ps. 12,238,833
Inflation rate for health services +100 basis points	Ps. 12,338,294
Inflation rate for health services - 100 basis points	11,600,293

Net period cost (benefit)

An analysis of the net period cost (benefit) for the years ended December 31, 2011, 2012 and 2013 is as follows:

	For the years ended December 31,		
	2011	2012	2013
Current service cost	Ps. 82	Ps. (70)	Ps. (89)
Interest cost on projected benefit obligation	1,540,995	1,367,191	1,307,437
Expected return on plan assets	(1,637,976)	(1,549,809)	(1,181,149)
Asset ceiling interest	—	568,732	256,210
	Ps. (96,899)	Ps. 386,044	Ps. 382,409

Actuarial assumptions

The average rates used in determining the net period cost for 2012 and 2013 were as follows:

	2011	2012	2013
Financial:			
Rate of future salary increases	4.50%	5.00%	4.75%
Discount rate and long-term assets return rate	11.09%	9.00%	11.53%

Biometric

Mortality:	2000 Basic AT Table (1996 U.S. Annuity 2000 Basic) for gender.
Disability for assets:	UP 84 modified table for gender
Disability retirement:	58 CSO table
Rotation:	Probability of leaving the Company other than death, disability and retirement is zero retirement is zero

Plan assets

As of December 31, 2012 and 2013, the percentages invested in plan assets are as follows:

	At December 31,	
	2012	2013
Debt instruments	80.51%	80.64%
Equity instruments	15.56%	12.71%
Other investments	3.93%	6.65%
	100.00%	100.00%

DCP

Embratel makes contributions to the DCP through Embratel Social Security Fund—Telos. Contributions are computed based on the salaries of the employees, who decide on the percentage of their contributions to the plan (between 3% and 12% of their salaries). Embratel contributes the same percentage as the employee, capped at 8% of the participant's balance. All employees are eligible to participate in this plan.

The unfunded liability represents Embratel's obligation for those participants that migrated from the DBP to the DCP. This liability is being paid over a term of 20 years as of January 1, 1999. Unpaid balances are adjusted monthly based on the yield of the asset portfolio at that date and is increased based on the General Price Index of Brazil plus 6 percentage points per year. At December 31, 2013, the balance of the DCP liability was Ps.213,770 (Ps.272,882, at December 31, 2012).

As of December 31, 2013, 2012 and 2011, the cost of labor were Ps.2,233, Ps.(1,713) and Ps.2,827, respectively.

d) Mexico (Teléfonos de México)

Pensions and seniority premiums

Telmex has an employee pension and seniority premium plan that covers most of its employees. Pensions and seniority premiums are determined based on the salary of employees in their final year of service, the number of years worked at Telmex and their age at retirement.

Telmex has established an irrevocable trust fund and makes annual contributions to that fund, which are considered deductible for purposes of income tax and employee profit sharing. The most important information related to labor obligations is as follows:

	At December 31,	
	2012	2013
Projected defined benefit obligation:		
Projected defined benefit obligation at beginning of year . . .	Ps. 234,225,230	Ps. 239,189,216
Current service cost	5,050,926	4,538,825
Interest cost on projected benefit obligation	20,497,290	20,978,048
Actuarial (gain) loss	(6,252,256)	2,967,200
Payments to employees	(11,419,974)	(11,034,105)
Payments from trust fund	(2,912,000)	(5,695,000)
Defined benefit obligation at end of year	<u>Ps. 239,189,216</u>	<u>Ps. 250,944,184</u>
	At December 31,	
	2012	2013
Changes in plan assets:		
Established fund at beginning of year	Ps. 184,546,619	Ps. 196,734,883
Expected return on plan assets	16,978,289	18,099,609
Actuarial loss on plan assets in OCI	(1,878,025)	(7,373,642)
Payments from trust fund	(2,912,000)	(5,695,000)
Established fund at end of year	<u>Ps. 196,734,883</u>	<u>Ps. 201,765,850</u>
Liability	<u>Ps. 42,454,333</u>	<u>Ps. 49,270,144</u>

The actual return on plan assets for the years ended December 31, 2012 and December 31, 2013 amounted to Ps.15,100,264 and Ps.10,725,967, corresponding to the expected return and the actuarial variation, respectively.

	2012	2013
Changes in other comprehensive income:		
Balance at the beginning of the year	Ps.(69,596,308)	Ps.(65,222,077)
Actuarial gain on expected return on plan assets . . .	(1,878,025)	(7,373,642)
Actuarial effect of changes in assumptions	6,252,256	(2,967,200)
Balance at the end of the year	<u>Ps.(65,222,077)</u>	<u>Ps.(75,562,919)</u>

In 2012, the net actuarial gain of Ps.4,374,231 is mainly comprised of an actuarial loss of Ps.1,878,025 due to the low performance of the plan assets, to the reduction in the value of the shares of the companies where the funds are managed, and in the value of the fixed yield instruments due to variances in the reference rates, and an actuarial gain of Ps.6,252,256 due to the fact that the number of retired employees differed from the estimated number at the beginning of the year, and salary increases and the pensions of retired personnel were higher than those estimated at the beginning of the year.

In 2013, the net actuarial loss of Ps.10,340,842 is mainly comprised of an actuarial loss of Ps.7,373,642 due to the low performance of the plan assets, to the reduction in the value of the shares of the companies where the funds are managed, and in the value of the fixed yield instruments due to variances in the reference rates, and an actuarial loss of Ps.2,967,200 due to the fact that the number of retired employees differed from the estimated number at the beginning of the year, and due to the fact that the salary increases and pensions of retired personnel were higher than those estimated at the beginning of the year.

	For the years ended		
	2011	2012	2013
Net period cost			
Current service cost	Ps. 5,036,684	Ps. 5,050,926	Ps. 4,538,825
Interest cost on projected benefit obligation . . .	19,418,689	20,497,290	20,978,048
Expected return on plan assets	(16,610,124)	(16,978,289)	(18,099,609)
Net period cost	<u>Ps. 7,845,249</u>	<u>Ps. 8,569,927</u>	<u>Ps. 7,417,264</u>

The nominal rates used in the actuarial studies at both December 31, 2012 and 2013 were as follows:

	Nominal rates	
Financial:		
Discount of labor obligations:		
Long-term average and long-term assets return		9.2
Salary increase:		
Long-term average		4.5
	Post-retirement mortality for pensioners more than 65 years old	
	2012	2013
Pension plan:		
Men	1.94%	1.94%
Women	1.94%	1.94%

Below is a quantitative sensitivity analysis of the main hypothesis as of December 31, 2013, and its impact in the net defined benefit obligations:

	<u>Increase</u>
Discount rate less 100 basis points	Ps.278,723,223
Discount rate plus 100 basis points	227,452,596

Plan assets

The percentages invested in plan assets at December 31, 2012 and 2013 are as follows:

	2012	2013
Debt instruments	48.5%	46.9%
Equity instruments	51.5%	53.1%
	100.0%	100.0%

As of December 31, 2013, the fair value of Telmex's debt securities held by the plan assets was Ps.611,672 (Ps.886,907 at December 31, 2012). Also, the plan assets of Telmex include 30.7% and 30.4% of securities of the Company and other related parties at December 31, 2013 and 2012, respectively. The purchases and sales of these securities made by the plan were at market value.

e) In the case of Mexico (Telcel) and Ecuador, the net period cost of other benefits for the years ended December 31, 2011, 2012 and 2013 was Ps.57,966, Ps.86,870 and Ps.185,554, respectively, for Mexico, and Ps.12,095, Ps.2,602 and Ps.18,650 respectively, for Ecuador. The balance of employee benefits at December 31, 2012 and 2013 was Ps.114,604 and Ps.91,810, respectively, for Mexico and Ps.73,216 and Ps.91,967, respectively, for Ecuador.

f) For the rest of the countries where the Company operates and that do not have defined benefit plans or defined contribution plans, the Company makes contributions to the respective governmental social security agencies, which are recognized in results of operations as they are incurred.

13. Accounts Payable, Accrued Liabilities and Asset Retirement Obligations

a) An analysis of the caption accounts payable is as follows:

	<u>At December 31,</u>	
	2012	2013
Suppliers	Ps. 91,793,858	Ps. 98,763,285
Sundry creditors	37,195,243	42,396,889
Interest payable	6,001,435	7,203,911
Guarantee deposits from clients	2,031,944	2,666,481
Dividends payable	4,582,477	3,106,746
Total	<u>Ps.141,604,957</u>	<u>Ps.154,137,312</u>

b) An analysis of the activity in accrued liabilities at December 31, 2012 and 2013 is as follows:

	Balance at December 31, 2011	Effect of translation	Increase of the year	Applications		Balance at December 31, 2012
				Payments	Reversals	
Direct employee						
benefits payable	Ps. 8,194,088	Ps. (281,748)	Ps. 8,771,195	Ps.(6,811,990)	Ps. (67,231)	Ps. 9,804,314
Contingencies	22,575,679	(2,512,084)	5,227,068	(1,029,693)	(59,731)	24,201,239
	<u>Ps.30,769,767</u>	<u>Ps.(2,793,832)</u>	<u>Ps.13,998,263</u>	<u>Ps.(7,841,683)</u>	<u>Ps.(126,962)</u>	<u>Ps.34,005,553</u>
	Balance at December 31, 2012	Effect of translation	Increase of the year	Applications		Balance at December 31, 2013
				Payments	Reversals	
Direct employee						
benefits payable . .	Ps. 9,804,314	Ps. (674,149)	Ps.14,047,874	Ps.(11,787,453)	Ps.(186,814)	Ps.11,203,772
Contingencies	24,201,239	(2,902,833)	12,419,163	(7,907,863)	(54,556)	25,755,150
	<u>Ps.34,005,553</u>	<u>Ps.(3,576,982)</u>	<u>Ps.26,467,037</u>	<u>Ps.(19,695,316)</u>	<u>Ps.(241,370)</u>	<u>Ps.36,958,922</u>

Contingencies include tax, labor, regulatory and other legal type contingencies.

c) An analysis of the asset retirement obligation at December 31, 2012 and 2013 is as follows:

	Balance at December 31, 2011	Effect of Translation	Increase of the year	Applications		Balance at December 31, 2012
				Payments	Reversals	
Asset retirement						
obligation	<u>Ps.6,387,229</u>	<u>Ps.(537,848)</u>	<u>Ps.1,428,729</u>	<u>Ps.(92,921)</u>	<u>Ps.(7,974)</u>	<u>Ps.7,177,215</u>
	Balance at December 31, 2012	Effect of translation	Increase of the year	Applications		Balance at December 31, 2013
				Payments	Reversals	
Asset retirement						
obligation	<u>Ps.7,177,215</u>	<u>Ps.(401,382)</u>	<u>Ps.866,480</u>	<u>Ps.(103,984)</u>	<u>Ps.(21,869)</u>	<u>Ps.7,516,460</u>

The discount rates used for the asset retirement obligations are based on market rates that are expected to be undertaken by the dismantling or restoring of cell sites, and may include labor costs.

14. Other Financial Assets and Liabilities

Set out below is the categorization of financial instruments, other than cash and short-term deposits, held by América Móvil as at December 31, 2012 and 2013:

December 31, 2012			
	Loans and receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Accounts receivable from Subscribers, distributors, and other, net	Ps. 94,103,872	Ps. —	Ps. —
Related parties	689,053	—	—
Derivative financial instruments	—	2,779,749	—
Total	Ps. 94,792,925	Ps. 2,779,749	Ps. —
Financial Liabilities:			
Debt	Ps. 417,670,088	Ps. —	Ps. —
Accounts payable and accrued liabilities	141,604,957	—	—
Related parties	2,523,027	—	—
Derivative financial instruments	—	4,816,589	208,458
Total	Ps. 561,798,072	Ps. 4,816,589	Ps. 208,458
December 31, 2013			
	Loans and receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Accounts receivable from Subscribers, distributors, and other, net	Ps. 96,756,472	Ps. —	Ps. —
Related parties	1,346,392	—	—
Derivative financial instruments	—	10,469,316	—
Total	Ps. 98,102,864	Ps. 10,469,316	Ps. —
Financial Liabilities:			
Debt	Ps. 490,319,844	Ps. —	Ps. —
Accounts payable and accrued liabilities	154,137,312	—	—
Related parties	2,552,337	—	—
Derivative financial instruments	—	5,179,024	187,299
Total	Ps. 647,009,493	Ps. 5,179,024	Ps. 187,299

Fair value hierarchy

The Company's valuation techniques used to determine and disclose the fair value of its financial instruments are based on the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Variables other than quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: Variables used for the asset or liability that are not based on any observable market data (non-observable variables).

The fair value for the financial assets (excluding cash and cash equivalents) and financial liabilities shown in the consolidated statement of financial position at December 31, 2012 and 2013 is as follows:

Measurement of fair value at December 31, 2012				
	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives financial instruments	Ps. —	Ps. 2,779,749	Ps.—	Ps. 2,779,749
Pension plan assets	225,951,661	—	—	225,951,661
Total	Ps.225,951,661	Ps. 2,779,749	Ps.—	Ps.228,731,410
Liabilities:				
Debt	Ps.326,614,401	Ps.143,258,386	Ps.—	Ps.469,872,787
Derivatives financial instruments	—	5,025,047	—	5,025,047
Total	Ps.326,614,401	Ps.148,283,433	Ps.—	Ps.474,897,834
Measurement of fair value at December 31, 2013				
	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives financial instruments	Ps. —	Ps. 10,469,316	Ps.—	Ps. 10,469,316
Pension plan assets	230,393,171	—	—	230,393,171
Total	Ps.230,393,171	Ps. 10,469,316	Ps.—	Ps.240,862,487
Liabilities:				
Debt	Ps.319,838,222	Ps.200,011,820	Ps.—	Ps.519,850,042
Derivatives financial instruments	—	5,366,323	—	5,366,323
Total	Ps.319,838,222	Ps.205,378,143	Ps.—	Ps.525,216,365

Fair value of derivatives financial instruments are valued using valuation techniques with observable market inputs. To determine its Level 2 fair value, the Company applies valuation techniques including forward pricing and swaps models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. Fair value of Level 2 debt has been determined using a model based on present value calculations incorporating the credit quality of AMX.

For the years ended December 31, 2012 and 2013, no transfers were made between Level 1 and Level 2 fair value measurement hierarchies.

15. Deferred Revenues

An analysis of deferred revenues at December 31, 2011, 2012 and 2013 is as follows:

	At December 31,		
	2011	2012	2013
At January 1,	Ps. 29,054,414	Ps. 29,424,475	Ps. 25,057,134
Revenue deferred during the year	305,334,487	192,873,749	151,159,144
Recognized as revenues	(306,309,173)	(192,437,676)	(147,434,552)
NET consolidation	—	(3,099,829)	—
Effect of translation	1,344,747	(1,703,585)	(660,092)
At December 31,	Ps. 29,424,475	Ps. 25,057,134	Ps. 28,121,634
Short-term	Ps. 26,248,679	23,956,939	27,016,340
Long-term	3,175,796	1,100,195	1,105,294
	Ps. 29,424,475	Ps. 25,057,134	Ps. 28,121,634

Deferred revenues consist of revenues obtained for services that will be provided to customers within a certain period. Deferred revenues are recognized in the consolidated statements of comprehensive income when they are earned, including points programs.

16. Debt

a) The Company's short- and long-term debt consists of the following:

At December 31, 2012				
Currency	Loan	Rate	Maturity from 2013 to	Total
<i>U.S. dollars</i>	ECA credits (fixed rate) (ii)	2.52%	2017	Ps. 1,244,992
	ECA credits (floating rate) (ii)	L + 0.35%, L + 0.50% and L + 0.75%	2018	4,967,924
	Fixed-rate notes (i)	2.375% - 8.57%	2042	196,424,526
	Lines of credit	6.5% and 9.26%	2019	1,555,488
	Financial Leases (Note 17)	3.75%	2015	333,972
	Subtotal U.S. dollars			204,526,902
<i>Mexican pesos</i>	Fixed-rate notes (i)	4.10% - 9.00%	2037	56,613,388
	Floating rate notes (i)	Cetes + 0.55% & THIE + 0.40% - 1.50%	2016	22,600,000
	Subtotal Mexican pesos			79,213,388
<i>Euros</i>	Fixed rate notes (i)	3.0%, 3.75%, 4.125% and 4.75%	2022	64,365,843
	Subtotal Euros			64,365,843
<i>Sterling pounds</i>	Fixed rate notes (i)	4.375% - 5.75%	2041	40,181,043
	Subtotal Sterling pounds			40,181,043
<i>Swiss Francs</i>	Fixed rate notes (i)	1.125% - 2.25%	2018	10,659,357
	Subtotal Swiss francs			10,659,357
<i>Brazilian Reais</i>	Fixed-rate notes	4.50%	2018	1,920,311
	Floating rate notes (i)	IPCA + 0.50%%	2021	343,795
	Subtotal Brazilian reais			2,264,106
<i>Colombian pesos</i>	Fixed-rate Senior Notes (i)	IPC + 6.80% & 7.59%	2016	4,561,772
	Subtotal Colombian pesos			4,561,772
<i>Other currencies</i>	Fixed-rate Senior Notes (i)	1.23% - 3.96%	2039	11,409,628
	Financial Leases (Note 17)	4.35% - 8.97%	2027	246,188
	Lines of credit	19.00% and 19.45%	2014	241,861
	Subtotal other currencies			11,897,677
	Total debt			Ps. 417,670,088
	Less: Short-term debt and current portion of long-term debt			13,621,806
	Long-term debt			Ps. 404,048,282

At December 31, 2013

Currency	Loan	Rate	Maturity from 2014 to	Total
<i>U.S. dollars</i>	ECA credits (fixed rate) (ii)	2.52 %	2017	Ps. 973,269
	ECA credits (floating rate) (ii)	L + 0.35 %, L + 0.50 % and L + 0.75 %	2018	3,602,208
	Fixed-rate notes (i)	2.375 % - 8.57 %	2042	197,427,022
	Floating rate notes (i)	L + 1.0 %	2016	9,807,375
	Lines of credit	7.25 % - 7.75 %	2023	2,183,776
	Leases (note 17)	3.75 %	2015	217,525
	Subtotal U.S. dollars			214,211,175
<i>Mexican pesos</i>	Fixed-rate notes (i)	6.45 % - 9.00 %	2037	61,732,805
	Floating rate notes (i)	TIE + 0.40 % - 1.50 %	2016	15,600,000
	Subtotal Mexican pesos			77,332,805
<i>Euros</i>	Fixed rate notes (i)	3.0 % - 6.375 %	2073	106,927,652
	Subtotal Euros			106,927,652
<i>Sterling pounds</i>	Fixed rate notes (i)	4.375 % - 6.375 %	2073	59,539,593
	Subtotal sterling pounds			59,539,593
<i>Swiss francs</i>	Fixed rate notes	1.125 % - 2.25 %	2018	15,377,226
	Subtotal swiss francs			15,377,226
<i>Reais</i>	Lines of credit	3.0 % - 4.50 %	2018	2,842,941
	Subtotal Brazilian reais			2,842,941
<i>Colombian pesos</i>	Fixed-rate senior notes (i)	7.59 %	2016	3,053,941
	Subtotal Colombian pesos			3,053,941
<i>Other currencies</i>	Bonds	1.23 % - 3.96 %	2039	10,493,312
	Leases (note 17)	5.05 % - 8.97 %	2027	473,117
	Lines of credit	19.00 %	2014	68,082
	Subtotal other currencies			11,034,511
	Total debt			Ps. 490,319,844
	Less: Short-term debt and current portion of long-term debt			
	Long-term debt			25,841,478
				Ps. 464,478,366

Legend:

L = LIBOR or London Interbank Offered Rate

TIIIE = Mexican Weighted Interbank Interest Rate

IPC = Consumer Price Index

Cetes = Mexican Treasury Certificates

ECA = Export Credit Agreement

IPCA = Brazil's consumer price index.

Except for the fixed-rate senior notes, interest rates on the Company's debt are subject to variances in international and local rates. The Company's weighted-average cost of borrowed funds at December 31, 2012 and 2013 was approximately 5.0% and 4.8%, respectively.

Such rate does not include commissions or the reimbursements for Mexican tax withholdings, typically a tax rate of 4.9%, that the Company must make to international lenders. In general, fees on financing transactions add ten basis points to financing costs.

An analysis of the Company's short-term debt at December 31, 2012 and 2013 is as follows:

	2012	2013
Local Bonds	Ps. 1,250,808	Ps. —
Domestic Senior Notes (<i>Certificados Bursatiles</i>)	9,517,467	9,000,000
International Senior Notes		13,576,670
Lines of credit used	331,820	617,295
Other loans	151,807	—
Total	Ps. 11,251,902	Ps. 23,193,965
Weighted-average interest rate	6.5%	5.0%

An analysis of the Company's long-term debt as of December 31, 2013 is as follows:

Year	Amount
2015	Ps. 39,123,307
2016	52,790,469
2017	32,293,410
2018	12,568,158
2019	32,716,667
2020 and thereafter	294,986,355
Total	Ps. 464,478,366

The outstanding Senior Notes at December 31, 2012 and 2013 are as follows:

Currency*	2012	2013
U.S. dollars	Ps. 196,424,526	Ps. 207,234,397
Mexican pesos	79,213,388	77,332,805
Euros	64,365,843	106,927,652
Sterling pounds	40,181,043	59,539,593
Swiss francs	10,659,357	15,377,226
Japanese yens	3,749,308	3,104,287
Chinese yuans	2,088,097	2,159,870
Colombian pesos	4,561,772	3,053,941
Chilean pesos	5,572,223	5,229,155
Reais	343,795	

* Thousands of Mexican pesos

During 2013, América Móvil issued 3 new notes for US\$750,000 due 2016 with a coupon of Libor +100 basis points, another €750,000 due 2023 with a coupon of 3.2590%, and £300,000 due 2033 with a coupon of 4.9480%. Likewise, in March 2013 AMX reopened the program of peso-denominated notes to raise Ps.7,500,000. Since November 2012, we have issued peso-denominated notes that can be distributed and traded on a seamless basis in Mexico and internationally. The notes are registered with both the U.S. Securities and Exchange Commission and the Mexican Banking and Securities Commission (“CNBV”). We sold Ps.15,000,000 of notes under the program in November 2012. We intend to use the program to raise a total of Ps.100,000,000 over five years to increase the share of Mexican pesos in our overall funding.

Additionally, on September 6, 2013, América Móvil issued three hybrid notes due 2073 in three tranches. One is for €900,000 and carries a coupon of 5.125% and has a first call option on September 6, 2018, and two others for €550,000 and £550,000 pay a 6.375% coupon and have a first call option on September 6, 2023 and September 6, 2020, respectively.

It is important to mention that these notes are unsecured and deeply subordinated obligations and rank junior to all our existing and/or future unsubordinated and ordinary subordinated indebtedness and senior to all existing and future classes of shares that comprises our equity. The aforementioned notes are effectively subordinated to all existing and/or future liabilities of our subsidiaries.

(ii) Lines of credit granted or guaranteed by export credit agencies

The Company has medium- and long-term financing programs for the purchase of equipment, with certain institutions, to promote exports and provide financial support to purchase export equipment from their respective countries. The outstanding balance under these plans at December 31, 2012 and 2013 is approximately Ps.6,212,915 and Ps.4,575,477, respectively.

The Company has a line of credit with Banco Inbursa, S.A. (related party) as explained in Note 18d.

(iii) Domestic Senior Notes (*Certificados Bursátiles*)

At December 31, 2012 and 2013, debt under domestic notes aggregates to Ps.46,841,688 and Ps.37,461,105, respectively. Some bear interest at fixed rates, and others at variable rates based on TIIE (a Mexican interbank rate).

(iv) Lines of Credit

At December 31, 2012 and 2013, debt under Lines of Credit aggregates to Ps.3,717,659 and Ps.5,094,799, respectively.

In May 2011, the Company entered into two revolving syndicated facilities – one for U.S.\$2,000,000 and one for the Euro equivalent of €2,000,000. Loans under the facility bear interest at variable rates based on LIBOR and EURIBOR.

Early payment of debt

In 2012 and 2013, the Company made advance payments against its debt with third parties of approximately Ps.23,000,000 and Ps.19,000,000, respectively.

Restrictions (TELMEX)

A portion of the debt is subject to certain restrictions with respect to maintaining certain financial ratios, as well as restrictions on selling a significant portion of groups of assets, among others. At December 31, 2013, the Company was in compliance with all these requirements.

A portion of the debt is also subject to early maturity or repurchase at the option of the holders in the event of a change in control of the Company, as so defined in each instrument. The definition of change in control varies from instrument to instrument; however, no change in control shall be considered to have occurred as long as Carso Global Telecom or its current shareholders continue to hold the majority of the Company's voting shares.

General

In conformity with its credit agreements, the Company is obligated to comply with certain financial and operating commitments. Such covenants limit, in certain cases, the ability of the Company or the guarantor to: pledge assets, carry out certain types of mergers, sell all or substantially all of its assets, and sell control of Telcel.

Such covenants do not restrict the ability of AMX's subsidiaries to pay dividends or other payment distributions to AMX. The more restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA (earnings before interest, tax, depreciation and amortization) that does not exceed 4 to 1, and a consolidated ratio of EBITDA to interest paid that is not below 2.5 to 1 (in accordance with the clauses included in the credit agreements). Telmex Internacional is subject to financial covenants of maintaining a ratio of debt to EBITDA that does not exceed 3.5 to 1, and a consolidated ratio of EBITDA to interest paid that is not below 3 to 1 (in accordance with the clauses included in the applicable credit agreements).

Several of the financing instruments of the Company are subject to early extinguishment or re-purchase, at the option of the debt holder in the case that a change in control occurs.

As of December 31, 2012 and 2013, the Company complied with all the conditions established in our debt agreements.

At December 31, 2013, approximately 49% of América Móvil's total outstanding consolidated debt is guaranteed by Telcel.

b) For the years ended December 31, 2011, 2012 and 2013, the interest income is as follows:

	2011	2012	2013
Investment interest	Ps.6,111,798	Ps.3,859,086	Ps.2,925,834
Derivative financial instruments	742,102	1,917,514	3,319,489
	<u>Ps.6,853,900</u>	<u>Ps.5,776,600</u>	<u>Ps.6,245,323</u>

c) For the years ended December 31, 2011, 2012 and 2013, the interest expense is as follows:

	2011	2012	2013
Interest related to debt	Ps.(19,429,275)	Ps.(22,267,771)	Ps.(23,950,653)
Derivative financial instruments	(1,362,331)	(2,646,825)	(6,399,041)
	<u>Ps.(20,791,606)</u>	<u>Ps.(24,914,596)</u>	<u>Ps.(30,349,694)</u>

d) For the years ended December 31, 2011, 2012 and 2013, Valuation of derivatives and other financial items was as follows:

	2011	2012	2013
Gain (loss) in valuation of derivatives	Ps.10,889,940	Ps. (5,346,179)	Ps. 5,921,504
Capitalized interest expense	3,845,609	3,152,811	3,002,576
Commissions	(1,924,477)	(1,931,790)	(1,839,467)
Interest cost of labor obligations (Note 12)	(3,430,519)	(3,930,342)	(3,971,100)
Interest expense on taxes	(2,750,769)	(1,386,410)	(4,228,155)
Loss on partial sale of investment in associated company	—	(795,028)	(896,956)
Other financial cost	(1,882,518)	(2,298,770)	(3,200,385)
	<u>Ps. 4,747,266</u>	<u>Ps.(12,535,708)</u>	<u>Ps.(5,211,983)</u>

17. Commitments and Contingencies

a) Leases

At December 31, 2012 and 2013, the Company has entered into several lease agreements with related parties and third parties for the buildings where its offices are located (as a lessee), as well as with the owners of premises where the Company has installed radio bases. The lease agreements generally have terms from one to fourteen years.

An analysis of the minimum rental payments for the next five years is shown below. In some cases, rental amounts are increased each year based on the National Consumer Price Index.

At December 31, 2013, the Company has the following non-cancelable commitments under finance leases:

Year ended December 31	2012	2013
2013	Ps.221,580	Ps. —
2014	154,516	278,957
2015	127,019	246,821
2016	32,557	140,425
2017	32,557	30,552
2018	95,680	30,552
2019 and thereafter		59,814
Total	663,909	787,121
Less: amounts representing finance charges	(83,749)	(96,479)
Present value of net minimum lease payments	580,160	690,642
Less current portion	205,873	246,598
Long-term obligations	Ps.374,287	Ps.444,044

An analysis of non-cancellable operating leases in the next five years is as follows:

Year ended December 31,	
2014	Ps.10,494,670
2015	7,411,872
2016	5,400,645
2017	5,072,854
2018	4,773,648
2019 and thereafter	17,212,837
Total	<u><u>Ps.50,366,526</u></u>

Rent expense for the years ended December 31, 2011, 2012 and 2013 was Ps.11,658,034, Ps.14,800,464 and Ps.16,023,781, respectively.

b) Commitments

At December 31, 2013, there were commitments in certain subsidiaries for the acquisition of equipment for incorporation into their GSM, 3G and 4G networks for an amount up to approximately US\$1,158,000 (approximately Ps.15,146,947). The estimated completion period for these projects in progress ranges from 3 to 6 months, depending on the type of project and the equipment supplier, as well as the type of asset.

These commitments will be paid as follows:

Less than 1 year	Ps.13,692,840
1 to 3 years	1,454,107
Total	<u>Ps.15,146,947</u>

As of December 31, 2013, the Company has outstanding purchase commitments with telephone manufacturers for cellular phones for resale for approximately Ps.3,592.1 million (US\$274.7 million), for delivery through May 2014.

In addition, the Company's subsidiary Tracfone has entered into long-term contracts with wireless carriers for the purchase of airtime minutes at current market prices. The purchase commitments are with four carriers, and at December 31, 2013, are as follows:

Less than 1 year	Ps.37,381,594
1 to 3 years	42,743,496
Total	<u>Ps.80,125,090</u>

c) Contingencies

Mexico

Telcel

COFECO—Monopolistic practices investigations

Radiomovil Dipsa, S.A. de C.V. ("Telcel"), is the target of two investigations into alleged monopolistic practices originally commenced by the Federal Antitrust Commission (*Comisión Federal de Competencia*, or "COFECO"). One concerns alleged actions by Telcel and certain of its distributors in relation to the purchase and sale of cellular phones from and to third parties. COFECO determined that Telcel engaged in anti-competitive behavior, and the agency imposed fines totaling Ps.3.3 million and ordered that Telcel cease the alleged monopolistic practices immediately. Telcel has challenged COFECO's findings and fines in the courts. No final ruling has been issued. The Company has not established a provision in the accompanying financial statements for loss arising from these contingencies.

The second investigation concerns alleged monopolistic practices in the mobile termination (interconnection) market. In April 2011, COFECO imposed a fine of Ps.11,989 million against Telcel for alleged monopolistic practices that according to COFECO also constituted a repeat offense. In May 2011, Telcel challenged the fine through an administrative appeal (*recurso de reconsideración*), before COFECO and proposed a series of undertakings to COFECO related to the alleged monopolistic practices. In May 2012, COFECO revoked the fine. As a condition to the revocation of the fine, Telcel agreed to comply with the undertakings that it proposed to COFECO. As a result of a constitutional amendment enacted in 2013, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones* or "IFT"), is responsible for monitoring Telcel's compliance with respect to such undertakings. Six mobile operators challenged the revocation of the fine through an appeal for relief (*juicio de amparo*), and four of such proceedings have now been resolved on terms favorable to Telcel.

As part of the undertakings agreed upon with COFECO, Telcel issued terms of reference governing interconnection with its network, including mobile termination rates for the period from 2011 to 2014. Such terms are available for all operators terminating calls in Telcel's network. As a result of changes to the legal regime governing Mexican telecommunications services, the mobile termination rates Telcel will charge during 2014 will be different than those agreed upon with COFECO.

The IFT will oversee compliance by Telcel with the agreed undertakings and, upon any breach by Telcel, the IFT may impose a fine of up to 8% of Telcel's annual revenues. Telcel is in full compliance with the agreed undertakings.

Mobile termination rates

Mobile termination rates for the years 2005 through 2010 between Telcel and affiliated operators Axtel and Avantel were the subject of a number of legal proceedings. The Supreme Court of Justice (*Suprema Corte de Justicia de la Nación*) addressed these disputes in a series of rulings during 2012 and early 2013, which generally (i) determined that the Mexican Ministry of Communications and Transportation (*Secretaría de Comunicaciones y Transportes* or "SCT"), does not have authority to resolve disputes over mobile termination rates, (ii) confirmed that the Federal Telecommunications Commission (*Comisión Federal de Telecomunicaciones*, or "COFETEL"), has authority to determine mobile termination rates based on its own cost models, (iii) for certain periods (2005-2007), confirmed the rates established by COFETEL, and (iv) for other periods (2008-2010), required COFETEL to reissue resolutions determining mobile termination rates between the parties. Such resolutions are still pending.

Several mobile operators began proceedings with COFETEL (*desacuerdos de interconexión*), to establish applicable mobile termination rates and other interconnection conditions for the years 2011 to 2013. COFETEL determined rates for 2011, but not for 2012 and 2013. As a result of changes to the Mexican telecommunications laws, the IFT is now responsible for determining rates for 2012 and 2013. Such resolutions are still pending.

On March 26, 2014, the IFT issued a resolution imposing on Telcel a specified interconnection rate it must charge to all operators for traffic to Telcel's network for the period commencing on April 6 and ending on December 31, 2014. The rate was reduced from Ps.0.3490 to Ps.0.2045. Telcel has filed an appeal for relief (*juicio de amparo*), against the IFT's resolution.

Reduction in mobile termination rates and any potential disparity between the mobile termination rates made available by Telcel to other operators and the rates to be established by the IFT for the years 2012 to 2013 may give rise to contractual claims among Telcel and other operators for reimbursement or payment, as the case may be, of amounts paid or owed between Telcel and such operators. The Company expects that these mobile termination rates will continue to be the subject of litigation and administrative proceedings. The Company cannot predict when or how these matters will be resolved. The competitive and financial effects of any resolution could be complex and difficult to predict.

The Company has established provisions in the accompanying financial statements for the losses AMX considers probable and estimable for approximately Ps.2,500 million, but the Company cannot estimate the amount of possible loss.

Short Message Services (SMS)—Rates

On March 26, 2014, the IFT issued a resolution imposing on Telcel a specified SMS termination rate it must charge to all mobile operators for the period commencing on April 6 and ending on December 31, 2014. The rate was reduced from Ps.0.1537 to Ps.0.0391. Telcel has filed an appeal for relief (*juicio de amparo*), against the IFT's resolution.

Short Message Services (SMS)—Royalties

The Mexican Tax Administration Service (*Servicio de Administración Tributaria* or "SAT"), notified Telcel of tax assessments totaling Ps.320 million alleging nonpayment of royalties for revenues generated by short message services during 2004 and 2005. The SAT is alleging that Telcel owes such amounts because short message services constitute concessioned services. AMX has challenged the assessments on the grounds that short message services are value-added services that are not concessioned services. In other proceedings,

COFETEL and more recently its successor, the IFT, have ruled that short text messages are subject to the interconnection regulatory regime and that such services do not constitute value-added services and are therefore concessioned services. AMX has established a provision in the accompanying financial statements for the loss arising from these contingencies that the Company considers probable.

Trademarks Tax Assessments

In 2006 and 2007, the SAT notified Telcel and the Company of assessments related to the deduction in 2003 of certain trademark payments, which the SAT asserted should have been taken over the course of several years and not in a single year. These claims were settled in 2013.

In December 2007, the SAT notified Telcel of an assessment of Ps.453.6 million (Ps.243.6 million plus adjustments, fines and late fees), in connection with a deduction of certain advertising expenses in 2004. SAT took the position that the payments of advertising expenses were not deductible because Telcel also paid royalties relating to the same trademarks. In July 2011, SAT notified the Company of an assessment of Ps.773.0 million (Ps.292 million plus adjustments, fines and late fees), related to the same payments described in the December 2007 assessment above. Under the consolidation regime applicable in Mexico at the time, Telcel was permitted to take up to 40% of the deduction, while the parent company was permitted to take the remaining 60%. This July 2011 assessment relates to the Company's portion of the deduction. These claims were settled in 2013.

Class Actions

The Federal Consumer Bureau (*Procuraduría Federal del Consumidor*, or "Profeco"), filed an action similar to a class action in Mexican courts on behalf of customers who filed complaints before it, alleging deficiencies in the quality of Telcel's network in 2010 and breach of customer agreements. If the action is resolved in favor of Profeco, Telcel's customers would be entitled to compensation for damages.

Beginning in 2012, Mexican Law provides for class actions seeking compensation. These class actions may arise from antitrust, consumer, data and privacy protection issues, as well as administrative, criminal and environmental violations, and may be filed by the competent authorities or the affected groups.

Five class actions have been initiated against Telcel (i) three are related to quality of service and were filed by consumers; (ii) one also filed by consumers is related to quality of service, but in addition compares wireless voice, data and broadband international rates claiming that rates offered by Telcel are higher than international comparable rates; and (iii) one was filed by Profeco and relates to a network technical malfunction that occurred in January 2013.

The Company currently does not have enough information to determine whether these class actions could have an adverse effect on our business and results of operations if they are resolved against us. Consequently, Telcel has not established a provision in the accompanying financial statements for loss arising from these contingencies.

Carso Global Telecom

In November 2010, the SAT notified Carso Global Telecom, S.A. de C.V. ("CGT"), of an assessment of Ps.3,392 million related to the change in the scope of fiscal consolidation in 2005. SAT alleges that this change generated a reduction in the participation of CGT in its subsidiaries, resulting in increased income taxes. CGT has challenged this assessment in federal tax courts, and this challenge is still pending. AMX has not established a provision in the accompanying financial statements for loss arising from this contingency.

Sercotel

In August 2011, SAT notified Sercotel, S.A. de C.V. ("Sercotel"), of an assessment of Ps.6,308 million related to withholding taxes, interest payments and certain income that SAT contends should have been reported

at Sercotel in 2005. Sercotel paid Ps.118 million related to withholding taxes and interest payments and challenged the portion of the assessment related to the income reporting in an administrative appeal with the tax authority. In 2013, Sercotel obtained a partial favorable resolution, and the SAT reduced the amount of the assessment considerably. In May 2013, Sercotel invoked the benefits derived from a tax amnesty program (*programa de amnistía fiscal*) offered by SAT and settled the claim.

In March 2012, SAT notified Sercotel and the Company of a fine of approximately Ps.1,400 million because of the SAT's objection to the allegedly improper tax implications of the transfer of certain accounts receivable from one of the Company's subsidiaries to Sercotel. AMX challenged the fine by filing an administrative appeal with the tax authority which is still pending. The Company also expects SAT will issue tax assessments of Ps.2,750 million relating to the same matter.

In December 2012, SAT notified Sercotel of an assessment of Ps.4,824 million related to income that SAT contends should have been reported at Sercotel in 2006. Sercotel challenged the assessment related to the taxability in an administrative appeal with the tax authority. In 2013, Sercotel obtained a partial favorable resolution, and the SAT reduced the amount of the assessment considerably. In May 2013, Sercotel invoked the benefits derived from a tax amnesty program (*programa de amnistía fiscal*) offered by the SAT and settled the claim.

The Company has not established a provision in the accompanying financial statements for loss arising from these contingencies.

Telmex

COFECO/IFT—Monopolistic practices investigations

Teléfonos de México, S.A.B. de C.V. ("Telmex") and Teléfonos del Noroeste, S.A. de C.V. ("Telnor"), are the target of three investigations into alleged monopolistic practices originally commenced by COFECO. In the first two investigations, it was determined that Telmex and Telnor engaged in monopolistic practices in the fixed-network interconnection services market. Telmex and Telnor have filed legal proceedings (including an appeal for relief (*juicio de amparo*), against these rulings and their cases are pending resolution. In the third investigation, in February 2013 COFECO determined that Telmex and Telnor engaged in monopolistic practices in the wholesale market for dedicated-link leasing (local and domestic long-distance). Telmex and Telnor challenged that resolution and their cases are still pending.

AMX cannot predict when or how these investigations will be resolved. The competitive and financial effects of any final findings by the IFT could be complex and difficult to predict. They may include monetary fines or additional regulations or restrictions that may limit our flexibility and our ability to adopt competitive market policies, any of which could materially reduce Telmex and Telnor's revenues in future periods.

AMX has not established a provision in the accompanying financial statements for loss arising from these contingencies.

Proceedings Concerning Telmex's Relationship with Dish México

As previously disclosed, in November 2008, Telmex entered into several agreements with Dish México, S. de R.L. de C.V. ("Dish México"), and its affiliates, which operate a DTH Pay TV system in Mexico, pursuant to which Telmex is currently providing billing and collection services, among others. Subject to obtaining specific government authorizations, Telmex could invest directly in a joint venture with Dish México.

AMX and Telmex have been subject to investigations in the past related to these arrangements. Recently, they have received new inquiries from governmental authorities on this subject including inquiries from the IFT and the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* or "CNBV"). Although the Company cannot predict the outcome of these inquiries, AMX is confident that our

actions in connection with our relationship with this customer have been appropriate in all respects, because the arrangements were limited to providing services, providing financial support (in the form of leasing equipment and committing to locate fallback financing) and agreeing to purchase and sale options that could result in Telmex investing in the customer if specified regulatory conditions were met, including the approval from the relevant competent authorities. The Company does not believe these arrangements have at any time been material to our results, our financial condition or our compliance with our regulatory obligations.

However, the 2013 constitutional amendments prohibit a preponderant economic agent from obtaining direct or indirect benefit from the free of charge mandatory “must offer, must carry” rules for cable television providers. In March 2014, the IFT determined that Telmex is part of an economic group that is a preponderant economic agent, and consequently Telmex may not benefit from these rules. We will ensure that Telmex does not benefit from any application of the “must offer, must carry” rules.

AMX has not established a provision in the accompanying financial statements for loss arising from these contingencies.

Brazil

Claro Brasil and Americel

Anatel Inflation-Related Adjustments

The Brazilian National Telecommunications Agency (*Agência Nacional de Telecomunicações* or “Anatel”), challenged the calculation of inflation-related adjustments due under the agreements it had with Tess, S.A. (“Tess”), and ATL-Telecom Leste, S.A. (“ATL”), two of our Brazilian subsidiaries that were merged with and into Claro Brasil, S.A. (“Claro Brasil”), which assumed their rights and obligations.

Under the agreements with Anatel, 40% of the concession price was due upon execution and 60% was due in three equal annual installments (subject to inflation-related adjustments and interest), beginning in 1999. The companies made all payments, but Anatel challenged the companies’ calculation of the inflation-related adjustments related to the payment corresponding to 60% of the concession price, alleging that such calculation resulted in a shortfall, and requesting additional payment. The amount of this shortfall and the method used to calculate monetary correction are subject to judicial disputes.

The companies filed declaratory and consignment actions seeking resolution of the disputes. The court of first instance ruled against ATL’s declaratory suit in October 2001 and ATL’s consignment action in September 2002. Subsequently, ATL filed appeals, which are still pending. Similarly, the court of first instance ruled against Tess’ consignment action in June 2003 and against Tess’ filing for declaratory action in February 2009. Tess also filed an appeal, which is still pending.

In December 2008, Anatel charged Tess approximately Ps.1,501 million (approximately R\$269 million). Tess obtained an injunction from the Federal Court of Appeals suspending payment until the pending appeal is resolved. Similarly, in March 2009, Anatel charged ATL approximately Ps.1,066 million (approximately R\$191 million). ATL also obtained an injunction from the Federal Court of Appeals suspending payment until the pending appeal is resolved. In April 2013, the appeal filed by ATL with respect to the declaratory suit was denied, and Claro Brasil filed a new appeal.

The Company calculated the amount of the shortfall based on a specific method and certain assumptions. If other methods or assumptions are used, the amount of damages may increase. In December 2013, Anatel calculated monetary correction in a total amount of Ps.8,317 million (approximately R\$1,490 million).

The Company has established a provision of Ps.3,215 million (approximately R\$576 million), in the accompanying financial statements for loss arising from these contingencies, which AMX considers probable.

Consumer Protection Lawsuit (DPDC)

In July 2009, the Brazilian Federal and State Prosecutor Office, along with the Consumer Protection and Defense Agency and other Brazilian consumer protection agencies, initiated a lawsuit against Claro Brasil alleging that it has violated certain regulations governing the provision of telecommunications services. The amount claimed by the plaintiffs is Ps.1,675 million (approximately R\$300 million). In September 2013, the relevant court ruled against Claro Brasil, and awarded the plaintiff Ps.167 million (approximately R\$30 million). The plaintiffs and Claro Brasil challenged the ruling and those challenges are still pending.

The Company has not established a provision in the accompanying financial statements to cover loss arising from this contingency, which the Company does not consider probable.

Tax assessments against Americel and Claro Brasil (PIS/COFINS)

In December 2005, the Brazilian Federal Revenue Service issued tax assessments against Claro Brasil and Americel in respect of PIS (*Programa de Integração Social*) and COFINS (*Contribuição para o Financiamento da Seguridade Social*) taxes (which are levied on gross revenue), for 2000 through 2005. In addition, in March 2006, the Brazilian Federal Revenue Service issued tax assessments against ATL related to certain tax deductions taken by ATL in connection with its PIS and COFINS obligations. As discussed above, Claro Brasil is the corporate successor to ATL.

In January 2011, the Brazilian Federal Revenue Service issued tax assessments against Claro Brasil regarding allegedly improper offsetting of certain tax deductions claimed by Claro Brasil in connection with its PIS and COFINS obligations. The total amount of these tax assessments, which Americel and Claro Brasil are contesting in pending challenges, was Ps.7,898 million (approximately R\$1,415 million), including fines and interest as of December 31, 2013. The Company has established a provision of Ps.48 million (approximately R\$8.6 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Separately, Claro Brasil and Americel have commenced lawsuits against the Brazilian Federal Revenue Service seeking a ruling on constitutional grounds that they may exclude state value added tax (ICMS) payments and interconnection fees from the base used to calculate PIS and COFINS tax obligations. Pending a final ruling and pursuant to applicable Brazilian procedure, the Company paid tax based on its position in the lawsuit, and established a provision for the disputed amounts. The total amount in dispute was approximately Ps.9,054 million (approximately R\$1,622 million).

ICMS Tax Credits

The Brazilian Federal Revenue Service has issued multiple tax assessments against Claro Brasil and Americel alleging that they improperly claimed certain tax credits under the state value added tax (*Imposto sobre Operações relativas à Circulação de Mercadorias e sobre Prestações de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação* or “ICMS”) regime in each Brazilian state. The Company is contesting all of these tax assessments in multiple separate proceedings, first at the administrative level and then in the judicial courts, and these proceedings are at various stages. AMX has received rulings in some of these cases, including some that are unfavorable, which the Company has appealed. The total amount of the tax assessments is approximately Ps.15,417 million (approximately R\$2,762 million), including fines and interest as of December 31, 2013. The Company has established a provision of Ps.977 million (approximately R\$175 million), in the accompanying financial statements for the loss arising from these contingencies that the Company considers probable.

Tax Credit for Income Tax Withheld Abroad

The Brazilian Federal Revenue Service has issued tax assessments in the amount of Ps.1,937 million (approximately R\$347 million), against Claro Brasil alleging that it incorrectly offset tax withheld in other

countries against some of its Brazilian tax obligations. During 2011, Claro Brasil terminated its challenge with respect to Ps.1,379 million (approximately R\$247 million), in tax assessments and paid those amounts to the Brazilian Federal Revenue Service, to preserve the right to offset the foreign tax withheld related to such tax assessments against its Brazilian tax obligations in future years. The total amount of the tax assessments that Claro Brasil is contesting as of December 31, 2013 is approximately Ps.614 million (approximately R\$110 million). The Company has not made a provision in the accompanying financial statements to cover loss arising from this contingency.

EBC Funding

Claro Brasil and Americel have filed an injunction challenging a federal law that created the Brazilian Communication Company (*Empresa Brasileira de Comunicação* or “EBC”) that is to be partially funded by mobile operators. If Claro Brasil and Americel are unsuccessful in their challenge, the total amount they would be required to contribute to EBC through December 31, 2013 is approximately Ps.2,406 million (approximately R\$431 million). AMX has made a judicial deposit in this amount. The Company has established a provision of Ps.2,406 million (approximately R\$431 million), in the accompanying financial statements for loss arising from this contingency, which AMX considers probable.

FUST and FUNTTEL Funding

Anatel has issued tax assessments against Claro Brasil and Americel totaling Ps.5,805 million (approximately R\$1,040 million), relating to alleged underpayment of their funding obligations for the Telecommunications System Universalization Fund (*Fundo de Universalização dos Serviços de Telecomunicações* or “FUST”) and the Telecom Technologic Development Fund (*Fundo para o Desenvolvimento Tecnológico das Telecomunicações* or “FUNTTEL”) from 2006 to 2010. The assessments claim that interconnection and activation fee revenues should not have been excluded from the basis used to calculate funding obligations. Claro Brasil and Americel have challenged the tax assessments, and the challenges are still pending. The Company has not made a provision in the accompanying financial statements to cover loss arising from this contingency.

TFI—Installation Inspection Fee

Anatel charged Claro Brasil and Americel the amount of Ps.8,032 million (approximately R\$1,439 million) as of December 31, 2013, related to the installation inspection fee (*Taxa de Fiscalização de Instalação* or “TFI”) allegedly due for the renewal of radio base stations and handsets. Claro Brasil and Americel have challenged the amount charged, arguing that there was no new equipment installation that could lead to this charge, and the challenges are still pending. AMX has not established a provision in the accompanying financial statements and does not consider any loss to be probable.

Other tax contingencies

Claro Brasil and Americel have other on-going tax litigations in the total amount of Ps.1,189 million (approximately R\$213 million) as of December 31, 2013, mostly related to the Brazilian Services Tax (Imposto sobre Serviços or “ISS”), Brazilian Economic Intervention Contribution (Contribuição de Intervenção no Domínio Econômico or “CIDE”), income tax (Imposto da Renda or “IR”), social contribution on net income (Contribuição Social sobre o Lucro Líquido or “CSLL”), public price concerning the administration of numbering resources (Preço Público Relativo à Administração dos Recursos de Numeração or “PPNUM”) and import tax (Imposto de Importação or “II”). The Company has established a provision of Ps.104 million (approximately R\$18.6 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Other civil and labor contingencies

Claro Brasil and its subsidiaries are also party to other claims in the amount of Ps.9,260 million (approximately R\$1,659 million), including claims filed by its telephone service customers and claims relating to

environmental matters. The Company is contesting the cases, which are in various stages. The Company has established a provision of Ps.575 million (approximately R\$103 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Claro Brasil and its subsidiaries are party to labor claims in the amount of Ps.5,498 million (approximately R\$985 million), filed by its current and former employees, alleging compensation for pension and other social benefits, overtime work, outsourcing and equal pay. The Company has established a provision of Ps.737 million (approximately R\$132 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Disputes with third parties

Claro Brasil and Americel are parties to certain disputes with third parties in connection with former sales agents, class actions (ACP's), real estate issues, and other matters in the aggregate amount of Ps.2,757 million (approximately R\$494 million). The Company has established a provision of Ps.81 million (approximately R\$14.6 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Administrative proceedings (PADOs)

Anatel filed several administrative proceedings (*Procedimentos Administrativos de Descumprimento de Obrigação* or "PADOs"), against Claro Brasil in the amount of Ps.586 million (approximately R\$105 million), because of alleged noncompliance with quality targets set by Anatel. The Company is contesting the PADOs on various grounds. The Company has established a provision of Ps.363 million (approximately R\$65 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Embrapar and subsidiaries

Implementation of the new national domestic telephone number system

As a result of alleged service disruptions caused during the implementation of a new domestic dialing system in 1999, Embratel was fined by Anatel and DPDC, and several class actions were initiated against it. The aggregate total amount of these contingencies is Ps.1,024 million (approximately R\$183.5 million). The Company is contesting these claims and has established a provision of Ps.161 million (approximately R\$28.8 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Administrative proceedings (PADOs)

Anatel filed several administrative proceedings (PADOs), against Embratel and Embrapar in the amount of Ps.4,170 million (approximately R\$747 million), because of alleged noncompliance with quality targets set by Anatel. The Company is contesting the PADOs on various grounds. The Company has established a provision of Ps.125 million (approximately R\$22.5 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Brazilian value-added goods and services tax (ICMS)

Embratel, Primesys Soluções Empresariais S.A. ("Primesys"), TV SAT and Telmex Do Brasil Ltda. ("TdB") received assessments in the amount of Ps.6,955 million (approximately R\$1,246 million), from the tax authorities related to nonpayment of ICMS and alleged ICMS tax credits that were incorrectly taken. The Company is contesting these tax assessments in multiple separate proceedings at the administrative level and in the judicial courts. These proceedings are in different stages, and AMX cannot predict the timing of a final

outcome. The Company has established a provision of Ps.240 million (approximately R\$43 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Star One has received tax assessments in the amount of Ps.13,413 million (approximately R\$2,403 million), alleging that the provision of satellite capacity is subject to ICMS tax. The Company is contesting these tax assessments in multiple separate proceedings, and the Company has obtained two appealable favorable judicial decisions in two proceedings by second degree Brazilian Courts, although a resolution is still pending for the majority of the proceedings. The Company has not established a provision in the accompanying financial statements to cover loss arising from this contingency.

Brazilian Social Welfare Tax on Service Exports (PIS)

Embrapar, Embratel, Brasil Center Ltda. (“Brasil Center”) and TdB have tax contingencies of Ps.117 million (approximately R\$21 million), mostly related to the contributions of PIS prior to 1995, which the tax authorities allege were incorrectly offset. The Company is contesting these tax assessments in proceedings that are in different stages. AMX has not established a provision in the accompanying financial statements and does not consider any loss to be probable.

Brazilian Social Welfare Tax for Service Export Security Tax (COFINS)

Embrapar, Embratel, Brasil Center and TdB have tax contingencies of Ps.1,111 million (approximately R\$199 million), at December 31, 2013 related to the payment of COFINS. The Company is contesting these tax assessments in proceedings that are in different stages. AMX has established a provision of Ps.61 million (approximately R\$11 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

FUST and FUNTTEL Funding

Anatel and the Brazilian Ministry of Communications (MINICOM) have issued tax assessments against Embratel, Star One and Primesys totaling Ps.7,083 million (approximately R\$1,269 million), relating to alleged underpayment of their funding obligations for FUST and FUNTTEL. The assessments claim that interconnection and others revenues should not have been excluded from the basis used to calculate funding obligations. The companies have challenged the tax assessments, and such challenges are pending. The Company has not established a provision in the accompanying financial statements to cover loss arising from these contingencies. The Company has made a judicial deposit in the amount of Ps.954 million (approximately R\$171 million) related to part of the contingencies relating to FUST.

Brazilian Services Tax (ISS)

The Municipal Revenue Services have issued tax assessments against Embratel, Primesys, Brasil Center and TdB totaling Ps.4,549 million (approximately R\$815 million) arising from nonpayment of ISS in connection with the provision of certain services. The companies have challenged the tax assessments on the grounds that such services are not subject to ISS tax, and the challenges are pending. The Company has not established a provision in the accompanying financial statements to cover loss arising from these contingencies.

Other tax contingencies

The Company’s Brazilian subsidiaries are engaged in a number of additional administrative and legal proceedings challenging tax assessments, as summarized below:

- Embrapar, Embratel, Star One and TdB have received assessments in the total amount of Ps.7,524 million (approximately R\$1,348 million), mainly related to allegedly incorrect deductions for purposes of Income Tax (*Imposto sobre Renda de Pessoa Jurídica* or “IRPJ”) and CSLL and the nonpayment of IRRF and CIDE over payments related to outbound traffic. AMX is challenging those assessments in

administrative and judicial proceedings. The Company has established a provision of Ps.11 million (approximately R\$2 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

- Embratel was fined Ps.1,691 million (approximately R\$303 million), by the Brazilian Federal Revenue Service for not making certain filings in the correct form from 2002 through 2005. The Company is contesting this fine on various grounds. The Company has not established a provision in the accompanying financial statements to cover loss arising from this contingency.
- Embratel, Star One, TdB and Primesys, have other on-going tax litigations in the amount of Ps.2,104 million (approximately R\$377 million), mainly related to IPI, CPMF and the offsetting of IRPJ, COFINS, CSLL and Brazilian Foreign Paid Income Tax (*Imposto de Renda Retido na Fonte* or “IRRF”) against allegedly improper IRPJ credits. The Company has established a provision of Ps.56 million (approximately R\$10 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Disputes with third parties

Embratel, TdB, Primesys and Brasil Center are parties to a number of cases on a range of matters, including, among other things, disputes with former sales agents and disputes with former employees regarding health care payments. The cases, which are in advanced stages of the litigation process, are for claims in the amount of Ps.2,461 million (approximately R\$441 million). The Company has established a provision of Ps.999 million (approximately R\$179 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Other civil and labor contingencies

Embratel and its subsidiaries are also party to other claims in the amount of Ps.2,858 million (approximately R\$512 million), including claims filed by its telephone service customers and claims relating to environmental matters. The Company is contesting the cases, which are in various stages. The Company has established a provision of Ps.268 million (approximately R\$48 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

In April 2009, Star One was notified of an arbitration proceeding initiated against it by two international telecom operators seeking restitution damages for up to Ps.954 million (approximately US\$73 million), for alleged commercial losses arising from contracts executed in 2002 and 2004. In December 2012, the tribunal issued a final decision and claimants were awarded damages in the amount of Ps.54 million (approximately US\$4.1 million), which amount includes interests and arbitration costs.

Embratel and its subsidiaries are party to labor claims in the amount of Ps.3,885 million (approximately R\$696 million), filed by its current and former employees, alleging compensation for pension and other social benefits, overtime work, outsourcing and equal pay. The Company has established a provision of Ps.586 million (approximately R\$105 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Net

ICMS

In 2011 and 2013, Net Serviços de Comunicação S.A. (“Net”) was assessed by the Secretary of the Treasury of the State of Sao Paulo for the loss of the tax benefit of reducing the ICMS base it is entitled to, alleging that Net did not include revenues from the rental of equipment in the ICMS base. The amount of this assessment as of December 31, 2013 was Ps.2,026 (approximately R\$363 million). The tax authority claims that from (i) January 2008 to November 2009; and (ii) January 2010 to December 2011, Net should have paid the ICMS on pay TV

services revenues at a rate of 25% instead of the rate of 10% actually applied by Net. In the tax authority's view, Net lost the rate reduction benefit allowed by ICMS Agreement No.57/99 because Net did not include "*locação de equipamento*" (rental of equipment) in its revenues. Net based its calculation on the interpretation of the Brazilian Superior Court that the rental of equipment should not be confused with a subscription TV service, and therefore cannot be taxed by ICMS and, consequently, Net should not lose the tax benefit, as alleged by the tax authority. However, there is no specific precedent (at either the administrative or judicial levels) on the issue, and it is not possible to predict the outcome of this matter. The Company has established a provision in the accompanying financial statements.

In 2008 and 2010, Net Brasília Ltda. ("Net Brasília"), a Net subsidiary, received tax assessment notices from the State Internal Revenue of the Distrito Federal in the amounts of Ps.1,149 million (approximately R\$155.4 million and R\$50.5 million), respectively, as of December, 2013, relating to the ICMS tax. The tax authority claims that during the period from January 2003 to June 2009 Net Brasília should have paid the ICMS on Pay TV services revenues at a rate of 25% instead of the rate of 10% actually applied by Net Brasília. In the tax authority's view, the rate reduction benefit allowed by ICMS Agreement No. 57/99 expired on December 31, 2001. The Company has not established a provision in the accompanying financial statements to cover loss arising from these contingencies.

Net Rio Ltda. ("Net Rio"), a Net subsidiary, received a tax assessment notice from the State Tax Authority of the State of Rio de Janeiro in the updated amount of Ps.1,367 million (approximately R\$245 million) relating to the ICMS tax. The tax authority alleged that as a result of delays in the payment of its ICMS tax during the period from November and December 2001. Thus, Net Rio lost its rate reduction benefit until September 2002. Net Rio has recorded liabilities related to the period from November and December 2001 in the amount of Ps.210 million (approximately R\$37.6 million). Based on analysis performed by legal counsel after an unfavorable decision from the lower court Net Rio made an additional provision to the period from January to September 2002 in the amount of Ps.1,150 million (approximately R\$206 million), as of December, 2013.

CSLL/IRPJ

In 2009, Net São Paulo Ltda., a Net subsidiary, received a tax assessment issued by the Brazilian Internal Revenue Service questioning part of the expenses considered as deductible in its calculation of IRPJ and CSLL from 2004 to 2008, amounting to Ps.3,053 million (approximately R\$547 million). In October 2010, a first instance decision reduced this amount to Ps.2,071 million (approximately R\$371 million). As of December 31, 2013, the total amount dispute is Ps.2,657 million (approximately R\$476 million). Net has determined that a loss is possible but not probable and accordingly AMX has not established a provision in the accompanying financial statements.

In 2012 and 2013, Net received a tax assessment in the amount of Ps.770 million (approximately R\$138 million) issued by the Brazilian Internal Revenue Service. The tax assessment questioned part of the expenses considered as deductible in our calculation of income tax and social contribution bases for the period between 2007 and 2008 related to its subsidiaries Net Belo Horizonte Ltda, Net Rio and Net Brasília. Net has determined that a loss is possible but not probable and accordingly AMX has not established a provision in the accompanying financial statements.

Imposto sobre Operações Financeiras (IOF)

Net and its controlled companies have centralized cash management and cash transfers made under a current intercompany account. Management determined that such transfers are not subject to financial transaction tax IOF charges. However, the Federal Revenue Service may deem such transfers to be inter-company loans. In the event such transfers are deemed to be inter-company loans, AMX may be subject to IOF, on the amount of the loans. IOF applies to loans between non-financial entities at a maximum rate of 1.5% per year where the principal amount and the term for repayment is fixed, and at a daily rate of 0.0041% on the outstanding balance,

without limit on the total amount of tax payable, if the principal amount of the loan is not fixed. In view of certain adverse court decisions as to the applicability of this law, the Company has established a provision of Ps.569 million (approximately R\$102 million) as of December 31, 2013.

Other civil and labor contingencies

Net and its subsidiaries are also party to other claims in the amount of Ps.2,484 million (approximately R\$445 million), including claims filed by its Pay TV, internet access and telephone service customers. The Company is contesting the cases, which are in various stages. The Company has established a provision of Ps.636 million (approximately R\$114 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Net and its subsidiaries are party to labor claims in the amount of Ps.3,349 million (approximately R\$600 million), filed by its current and former employees, seeking additional compensation for performing high-risk activities and for overtime work and commissions. The Company has established a provision of Ps.625 million (approximately R\$112 million), in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Ecuador

Conecel

Tax Assessments

During 2008, the Ecuadorian Revenue Services (“SRI”), notified Conecel of tax assessments in the amount of Ps.1,804 million (approximately US\$138 million) (not including interest and penalties), relating to special consumption (ICE), value-added, income and withholding taxes for the years 2003 to 2006. In March 2008, Conecel paid SRI Ps.183 million (approximately US\$14 million), for these tax assessments (including fines) and filed challenges with the SRI with respect to Ps.1,661 million (approximately US\$127 million). In December 2008, SRI notified Conecel of a resolution that denied the challenges and in January 2009, Conecel filed a lawsuit before a Tax Court in Guayaquil challenging the tax assessments and providing a bank guarantee of Ps.170 million (approximately US\$13 million), which represented 10% of the contested amount. The Tax Court issued its final resolution in March 2012. The Tax Court’s resolution was favorable with respect to Ps.314 million (US\$24 million), of the disputed amount. The Company has appealed the unfavorable portion of the resolution before the National Court of Justice (*Corte Nacional de Justicia*), and in July 2013, Conecel made a partial withdrawal of its appeal and as a result made a payment to SRI for an amount of Ps.1,216 million (approximately US\$93 million considering the payment of the accrued interest). A resolution for the remaining portion of the tax assessment (approximately Ps.709 million (US\$54.2 million)) is still subject to the Court’s decision.

In addition, in 2011 and 2012, SRI notified Conecel of tax assessments in the amount of Ps.1,556 million (approximately US\$119 million), relating to income taxes for the 2007, 2008 and 2009 fiscal years. Conecel filed lawsuits before a Tax Court in Guayaquil challenging the tax assessments and such lawsuits are still pending.

The Company has established a provision of Ps.392 million (approximately US\$30 million) in the accompanying financial statements for the loss arising from these contingencies that AMX considers probable.

Fine imposed by the SCPM

In February 2014, following a regulatory claim filed in 2012 by the state-owned operator, Superintendency of Control of Market Power (*Superintendencia de Control del Poder del Mercado* or “SCPM”), imposed a fine on Conecel of Ps.1,809 million (US\$138.4 million), for alleged monopolistic practices related to five locations which the state-owned operator argues that Conecel has exclusive rights to deploy its network preventing others

from doing so. In March 2014, Conecel challenged the fine and posted a guarantee for 50% of its value. Through a judicial order issued during the same month, the competent court admitted Conecel's lawsuit and suspended the effects of the contested fine.

The Company has not established a provision in the accompanying financial statements to cover loss arising from this contingency.

Peru

Claro Perú

OSIPTEL—Monopolistic practices investigations

Along with another mobile operator, América Móvil Perú, S.A.C. ("Claro Perú"), is the target of an investigation into alleged monopolistic practices conducted by the Peruvian National Regulatory Authority (*Organismo Supervisor de la Inversión Privada en Telecomunicaciones* or "OSIPTEL"), related to mobile international long distance rates. As part of the ongoing investigation, OSIPTEL has requested certain information from Claro Perú and a resolution is expected to be issued in the fourth quarter of 2014. If OSIPTEL determines that Claro Perú engaged in monopolistic practices, it could impose a fine up to a 12% of the total annual revenues generated by Claro Perú.

The Company has not established a provision in the accompanying financial statements to cover losses arising from this contingency.

18. Related Parties

a) The following is an analysis of the balances with related parties at December 31, 2012 and 2013. All the following companies are considered associates or affiliates of América Móvil since the Company or the Company's principal shareholders are also direct or indirect shareholders of the related parties.

	2012	2013
Accounts receivable:		
Sanborns Hermanos, S.A.	Ps. 149,010	Ps. 235,075
Sears Roebuck de México, S.A. de C.V.	245,075	353,724
AT&T Corp. (AT&T)	56,445	80,438
Patrimonial Inbursa, S.A.	164,267	245,318
Other	74,256	431,837
Total	Ps. 689,053	Ps.1,346,392
Accounts payable:		
Fianzas Guardiania Inbursa, S.A. de C.V.	Ps. 231,678	Ps. 212,765
Operadora Cicsa, S.A. de C.V.	272,293	280,374
PC Industrial, S.A. de C.V.	187,111	176,095
Microm, S.A. de C.V.	77,354	77,690
Grupo Financiero Inbursa, S.A.B. de C.V.	63,269	36,366
Conductores Mexicanos Eléctricos y de Telecomunicaciones, S.A. de C.V. ...	53,265	52,268
Acer Computec México, S.A. de C.V.	28,886	32,214
Sinergia Soluciones Integrales de Energía, S.A. de C.V.	74,541	35,826
Eidon Software, S.A. de C.V.	34,660	25,461
AT&T Corp. (AT&T)	1,275,193	1,039,043
Other	224,777	584,235
Total	Ps.2,523,027	Ps.2,552,337

For the years ended December 31, 2011, 2012 and 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

b) For the years ended December 31, 2011, 2012 and 2013, the Company conducted the following transactions with related parties:

	2011	2012	2013
Investments and expenses:			
Construction services, purchases of materials, inventories and property, plant and equipment ⁽ⁱ⁾	Ps. 5,391,385	Ps. 6,014,441	Ps. 4,631,435
Insurance premiums, fees paid for administrative and operating services, brokerage services and others ⁽ⁱⁱ⁾	2,354,859	2,411,663	2,349,494
Call termination costs ⁽ⁱⁱⁱ⁾	10,145,981	10,983,962	14,470,985
Interconnection cost ^(iv)	3,919,841	250,426	308,483
Other services	371,807	981,496	1,142,771
	Ps.22,183,873	Ps.20,641,988	Ps.22,903,168
Revenues:			
Sale of long-distance services and other telecommunications services ^(v)	Ps. 5,266,597	Ps. 352,086	Ps. 277,522
Sale of materials and other services	523,795	447,390	439,091
Call termination revenues ^(vi)	512,897	486,230	617,058
	Ps. 6,303,289	Ps. 1,285,706	Ps. 1,333,671

- (i) In 2013, this amount includes Ps.4,441,279 (Ps.5,867,810 in 2012 and Ps.5,171,398 in 2011, respectively) for network construction services and construction materials purchased from subsidiaries of Grupo Carso, S.A.B. de C.V. (Grupo Carso).
- (ii) In 2013, this amount includes Ps.765,097 (Ps.704,200 in 2012 and Ps.708,088 in 2011, respectively) for network maintenance services performed by Grupo Carso subsidiaries; Ps.555,984 in 2013 (Ps.599,784 in 2012 and Ps.584,254, in 2012 and 2011, respectively) for software services provided by an associate; Ps.627,945 in 2013 (Ps.669,118 and Ps.605,373 in 2012 and 2011, respectively) for insurance premiums with Seguros Inbursa, S.A. , which, in turn, places most of such insurance with reinsurers; and Ps.130,765 in 2013 (Ps.130,101 and Ps.160,080 in 2011 in 2012, respectively) of fees for management and operating services due to AT&T Mexico, Inc. and Inversora, which is a corporation under common control with América Móvil.
- (iii) Includes the cost of buying airtime, long-distance services and megabytes navigation for value added services of Ps.14,326,300 in 2013 (Ps.10,937,396 in 2012 and Ps.9,963,570 in 2011) from AT&T subsidiaries.
- (iv) Includes interconnection costs for calls from fixed telephones to mobile phones paid to NET subsidiaries.
- (v) Revenues from billing long distance and other telecommunications services of Ps.4,641,231 in 2011 from NET; and Ps.200,791 in 2013 (Ps.235,804 and Ps.135,302 in 2012 and 2011, respectively) from AT&T subsidiaries.
- (vi) Includes costs and revenues of voice services with AT&T subsidiaries.

c) During 2013, the Company paid Ps.920,244 (Ps.942,090 and Ps.726,524 in 2012 and 2011, respectively) for short-term direct benefits to its executives.

d) In November 2010, the Company entered into a revolving credit agreement with its affiliate Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa. The agreement provides a line of credit to the Company and/or its subsidiaries for up to Ps.5,230,600 (US\$400,000), of which no amounts are outstanding.

19. Shareholders' Equity

Shares

a) At December 31, 2013 and 2012, the Company's capital stock was represented by 70,475,000,000 shares (23,424,632,660 Series "AA" shares, 680,805,804 Series A shares and 46,369,561,536 Series "L" shares) and

75,841,000,000 shares (23,424,632,660 Series “AA” shares, 712,842,183 Series A shares and 51,703,525,157 Series L), respectively (these figures reflect (i) the stock split effected in June 2011; (ii) the merger with AMTEL in 2006; (iii) the placement of 8,438,193,725 Series “L” treasury shares resulting from the tender offers for Carso Global Telecom, S.A.B. de C.V. and Telmex Internacional, S.A.B. de C.V., which were completed on June 16, 2010; and (iv) the exchanges (conversiones) of Series “A” shares for Series “L” shares made by third parties through S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.).

b) The capital stock of the Company consists of a minimum fixed portion of Ps.397,873 (nominal amount), represented by 95,489,724,196 shares (including treasury shares available for placement in accordance with the provisions of the Mexican Securities Law), of which (i) 23,424,632,660 are common Series “AA” shares; (ii) 776,818,130 are common Series “A” shares; and (iii) 71,288,273,406 are Series “L” shares, all of them fully subscribed and paid.

c) At December 31, 2013 and 2012, the Company’s treasury shares available for placement in accordance with the provisions of the Mexican Securities Law, were represented by 25,014,724,196 shares (25,007,472,235 Series “L” shares and 7,251,961 Series A shares), 19,648,724,196 shares (19,642,211,887 Series “L” shares and 6,512,309 Series A shares), respectively (these figures reflect (i) the stock split effected in June 2011; and (ii) the placement of 8,438,193,725 Series “L” treasury shares resulting from the tender offers for Carso Global Telecom, S.A.B. de C.V. and Telmex Internacional, S.A.B. de C.V., which were completed on June 16, 2010).

d) The holders of Series “AA” and Series “A” shares are entitled to full voting rights. The holders of Series “L” shares may only vote in certain circumstances, and they are only entitled to appoint two members of the Board of Directors and their respective alternates. The matters in which the shareholders who are entitled to vote are the following: extension of the term of the Company, early dissolution of the Company, change of corporate purpose of the Company, change of nationality of the Company, transformation of the Company, a merger with another company, as well as the cancellation of the registration of the shares issued by the Company in the National Securities Registry (*Registro Nacional de Valores*), and any other foreign stock exchanges where they may be registered, except for quotation systems or other markets not organized as stock exchanges. Within their respective series, all shares confer the same rights to their holders. The Company’s bylaws contain restrictions and limitations related to the subscription and acquisition of Series “AA” shares by non-Mexican investors.

e) In accordance with the bylaws of the Company, Series “AA” shares must at all times represent no less than 20% and no more than 51% of the Company’s capital stock, and they also must represent at all times no less than 51% of the common shares (entitled to full voting rights, represented by Series “AA” and Series “A” shares), representing said capital stock.

Series “AA” shares may only be subscribed to or acquired by Mexican investors, Mexican corporations and/or trusts expressly empowered for such purposes in accordance with the applicable legislation in force. Series “A” shares, which may be freely subscribed, may not represent more than 19.6% of capital stock and may not exceed 49% of the common shares representing such capital. Common shares (entitled to full voting rights, represented by Series “AA” and Series “A” shares), may not represent more than 51% of the Company’s capital stock.

Lastly, the combined number of Series “L” shares, which have limited voting rights and may be freely subscribed, and Series A shares may not exceed 80% of the Company’s capital stock. For purposes of determining these restrictions, the percentages mentioned above refer only to the number of Company shares outstanding.

Dividends

f) On April 25, 2012, the Company’s shareholders approved, among other resolutions, the (i) payment of a cash dividend of \$0.20 pesos per share to each of the shares of its capital stock series “AA”, “A” and “L”, payable in two equal installments of \$0.10 pesos; and (ii) increase in the amount of funds available for the acquisition of the Company’s own shares by Ps.30 billion pursuant to Article 56 of the Mexican Securities Market Law.

g) On April 22, 2013, the Company's shareholders approved, among other resolutions, the (i) payment of a cash dividend of \$0.22 pesos per share to each of the shares of its capital stock series "AA", "A" and "L", payable in two equal installments of \$0.11 pesos; and (ii) increase in the amount of funds available for the acquisition of the Company's own shares by Ps.40 billion pursuant to Article 56 of the Mexican Securities Market Law.

Retained earnings and other reserves distributed as dividends and the effects derived from capital reductions, are subject to income tax at the rate at the date of distribution, except for the restated stockholder contributions or distributions made from the net taxed profit account (Cuenta de Utilidad Fiscal Neta Consolidada or CUFIN).

The dividends paid in excess of the account are subject to income tax on a grossed-current base rate. Since 2003, this tax may be credited against income tax for the year in which the dividends are paid and the following two years against the income tax and estimated payments. The payment of dividends described above comes from the balance of the Company's CUFIN.

Legal reserve

According to the Mexican General Mercantile Corporation Law, companies must appropriate from the net profit of each year at least 5% to increase the legal reserve until it reaches 20% of capital stock at par value. This reserve may not be distributed to stockholders during the existence of the Company. At December 31, 2012 and 2013, the legal reserve amounted to Ps.358,440.

Restrictions on Certain Transactions

The Company's bylaws provide that any transfer of more than 10% of the combined A Shares and AA Shares, effected in one or more transactions by any person or group of persons acting in concert, requires prior approval by our Board of Directors. If the Board of Directors denies such approval, however, Mexican law and the Company bylaws require it to designate an alternate transferee, who must pay market price for the shares as quoted on the Mexican Stock Exchange.

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the L Shares, A Shares, L Share ADSs or A Share ADSs will generally be subject to a 10% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2014). Nonresident holders could be subject to a lower tax rate, to the extent that they are eligible for benefits under an income tax treaty to which Mexico is a party.

h) Earnings per share

The following table shows the computation of the basic and diluted earnings per share:

	For the years ended December 31,		
	2011	2012	2013
Net profit for the period attributable to equity holders of the parent	Ps.83,045,198	Ps.90,988,570	Ps.74,624,979
Weighted average shares (in millions)	78,599	76,150	72,866
Earnings per share attributable to equity holders of the parent	<u>Ps. 1.06</u>	<u>Ps. 1.19</u>	<u>Ps. 1.02</u>

20. Income Tax and Asset Tax

I) Mexico

América Móvil, S.A.B. de C.V. was the controlling company in the tax consolidation in accordance with prevailing corporate and tax law through December 31, 2013, and as authorized by the tax authorities in 2002.

From 2002 to 2013, the Company determined its income tax for each year on a consolidated basis, which in simple terms consisted of including the taxable income or tax loss of each subsidiary in AMX's tax results as the controlling company, in proportion to a given percentage of América Móvil's equity interest in each subsidiary.

As a result of the 2014 Tax Reform, on December 11, 2013 a new Law on Income Tax was issued, and the Law of the Business Flat Tax was eliminated.

Tax Consolidation

In 2010, Mexico's tax consolidation regime was significantly amended to establish a maximum deferral period for current year income tax of five years while requiring previously applied tax consolidation benefits to be reversed (commonly referred to as "recaptured") and remitted to the tax authorities in installments over the sixth to tenth years subsequent to the year in which the benefits were taken.

Therefore, in 2010, the Company calculated the income tax it had deferred through 2004, while in 2011, 2012 and 2013, it calculated its income tax corresponding to 2005, 2006 and 2007, respectively. Similarly, these taxes must be remitted in 5 annual installments.

Tax consolidation benefits resulted from:

- i) Tax losses applied in the tax consolidation that would not have otherwise been carried forward individually by the entity that generated them; and
- ii) Other items (apart from tax losses) that give rise to tax consolidation benefits, including losses on sales of shares not deducted individually by the entity that generated them; special consolidation items related to transactions carried out between consolidating entities; and dividends declared by consolidated subsidiaries as of 1999 that were not paid from the balance of their CUFIN or the Net reinvested taxed profits account (CUFINRE).

The individual CUFIN and CUFINRE balances of the group's entities can result in taxable profits in conformity with the Mexican Income Tax Law (MITL). These amounts are referred to as "CUFIN differences."

The deconsolidation effects with respect to tax losses that were carried forward under the consolidation regime amounted to Ps.3,279,356, which is being paid by AMX in the amounts and terms set forth in the law.

Optional Regime

The new Income Tax Law establishes the optional regime for corporate groups to defer the remittance of the deferred income tax of the group's subsidiaries, under the terms and conditions established in Articles 59 to 71 of the MITL. In addition to the above, the Company meets the requirements for adopting this regime under Article 60 of the MITL, and accordingly, the Company filed its notice of incorporation into the optional regime under the terms and conditions published by the tax authority on February 17, 2014. Also, in conformity with rule 1.3.22.8 of the Miscellaneous Tax Rules, the Company has declared its intention to the option contained in such rule, which allows companies with unused tax losses at December 31, 2013 to carry forward these losses under the new regime.

Corporate tax rate

The income tax rate applicable in Mexico for 2010, 2011 and 2012 was 30%.

On December 7, 2009, a tax reform was approved that increased the corporate income tax rate from 28% to 30% for the years from 2010 to 2012 and was scheduled to be decreased to 29% in 2013 and 28% in 2014 and thereafter. However, the Mexican Federal Internal Revenue Act enacted in December 2012 established that the corporate income tax rate will remain at 30% in 2013 and that the income tax rate reduction to 29% will take effect in 2014 and to 28% in 2015 and thereafter. The effect of the change in the corporate income tax rate on

deferred taxes as of December 31, 2012 resulted in an amount charged to deferred tax expense of Ps.155,599 in 2012. Furthermore, for fiscal year 2013, the Mexican Federal Internal Revenue Act, enacted in December 2013, established that the corporate income tax rate is 30%. The effect on the change in the tax rate was Ps.138,849.

An analysis of income tax charged to results of operations for the years ended December 31, 2011, 2012 and 2013 is as follows:

	2011	2012	2013
In Mexico:			
Current year income tax	Ps.31,933,880	Ps.27,123,124	Ps.20,396,868
Deferred income tax	(5,679,173)	781,410	(5,936,699)
Effect of changes in tax rate	(99,763)	155,599	138,849
Foreign:			
Current year income tax	18,940,637	21,047,770	17,955,532
Deferred income tax	(5,349,714)	(3,124,451)	(2,161,819)
	<u>Ps.39,745,867</u>	<u>Ps.45,983,452</u>	<u>Ps.30,392,731</u>

A reconciliation of the corporate income tax rate to the effective income tax rate recognized by the Company is as follows:

	Year ended December 31,		
	2011	2012	2013
Statutory income tax rate in Mexico	30.0%	30.0%	30%
Impact of non-deductible and non-taxable items:			
Tax inflation effect	2.1%	4.0%	5.7%
Operations of foreign subsidiaries	(1.0%)	(0.3%)	(0.7%)
Tax loss on sale of financial asset restructuring	—	—	(8.3%)
Other	(0.4%)	(3.9%)	(4.6%)
Effective tax rate on Mexican operations	30.7%	29.8%	22.1%
Change in estimated realization of deferred tax assets in Brazil	(1.5%)	(0.3%)	0.9%
Use of tax credits in Brazil	(0.4%)	(1.1%)	(0.3%)
Foreign subsidiaries—other items, net	2.3%	5.0%	6.1%
Effective tax rate	31.1%	<u>33.4%</u>	<u>28.8%</u>

An analysis of temporary differences giving rise to the net deferred tax liability is as follows:

	At December 31,	
	2012	2013
Deferred tax assets		
Provisions	Ps. 3,691,556	Ps. 6,960,414
Deferred revenues	2,129,829	2,186,987
Tax losses	2,726,614	533,610
Other	96,236	1,541,245
	<u>8,644,235</u>	<u>11,222,256</u>
Deferred tax liabilities:		
Property, plant and equipment	Ps. (8,312,837)	Ps. (9,288,481)
Licenses and rights of use	(2,761,970)	(1,437,216)
Deferred effects of tax consolidation in Mexican subsidiaries	(7,169,028)	(4,164,355)
Other	903,658	1,872,237
	<u>(17,340,177)</u>	<u>(13,017,815)</u>
Plus:		
Effect of changes in tax rate	305,999	167,150
Total deferred tax liabilities, net	<u>Ps. (8,389,943)</u>	<u>Ps. (1,628,409)</u>

An analysis of the effects of temporary differences within the deferred tax that was charged or (credited) to results of operations is as follows:

	2011	Year Ended December 31,	
		2012	2013
Deferred tax assets:			
Provisions	Ps. 1,832,791	Ps. 177,449	Ps. 3,268,858
Deferred revenues	1,319,623	(993,322)	57,158
Tax losses	275,777	(1,489,907)	(2,193,004)
Other	1,455,280	121,480	1,445,009
	<u>4,883,471</u>	<u>(2,184,300)</u>	<u>2,578,021</u>
Deferred tax liabilities:			
Property, plant and equipment	375,249	(1,934,691)	(1,099,239)
Inventories	4,261	326,893	—
Licenses and rights of use	85,110	447,645	612,132
Other	(1,256,440)	7,028,218	456,201
	<u>(791,820)</u>	<u>5,868,065</u>	<u>(30,906)</u>
Plus:			
Effect of changes in tax rate	(67,387)	155,599	(138,849)
Income tax from tax consolidation	(107,445)	35,822	3,004,672
Total deferred tax benefit	<u>Ps. 3,916,819</u>	<u>Ps. 3,875,186</u>	<u>Ps. 5,412,938</u>

The effects of temporary differences giving rise to the deferred tax asset at December 31, 2012 and 2013 is as follows:

	At December 31,	
	2012	2013
Deferred tax assets:		
Accrued liabilities	Ps. 16,261,385	Ps. 14,008,504
Deferred revenues	2,520,687	3,820,067
Employee benefits	15,772,716	17,606,276
Tax losses	15,826,663	14,179,102
Other	3,494,131	9,274,546
	<u>53,875,582</u>	<u>58,888,495</u>
Deferred tax liabilities:		
Property, plant and equipment	(11,911,939)	(12,358,022)
Licenses and rights of use	(490,497)	(188,567)
Inventories	2,738,119	4,048,858
Other	160,864	462,922
	<u>(9,503,453)</u>	<u>(8,034,809)</u>
Total deferred tax assets	<u>Ps. 44,372,129</u>	<u>Ps. 50,853,686</u>

At December 31, 2011, 2012 and 2013, the above table includes the deferred tax assets of Mexico, United States, Puerto Rico, Argentina, Colombia, Honduras, Guatemala, Nicaragua, Uruguay, Ecuador, Peru and Brazil.

An analysis of the effects of temporary differences within the deferred tax that was (charged) or credited to results of operations is as follows:

	Year Ended December 31,		
	2011	2012	2013
Deferred tax assets:			
Accrued liabilities	Ps.1,176,059	Ps.(1,357,053)	Ps.(2,252,881)
Deferred revenues	303,386	1,173,893	1,299,380
Employee benefits	(767,091)	(1,472,849)	2,596,157
Tax losses	1,719,089	(493,024)	(1,647,561)
Other	(377,265)	(2,783,330)	1,082,493
	<u>2,054,178</u>	<u>(4,932,363)</u>	<u>1,077,588</u>
Deferred tax liabilities:			
Property, plant and equipment	(542,340)	1,205,725	(446,083)
Inventories	5,400,000	(2,640,266)	1,310,739
Licenses and rights of use	104,660	71,018	301,930
Other	195,333	233,258	302,058
	<u>5,157,653</u>	<u>(1,130,265)</u>	<u>1,468,644</u>
Total deferred tax benefit	<u>Ps.7,211,831</u>	<u>Ps.(6,062,628)</u>	<u>Ps. 2,546,732</u>

Reconciliation of deferred tax assets and liabilities, net:

	2011	2012	2013
Opening balance as of January 1,	Ps. 7,590,607	Ps.40,061,740	Ps.35,982,186
Deferred tax benefit (expense) for the year and effect of changes in tax rate recognized in profit or loss	11,128,650	(2,187,442)	7,959,670
Deferred tax benefit recognized in OCI	21,342,483	(125,868)	586,000
Deferred taxes acquired in business combination		(1,766,244)	4,697,422
Closing balance as of December 31,	Ps.40,061,740	Ps.35,982,186	Ps.49,225,278
Presented in the consolidated statements of financial position as follows:			
Deferred income tax assets	Ps.47,372,186	Ps.44,372,129	Ps.50,853,686
Deferred income tax liabilities	(7,310,446)	(8,389,943)	(1,628,409)
	<u>Ps.40,061,740</u>	<u>Ps.35,982,186</u>	<u>Ps.49,225,277</u>

The deferred tax assets are in tax jurisdictions in which the Company considers that, based on financial projections of its cash flows, results of operations and synergies between subsidiaries, the Company will generate taxable income in subsequent periods.

The Company does not recognize a deferred tax liability related to the undistributed earnings of its subsidiaries, because it currently does not expect these earnings to be taxable or to be repatriated in the near future. The Company's policy has been to distribute the profits when it has paid the corresponding taxes in its home jurisdiction and the tax can be accredited in Mexico.

At December 31, 2012 and 2013, the balance of the contributed capital account ("CUCA") is Ps.387,806,147 and Ps.417,052,837, respectively, and the CUFIN balance is Ps.379,500,778 and Ps.415,327,853, respectively.

II) Foreign Subsidiaries

a) Results of operations

The foreign subsidiaries determine their taxes on profits based on their individual taxable income, in accordance with the specific tax regimes of each country. The combined income before taxes and the combined provision for taxes of such subsidiaries in 2011, 2012 and 2013 are as follows:

	2011	2012	2013
Combined income before taxes	Ps.42,011,515	Ps.42,628,730	Ps.29,270,337
Combined tax provision differences not deductible-not cumulative in the Foreign Subsidiaries	13,590,923	17,923,319	15,793,713

iii) Tax losses

a) At December 31, 2013, the available tax loss carryforwards recorded in deferred tax assets of the subsidiaries of América Móvil are as follows:

<u>Country</u>	<u>Balance of available tax loss carryforwards at December 31, 2013</u>	<u>Tax benefits</u>
Chile	Ps. 1,390,741	Ps. 236,426
Brazil	38,879,043	13,218,875
Mexico	3,102,006	930,602
Peru	423,372	127,012
United States	3,046	1,066
Colombia	602,217	198,731
Total	<u>Ps.44,400,425</u>	<u>Ps.14,712,712</u>

b) The tax loss carryforwards in the different countries in which the Company operates have the following terms and characteristics:

i) The Company has accumulated approximately B\$7,057 million in net operating loss carry-forwards (“NOL’s”) in its various Brazilian subsidiaries, equating to approximately Ps.38,879,043 as of December 31, 2013. Through December 31, 2013, the Company’s Brazilian operations are concentrated in its subsidiaries Claro, Embratel and Net, each having varying levels of NOL’s. In Brazil there is no expiration of the NOL’s. However, the NOL amount in each year may not exceed 30% of the taxable income for such year. Consequently, in the year in which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate tax rate.

In Brazil, deferred tax assets are recognized for tax losses to the extent that the realization of the related tax benefit through future taxable profits is probable, as well as for other temporary items. The benefit in income taxes expense for the years ended December 31, 2011, 2012 and 2013, attributable to the change in estimate over the recoverability of the tax loss carryforwards, was Ps.0, Ps.1,200,520 and Ps.2,321,679, respectively, and is shown as a credit in deferred income tax.

Through December 31, 2013, the aforementioned Brazilian subsidiaries did not file tax returns on a consolidated basis, although the Company has initiated strategies to merge the entities in the near term so as to recover the NOL’s currently recorded. The Company believes that it is more likely than not that it will recognize the benefit of unreserved NOL’s in future periods, primarily through continuing merged operations, tax planning strategies and other sources of taxable income.

ii) In Chile, tax loss carryforwards have no expiration date and the corporate tax rate in that country is 17%. Consequently, at the time tax losses are realized, taxpayers obtain a benefit of only 17% of the amount of the loss generated.

iii) In Mexico the tax loss carryforwards expire in ten years on a stand-alone basis.

21. Segments

América Móvil operates in different countries. As mentioned in Note 1, the Company has operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Costa Rica, Brazil, Argentina, Colombia, United States, Honduras, Chile, Peru, Paraguay, Uruguay, Dominican Republic, Puerto Rico and Panama. The accounting policies for the segments are the same as those described in Note 2.

The CEO, who is the Chief Operating Decision Maker (“CODM”), analyzes the financial and operating information by geographical segment, except for Mexico, which shows América Móvil (Corporate and Telcel) and Telmex as two segments. All significant operating segments that represent (i) more than 10% of consolidated revenues, (ii) more than the absolute amount of the reported 10% of profits or loss and (iii) more than 10% of consolidated assets, are presented separately.

	Mexico ⁽¹⁾	Telmex	Brazil	Southern Cone ⁽²⁾	Colombia	Andean ⁽³⁾	Central America ⁽⁴⁾	U.S.A. ⁽⁵⁾	Caribbean
At December 31, 2011:									
Operating revenues	Ps.169,117,703	Ps.112,255,217	Ps.177,697,278	Ps. 54,838,798	Ps. 61,087,250	Ps.35,393,881	Ps.19,564,643	Ps.47,553,690	Ps.27,000,000
Depreciation and amortization	10,290,504	16,936,389	36,299,859	6,504,008	8,273,765	3,986,524	6,205,962	374,877	5,000,000
Operating income (loss)	76,004,224	26,980,612	9,064,093	8,607,931	19,450,851	11,200,534	(57,464)	816,558	5,000,000
Interest income	8,964,516	385,768	3,745,607	2,188,569	147,966	468,968	87,938	99,154	0
Interest expense	15,543,449	2,967,729	8,871,412	1,195,200	595,188	419,178	233,345		
Income tax	19,064,289	6,658,411	(1,587,570)	3,758,431	6,819,446	3,381,785	1,198,810	332,988	
Equity interest in net income (loss) of associated companies	30,542	115,070	1,856,401						
Net profit attributable to parent	41,407,389	12,963,189	4,006,969	4,100,544	7,787,189	8,316,861	(911,512)	585,807	5,000,000
Assets by segment	763,220,450	145,657,775	301,521,949	106,287,173	97,225,819	65,993,608	56,856,694	16,090,706	68,000,000
Plant, property and equipment, net	42,244,711	98,877,234	137,394,139	49,980,417	42,260,513	24,462,608	38,854,216	813,907	31,000,000
Goodwill	13,401,456	103,289	691,096	2,599,802	14,882,545	4,120,226	4,808,699	781,201	31,000,000
Trademarks, net	12,347		1,355,486	373,544	466,597	1,942	288,214		
Licenses and rights, net	5,413,039	191,320	18,784,656	1,447,050	4,525,722	4,794,475	1,029,922		2,000,000
Investment in associated companies	48,227,056	1,585,330	48,298,290	226,050	16,480		76,591		
Liabilities by segments	403,257,790	148,429,934	142,906,636	61,074,258	37,562,936	21,400,022	31,771,790	15,354,830	32,000,000
At December 31, 2012:									
Operating revenues	183,645,559	106,024,574	209,786,554	62,017,811	73,432,068	42,495,288	23,047,478	63,143,785	27,000,000
Depreciation and amortization	9,190,768	16,758,034	39,827,700	7,182,614	10,346,090	4,689,847	9,609,151	443,848	5,000,000
Operating income (loss)	81,961,505	20,861,828	12,686,216	8,071,120	22,709,742	13,176,907	(3,497,129)	1,827,830	2,000,000
Interest income	2,690,719	236,106	2,717,879	18,709	13,417	30,777	34,976	131	
Interest expense	18,762,806	2,467,279	2,592,655	660,930	372,933	72,206	16,942		
Income tax	22,358,177	5,642,907	1,210,759	3,998,988	6,397,518	3,708,410	1,119,312	845,900	
Equity interest in net income (loss) of associated companies	770,206	116,240	(4,966)	6,541			(45,635)		
Net profit attributable to parent	55,193,008	10,798,865	582,186	2,606,370	15,151,468	9,303,620	(4,895,158)	1,063,311	1,000,000
Assets by segment	827,401,946	142,682,044	312,344,781	102,201,239	107,371,575	68,433,805	50,569,456	20,838,444	66,000,000
Plant, property and equipment, net	45,046,012	103,336,105	163,154,248	53,108,253	45,200,786	25,791,457	35,176,900	1,630,494	27,000,000
Goodwill	9,468,188	103,823	29,435,809	2,112,690	15,642,979	5,082,613	4,740,253	1,469,387	31,000,000
Trademarks, net	11,882		736,803	53,193		1,596	134,009		
Licenses and rights, net	4,693,796	161,629	25,512,676	1,331,605	3,220,881	4,300,618	2,650,808		2,000,000
Investment in associated companies	82,966,158	1,523,525	681	205,525	18,816		16,782		
Liabilities by segments	496,054,819	143,884,994	168,454,045	63,320,536	38,459,314	20,608,834	26,307,510	19,042,295	30,000,000
At December 31, 2013:									
Operating revenues	193,177,520	105,869,082	199,886,587	61,520,550	74,210,133	45,113,018	24,219,185	77,166,979	25,000,000
Depreciation and amortization	11,405,254	16,645,362	38,247,324	7,241,569	9,248,385	5,035,188	8,377,356	509,104	4,000,000
Operating income (loss)	78,761,006	20,038,136	11,101,318	6,173,734	21,351,301	11,910,251	(1,129,337)	938,885	4,000,000
Interest income	12,058,650	166,672	1,655,190	2,948,225	897,567	766,272	154,830	130,229	
Interest expense	29,787,463	2,988,604	7,517,536	1,222,657	476,135	232,765	148,356	121	
Income tax	9,510,280	6,010,974	(816,879)	3,317,959	6,461,978	4,592,131	(115,610)	39,182	1,000,000
Equity interest in net income (loss) of associated companies	39,085	(11,029)	(4,122)	12,806					
Net profit attributable to parent	48,128,000	7,872,632	(4,677,533)	964,798	12,630,598	7,826,900	(1,132,279)	1,192,188	1,000,000
Assets by segment	848,465,485	139,142,892	307,736,000	89,424,062	104,248,636	73,556,522	52,129,267	23,343,580	65,000,000
Plant, property and equipment, net	60,814,974	96,194,388	163,202,395	49,863,386	44,167,846	24,348,547	34,133,513	1,831,731	26,000,000
Goodwill, net	10,625,643	103,823	22,483,916	1,944,142	14,402,035	5,046,380	4,757,332	1,472,896	31,000,000
Trademarks, net	10,708	371,324	565,583	22,905		143	5		
Licenses and rights, net	4,372,216	131,939	19,138,690	1,342,555	3,518,872	3,750,190	2,607,825		2,000,000
Investment in associated companies	98,594,805	1,575,687	24,566	162,562	25,276		16,651		
Liabilities by segments	591,193,076	114,351,892	187,788,294	66,706,964	35,838,774	23,281,476	24,398,597	20,546,879	23,000,000

- (1) Mexico includes Telcel and corporate operations and assets
- (2) Southern Cone includes Argentina, Chile, Paraguay and Uruguay
- (3) Andean includes Ecuador and Peru
- (4) Central America includes Guatemala, Costa Rica, El Salvador, Honduras, Nicaragua and Panama
- (5) Excludes Puerto Rico
- (6) Caribbean includes the Dominican Republic and Puerto Rico

22. Components of other comprehensive income

An analysis of the components of the other comprehensive income as of December 31, 2011, 2012 and 2013 is as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Controlling interest:			
Valuation of the derivative financial instruments, net of deferred taxes	Ps. (276,748)	Ps. (253,428)	Ps. (741,321)
Translation effect of foreign subsidiaries	10,358,985	(32,899,915)	(26,485,343)
Remeasurement of defined benefit plan, net of deferred taxes	(15,681,072)	2,377,006	(2,289,811)
Non-controlling interest of the items above	(885,054)	(444,290)	(550,586)
Other comprehensive income (loss)	<u>Ps. 6,483,889</u>	<u>Ps.(31,220,627)</u>	<u>Ps.(30,067,061)</u>

23. Subsequent Events

a) On January 16, 2014, the Company, through its subsidiary Tracfone Wireless Inc., acquired the assets of Start Wireless Group, Inc. (known commercially as “Page Plus”), a mobile virtual network operator located in the U.S. Page Plus provides services to approximately 1.4 million subscribers and offers prepaid plans for voice, SMS and data services. The amount paid for these assets was approximately US\$120,000.

b) On March 7, 2014 the Company received a resolution issued by the Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, or “IFT”) which determined that an economic interest group comprised of AMX and its operating subsidiaries, including Radiomóvil Dipsa, S.A de C.V. (“Telcel”) and Teléfonos de México, S.A.B. de C.V. (“Telmex”), as well as Grupo Carso, S.A.B. de C.V. and Grupo Financiero Inbursa, S.A.B. de C.V., constitutes the preponderant economic agent in the telecommunications market, and which imposed certain asymmetrical regulations, among which are the following:

- (i) Interconnection: Regulation of interconnection, including the imposition of (a) asymmetric rates to be determined by the IFT; and (b) an interconnection framework agreement (convenio marco de interconexión);
- (ii) Sharing of Infrastructure: Regulation of other operators’ access to and use of the Company’s passive infrastructure, including towers, sites, ducts and rights of way, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by the IFT using a long-run average incremental costs methodology;
- (iii) Local Loop Unbundling: Regulation of local loop unbundling, including the imposition of rates to be determined by the IFT using a long-run average incremental cost methodology;
- (iv) Leasing of Dedicated Links: Regulation of dedicated-link leasing for interconnection services and local, domestic and international long distance services, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by the IFT using a retail minus methodology, except for dedicated-link leasing for interconnection services, where a long-run average incremental costs methodology will be used for determining the applicable rates;
- (v) Roaming: Regulation of the provision of wholesale roaming services, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by the IFT using a long-run average incremental costs methodology;

- (vi) Elimination of National Roaming Charges: The elimination of national roaming charges to the Company's subscribers;
- (vii) Mobile Virtual Operators: Regulation of mobile virtual network operators' access to services provided by the Company to its subscribers, at rates to be negotiated amongst the operators and, where agreement cannot be reached, to be determined by the IFT using a retail minus methodology;
- (viii) Certain Obligations on the Provision of Retail Services: Certain rates for the provision of telecommunications services to the Company's subscribers shall be subject to rate control and/or authorization by the IFT, using a series of methodologies related to maximum prices and replicability tests that are currently under analysis. The measures also impose a series of obligations relating to the sale of services and products, including the obligation to offer individually all services that are offered under a bundle scheme; limited exclusivity on handsets and tablets; and the obligation to unlock handsets;
- (ix) Content: Regulation of content, including the prohibition on acquiring transmission rights for any territory within Mexico on an exclusive basis with respect to relevant content (contenidos audiovisuales relevantes), as determined from time to time by the IFT, including without limitation national soccer play-offs (liguilla), FIFA world cup soccer finals and any other event where large audiences are expected at a national or regional level; and
- (x) Information and Quality of Service Obligations: Several obligations related to information and quality of service, including the publication of a series of reference terms (ofertas públicas de referencia) for wholesale and interconnection services that are subject to the asymmetric regulations imposed by the IFT, and rules regarding accounting separation.

The resolution issued by the IFT is currently being analyzed by AMX and its subsidiaries from an economic, technical, regulatory, operating and business perspective in order to be able to evaluate its effects.

c) On March 18, 2014, the Company reported that its Board of Directors decided to submit a proposal to the shareholders during the ordinary shareholders' meeting expected to be held on April 28, 2014 to (i) pay a cash dividend of Ps.0.24 from the consolidated CUFIN account, payable in two installments, to the holders of the Company's series "AA", "A" and "L" shares that were outstanding at the dividend payment date (including the preferential dividend corresponding to "L" series shares), subject to subsequent share repurchase or reissue adjustments, among other corporate events that could vary the number of outstanding shares at the payment date of the dividend; and (ii) allocate Ps.30,000,000 for share repurchases in conformity with Article 56 of the Mexican Securities Trading Act.

d) On March 28, 2014 the IFT issued a resolution, whereby AMX's rates will be determined asymmetrically for interconnection, termination and transit services, with respect to mobile and fixed services provided by Telcel and Telmex, as applicable, beginning April 6, 2014 through December 31, 2014.

This resolution was issued by the IFT following a prior resolution in which the Institute determined that an economic interest group comprised of AMX and its operating subsidiaries, including Telmex and Telcel, as well as Grupo Carso, S.A.B. de C.V. and Grupo Financiero Inbursa, S.A.B. de C.V., constitutes the dominant operator in the telecommunications sector, and in which the IFT imposed specific asymmetric measures.

The asymmetrical rates that apply to Telmex's services during the period from April 6, 2014 to December 31, 2014 are as follows:

- Interconnection within the same regional node: Ps.0.02015 per minute
- Interconnection between regional nodes that depend on a national node: Ps.0.02258 per minute
- Interconnection between regional nodes that depend on different national nodes: Ps.0.02340 per minute

- Traffic within the same regional node: Ps.0.00864 per minute
- Transit between regional nodes that depend on a national node: Ps.0.01108 per minute
- Transit between regional nodes which depend on different national nodes: Ps.0.01190 per minute

The asymmetrical rates that apply to Telcel's termination services (for voice and SMS) during the period from April 6, 2014 to December 31, 2014 are as follows:

- Termination for mobile users under "calling party pays" arrangements: Ps.0.2045
- Termination rate for short messages (SMS) sent by mobile users: Ps.0.0391

This resolution was issued by the IFT in its capacity as an independent Constitutional body after a bill was submitted to Congress to establish the new Federal Law on Telecommunications and Broadcasting, and the resolution represents a substantial reduction in interconnection, termination and transit rates compared to other operators in Mexico. Management believes fees referred to in the resolution are comparatively lower than those prevailing for the same services in most countries in the world.

e) In April 2014, the Company filed a challenge (juicio de amparo) to the decision issued by the IFT, through which it determined that an economic interest group comprised of AMX and its operating subsidiaries, including Telmex and Telcel, as well as Grupo Carso, S.A.B. de C.V. and Grupo Financiero Inbursa, S.A.B. de C.V., constitutes the dominant operator in the telecommunications sector, and through which the IFT imposed specific asymmetric measures. AMX operating subsidiaries Telmex and Telcel also filed challenges to the resolution.

f) In March 2014, the Company purchased shares representing 3.1% of the outstanding shares of Telekom Austria from Inmobiliaria Carso and Control Empresarial de Capitales, S.A. de C.V, which may be deemed for certain purposes to be under common control with the Company. As a result, as of March 31, 2014 the Company directly or indirectly owns 26.8% of Telekom Austria's outstanding shares.

g) On April 23, 2014, the Company entered into a shareholders' agreement (the "Shareholders Agreement") with Telekom Austria's largest shareholder, Österreichische Industrieholding AG ("ÖIAG"). The Shareholders Agreement is subject to certain regulatory approvals. As a result of signing the Shareholders' Agreement, the Company is required by Austrian law to purchase all the outstanding shares of Telekom Austria not held by the Company, ÖIAG or Telekom Austria (the TA Offer). Under the terms of the Shareholders' Agreement, the Company and ÖIAG have agreed to vote in favor of, and contribute to, a capital increase for Telekom Austria of €1 billion. The capital increase is subject to the closing of the TA Offer.

24. Supplemental Guarantor Information

As mentioned in Note 16, the Company has issued senior notes in the United States. These notes are fully and unconditionally guaranteed by Telcel.

Consolidating Condensed Financial Information

The following consolidating information presents condensed consolidating balance sheets as of December 31, 2012 and 2013 and condensed consolidating statements of income and cash flows for each of the three years in the period ended December 31, 2013 of the Company and Telcel (the "wholly-owned Guarantor Subsidiary"). These statements are prepared in accordance with IFRS with the exception that the subsidiaries are accounted for as investments under the equity method rather than being consolidated. The guarantees of the Guarantor are full and unconditional.

The Company's consolidating condensed financial information for the (i) Company; (ii) its wholly-owned subsidiary Telcel (on standalone basis), which is a wholly and unconditional guarantor under the Senior Notes; (iii) the combined non-guarantor subsidiaries; iv) eliminations and v) the Company's consolidated financial statements are as follows:

At December 31, 2012, restated					
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 27,269,924	Ps. 1,325,939	Ps. 16,891,337		Ps. 45,487,200
Accounts receivable, net	75,389,317	12,096,177	35,500,209		122,985,703
Related parties	138,169,930	27,703,098	192,498,010	Ps. (357,681,985)	689,053
Inventories, net	553,334	11,116,645	17,057,888	(30,047)	28,697,820
Other current assets		703,717	10,567,746		11,271,463
Plant, property and equipment, net	11,154,013	21,379,116	467,901,143		500,434,272
Investments in associated companies and others	513,502,840	112,103,513	91,822,348	(644,312,416)	73,116,285
Intangible assets and other non- current assets, net	4,851,377	10,642,576	189,508,934		205,002,887
Total assets	<u>Ps.770,890,735</u>	<u>Ps.197,070,781</u>	<u>Ps.1,021,747,615</u>	<u>Ps.(1,002,024,448)</u>	<u>Ps.987,684,683</u>
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 6,165,849		Ps. 7,921,521	Ps. (465,564)	Ps. 13,621,806
Current liabilities	159,964,142	Ps.176,074,489	249,411,871	(353,390,846)	232,059,656
Long-term debt	355,666,397		48,381,885		404,048,282
Other non-current liabilities	3,516,876	2,320,277	81,125,163	(3,855,623)	83,106,693
Total liabilities	<u>525,313,264</u>	<u>178,394,766</u>	<u>386,840,440</u>	<u>(357,712,033)</u>	<u>732,836,437</u>
Equity attributable to equity holders of parent company	245,577,471	18,676,015	606,636,548	(625,312,563)	245,577,471
Non-controlling interest			28,270,627	(18,999,852)	9,270,775
Total equity	<u>245,577,471</u>	<u>18,676,015</u>	<u>634,907,175</u>	<u>(644,312,415)</u>	<u>254,848,246</u>
Total liabilities and equity	<u>Ps.770,890,735</u>	<u>Ps.197,070,781</u>	<u>Ps.1,021,747,615</u>	<u>Ps.(1,002,024,448)</u>	<u>Ps.987,684,683</u>

At December 31, 2013

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 15,818,207	Ps. 1,227,994	Ps. 31,117,349		Ps. 48,163,550
Accounts receivable, net	44,885,269	12,962,566	80,494,138		138,341,973
Related parties	147,109,666	15,509,108	165,344,115	Ps. (326,616,497)	1,346,392
Inventories, net	448,408	19,933,734	16,373,268	(36,457)	36,718,953
Other current assets		607,696	11,519,504		12,127,200
Plant, property and equipment, net	8,852,264	36,416,986	455,837,701		501,106,951
Investments in associated companies and others	610,075,358	109,257,851	96,096,875	(726,543,060)	88,887,024
Intangible assets and other non-current assets, net	6,925,695	12,869,281	179,105,414		198,900,390
Total assets	<u>Ps.834,114,867</u>	<u>Ps.208,785,216</u>	<u>Ps.1,035,888,364</u>	<u>Ps.(1,053,196,014)</u>	<u>Ps.1,025,592,433</u>
Liabilities:					
Short-term debt and current portion of long-term debt . .	Ps. 14,228,350		Ps. 12,216,885	Ps. (603,757)	Ps. 25,841,478
Current liabilities	186,048,150	Ps.199,125,611	184,541,352	(321,601,637)	248,113,476
Long-term debt	425,530,317		38,948,049		464,478,366
Other non-current liabilities . .	5,907,439	2,486,212	72,911,945	(4,447,560)	76,858,036
Total liabilities	<u>631,714,256</u>	<u>201,611,823</u>	<u>308,618,231</u>	<u>(326,652,954)</u>	<u>815,291,356</u>
Equity attributable to equity holders of parent company	202,400,611	7,173,393	717,119,500	(724,292,893)	202,400,611
Non-controlling interest			10,150,633	(2,250,167)	7,900,466
Total equity	<u>202,400,611</u>	<u>7,173,393</u>	<u>727,270,133</u>	<u>(726,543,060)</u>	<u>210,301,077</u>
Total liabilities and equity	<u>Ps.834,114,867</u>	<u>Ps.208,785,216</u>	<u>Ps.1,035,888,364</u>	<u>Ps.(1,053,196,014)</u>	<u>Ps.1,025,592,433</u>

Condensed Consolidating Statements of Comprehensive Income

For the year ended December 31, 2011 (restated)

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps.102,598,076	Ps.127,108,045	Ps.590,431,027	Ps.(130,170,836)	Ps.689,966,312
Total cost and operating expenses	57,092,568	116,587,293	488,263,365	(129,583,017)	532,360,209
Operating (loss) income	45,505,508	10,520,752	102,167,662	(587,819)	157,606,103
Interest (expense) income, net	(6,537,358)	(9,675,128)	2,278,785	(4,005)	(13,937,706)
Foreign currency exchange (loss) gain, net	(19,497,182)	(646,502)	(2,251,032)		(22,394,716)
Other financing cost, net	2,433,267		2,342,530	(28,531)	4,747,266
Taxes on profits	9,316,862	1,223,610	29,205,395		39,745,867
Equity interest in net income of associated companies	70,457,825	1,350,663	326,175	(70,210,666)	1,923,997
Net profit (loss) for year	Ps. 83,045,198	Ps. 326,175	Ps. 75,658,725	Ps. (70,831,021)	Ps. 88,199,077
Distribution of the net profit (loss) to:					
Equity owners of holding company . . .	Ps. 83,045,198	Ps. 326,175	Ps. 68,119,592	Ps. (68,445,767)	Ps. 83,045,198
Non-controlling interest			7,539,133	(2,385,254)	5,153,879
Net profit (loss)	Ps. 83,045,198	Ps. 326,175	Ps. 75,658,725	Ps. (70,831,021)	Ps. 88,199,077
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:					
Effect of translation of foreign entities	Ps. 10,358,985	Ps. 2,235,365	Ps. 10,353,947	Ps. (12,486,690)	Ps. 10,461,607
Effect of fair value of derivatives, net of deferred taxes	(276,748)		(190,559)	149,709	(317,598)
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect . .	(15,681,072)		(16,627,898)	15,681,072	(16,627,898)
Total other comprehensive income items for the period	(5,598,835)	2,235,365	(6,464,510)	3,344,091	(6,483,889)
Total comprehensive income for the period	Ps. 77,446,363	Ps. 2,561,540	Ps. 69,194,215	Ps. (67,486,930)	Ps. 81,715,188
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. 77,446,363	Ps. 2,561,540	Ps. 64,925,390	Ps. (67,486,930)	Ps. 77,446,363
Non-controlling interests			4,268,825		4,268,825
	Ps. 77,446,363	Ps. 2,561,540	Ps. 69,194,215	Ps. (67,486,930)	Ps. 81,715,188

Condensed Consolidating Statements of Comprehensive Income

For the year ended December 31, 2012 (restated)

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps.158,576,797	Ps.136,378,076	Ps.618,561,116	Ps.(138,446,344)	Ps.775,069,645
Total cost and operating expenses	87,525,232	131,836,240	532,740,660	(138,182,467)	613,919,665
Operating (loss) income	71,051,565	4,541,836	85,820,456	(263,877)	161,149,980
Interest (expense) income, net	(15,945,879)	(10,030,650)	6,836,011	2,522	(19,137,996)
Foreign currency exchange (loss) gain, net	14,182,855	1,640,474	(8,428,175)		7,395,154
Other financing cost, net	(919,171)		(11,620,355)	3,818	(12,535,708)
Taxes on profits	16,473,632	442,558	29,067,262		45,983,452
Equity interest in net income of associated companies	39,092,832	879,423	(3,411,474)	(35,799,420)	761,361
Net profit (loss) for year	<u>Ps. 90,988,570</u>	<u>Ps. (3,411,475)</u>	<u>Ps. 40,129,201</u>	<u>Ps. (36,056,957)</u>	<u>Ps. 91,649,339</u>
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 90,988,570	Ps. (3,411,475)	Ps. 35,037,764	Ps. (31,626,289)	Ps. 90,988,570
Non-controlling interest			5,091,437	(4,430,668)	660,769
Net profit (loss)	<u>Ps. 90,988,570</u>	<u>Ps. (3,411,475)</u>	<u>Ps. 40,129,201</u>	<u>Ps. (36,056,957)</u>	<u>Ps. 91,649,339</u>
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years					
Effect of translation of foreign entities	Ps. (32,899,915)	Ps. (4,822,249)	Ps. (32,512,828)	Ps. 36,813,888	Ps. (33,421,104)
Effect of fair value of derivatives, net of deferred taxes	(253,428)		(435,458)	449,722	(239,164)
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect . .	2,377,006		2,439,641	(2,377,006)	2,439,641
Total other comprehensive income items for the period	<u>(30,776,337)</u>	<u>(4,822,249)</u>	<u>(30,508,645)</u>	<u>34,886,604</u>	<u>(31,220,627)</u>
Total comprehensive income for the period	<u>Ps. 60,212,233</u>	<u>Ps. (8,233,724)</u>	<u>Ps. 9,620,556</u>	<u>Ps. (1,170,353)</u>	<u>Ps. 60,428,712</u>
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. 60,212,233	Ps. (8,233,724)	Ps. 9,404,077	Ps. (1,170,353)	Ps. 60,212,233
Non-controlling interests			216,479		216,479
	<u>Ps. 60,212,233</u>	<u>Ps. (8,233,724)</u>	<u>Ps. 9,620,556</u>	<u>Ps. (1,170,353)</u>	<u>Ps. 60,428,712</u>

Condensed Consolidating Statements of Comprehensive Income

For the year ended December 31, 2013

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps.177,392,370	Ps.147,484,740	Ps.634,406,203	Ps.(173,182,292)	Ps.786,101,021
Total cost and operating expenses	103,305,197	145,880,447	552,650,315	(169,992,694)	631,843,265
Operating (loss) income	74,087,173	1,604,293	81,755,888	(3,189,598)	154,257,756
Interest (expense) income, net	(19,499,075)	(10,232,219)	5,715,815	(88,892)	(24,104,371)
Foreign currency exchange (loss) gain, net	(5,715,711)	(205,605)	(13,689,149)		(19,610,465)
Other financing cost, net	4,407,649		(9,633,565)	13,933	(5,211,983)
Taxes on profits	9,420,673	(1,473,226)	22,445,284		30,392,731
Equity interest in net income of associated companies	30,765,616	(41,170)	(7,401,474)	(23,286,690)	36,282
Net profit (loss) for year	Ps. 74,624,979	Ps. (7,401,475)	Ps. 34,302,231	Ps. (26,551,247)	Ps. 74,974,488
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 74,624,979	Ps. (7,401,475)	Ps. 33,737,205	Ps. (26,335,730)	Ps. 74,624,979
Non-controlling interest			565,026	(215,517)	349,509
Net profit (loss)	Ps. 74,624,979	Ps. (7,401,475)	Ps. 34,302,231	Ps. (26,551,247)	Ps. 74,974,488
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years					
Effect of translation of foreign entities	Ps. (26,485,343)	Ps. (3,442,578)	Ps. (26,485,343)	Ps. 29,524,982	Ps. (26,888,282)
Effect of fair value of derivatives, net of deferred taxes	(741,321)	(658,570)	(833,613)	1,492,764	(740,740)
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect	(2,289,811)		(3,874,354)	3,726,126	(2,438,039)
Total other comprehensive income items for the period	(29,516,475)	(4,101,148)	(31,193,310)	34,743,872	(30,067,061)
Total comprehensive income for the period	Ps. 45,108,504	Ps. (11,502,623)	Ps. 3,108,921	Ps. 8,192,625	Ps. 44,907,427
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. 45,108,504	Ps. (11,502,623)	Ps. 3,309,998	Ps. 8,192,625	Ps. 45,108,504
Non-controlling interests			(201,077)		(201,077)
	Ps. 45,108,504	Ps. (11,502,623)	Ps. 3,108,921	Ps. 8,192,625	Ps. 44,907,427

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2011 (restated)

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 92,362,060	Ps. 1,549,785	Ps. 104,864,120	Ps. (70,831,021)	Ps. 127,944,944
Non-cash items	(58,286,212)	13,623,630	107,372,061	70,214,525	132,924,004
Changes in working capital:	67,986,792	1,647,322	(137,882,656)	620,353	(67,628,189)
Net cash flows (used in) provided by operating activities	102,062,640	16,820,737	74,353,525	3,857	193,240,759
Investing activities:					
Acquisition of plant, property and equipment	(3,561,842)	(5,360,109)	(111,271,237)		(120,193,188)
Acquisition of licenses			(993,692)		(993,692)
Dividends received	80,074,790		1,379,999	(81,454,789)	
Investment in associates and business combinations	(123,626,353)	(991,358)	(1,279,701)	123,626,353	(2,271,059)
Proceeds from fixed asset sales			38,312		38,312
Net cash flows provided by (used in) investing activities	(47,113,405)	(6,351,467)	(112,126,319)	42,171,564	(123,419,627)
Financing activities:					
Bank loans, net	61,811,634		(15,803,025)		46,008,609
Acquisition of no controlling interest	(64,458,586)		(3,005,784)		(67,464,370)
Interest paid	(9,487,535)	(7,955,780)	(623,978)		(18,067,293)
Paid-In capital			123,626,353	(123,626,353)	
Repurchase of shares and others	(52,368,010)		(1,358,774)		(53,726,784)
Payment of dividends	(13,807,550)	(1,379,999)	(83,306,363)	81,450,932	(17,042,980)
Financial instruments			3,158,678		3,158,678
Net cash flows (used in) provided by financing activities	(78,310,047)	(9,335,779)	22,687,107	(42,175,421)	(107,134,140)
Net (decrease) increase in cash and cash equivalents	(23,360,812)	1,133,491	(15,085,687)		(37,313,008)
Adjustment to cash flow for exchange rate differences			498,539		498,539
Cash and cash equivalents at beginning of the period	52,558,770	878,843	42,500,852		95,938,465
Cash and cash equivalents at end of the period	Ps. 29,197,958	Ps. 2,012,334	Ps. 27,913,704		Ps. 59,123,996

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2012 (Restated)

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 107,462,202	Ps. (2,968,917)	Ps. 69,196,463	Ps.(36,056,957)	Ps. 137,632,791
Non-cash items	(17,700,336)	13,469,502	89,101,098	35,803,277	120,673,541
Changes in working capital:	(142,895,497)	9,638,378	81,315,870	239,272	(51,701,977)
Net cash flows (used in) provided by operating activities	(53,133,631)	20,138,963	239,613,431	(14,408)	206,604,355
Investing activities:					
Acquisition of plant, property and equipment	17,059	(9,869,257)	(112,103,749)		(121,955,947)
Acquisition of licenses			(7,830,248)		(7,830,248)
Dividends received	26,421,133		(571,187)	(25,278,759)	571,187
Acquisition of investment in associates and business combination	(8,060,283)		(73,849,936)	8,060,283	(73,849,936)
Proceeds from fixed asset sales			58,006		58,006
Net cash flows provided by (used in) investing activities	18,377,909	(9,869,257)	(188,918,307)	(17,218,476)	(197,628,131)
Financing activities:					
Bank loans, net	89,462,233		(46,721,960)		42,740,273
Acquisition of no controlling interest	(10,871,455)		(181,219)		(11,052,674)
Interest paid	(12,868,552)	(7,036,101)	(1,425,138)		(21,329,791)
Paid-In capital			8,060,283	(8,060,283)	
Repurchase of shares and others	(17,836,724)				(17,836,724)
Payment of dividends	(15,057,814)	(3,920,000)	(21,700,000)	25,293,167	(15,384,647)
Financial instruments			5,003,187		5,003,187
Net cash flows (used in) provided by financing activities	32,827,688	(10,956,101)	(56,964,847)	17,232,884	(17,860,376)
Net (decrease) increase in cash and cash equivalents	(1,928,034)	(686,395)	(6,269,723)		(8,884,152)
Adjustment to cash flow for exchange rate differences			(4,752,644)		(4,752,644)
Cash and cash equivalents at beginning of the period	29,197,958	2,012,334	27,913,704		59,123,996
Cash and cash equivalents at end of the period	Ps. 27,269,924	Ps. 1,325,939	Ps. 16,891,337		Ps. 45,487,200

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2013

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 84,045,652	Ps. (8,874,701)	Ps. 56,747,515	Ps.(26,551,247)	Ps. 105,367,219
Non-cash items	43,845,079	15,791,372	63,265,973	23,286,691	146,189,115
Changes in working capital:	(34,873,415)	7,885,804	(40,043,987)	3,264,556	(63,767,042)
Net cash flows (used in) provided by operating activities	93,017,316	14,802,475	79,969,501		187,789,292
Investing activities:					
Acquisition of plant, property and equipment	69,274	(16,044,251)	(102,441,309)		(118,416,286)
Acquisition of licenses			(3,334,464)		(3,334,464)
Dividends received			212,394		212,394
Acquisition of non-controlling interest	(341,966)		(1,730,588)	341,966	(1,730,588)
Fixed asset sales			44,045		44,045
Acquisition of investments in associates and business combination			(15,366,062)		(15,366,062)
Net cash flows provided by (used in) investing activities	(272,692)	(16,044,251)	4,299,360	341,966	4,299,360
	(272,692)	(16,044,251)	(118,316,624)	341,966	(134,291,601)
Financing activities:					
Bank loans, net	70,907,667		(5,317,148)		65,590,519
Acquisition of no controlling interest	(72,016,331)		69,448,722		(2,567,609)
Interest paid	(16,839,948)	1,143,831	(6,958,002)		(22,654,119)
Paid-In capital			341,966	(341,966)	
Repurchase of shares and others	(70,745,785)				(70,745,785)
Payment of dividends	(15,501,944)		(220,632)		(15,722,576)
Financial instruments			(546,770)		(546,770)
Net cash flows (used in) provided by financing activities	(104,196,341)	1,143,831	56,748,136	(341,966)	(46,646,340)
Net (decrease) increase in cash and cash equivalents	(11,451,717)	(97,945)	18,401,013		6,851,351
Adjustment to cash flow for exchange rate differences			(4,175,001)		(4,175,001)
Cash and cash equivalents at beginning of the period	27,269,924	1,325,939	16,891,337		45,487,200
Cash and cash equivalents at end of the period	Ps. 15,818,207	Ps. 1,227,994	Ps. 31,117,349		Ps. 48,163,550