

FULLY
CHARGED!



AMÉRICA MÓVIL is the leading provider of wireless services in Latin America and one of the five largest in the world in terms of equity subscribers. It has operations in fifteen countries, covering a combined population of over 750 million people. State-of-the-art products and quality services are available for almost 125 million people that make up América Móvil's subscriber base and three million fixed lines in Central America and the Caribbean. Commitment to the region, proximity to its clients and an ability to take advantage of the opportunities it encounters will allow América Móvil to continue to deliver on revenues and profit growth.

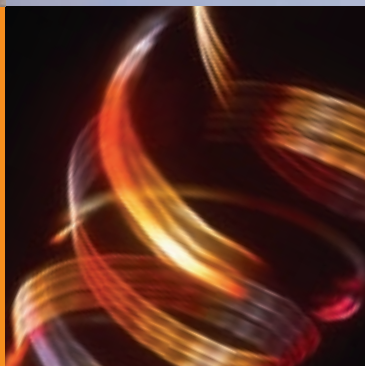
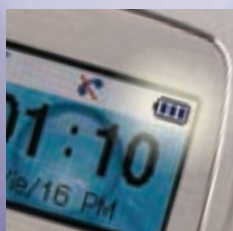


The very rapid pace of subscriber growth that América Móvil faced throughout our first five years of existence had taken our subscriber base to 93 million by the end of 2005, more than nine times the number of subscribers we had been born with at the time of our spin-off from Telmex.

This required an exceptional undertaking by the company. We entered new markets, expanded both coverage and capacity everywhere, and adopted new technologies, putting together a common technological platform for voice and data services in Latin America. And we provided the commercial impetus required to drive subscriber growth.

These efforts were costly in relation to the size of our operations. But as revenue growth followed subscriber growth, we gradually gained scale. And in so doing our process of expansion became less taxing in relative terms. Hence, whereas in 2006 we gained roughly as many subscribers as the year before (approximately 30 million), our EBITDA margins actually improved by 6.5 percentage points.

Thanks in large part to our efforts, today more than one out of two persons in Latin America has a wireless phone. And in the process, we built for our shareholders a company with world-class scale, a rapidly growing cash flow and a healthy balance sheet that continues to face strong subscriber growth in the region where we operate and which is well positioned to capitalize on the opportunities that may arise in the future.



RELEVANT FINANCIAL DATA

2006 US\$

Data in millions of constant Mexican pesos as of December 31, 2006, except for earnings per share.

	2006	2005 ⁽¹⁾	Var.%	Millions
Total Revenues	234,222	189,530	23.6%	21,526
EBITDA	86,290	57,513	50.0%	7,930
EBITDA Margin	36.8%	30.3%		36.8%
Operating Profit	59,158	35,388	67.2%	5,437
Operating Margin	25.3%	18.7%		25.3%
Net Income	42,816	31,858	34.4%	3,935
Earnings per Share (EPS, pesos)	1.21	0.89	36.0%	0.11
Earnings per ADR (US dollars)	2.22	1.64	35.4%	
Total Shareholders' Equity	109,635	75,093	46.0%	10,076
Total Assets	320,699	240,165	33.5%	29,473
Weighted Average of Common Shares Outstanding (millions)	35,459	35,766	-0.9%	
Return on Equity (ROE)	46.4%	46.0%		

(1) Figures have been restructured to reflect Amtel's merger into América Móvil.

We determine EBITDA as shown in this reconciliation:

	2006*	2005*
Operating Income	59,158	35,388
<i>Plus</i>		
Depreciation	19,060	15,961
Amortization	8,072	6,164
EBITDA	86,290	57,513

* millions of constant Mexican pesos as of December 31, 2006.

Our company is financially strong and well positioned to capture the growth in Latin America and to take advantage of the opportunities in the future.

REVENUES

+233.6%

(billions of constant Mexican pesos as of December 2006)



EBITDA

+50.0%

(billions of constant Mexican pesos as of December 2006)



NET INCOME

+34.4%

(billions of constant Mexican pesos as of December 2006)





POWERFUL PERFORMANCE

...that will continue
delivering high
growth and great
returns

15

countries in the Americas

31

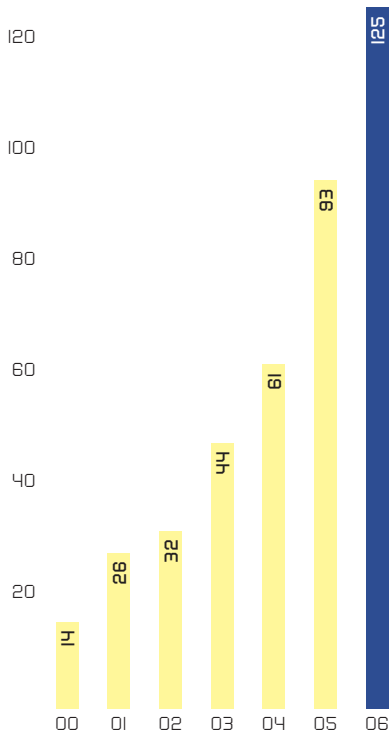
million wireless net subscriber additions in 2006

450

million pops covered in Latin America

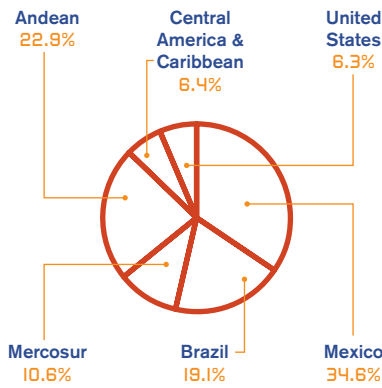
Wireless Subscribers

(millions)



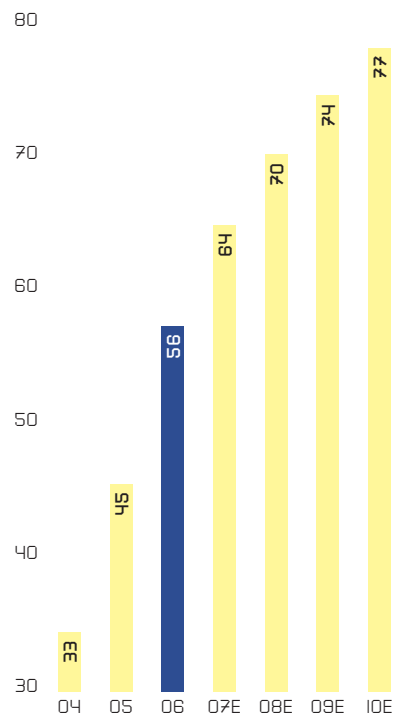
Wireless Subscribers by Region

(%)



Projected Wireless Penetration in AMX Region*

(%)



*Market consensus

124,77



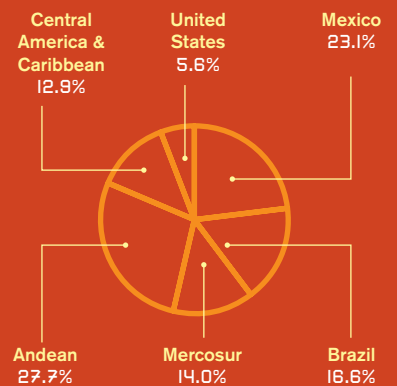
América Móvil has built a solid presence in the Americas. A footprint that now covers substantially all the Latin American countries. A common technological platform for voice and data services across the region. And a subscriber base that represents 45% of the aggregate wireless market in the countries where we operate.

Getting to this point required a lot of investment. To expand coverage in our markets. To add capacity to our networks. To enter new markets. To adopt new technologies and products. To develop new services and communication solutions.

This investment was instrumental in helping the region attain a wireless penetration of 56% in 2006, up from 12% at the time América Móvil was born, six years ago. And it laid the foundations for the region's penetration to increase by an additional 25 percentage points in the next three to four years.

With our superior coverage, common technological platform and knowledge of the region, we shall consolidate in the next few years our position as its leading wireless services provider. And we will continue to deliver to our shareholders a remarkable combination of growth and returns.

Wireless Net Additions
by Region
(%)



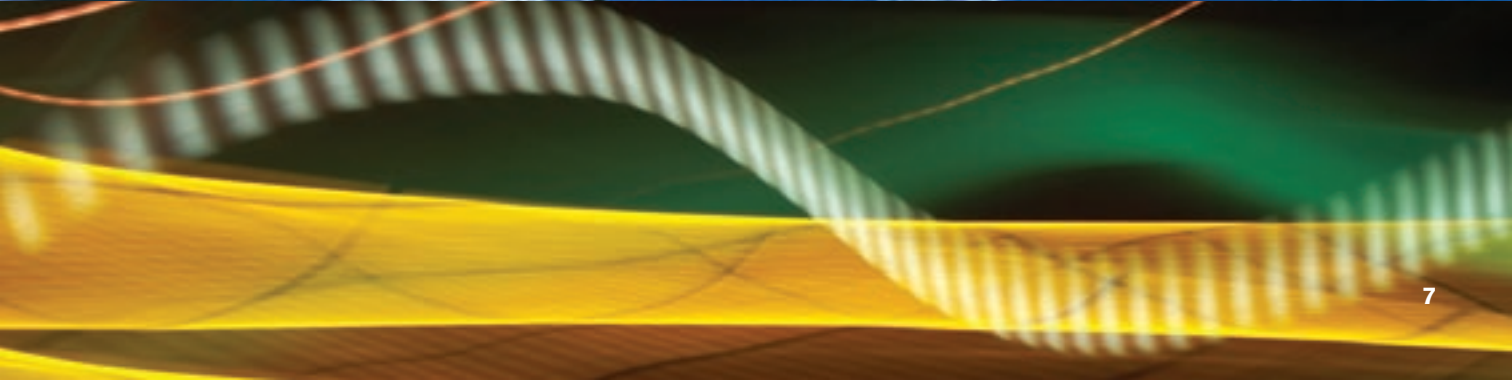
Wireless subscribers
in the Americas

LONG
LASTING,
DEPENDABLE
ENERGY





...to keep
us leading
the way



36 **8%**
EBITDA
Margin
in 2006

América Móvil is brimming with energy now that a lot of the hard work is behind us. Investments were made, foundations laid. And we gained scale. Going forward, growth should be less taxing. And capital requirements less demanding. All of which means that our cash flow will be expanding steadily. As will our profits.

Coupled with our low leverage —0.78x EBITDA at the end of 2006— the rising cash flow from our operations underpins our financial strength. And puts us in a unique position to capitalize on the opportunities that may arise in our industry.

We are financially strong. For what it is worth.

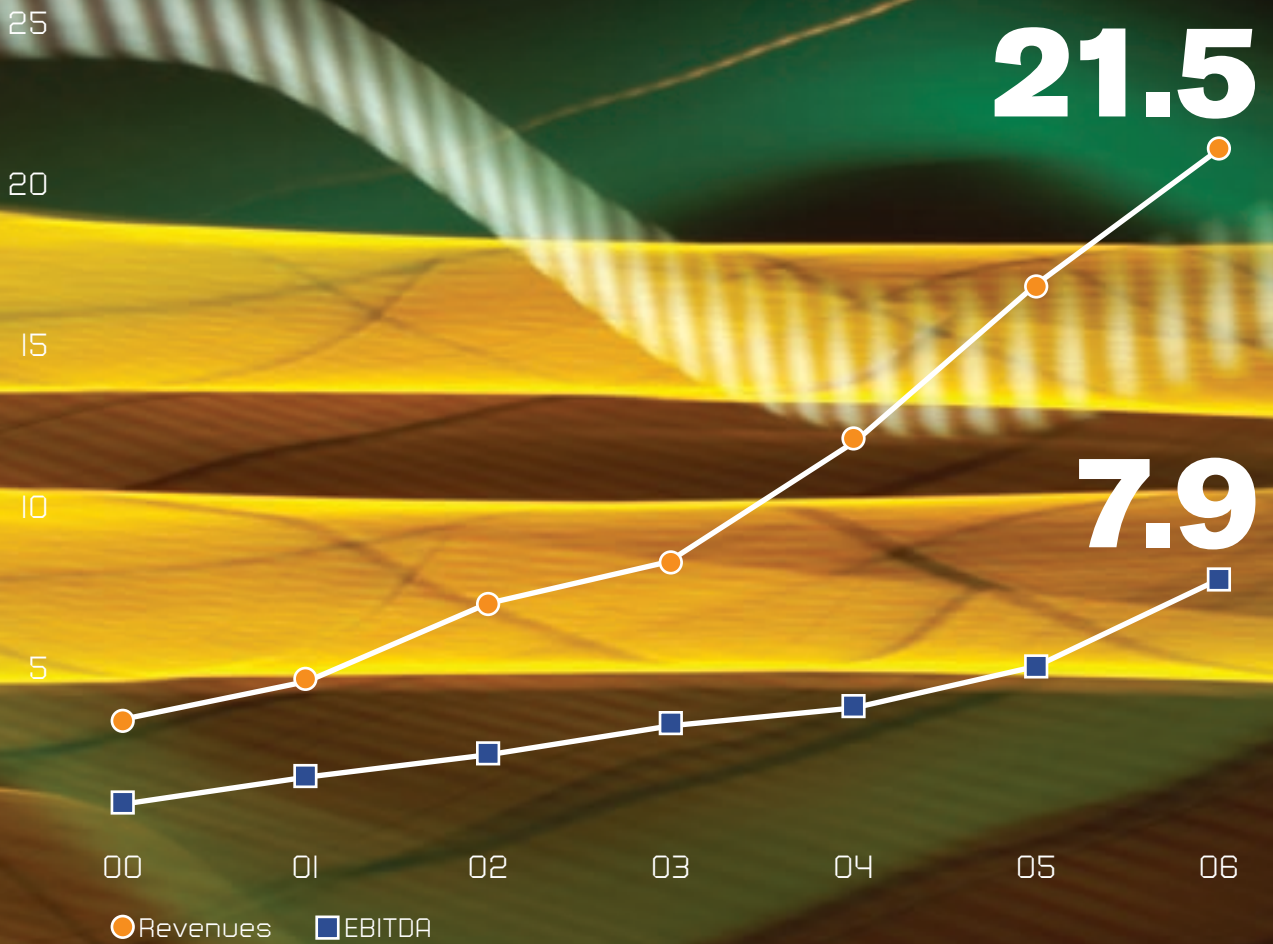
Margin
expansion of

6.5 pp

in 2006

Revenues and EBITDA

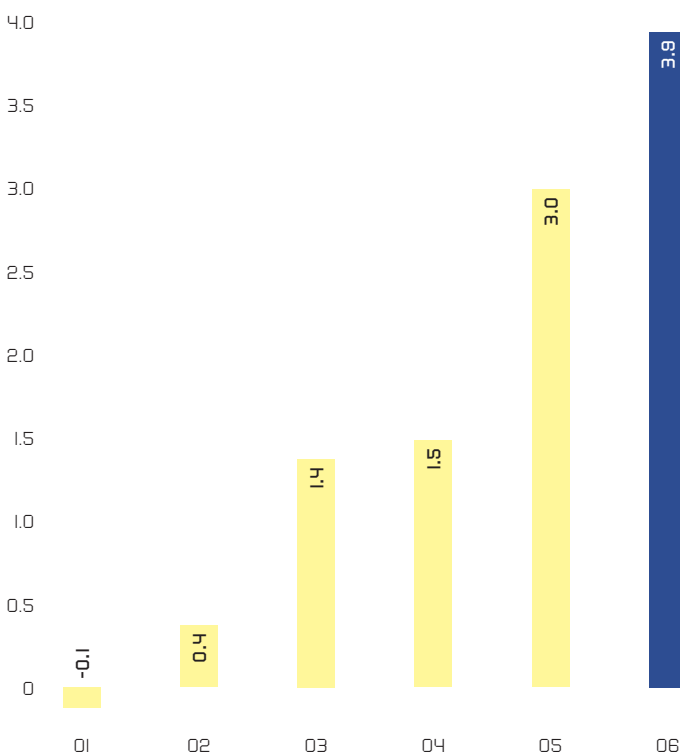
(billions of dollars)



EBITDA growing at a **faster pace** than revenues.

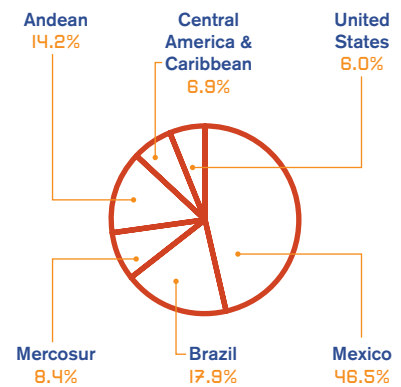
Net Income

(billions of dollars)



Revenues by Region

(%)



46.4%
Return on Equity

A hand is shown gripping a blue and white striped rope. The background is a clear blue sky with a bright sun flare in the upper left corner. The text is overlaid on a semi-transparent yellow-green rectangular area.

**MAXIMUM
CAPACITY,
ALWAYS
ON HAND**

...that will take us
to the next level,
at the right moment



+67.2%

Operating Profit



Already the fifth largest operator in the world by equity subscribers –the third largest outside of China– and the top one in Latin America, with a market capitalization that is amongst the highest in the telecommunications sector and great financial strength stemming both from growing cash flow and from our low levels of debt, América Móvil has reached a new stadium.

Our horizons have broadened but the focus remains the same. To create value for our shareholders. We've got what it takes to go to the next level, if the moment is right. Provided it is in the best interest of our shareholders.

5th

19%

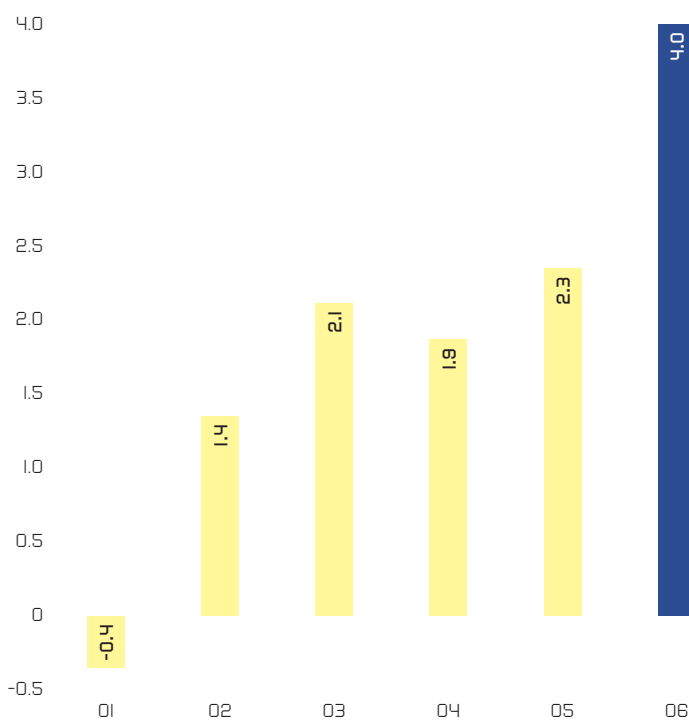
0.78^x

largest company by
equity subscribers

Operating Free
Cash Flow to Sales

Net Debt /
EBITDA

Operating Free Cash Flow*
(billions of dollars)



Our Operating
Free Cash
Flow increased
by 74% in 2006.

*Estimated as EBITDA minus Capex minus Increase in Working Capital

OUR COMPANY AT A GLANCE

United States: Tracfone ⁽¹⁾

Population: 300
 Wireless penetration: 10%
 Wireless market share: 28%
 Wireless subscribers: 7,896
 Revenues: 1,301
 EBITDA: 88
 América Móvil's interest: 98.2%
 Number of employees: 531

Mexico: Telcel

Licensed pop: 104
 Wireless penetration: 54%
 Wireless market share: 77%
 Wireless subscribers: 43,190
 Revenues: 10,005
 EBITDA: 5,118
 América Móvil's interest: 100.0%
 Number of employees: 12,350

Guatemala: Claro & Telgua

Licensed pop: 13
 Wireless penetration: 46%
 Fixed line penetration: 8%
 Wireless market share: 44%
 Fixed line market share: 98%
 Wireless subscribers: 2,596
 Fixed lines: 1,062
 Revenues: 651
 EBITDA: 339
 América Móvil's interest: 99.1%
 Number of employees: 2,765

El Salvador: Claro & Telecom

Licensed pop: 7
 Wireless penetration: 53%
 Fixed line penetration: 14%
 Wireless market share: 34%
 Fixed line market share: 84%
 Wireless subscribers: 1,266
 Fixed lines: 837
 Revenues: 476
 EBITDA: 236
 América Móvil's interest: 95.8%
 Number of employees: 2,594

Honduras: Claro

Licensed pop: 7
 Wireless penetration: 25%
 Wireless market share: 40%
 Wireless subscribers: 736
 Revenues: 118
 EBITDA: 56
 América Móvil's interest: 100.0%
 Number of employees: 399

Nicaragua: Claro & Enitel

Licensed pop: 5
 Wireless penetration: 35%
 Fixed line penetration: 5%
 Wireless market share: 70%
 Fixed line market share: 100%
 Wireless subscribers: 1,277
 Fixed lines: 260
 Revenues: 245
 EBITDA: 114
 América Móvil's interest: 99.3%
 Number of employees: 1,812

2006 RELEVANT EVENTS

July: Our Chilean subsidiary started offering wireless services with GSM technology and launched its new brand, Claro.

August: We integrated our companies in Nicaragua, Sercom and Enitel. Sercom had been established in 2003 to develop wireless operations in the country. Enitel, a fixed-line and wireless operator, was acquired in 2004.

September: Our Central American subsidiaries in Guatemala, El Salvador, Nicaragua and Honduras decided to adopt the Claro brand name for their wireless services.

November: The new National and International Calling-Party-Pays regime came into effect in Mexico, which requires the calling party to pay for the full cost of a call in both national and international long distance calls. Mexico had only Local Calling-Party-Pays, a system implemented in May 1999.

December: América Móvil acquired from Verizon Communications Inc. and other shareholders a 100% ownership interest in Verizon Dominicana, our first operation in the Caribbean. // On December 13th, América Móvil's and América Telecom's Shareholders Assemblies approved the merger of América Telecom in América Móvil. The merger became effective on that date.

Dominican Republic:

Claro & Codetel ⁽²⁾

Licensed pop: 9
Wireless penetration: 46%
Fixed line penetration: 10%
Wireless market share: 51%
Fixed line market share: 83%
Wireless subscribers: 2,140
Fixed lines: 734
Revenues: 901
EBITDA: 433
América Móvil's interest: 100.0%
Number of employees: 3,494

Colombia: Comcel

Licensed pop: 42
Wireless penetration: 70%
Wireless market share: 66%
Wireless subscribers: 19,521
Revenues: 1,934
EBITDA: 676
América Móvil's interest: 99.2%
Number of employees: 3,005

Ecuador: Conecel

Licensed pop: 13
Wireless penetration: 65%
Wireless market share: 67%
Wireless subscribers: 5,657
Revenues: 718
EBITDA: 248
América Móvil's interest: 100.0%
Number of employees: 1,285

Peru: Claro

Licensed pop: 28
Wireless penetration: 32%
Wireless market share: 38%
Wireless subscribers: 3,369
Revenues: 409
EBITDA: 143
América Móvil's interest: 100.0%
Number of employees: 1,781

Brazil: Claro

Licensed pop: 170
Wireless penetration: 54%
Wireless market share: 24%
Wireless subscribers: 23,881
Revenues: 3,862
EBITDA: 491
América Móvil's interest: 100.0%
Number of employees: 7,588

Paraguay: CTI Móvil

Licensed pop: 6
Wireless penetration: 49%
Wireless market share: 13%
Wireless subscribers: 376
Revenues: 33
EBITDA: 15
América Móvil's interest: 100.0%
Number of employees: 137

Uruguay: CTI Móvil

Licensed pop: 3
Wireless penetration: 61%
Wireless market share: 21%
Wireless subscribers: 428
Revenues: 50
EBITDA: 2
América Móvil's interest: 100.0%
Number of employees: 124

Chile: Claro

Licensed pop: 16
Wireless penetration: 80%
Wireless market share: 18%
Wireless subscribers: 2,372
Revenues: 364
EBITDA: 20
América Móvil's interest: 100.0%
Number of employees: 1,086

Argentina: CTI Móvil

Licensed pop: 39
Wireless penetration: 75%
Wireless market share: 34%
Wireless subscribers: 10,070
Revenues: 1,353
EBITDA: 294
América Móvil's interest: 100.0%
Number of employees: 1,864

Licensed population in millions.
Subscribers in thousands.
Revenues and EBITDA in millions of dollars.

(1) Prepaid market only.
(2) This operation consolidates with AMX as of December 2006.



LETTER TO OUR SHAREHOLDERS

América Móvil entered a new phase in 2006, our sixth year of operations. In this new phase the company has become and will remain an important generator of cash.

Through our first five years we entered many new markets and faced accelerating subscriber growth in several of them. We were intent on driving the growth of wireless penetration in Latin America, and in fact contributed greatly to its having risen from an average of approximately 12% in 2000 to 56.0% in 2006. But this entailed a major undertaking on our part.

On the one hand, we had to “invest” in acquiring new subscribers, by providing subsidies that would reduce the end-price of handsets in the market, thereby reducing the “entry barrier” that many people in the region faced. Since subscriber growth ended up being very significant throughout the period, the costs associated with this effort also turned out to be substantial.

On the infrastructure front, the challenge was for us to expand the capacity and the coverage of our network and to incorporate the newer technologies. We could not provide the services to the expected flow of new subscribers unless our coverage and capacity increased sharply. And it was more efficient to do this with GSM technology. That is why we managed to build a common technological platform wherever we operate in Latin America. América Móvil remains to this day the only operator with a common standard for voice and data transfers in the region.

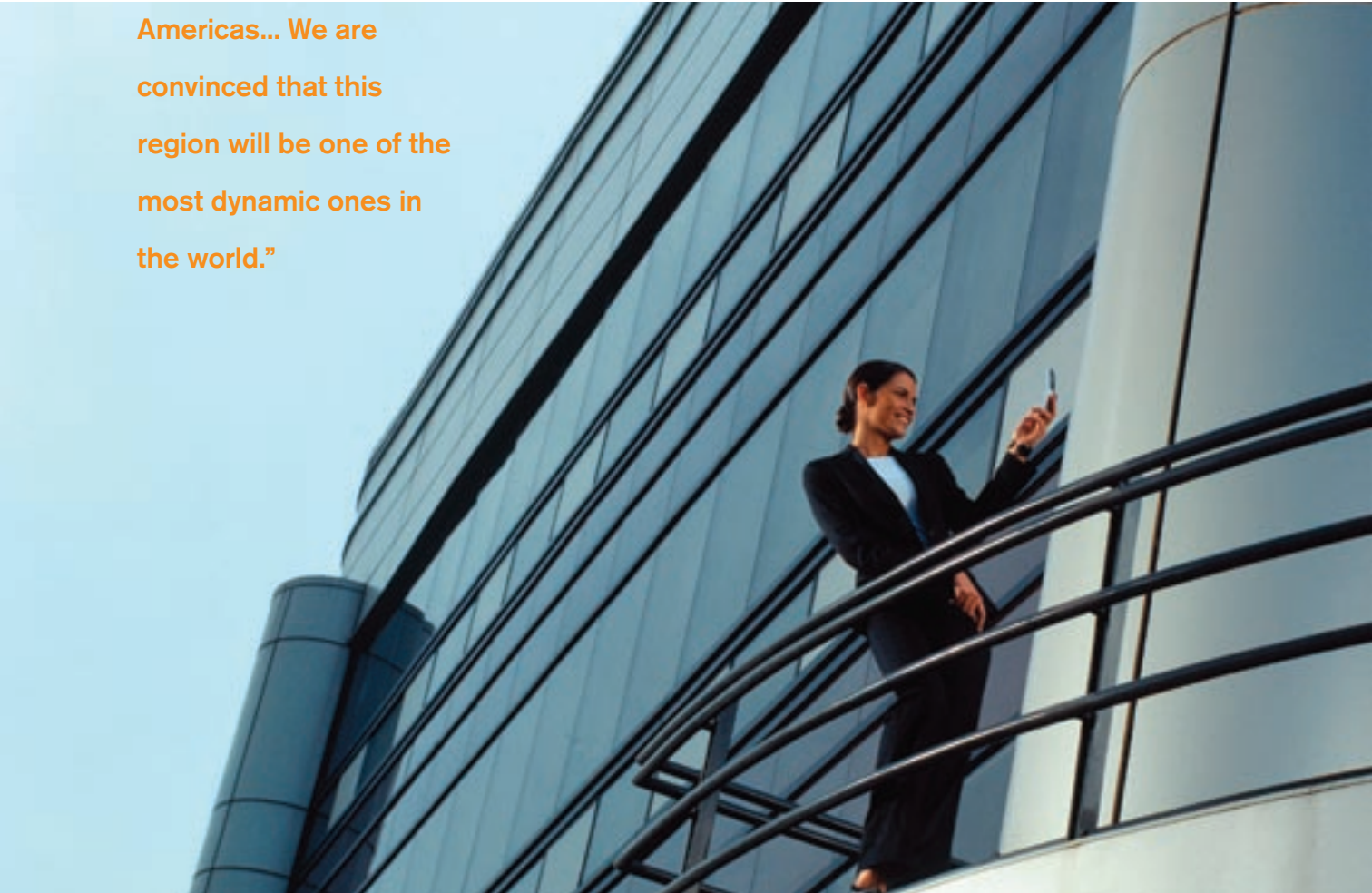
But we were not looking only at expanding penetration in the countries where we were operating in 2001. Throughout the period we engaged in acquisitions and even, in some cases, green-field projects to enter new markets, all of which added to our capital requirements. The costs associated with the efforts mentioned above ended up being high in relation to our revenues (even though the latter rose by four times between 2001 and 2005, to 17 billion dollars).

As we gained scale, however, growth became less costly relative to our revenue base. By 2006 our cash flow from operations was increasing rapidly driven by continued strong service revenue growth (27%) and by an important expansion of EBITDA margins in most of our operations. In some countries margins were up nearly 20 percentage points in the year, and in several others the expansion of margins approached 10 percentage points.

Overall, our consolidated EBITDA margin rose 6.5 percentage points in 2006, to 36.8%, despite subscriber growth remaining strong throughout the year, having added 29.3 million subscribers organically. With most of the coverage expansion in the Latin American countries where we operate completed, our capital expenditures fell to 3.1 billion dollars. With capex falling and EBITDA soaring –up 50.0% to 7.9 billion– we were able to generate a free cash flow of 3.5 billion dollars in 2006.

Our capital needs for acquisitions –which in 2006 were limited to the purchase of Verizon’s former operation in the Dominican Republic– were funded solely with the re-

“América Móvil has nearly completed the expansion of its footprint in the Americas... We are convinced that this region will be one of the most dynamic ones in the world.”



sources obtained from our operations. They were enough not only to pay for this asset, but enabled us to buy back shares and pay dividends for a combined sum of 2.3 billion dollars without having to rely much on new borrowings. In fact, at the end of the year our net debt ratio relative to EBITDA had come down to 0.78x from 1.1x in 2005.

América Móvil has nearly completed the expansion of its footprint in the Americas, having established operations in 15 countries. We are convinced that this region will be one of the most dynamic ones in the world over the coming three to four years, with wireless penetration rates rising by approximately 25 percentage points from current levels. We need to stay focused on the region to be able to drive

its growth and to consolidate our presence in the Americas, but should remain aware of possibilities elsewhere.

Our company is financially strong, backed by a healthy balance sheet and a rapidly growing free cash flow. This puts us in a very good position to, on the one hand, continue to make important distributions to our shareholders, and on the other, to take advantage of opportunities that might arise in the future.

We would not be in such a favorable position were it not for the enthusiasm and professionalism of our workforce and the continued interest of our investors. We hereby express our gratitude for their support.

Patricio Slim Domit
Chairman of the Board

Daniel Hajj Aboumrads
Chief Executive Officer

América Móvil



In 2006, América Móvil strengthened its leading position in the Americas. We added 31.4 million subscribers in the year and reached a total of 124.8 million by December, effectively increasing by one third our subscriber base. We have been at the forefront of the expansion of wireless services in the region; our commitment to our markets has been an important driver of penetration, which increased by over ten percentage points in 2006. Along with three million landlines in Central America and the Caribbean, América Móvil reached a total of 127.7 million lines by the end of the year.

Net additions for 2006 came in above those registered the year before in almost all of our operations. Telcel in Mexico added 7.3 million subscribers in 2006 –above 2005 figure– to close the year with 43.2 million clients, 20.3% more than a year before. In Brazil we captured 38.0% of the total adds of the market, 5.2 million subscribers, 4.4% more than in 2005. By December, Claro Brazil had 23.9 million subscribers, 28.0% more than a year before. Our subscriber base in Argentina rose by 52.0% in 2006, to over 10 million clients after adding 3.4 million subscribers, exceeding by 13.3% the number of net adds registered in 2005. Uruguay and Paraguay exhibited the fastest annual growth rates, 155.1% and 118.5% respectively; CTI Móvil brought about 464 thousand new subscribers in Paraguay and Uruguay in 2006 and the subscriber base numbered 804 thousand in those countries by year end. Comcel in Colombia closed the year with 19.5 million subscribers –41.7% annual growth– having added 5.7 million in 2006. In Ecuador our net subscriber additions came in at 1.5 million in 2006 topping 5.7 million subscribers by December, 38.0% above the previous year. In Peru we gained 1.4 million subscribers in the year, 67.4% superior to that of 2005, our subscriber base reached 3.4 million, having risen by 72.7% in the year. In Chile, our subscriber base totaled 2.4 million. In Central America we had 5.9 million subscribers by the end of the year, having gained 1.9 million in 2006. Tracfone, in the U.S., added 1.8 million clients in 2006 to end the year with 7.9 million subscribers,

28.7% more than the year before. Our recently acquired operation in the Dominican Republic had 2.1 million subscribers by December.

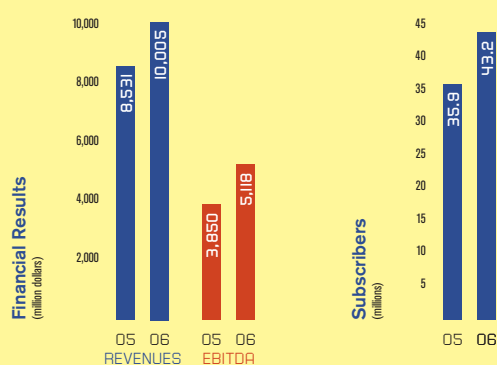
Subscriber growth came in stronger than expected in the year alongside a bigger and growing base of revenues, the relative cost of growth for América Móvil became smaller in 2006, propelling EBITDA margin upwards. Revenues expanded 23.6% year-on-year, reaching 21.5 billion dollars, with service revenues rising by 26.8%. EBITDA for the year totaled 7.9 billion dollars, rising almost twice as rapidly as revenues, with our EBITDA margin improving by 6.5 percentage points relative to the previous year: to 36.8% from 30.3%. We generated an operating profit of 5.4 billion dollars in the year, 67.2% higher than the one registered in 2005, which represented 25.3% of revenues.

Overall, the financial operations of América Móvil resulted in a net financial income of 46 million dollars for the year. Foreign exchange gains and the monetary gain more than compensated the interests paid and other financial expenses, bringing about a net profit of 3.9 billion dollars in 2006, which represented 18.3 % of revenues. The net profit for the year was equivalent to 1.21 pesos per share and 2.22 dollars per ADR.

Our cash flow from operations, coupled with net borrowings of 926 million dollars in the year, allowed us to cover capital expenditures in the amount of 3.1 billion dollars, to complete acquisitions worth 2.2 billion (mostly associated with the purchase of the operations in the Dominican Republic) and to buy back shares and pay dividends for the combined sum of 2.2 billion dollars. The latter figure includes the effect of the merger of Amtel into América Móvil, the economic impact of which was that of a 1.3 billion dollars share buyback for América Móvil. Our net debt increased to 6.3 billion dollars; at the end of the year, it was equivalent to 0.78 times EBITDA (last twelve months).

Country	Company	Business	Equity Participation	Consolidation Method
Subsidiaries				
Mexico	Telcel	wireless	100.0%	Global Consolidation Method
Argentina	CTI Móvil	wireless	100.0%	Global Consolidation Method
Brazil	Claro	wireless	100.0%	Global Consolidation Method
Chile	Claro	wireless	100.0%	Global Consolidation Method
Colombia	Comcel	wireless	99.2%	Global Consolidation Method
Dominican Republic	Claro	wireless, wireline	100.0%	Global Consolidation Method
Ecuador	Conecel	wireless	100.0%	Global Consolidation Method
El Salvador	Claro	wireless, wireline	95.8%	Global Consolidation Method
Guatemala	Claro	wireless, wireline	99.1%	Global Consolidation Method
Honduras	Claro	wireless	100.0%	Global Consolidation Method
Nicaragua	Claro	wireless, wireline	99.3%	Global Consolidation Method
Paraguay	CTI Móvil	wireless	100.0%	Global Consolidation Method
Peru	Claro	wireless	100.0%	Global Consolidation Method
Uruguay	CTI Móvil	wireless	100.0%	Global Consolidation Method
United States	Tracfone	wireless	98.2%	Global Consolidation Method
Affiliate				
Mexico	Telvista	other	45.0%	Equity Method

Mexico



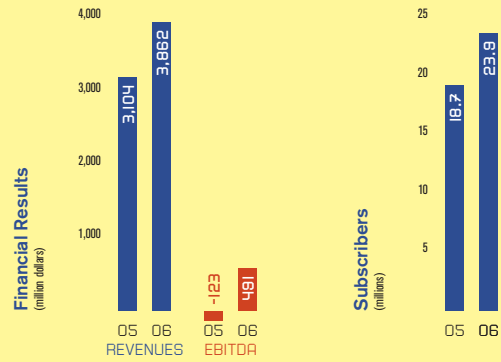
In Mexico, Telcel's subscriber base climbed to 43.2 million users by year-end –20.3% growth relative to the previous year– after adding 7.3 million, exceeding by 5.5% 2005 net additions. Strong subscriber growth allowed Mexico's wireless penetration to increase 9 percentage points to 54.0%. Our postpaid subscriber base kept on growing vigorously, outpacing prepaid subscriber growth by almost 10 percentage points in the year.

Revenues reached 10.0 billion dollars in 2006, exceeding those of the previous year by 17.2%. Service revenues were up 19.8% relative to a year before. Despite an increase in subscriber net additions relative to 2005 and to a decrease in the average price per minute, ARPUs remained flat in constant dollar terms as compared to 2005

levels, given that traffic has picked up. MOUs increased by 10.0% in 2006. EBITDA climbed nearly 33.0% to 5.1 billion dollars. Although subscriber growth was higher relative to the previous year –gross additions were 16.8% more in 2006 than in 2005– EBITDA margin rose 6.1 percentage points to 51.2%.

By year-end 2006, Telcel's GSM and TDMA networks served 91.0% of the 104 million pops in Mexico. Overall traffic on our network increased 34.0% with respect to the previous year. Our GPRS network –available wherever we have GSM– and the faster EDGE platform now available for 82.0% of the population has allowed Telcel to offer a greater range of value added services for the corporate and mass-market segments.

Brazil



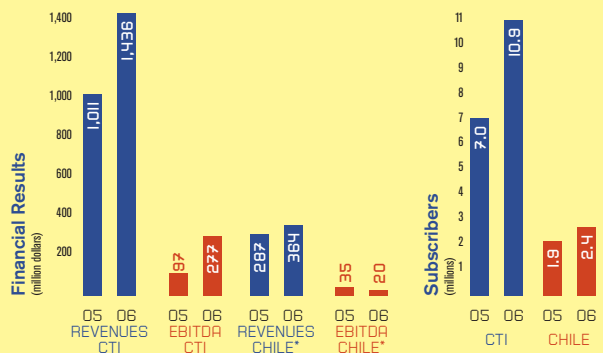
Claro in Brazil continued to show solid subscriber growth in 2006. Net subscriber additions came in above 2005 figure and numbered 5.2 million, 38.0% of market's net adds. Claro's subscriber base topped 23.9 million by year-end, having expanded 28.0% relative to the previous year, with the postpaid base growing more rapidly than the prepaid one. We have a profound commitment with the Brazilian market, and our effort has allowed a larger portion of the population to have access to voice communication. Penetration stood at 54.0% by December, increasing 8.5 percentage points in the year.

Revenues in 2006 were up 24.4% relative to the previous year, reaching 3.9 billion dollars, with service revenues in-

creasing at a faster pace, driving ARPUs up by 16.3% in the year. Since we entered the Brazilian market, we have been actively working in expanding our footprint, in building brand recognition based in high-tech and top quality network and products, in 2006 we started to see the benefits of our work. EBITDA for the year was 491 million dollars, representing 12.7% of revenues. Claro's EBITDA margin climbed 17 percentage points relative to the one seen the year before.

We expect to keep delivering high growth in Brazil alongside increased profitability.

Mercosur [Argentina, Paraguay, Uruguay & Chile]



*This operation consolidates with RMX as of September 2005

The combined subscriber base of CTI Móvil in Argentina, Paraguay and Uruguay, reached 10.9 million clients at the end of 2006 after having net additions of 3.9 million in the year. Argentina contributed with 3.4 million additional clients in the year, while Uruguay and Paraguay added 260 thousand and 204 thousand new clients, respectively. CTI's subscriber base expanded 56.1% year-over-year. Argentina's rapid subscriber growth led to an increase of over 20 percentage points of wireless penetration, which ended the year at 75.0%, Argentina runs second in terms of wireless penetration in Latin America. Penetration in Uruguay climbed 26 percentage points, to 60.8% by year-end. In Paraguay penetration increased by 19 percentage points standing at 49.2% by December.

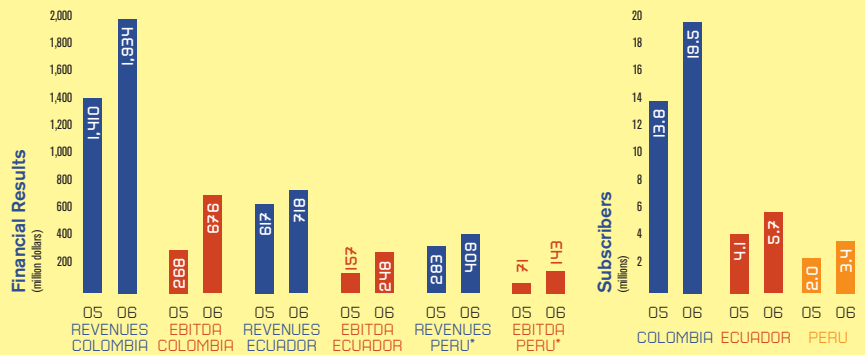
Both service revenues and total revenues were up 49.2% in 2006, with the latter reaching 1.4 billion dollars. CTI

generated 277 million dollars in EBITDA, three times as much as in 2005, with the EBITDA margin doubling in the year to 19.3%.

Chile showed a strong performance in the second half of 2006 aided by its new GSM network and the marketing and distribution efforts that followed the introduction of GSM services in August 2006. The number of net additions in the year came in at 204 thousand, which doubled as compared to a year before, taking our subscriber base to 2.4 million subscribers. Chile's penetration in 2006 was up 10 percentage points relative to the year before, reaching 80.0%, the highest among all our operations.

Total revenues for the year stood at 364 million dollars and EBITDA came in at 20 million dollars taking the EBITDA margin to 5.5%.

Andean [Colombia, Ecuador & Peru]



*This operation consolidates with AMX as of August 2005

Colombia’s subscriber base finished 2006 with 19.5 million subscribers, up 41.7% in the year after net additions of 5.7 million. Penetration in Colombia reached 70.0% by December; it is today amongst the most penetrated countries in the region.

In 2006, Comcel’s revenues totaled 1.9 billion dollars, an annual increase of 39.8% with service revenues growing by 48.3%, a faster pace than the rate of growth of the subscriber base. Profitability continued to rise as subscriber acquisition costs fall relative to revenues. Margins for the full year 2006 climbed 16 percentage points, to 35.0%, as EBITDA rose to 676 million dollars, 158.0% more than a year ago.

Our operation in Ecuador ended December with 5.7 million subscribers –an increase of 38% year-on-year– after adding 1.5 million clients in 2006. Conecel’s postpaid subscriber base grew at an annual rate of 56.1%. By year-

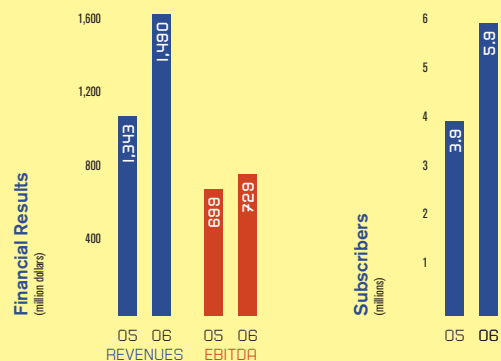
end, penetration topped 67.0% increasing almost 20 percentage points in twelve-months time.

Revenues for the year went up 16.4% relative to 2005, reaching 718 million dollars, with service revenues growing at a faster pace (24.8%). EBITDA rose 58.1% in the year to 248 million dollars, which resulted in an EBITDA margin of 34.6% of revenues.

After adding 1.4 million subscribers in the year, our subscriber base in Peru reached 3.4 million, 72.7% more than at the end of 2005. Penetration in Peru, 31.5%, is far below the average of the region, thus we expect important growth from this operation in the next few years.

Revenues for the year reached 409 million dollars, exceeding by 43.0% the previous year. EBITDA doubled in 2006 despite the fast pace of subscriber growth, to 143 million dollars. The EBITDA margin climbed almost 10 percentage points, to 35.0% in the year.

Central America [Guatemala, El Salvador, Honduras & Nicaragua]

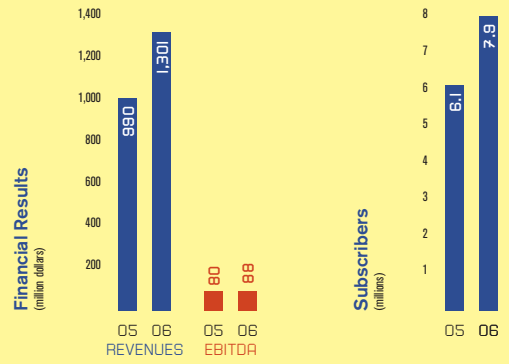


Our wireless subscriber base in Central America –comprising our operations in Guatemala, El Salvador, Honduras, and Nicaragua– had 5.9 million clients by year-end. This implies a growth of 48.9% relative to the previous year. Honduras and Nicaragua showed the fastest growth in relative terms in the region, expanding by 72.5% and 70.8% their subscriber base from a year before. Together with 2.2 million fixed lines, our Central American operations service almost 8 million clients. Wireless penetration expanded by an average of 13.6 percentage points in

the region. Guatemala and El Salvador ended with more than 45% penetration while Nicaragua and Honduras had 34.8% and 24.0% penetration, respectively.

Consolidated revenues for the region were 1.5 billion dollars for the year, an increase of 10.9% relative to 2005. EBITDA amounted to 729 million dollars, 4.3% more than the figure seen in 2005. The EBITDA margin stood at 48.9% in 2006.

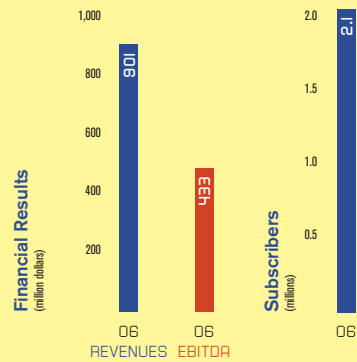
United States



Our operation in the United States reached 7.9 million subscribers, an increase of 28.7% relative to the year before. Tracfone gained 1.8 million subscribers in 2006, exceeding the previous year by 100 thousand. Wireless prepaid penetration rates reached 10.2% in 2006.

Tracfone revenues went up 31.5% to 1.3 billion dollars. MOUs in 2006 increased 5.1% relative to last year. AR-PU were down 5.4%, explained by a decrease in the average price per minute. EBITDA rose to 88 million dollars, increasing 10.5% relative to 2005. EBITDA margin came in at 6.8%.

Caribbean [Dominican Republic*]



*This operation consolidates with AMX as of December 2006

In December we completed the acquisition from Verizon of its operations in the Dominican Republic, which contributed 2.1 million wireless subscribers and over 750 thousand fixed lines to our operations in the Americas.

The financial results of what is now Claro Dominicana were consolidated with América Móvil's only that month. They provided us with additional revenues of 87.4 million dollars.

Board Members

CARLOS SLIM HELÚ

Chairman Emeritus
Principal occupation: Chairman Emeritus of the Board of Directors of Teléfonos de México S.A.B. de C.V., and Carso Global Telecom S.A.B. de C.V.
Born: 1940

PATRICK SLIM DOMIT

Chairman and Member of the Executive Committee
Principal occupation: Director of Carso Global Telecom S.A.B. de C.V.
Born: 1969

DANIEL HAJJ ABOUMRAD

Director and Member of the Executive Committee
Principal occupation: Chief Executive Officer of América Móvil S.A.B. de C.V.
Born: 1966

JAIME CHICO PARDO

Director
Principal occupation: Vice-Chairman of the Board of Directors of Carso Global Telecom S.A.B. de C.V.
Born: 1950

ALEJANDRO SOBERÓN KURI

Director and Chairman of the Audit Committee
Principal occupation: Chairman and Chief Executive Officer of Corporación Interamericana de Entretenimiento S.A.B. de C.V.
Born: 1960

MARÍA ASUNCIÓN ARAMBURUZABALA LARREGUI

Director
Principal occupation: Chief Executive Officer Tresalia Capital
Born: 1963

RAYFORD WILKINS

Director and Member of the Executive Committee
Principal occupation: Group President AT&T
Born: 1951

JOHN STEPHENS

Director
Principal occupation: Senior Vice-President and Comptroller of AT&T
Born: 1959

CLAUDIO X. GONZÁLEZ LAPORTE

Director and Member of the Compensation Committee
Principal occupation: Chairman of the Board of Directors of Kimberly Clark de México S.A.B. de C.V.
Born: 1934

DAVID IBARRA MUÑOZ

Director and Member of the Audit Committee and the Compensation Committee
Principal occupation: Director of Grupo Financiero Inbursa S.A.B. de C.V.
Born: 1930

CARLOS BREMER GUTIÉRREZ

Director and Member of the Audit Committee
Principal occupation: Director of Grupo Financiero Value S.A. de C.V.
Born: 1960

Alejandro Cantú Jiménez, our General Counsel of the Board of Directors, serves as Corporate Secretary and Rafael Robles Míaja as Corporate Pro-Secretary.

Directory

AMÉRICA MÓVIL

Daniel Hajj Aboumrad
Chief Executive Officer

Carlos García-Moreno Elizondo
Chief Financial Officer

Carlos Cárdenas Blásquez
Executive Director Latin America Operations

Alejandro Cantú Jiménez
General Counsel

MEXICO

Patricia Raquel Hevia Coto
Chief Operating Officer

Salvador Cortés Gómez
Chief Operating Officer

Fernando Ocampo Carapia
Chief Financial Officer

GUATEMALA

Reyes Sandoval Palma
Chief Executive Officer

José Cervantes Rivera
Chief Financial Officer

EL SALVADOR

Reyes Sandoval Palma
Chief Operating Officer

Enrique Luna Roshardt
Chief Financial Officer

NICARAGUA

David Ibarra Cardona
Chief Executive Officer

Mario Soto Padilla
Chief Financial Officer

HONDURAS

Ricardo Frías Ruíz
Chief Operating Officer

Aldo Boquín Zamora
Chief Financial Officer

COLOMBIA

Adrián Hernández Urueta
Chief Executive Officer

Gerardo Muñoz Lozano
Chief Financial Officer

ECUADOR

Juan Antonio Aguilar Vásquez
Chief Executive Officer

Marco Antonio Campos García
Chief Financial Officer

PERU

Humberto Chávez López
Chief Executive Officer

Manuel Navarrete Zavala
Chief Financial Officer

BRAZIL

Joao Cox
Chief Executive Officer

Eduardo Lubisco Souza
Chief Financial Officer

Julio Carlos Porras Zadik
Chief Operating Officer

CHILE

Salvador Salazar Helbing
Chief Executive Officer

Cristian Serrano Garay
Chief Financial Officer

ARGENTINA

Carlos Zenteno de los Santos
Chief Executive Officer

Fernando González Apango
Chief Financial Officer

URUGUAY

Gabriel Gutiérrez Castrejón
Chief Operating Officer

PARAGUAY

Luciano Mauroni
Chief Operating Officer

UNITED STATES

F.J. Pollak
Chief Executive Officer

Gustavo Blanco Villanueva
Executive Director

DOMINICAN REPUBLIC

Oscar Peña Chacón
Chief Executive Officer

Francisco Marmolejo Alcántara
Chief Financial Officer

CEO's Report to the Board of Directors

Mexico City, Federal District, Mexico. April 5, 2007

To the Board of Directors of América Móvil, S.A.B. de C.V.

Dear Members of the Board,

Pursuant to Section IX of Article 43 of the Securities Market Law, I am pleased to submit for your consideration my report of activities as Chief Executive Officer of América Móvil, S.A.B. de C.V. (hereinafter, indistinctly, the "Company" or "América Móvil"), during the year ended December 31, 2006. This report should be read and analyzed together with the report submitted by the external auditor to the general shareholders' meeting, dated March 12, 2007, which constitutes an integral part of the financial statements of the Company and its subsidiaries as of December 31, 2006, and is attached hereto.

The year 2006 yielded deep satisfaction at América Móvil, not only because of the achievement of the short and long-term goals that it had set for itself at the beginning of the year, but also because of its significant growth in subscribers, which by and large surpassed its ambitious goal of reaching 100 million wireless subscribers.

Over the last few years, we have come to realize that our experience and operating efficiency, coupled with América Móvil's financial strength, have transformed us into the leading wireless telecommunications company in Latin America, a market where technology has proven to be the key element based upon which to transcend any geographical borders. Our responsibility as industry leader is precisely what has compelled us to channel our efforts towards the continuous generation of new business opportunities in the markets in which we currently participate.

América Móvil has continued to increase the distance that separates it from the other operators actively involved in Latin America. Our best strategy has been to constantly invest in means and instruments capable of promoting technological innovations in the telecommunications services that we offer to our clients. We believe that technological evolution constitutes the best means for running the Company's growth, productivity and profitability engines. Thus, our business vision will continue to focus on those commercial opportunities that may enable our clients to be at the vanguard and satisfy their communication needs.

The significant changes experienced by the global telecommunications markets in general, and by the Latin American market in particular, did not cease in 2006 and, as a result, there was increased competition among the industry participants. Within this context, América Móvil has fostered the economic development of the markets in which it participates, and has always placed its bets in favor of their growth. Its significant regional investments attest to this fact.

Taking into consideration the acquisition of a fixed-line and wireless operator in the Dominican Republic at the end of 2006, América Móvil increased to 15 the number of countries in the Americas in which it has wireless operations.

It is worth noting the successful merger between the Company and its parent, América Telecom, S.A.B. de C.V., which entailed a corporate reorganization that was approved by our shareholders in the last month of 2006.

The outstanding results attained by the Company during its first six years of life, and its constant and ongoing growth, have transformed into one of the companies that provide greater returns to their shareholders. We are fully convinced that none of this would have been possible without their trust.

With respect to the Company's financial condition, results of operations, changes therein and net worth during fiscal year 2006, I report the following:

- (i) Our number of wireless subscribers grew by 31.3 million, or 33.7% with respect to 2005, to 124.8 million at the end of 2006. Including our 2.9 million fixed-line subscribers, as of the end of 2006 América Móvil had a total of 127.7 million subscribers, a twelve-fold increase with respect to its number of subscribers upon commencement of its operations in 2000;

- (ii) In 2006, our total revenues were 234.2 billion pesos, representing a 23.6% increase with respect to 2005, as a result of the service revenues, which grew at an annual rate of 26.8%;
- (iii) Our EBITDA grew at the rate of 50%, almost twice the growth rate experienced by our service revenues. Our operating cash flow reached 86 billion pesos;
- (iv) Our consolidated EBITDA margin increased by more than 6.5 percentage points with respect to 2005, from 30.3% to 36.8%, as the majority of our operations reported increased margins;
- (v) In 2006, the Company's operating profit was 59.1 billion pesos, a 67.2% increase with respect to 2005;
- (vi) In 2006, the Company reported net profits of 42.8 billion pesos;
- (vii) Earnings per share in 2006 were 1.21 pesos, a 36.0% increase with respect to 2005;
- (viii) Our capital expenditures, dividend payments and acquisitions amounted in the aggregate to 82.3 billion pesos, of which 33.7 billion pesos were used in plants and equipment, 24.2 billion pesos were used in acquisitions, including primarily the acquisition of our operations in the Dominican Republic, and 24.4 billion pesos were used to repurchase shares and pay dividends. The latter amount includes the effect of América Telecom's merger into América Móvil, which entailed the repurchase of shares for 13.7 billion pesos, and
- (ix) In 2006, our net debt rose by 9.6 billion pesos (including the effect of América Telecom, S.A.B. de C.V.'s merger).

To facilitate a more detailed analysis of the financial information and results of operations described in the preceding paragraphs, attached hereto is the report submitted by the external auditor to the general shareholders' meeting of the Company, dated March 12, 2007, which constitutes an integral part of the financial statements of the Company and its subsidiaries as of December 31, 2006.

Most of our growth in subscribers has been organic, i.e., it has been attributable to the growth in our business and our marketing strengths. In 2006, our Mexican operations contributed 7.3 million new subscribers, for a total of 43.2 million subscribers at the year's end. Brazil contributed 5.2 million new subscribers in 2006, for a total of 23.9 million subscribers at the year's end. During 2006, the number of subscribers in Argentina grew by 52%, to more than 10 million. Uruguay and Paraguay reported the most significant growth rates in relative terms, 155.1% and 118.5%, respectively, for a total of 428,000 and 376,000 subscribers, respectively, at the end of 2006. Our Colombian operations contributed 5.7 million new subscribers, for a total of 19.5 million subscribers as of the end of 2006. Ecuador attracted 1.5 million new subscribers in 2006, for a total of 5.7 million subscribers at the year's end. As for Peru, our operations in this South American country contributed 1.4 million new subscribers, for a total of 3.4 million subscribers as of the end of 2006. Our operations in the Republic of Chile had a total of 2.4 million subscribers at the end of 2006. Our operations in Central America, which include Guatemala, El Salvador, Nicaragua and Honduras, contributed an aggregate of 1.9 million new subscribers, for an aggregate of 5.9 million subscribers as of the year's end. Finally, during 2006 our subsidiary in the United States attracted 1.8 million new subscribers, for a total of 7.9 million subscribers as of the year's end.

The wide acceptance of the Claro brand, which is used by América Móvil to market and provide its wireless services in some South American countries, has been one of the detonating factors of our business expansion. For this reason, we decided to integrate it into our subsidiaries in Guatemala, El Salvador, Nicaragua, Honduras and the Dominican Republic, for marketing purposes.

During 2006, the Company largely focused its efforts on the continued expansion of its infrastructure, primarily in those markets where the rapid growth in subscribers and traffic demanded such approach. Accordingly, it is rewarding to report that América Móvil's presence in Latin America has expanded at an unprecedented rate, which has enabled it to attain one of its principal objectives.

During 2006, the Company devoted substantial efforts and resources to implement more and enhanced internal control mechanisms so as to strengthen its corporate governance practices, the primary objective sought by our corporate bodies, who have embarked in the task of adopting all such measures as may be necessary to enable our investors to attain a correct and more complete understanding of the Company's financial, accounting, administrative and legal information. These actions have transformed us into a pioneer in the adoption and implementation of measures arising from a set of sound corporate governance practices. However, we will continue to focus our efforts on making a sound corporate governance system more a culture than a policy.

The search for new markets and the creation of new businesses were a recurring topic within the context of the goals established for 2006. We have visualized the countries located in the Caribbean region as a geographical niche that will demand the startup of new businesses by the Company and will yield new investment opportunities.

We will continue in our path for potential growth in the markets in which we currently participate, and will remain on alert for any investment and development opportunity in those in which we have yet to establish a business presence.

Without doubt, the success achieved in 2006 will enable us to face with the necessary strength and certainty any challenges that may arise in the years to come. We will continue to promote the containment and reduction of costs as a corporate ideal, and will remain in our conviction that the best way to stand close to our clients is to invest in improved infrastructure, services and products. Our success is, to a large extent, a result of our ongoing quest for profitability through the improvement of the quality of our services, with the additional ingredient of our deep understanding of the socioeconomic and market conditions of the countries in which we operate.

Finally, it is worth noting that the outstanding results achieved by the Company in 2006 are the product of various factors, including the efforts, professionalism, ethics and competitiveness of the personnel employed by the entities that conform América Móvil, our clients' preference for the services that we offer, and the unwavering faith of our investors, whose directives attest to their unconditional support of our management's decisions. On behalf of América Móvil, I wish to reiterate once more our commitment to transforming these elements into essence and a basis upon which to reap the success deserved by a company like ours, for which we have more than 127 million good reasons.

This report is rendered in compliance with the provisions contained in the Securities Market Law and the General Law of Business Corporations. Pursuant to the Securities Market Law, a copy of this report, together with the report of the external auditor, must be submitted to the general shareholders' meeting of the Company.

Very truly yours,

A handwritten signature in black ink, appearing to read "Daniel Hajj Aboumrad". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Daniel Hajj Aboumrad
Chief Executive Officer, América Móvil, S.A.B. de C.V.

Opinion and Reports of the Board of Directors to the Shareholders' Meeting

To the Shareholders of América Móvil, S.A.B. de C.V.

Pursuant to Sections IX(c), (d) and (e) of Article 28 of the Securities Market Law, and based upon the recommendations contained in the Code of Best Corporate Practices issued by the Business Coordinating Council, on behalf of the Board of Directors of América Móvil, S.A.B. de C.V. (hereinafter, the "Company") I hereby submit to you the following opinion and reports in connection with the year ended December 31, 2006.

A. Opinion as to the Report of the Chief Executive Officer.

As required by Section IV(c) of Article 28 of the Securities Market Law in connection with the report submitted to the shareholders' meeting by the Chief Executive Officer of the Company pursuant to Section XI of Article 44 of the Securities Market Law (hereinafter, the "Report"), which is attached hereto, and based upon various meetings held with the Chief Executive Officer of the Company and the executive officers of the entities controlled by the Company to discuss the contents of the Report following the review of the necessary supporting information and documentation, and upon the explanations submitted by such persons in connection therewith, and upon the report submitted by the External Auditor, which is attached hereto, and the report submitted by the Audit Committee, the Board of Directors of the Company is of the opinion that the Report is adequate and sufficient, and that (i) the accounting and information policies and criteria followed by the Company are adequate and sufficient in light of its particular circumstances, (ii) such policies and criteria have been consistently applied in the information submitted by the Chief Executive Officer, and (iii) as a result of items (i) and (ii) above, the information submitted by the Chief Executive Officer reasonably reflects the Company's financial condition and results of operations.

B. Report Pursuant to Article 172, Paragraph (b) of the General Law of Business Corporations, as to the Accounting Policies and Criteria.

We have reviewed the financial statements of the Company as of December 31, 2006, as well as the auditors' report thereon and the accounting policies used in the preparation thereof, including, as the case may be, any changes in and effects of such policies. Based upon the comments submitted by the external auditors, who are required to issue their opinion as to the accuracy of the financial statements of the Company and its subsidiaries and their conformance to the financial information norms applicable in Mexico, and upon the review process that was conducted, the Board of Directors hereby recommends to the shareholders' meeting the approval of such financial statements as they reasonably reflect the financial condition of the Company as of December 31, 2006.

Further, the Board of Directors hereby reports that the accounting policies and criteria used by the management in preparation of the Company's financial information were reviewed in due course by the Audit Committee and were approved by the Board of Directors, and that such policies and criteria are described and explained in the notes to the financial statements.

C. Report Pursuant to Section IV(e) of Article 28 of the Securities Market Law, as to the Operations and Activities of the Board of Directors During 2006.

During 2006, the Board of Directors participated in the following operations and activities:

- (a) The discussion, review and approval of the operating reports submitted by the Chief Executive Officer, which relate, to among other matters, the principal business activities of the Company and its subsidiaries and the business opportunities available in the markets in which they operate;
- (b) The discussion, review and approval of the Company's consolidated income statement and balance sheet, which were prepared and submitted by the Chief Executive Officer and the Director of Administration and Finance;
- (c) The submission, discussion, review and approval of the various investment plans of and acquisition and growth opportunities available to the Company in 2006. For purposes thereof, the Board of Directors created a special committee designated as the "Investment Committee", which consists of seven directors with broad powers and authority to review, approve and take such

actions as may be necessary to implement the business opportunities that may become available to the Company from time to time, and which is required to submit to the Board of Directors a report on its activities;

- (d) The submission, discussion, review and approval of the proposals relating to the incurrence and/or issuance of debt by the Company in 2006;
- (e) The granting of an authorization for the Company to act as guarantor in respect of the debt incurred by any of its subsidiaries;
- (f) The submission to the shareholders' meeting of a proposal with respect to the allocation of the Company's profits, and the issuance of notices of its shareholders' meetings;
- (g) The analysis and discussion of the various reports and matters submitted thereto by the Company's Audit Committee;
- (h) The submission and acknowledgement of a proposal to merge América Telecom, S.A. de C.V. and its subsidiary, Corporativo Empresarial de Comunicaciones, S.A. de C.V., into the Company; and the acknowledgement of the authorization granted by the Company's Audit Committee to retain an independent expert to issue an opinion with respect to the fairness of the exchange ratio used for purposes of exchanging the shares held by the shareholders of América Telecom, S.A. de C.V., in connection with the merger;
- (i) The submission of the proposal to call the extraordinary shareholders' meeting held December 13, 2006, which approved, among other matters, the merger of América Telecom, S.A. de C.V. into the Company and the full amendment of the corporate bylaws of the latter so as to reflect the provisions contained in the Securities Market Law published in the Official Gazette of the Federation on December 30, 2005, and
- (j) The approval of the preliminary budget of the Company for 2007, as submitted to its consideration by the Chief Executive Officer.

We hereby note that all relevant information pertaining to our activities has been disclosed by the Company to the extent required by the applicable law.

Mexico City, Federal District, Mexico. April 27, 2007.

Very truly yours,



Patrick Slim Domit
Chairman of the Board, América Móvil, S.A.B. de C.V.

Encl.- Report of the Chief Executive Officer
Report of the External Auditor

Report of the Audit Committee

Mexico City, Federal District, Mexico. April 27, 2007

To the Board of Directors of América Móvil, S.A.B. de C.V.

Dear Members of the Board,

Pursuant to Article 43 of the Securities Market Law, the undersigned, in my capacity as Chairman of the Audit Committee of América Móvil, S.A.B. de C.V. (hereinafter, the "Company"), hereby submits to your consideration the foregoing report on the operations and activities of the Audit Committee of the Company during the year ended December 31, 2006.

The Audit Committee is responsible for, among other things, preparing a report on the status of the internal control systems of the Company and its subsidiaries, including a description of any deficiencies therein, deviations therefrom or aspects thereof requiring improvement, taking into consideration the opinions, reports and communications issued by the external auditors and any independent experts. To such end, during fiscal year 2006 the Audit Committee held five (5) meetings, on the following dates: February 7, March 7, May 9, September 12 and November 7 (hereinafter, the "Committee Meetings"), and on November 1 adopted certain resolutions by unanimous consent of its members without a meeting. All Committee Meetings were attended by a majority of the members of the Audit Committee and the Secretary and/or Alternate Secretary of the Board of Directors of the Company, who prepared the minutes containing the resolutions adopted thereat. In addition, most Committee Meetings were attended by representatives of Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, and by the relevant executive officers of the Company, and some were attended by third parties invited as guests. It should be noted that the resolutions adopted at the Committee Meetings have been duly recorded in the book maintained to such effect by the Secretary of the Company.

The Company's management is responsible for issuing the financial statements of the Company in accordance with the generally accepted accounting principles in Mexico, for preparing, on a timely and adequate fashion, the financial and other information of the Company for disclosure to the securities markets in which it currently participates, and for implementing the Company's internal control systems. On its part, the Audit Committee, on behalf of the Board of Directors, has reviewed the audited consolidated financial statements of the Company and its subsidiaries as of December 31, 2006. Such review included the analysis and approval of the Company's accounting policies, procedures and practices.

In connection with the performance of its duties, during the aforementioned fiscal year the Audit Committee carried out the following:

- (a) It reviewed, analyzed and approved the Company's principal accounting policies, certifying that during fiscal year 2006 the Company did not modify such policies;
- (b) It participated in overseeing the satisfaction of the auditing services agreements, and in evaluating the results thereof;
- (c) It submitted to the Board of Directors recommendations with respect to the basis for the preparation and disclosure of the Company's financial information and its general internal control guidelines;
- (d) It reviewed the status of the internal control and audit systems of the Company and its subsidiaries, taking into consideration the latter's impact on the former's general condition. To such end, it reviewed the report of the external auditors and met therewith and with various members of the Company's management. Based upon the above, it did not encounter any material deficiency or deviation requiring disclosure, other than those in respect of which appropriate actions had been previously taken and which had been previously disclosed to the Board of Directors and/or the market, as the case may be;
- (e) It implemented such preventive and corrective measures as it deemed necessary to avoid and, as the case may be, penalize the violation of the operating and financial reporting policies and guidelines of the Company and its subsidiaries;
- (f) It analyzed various alternatives and submitted to the Board of Directors recommendations with respect to the candidates for external auditors of the Company, the scope of their duties and the terms and conditions of the agreements therewith, so as to arrange for the auditing of the Company's accounts;
- (g) It evaluated the services rendered by Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, and concluded that they were satisfactory. It obtained confirmation from such auditors as to their independent status. It interviewed the external auditors so as to verify the satisfaction of the independency and turnover requirements applicable to their personnel;

- (h) It reviewed, in conjunction with the Company's external auditors, the analysis and comments issued thereby during the auditing process, as well as the nature and scope of the procedures employed therein, so as to ensure their objectivity and the usefulness, timeliness and reliability of the financial information;
- (i) It met on a regular basis with the Company's internal and external auditors, outside the presence of the Company's executive officers, so as to hear their comments and observations regarding their work progress, thereby fostering an increased coordination between the external auditors and the Company's management;
- (j) It held follow up meetings with the Company's management in order to ensure the observance of the risk control mechanisms applicable to the Company;
- (k) It reviewed and evaluated the results of the tests applied in respect of the control systems established to ensure the compliance of the provisions contained in Section 404 of the Sarbanes-Oxley Act;
- (l) It addressed and resolved the various requests for approval submitted by the Company's Department of Administration and Finance in connection with the professional fees payable to tax advisors;
- (m) It reviewed and discussed the reports submitted by the Company's external auditors, as to the results of the Company's audit as of December 31, 2006;
- (n) It reviewed the various reports submitted by the Company's Department of Administration and Finance with respect to the implementation and testing of the internal control mechanisms;
- (o) It reviewed the financial statements of the Company and its subsidiaries as of December 31, 2006, the auditors' report thereon, and the accounting policies used in the preparation thereof. Based upon the comments provided by the external auditors, who are required to issue an opinion with respect to the accuracy of the financial statements and their conformity with the generally accepted accounting principles in Mexico, it submitted to the Board of Directors a recommendation to approve such financial statements for further submission to the general shareholders' meeting of the Company;
- (p) It reviewed and analyzed various related-party transactions, decided on which such transactions required disclosure in the notes to the financial statements of the Company, and submitted to the Board of Directors of the Company a recommendation to approve the transactions that it deemed appropriate. Also, it participated in the preparation of the policies applicable to related-party transactions;
- (q) It followed up on the execution of the resolutions adopted by the shareholders' meeting and the Board of Directors of the Company;
- (r) It reviewed, evaluated and approved various proposals submitted to it by Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, in connection with the fees payable thereto for certain supplemental services rendered thereby, and ensured that the amount of such fees did not affect their independent status. Further, it reviewed the services rendered by the independent experts retained by the Company, as disclosed thereby;
- (s) It reviewed the criteria for the determination of the overall compensation payable to the Chief Executive Officer and the other executive officers of the Company, and submitted to the Board of Directors recommendations with respect to the overall compensation of the Chief Executive Officer and the general compensation policies applicable to all other executive officers;
- (t) It reviewed and analyzed the report of the Board of Directors with respect to the corporate status of the Company, including the status of the Company's legal documentation;
- (u) It did not submit to the Board of Directors any recommendation, or exercised any of its powers and authorities, so as to grant to any director, executive officer or person in a position of command any waiver pursuant to Section III(f) of Article 28 of the Securities Market Law, and
- (v) It reviewed the principal items of the annual budget and their allocation.

This report is rendered in compliance with the provisions contained in the Securities Market Law, and has been prepared taking into consideration the comments provided by the relevant executive officers of the Company.

Very truly yours,



Alejandro Soberón Kuri
Chairman of the Audit Committee, América Móvil, S.A.B. de C.V.

Financial Summary

(millions of constant Mexican pesos as of December 31, 2006) CAGR
2002-2006

OPERATING RESULTS

	2006	2005	2004	2003	2002	2002-2006
Service Revenues	195,404	154,081	119,042	83,545	59,431	26.9%
Equipment Revenues	38,818	35,449	25,831	13,650	8,138	36.7%
Total Revenues	234,222	189,530	144,873	97,195	67,569	28.2%
Cost of Sales	109,344	93,898	70,332	42,381	28,707	30.7%
SG&A Expenses	38,588	38,119	29,054	18,631	14,235	22.1%
EBITDA	86,290	57,513	45,487	36,183	24,627	28.5%
EBITDA Margin	36.8%	30.3%	31.4%	37.2%	36.4%	
Depreciation & Amortization	27,132	22,125	19,992	15,695	9,734	22.8%
Impairment Charges					46	-100.0%
Operating Income	59,158	35,388	25,495	20,488	14,847	31.8%
Operating Margin	25.3%	18.7%	17.6%	21%	22%	
Comprehensive Financing (Cost) Income, net	(27)	(2,690)	2,080	2,098	(1,335)	-54.2%
Other (Loss) Income, net	466	(425)	96	(1,191)	323	7.6%
Income before Taxes and employee Profit Sharing	59,597	32,273	27,671	21,395	13,835	33.9%
Provisions for Income Tax & employee Profit Sharing	16,733	299	9,268	3,939	3,865	34.1%
Income before Equity Participation in Results of Affiliates	42,864	31,974	18,403	17,456	9,970	33.9%
Income (Loss) before Minority Interest	42,901	31,930	18,303	17,309	5,253	52.2%
Minority Interest	(84)	(72)	(380)	(398)	158	-188.2%
Net Income (Loss)	42,816	31,858	17,923	16,911	5,411	51.2%

BALANCE SHEET

Cash and Cash Equivalents	43,472	13,899	20,579	11,606	12,543	28.2%
Accounts Receivable net	40,893	32,296	22,159	12,929	7,380	40.8%
Other Current Assets	24,356	17,222	16,877	9,218	5,350	35.4%
Current Assets	108,721	63,417	59,615	33,753	25,273	33.9%
Property Plant and Equipment	137,918	116,370	91,295	80,484	71,246	14.1%
Investments in Affiliates	560	505	701	2,882	3,722	-31.5%
Deferred Assets and other	73,500	59,873	57,782	52,899	32,863	17.5%
Total Assets	320,699	240,165	209,393	170,018	133,104	19.2%
Short Term Debt	25,266	21,374	12,364	15,220	15,200	10.7%
Accounts Payable	60,348	56,352	39,233	22,406	12,262	37.5%
Other Current Liabilities	36,079	17,726	13,498	8,695	5,433	46.0%
Current Liabilities	121,693	95,452	65,095	46,321	32,895	29.9%
Long Term Debt	85,819	65,876	73,967	52,187	45,338	13.6%
Other Long Term Liabilities	3,551	3,744	6,912	4,274	2,422	8.0%
Total Liabilities	211,063	165,072	145,974	102,782	80,655	21.2%
Total Stockholders' Equity	109,635	75,093	63,419	67,236	52,449	15.9%
Sum of Total Stockholders' Equity and Total Liabilities	320,699	240,165	209,393	170,018	133,104	19.2%

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CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2006 and 2005 with Report
of Independent Registered Public Accounting Firm

Report of Independent Auditors



■ Mancera, S.C.

To the Stockholders of
América Móvil, S.A.B. de C.V.

We have audited the accompanying consolidated balance sheets of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2005 and 2006 and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 2006. 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 did not audit the financial statements of TracFone Wireless, Inc., a consolidated subsidiary, which statements accounted for approximately 1% and 1% of total assets at December 31, 2005 and 2006 and 6%, 6% and 6% of total operating revenues for the years ended December 31, 2004, 2005 and 2006, respectively, of the related consolidated amounts. Those statements, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TracFone Wireless, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in conformity with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the financial reporting standards used and significant estimates made by management, and evaluating the overall financial statement presentation (including the Company's conversion of the financial statements of TracFone Wireless, Inc. to Mexican Financial Reporting Standards). We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of América Móvil, S.A.B. de C.V. and subsidiaries at December 31, 2005 and 2006, and the consolidated results of their operations, changes in their stockholders' equity and changes in their financial position for each of the three years in the period ended December 31, 2006, in conformity with Mexican Financial Reporting Standards, which differ in certain respects from U.S. generally accepted accounting principles (see Note 21).

Mancera, S.C.
A Member Practice of Ernst & Young Global

A handwritten signature in black ink, appearing to read 'Agustín Aguilar', written over a circular stamp or seal.

Agustín Aguilar

Mexico City, Mexico
March 12, 2007
(except for Note 21 as to which date is May 10, 2007)

Consolidated Statements of Income

[Amounts in thousands of constant Mexican pesos
as of December 31, 2006, except for earnings per share]

Year ended December 31,

Millions of U.S.
dollars **2006**
(except for earnings
per share)

	2004 [Restructured]	2005 [Restructured]	2006	
Operating revenues:				
Services:				
Air time	P. 47,861,500	P. 59,701,355	P. 71,696,588	USD 6,589
Interconnection	27,592,497	30,360,657	39,229,834	3,606
Monthly rent	19,510,982	28,357,262	39,212,901	3,604
Long-distance	11,593,041	13,911,676	15,870,297	1,459
Value added services and other services	12,483,683	21,750,005	29,393,556	2,700
Sales of handsets and accessories	25,831,134	35,449,449	38,818,381	3,568
	144,872,837	189,530,404	234,221,557	21,526
Operating costs and expenses:				
Cost of sales and services	65,742,413	87,909,009	103,038,952	9,470
Cost of sales and services with related parties (Note 17)	4,589,464	5,989,004	6,305,203	579
Commercial, administrative and general expenses	28,050,561	36,802,054	37,067,330	3,407
Commercial, administrative and general expenses with related parties (Note 17)	1,002,962	1,317,196	1,520,542	140
Depreciation and amortization (Notes 8 and 9) (includes P.14,394,599, P.16,004,948 and P.19,534,429 for the years ended December 31, 2004, 2005 and 2006, respectively, not included in cost of sales)	19,992,499	22,125,044	27,131,151	2,493
	119,377,899	154,142,307	175,063,178	16,089
Operating income	25,494,938	35,388,097	59,158,379	5,437
Comprehensive financing income (cost):				
Interest income	2,719,766	3,406,153	4,500,319	414
Interest expense	(5,455,915)	(8,369,439)	(8,748,682)	(804)
Interest paid to related parties, net (Note 17)	(224,465)	(354,335)	(367,024)	(34)
Exchange gain, net	2,272,807	3,754,806	2,237,338	206
Monetary gain, net	3,961,595	2,435,626	3,709,007	341
Other financing costs, net	(1,194,240)	(3,562,404)	(1,357,965)	(125)
	2,079,548	(2,689,593)	(27,007)	(2)
Other income (expenses), net	95,724	(425,768)	466,188	42
Income before income tax and employee profit sharing	27,670,210	32,272,736	59,597,560	5,477
Provisions for (Note 19):				
Income tax	8,687,316	294,139	16,403,030	1,508
Employee profit sharing	580,333	4,975	330,253	30
	9,267,649	299,114	16,733,283	1,538
Income before equity interest in net (loss) income of Affiliates	18,402,561	31,973,622	42,864,277	3,939
Equity interest in net (loss) income of affiliates	(99,734)	(44,081)	36,413	4
Net income before minority interest	18,302,827	31,929,541	42,900,690	3,943
Minority interest	(379,956)	(71,319)	(84,354)	(8)
Net income	P. 17,922,871	P. 31,858,222	P. 42,816,336	USD 3,935
Weighted average of common shares outstanding				
(in millions)	36,848	35,766	35,459	35,459
Net earnings per share	P. 0.49	P. 0.89	P. 1.21	USD 0.11

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

Consolidated Balance Sheets

(Amounts in thousands of constant Mexican pesos as of December 31, 2006)

	2005 (Restructured)	2006	Millions of U.S. dollars	2006
ASSETS				
Current assets:				
Cash and cash equivalents	P. 12,333,183	P. 41,405,066	USD	3,805
Marketable securities and instruments available-for-sale (Note 4)	1,565,931	2,067,113		190
Accounts receivable, net (Note 5)	32,295,912	40,893,458		3,759
Related parties (Note 17)	1,028,348	1,343,659		123
Inventories, net (Note 6)	13,477,256	19,343,340		1,778
Other assets, net (Note 8)	2,715,985	3,668,376		337
Total current assets	63,416,615	108,721,012		9,992
Investments in affiliates and others (Note 10)	505,431	559,739		51
Plant, property and equipment, net (Note 8)	116,370,244	137,918,029		12,675
Licenses, net (Note 9)	32,518,903	33,450,632		3,074
Trademarks, net (Note 9)	6,583,403	5,912,267		543
Goodwill, net (Note 9)	12,740,552	25,743,054		2,366
Deferred taxes (Note 19)	726,060	790,918		73
Other assets, net (Note 8)	7,303,473	7,602,956		699
Total assets	P. 240,164,681	P. 320,698,607	USD	29,473
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term debt and current portion of long-term debt (Note 14)	P. 21,374,019	P. 25,266,205	USD	2,322
Accounts payable and accrued liabilities (Note 13)	56,351,548	60,347,622		5,546
Taxes payable	5,938,400	21,267,852		1,955
Financial instruments (Note 11)	1,980,549	1,019,145		94
Related parties (Note 17)	654,590	2,217,446		204
Deferred revenues	9,152,720	11,574,570		1,064
Total current liabilities	95,451,826	121,692,840		11,185
Long-term debt (Note 14)	65,875,707	85,819,285		7,886
Deferred taxes (Note 19)	3,624,896	3,395,409		312
Deferred credits	119,308	155,600		14
Total liabilities	165,071,737	211,063,134		19,397
Stockholders' equity (Note 18):				
Capital stock	35,243,395	35,234,119		3,238
Retained earnings:				
Prior years	23,231,463	44,000,958		4,044
Net income for the year	31,858,222	42,816,336		3,935
	55,089,685	86,817,294		7,979
Other accumulated comprehensive income loss items	(16,303,813)	(13,075,349)	(	1,202)
Total majority stockholders' equity	74,029,267	108,976,064		10,015
Minority interest	1,063,677	659,409		61
Total stockholders' equity	75,092,944	109,635,473		10,076
Total liabilities and stockholders' equity	P. 240,164,681	P. 320,698,607	USD	29,473

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

Consolidated Statements of Changes in Stockholders' Equity

For the year ended December 31, 2004, 2005 and 2006
(Amounts in thousands of constant Mexican pesos as of December 31, 2006)

	Capital stock	Legal reserve
Balance at December 31, 2003 (restructured)	P. 35,329,541	P. 465,470
Dividend paid at P.0.029 per share (historical)		
Cash purchase of Company's own shares	(71,155)	
Gain on sale of subsidiary to an entity under common control		
Minority interest related to current year acquisitions		
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Comprehensive income		
Balance at December 31, 2004 (Note 18) (restructured)	35,258,386	465,470
Cumulative effect of adoption of new accounting principles:		
Valuation effect of available-for-sale securities		
Valuation effect of swaps		
Excess of the book value over price paid to acquire minority interests (Note 10)		
Loss on sale of affiliate to an entity under common control (Note 10)		
Dividends paid at P.0.046 and P.0.19 per share (historical)		
Cash purchase of Company's own shares	(14,991)	
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Charges in market value of swaps		
Charges in market value of available-for-sale securities		
Comprehensive income		
Balance at December 31, 2005 (Note 18) (restructured)	35,243,395	465,470
Minority interest related to current year acquisitions		
Dividend paid at P.0.06 per share (historical)		
Cash purchase of Company's own shares	(9,276)	
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Charges in market value of swaps		
Charges in market value of available-for-sale securities		
Comprehensive income		
Balance at December 31, 2006 (Note 18)	P. 35,234,119	P. 465,470

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

Retained earnings				Other			Minority	Comprehensive	Total
Unappropriated	Total	accumulated		comprehensive	Total	interest	income	stockholders' equity	
		income items							
P. 42,390,359	P. 42,855,829	P. (16,719,335)	P. 61,466,035	P. 5,766,390				P. 67,232,425	
(1,051,559)	(1,051,559)		(1,051,559)					(1,051,559)	
(23,033,014)	(23,033,014)		(23,104,169)					(23,104,169)	
19,605	19,605		19,605					19,605	
				(4,628,359)				(4,628,359)	
17,922,871	17,922,871		17,922,871	379,956	P. 18,302,827			18,302,827	
		9,053,473	9,053,473	274,426			9,327,899	9,327,899	
		(2,671,153)	(2,671,153)	(8,297)			(2,679,450)	(2,679,450)	
							<u>P. 24,951,276</u>		
36,248,262	36,713,732	(10,337,015)	61,635,103	1,784,116				63,419,219	
(4,086)	(4,086)	4,086							
(45,415)	(45,415)	45,415							
484,990	484,990		484,990	(578,455)				(93,465)	
(83,530)	(83,530)		(83,530)					(83,530)	
(8,384,073)	(8,384,073)		(8,384,073)					(8,384,073)	
(5,450,155)	(5,450,155)		(5,465,146)					(5,465,146)	
31,858,222	31,858,222		31,858,222	71,319	P. 31,929,541			P. 31,929,541	
		(373,023)	(373,023)	37,819	(335,204)			(335,204)	
		(5,184,791)	(5,184,791)	(251,122)	(5,435,913)			(5,435,913)	
		(96,632)	(96,632)		(96,632)			(96,632)	
		(361,853)	(361,853)		(361,853)			(361,853)	
					<u>P. 25,699,939</u>				
54,624,215	55,089,685	(16,303,813)	74,029,267	1,063,677				75,092,944	
(1,374,488)	(1,374,488)		(1,374,488)	(419,714)				(1,794,202)	
(2,206,476)	(2,206,476)		(2,206,476)					(2,206,476)	
(7,507,763)	(7,507,763)		(7,517,039)					(7,517,039)	
42,816,336	42,816,336		42,816,336	84,354	P. 42,900,690			42,900,690	
		1,285,792	1,285,792	(58,509)	1,227,283			1,227,283	
		1,533,688	1,533,688	(10,399)	1,523,289			1,523,289	
		51,217	51,217		51,217			51,217	
		357,767	357,767		357,767			357,767	
					<u>P. 46,060,246</u>				
P. 86,351,824	P. 86,817,294	P. (13,075,349)	P. 108,976,064	P. 659,409				P. 109,635,473	

Consolidated Statements of Changes in Financial Position

(Amounts in thousands of constant Mexican pesos as of December 31, 2006)

	Year ended December 31,			
	2004	2005	2006	Millions of U.S. dollars 2006
	(Restructured)	(Restructured)		
Operating activities:				
Net income before minority interest	P. 18,302,827	P. 31,929,541	P. 42,900,690	USD 3,943
Add (deduct) items not requiring the use of resources:				
Depreciation	13,177,868	15,961,139	19,059,881	1,752
Amortization	6,016,444	4,649,851	5,760,816	529
Amortization of loss on sale and lease back	519,824	1,413,761	1,475,061	136
Amortization of prepaid expenses	278,363	100,293	835,393	77
Deferred income tax and deferred employee profit sharing	2,961,353	(3,110,679)	48,279	4
Other income, net			(1,279,319)	(118)
Equity interest in net loss (income) of affiliates	99,734	44,081	(36,413)	(4)
	41,356,413	50,987,987	68,764,388	6,320
Changes in operating assets and liabilities:				
(Decrease) increase in:				
Accounts receivable	(9,443,281)	(10,053,052)	(8,597,546)	(790)
Prepaid expenses	186,096			
Inventories	(6,174,124)	(1,389,111)	(5,866,084)	(539)
Other assets	(6,252,709)	(928,621)	(3,562,329)	(327)
(Decrease) increase in:				
Accounts payable and accrued liabilities	16,630,469	17,118,589	3,996,073	367
Related parties	(51,313)	706,666	1,247,545	115
Financial instruments	7,373	1,950,029	(910,186)	(84)
Deferred revenues and credits	2,478,702	1,460,621	2,155,518	194
Taxes payable	2,260,382	153,758	15,329,453	1,409
Marketable securities	18,158	856,892	(1,469,403)	(135)
Resources provided by operating activities	41,016,166	60,863,758	71,047,429	6,530
Financing:				
New loans	62,104,586	43,194,338	64,382,381	5,917
Repayment of loans	(40,065,529)	(38,115,483)	(37,566,979)	(3,453)
Effect of exchange rate differences and variances in debt expressed in constant pesos	(3,113,501)	(4,159,801)	(2,979,638)	(274)
Decrease in capital stock and retained earnings due to purchase of Company's own shares	(23,104,169)	(5,465,146)	(7,517,039)	(691)
Cash dividends paid	(1,051,559)	(8,384,073)	(2,206,476)	(203)
Resources (used in) provided by financing activities	(5,230,172)	(12,930,165)	14,112,249	1,296
Investing:				
Investment in plant, property and equipment	(22,824,182)	(48,783,157)	(45,742,141)	(4,203)
Investment in subsidiaries and affiliated companies	628,002	(2,421,995)	(14,459,887)	(1,329)
Investment in securities available-for-sale	(1,903,874)		1,325,988	122
Minority interest	(4,362,230)	(791,758)	(488,622)	(45)
Initial cash from companies acquired	346,287	519,894	4,096,372	376
Investments in trademarks		(104,896)	(206,461)	(19)
Investment in licenses	(581,923)	(1,813,259)	(613,044)	(56)
Resources used in investing activities	(28,697,920)	(53,395,171)	(56,087,795)	(5,154)
Net increase (decrease) in cash and cash equivalents	7,088,074	(5,461,578)	29,071,883	2,672
Cash and cash equivalents at beginning of year	10,706,687	17,794,761	12,333,183	1,133
Cash and cash equivalents at end of the year	P. 17,794,761	P. 12,333,183	P. 41,405,066	USD 3,805

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

Notes to Consolidated Financial Statements

(Amounts in thousands of constant Mexican pesos as of December 31, 2006, and thousands of U.S. dollars, except when indicated otherwise)

Description of Business

América Móvil, S.A.B. de C.V. and subsidiaries (collectively, the "Company" or "América Móvil") provides wireless and fixed communications services in Latin América.

América Móvil obtains its revenues primarily from telecommunications services, including the sale of airtime (including interconnection under the calling party pays program), monthly rent, long-distance charges, other services (including roaming, value added services and other service charges), as well as the proceeds from the sale of cellular phones and accessories.

América Móvil has authorization, licenses, permits and concessions (hereinafter collectively referred to as "licenses") to build, install, operate and use both public and private telecommunications networks and provide telecommunication services (mostly mobile and fixed-line telephony) in the countries in which the Company has presence, except in the U.S. These licenses expire on various dates between the years 2008 and 2046.

Such 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 the number of channels in operation (except for Guatemala and El Salvador).

Merger

At the extraordinary meeting held on December 13, 2006, the stockholders agreed to merge América Telecom, S.A.B. de C.V. ("AMTEL") and Corporativo Empresarial, S.A. de C.V. ("Corporativo") (disappearing companies) into América Móvil (surviving company) (see Note 3 for additional information).

Prior to the merger, AMTEL held 66.66% of the voting shares of América Móvil, and 40.74% of the Company's shares were directly and indirectly held by AMTEL on a fully diluted basis.

Change in name

In 2006, the new Mexican Securities Trading Act came into effect, which, among other provisions, establishes that corporations that are listed on the Mexican stock exchange must change their entity names from Variable Capital Stock Corporation (S.A. de C.V.) to Variable Capital Stock Market Corporations (S.A.B. de C.V.). Consequently, the Company changed its name to América Móvil, S.A.B. de C.V.

Equity investments in subsidiaries and affiliated companies

At December 31, 2005 and 2006, América Móvil's equity interest in its principal subsidiaries and affiliated companies is as follows:

Company	Country	Equity interest at December 31,	
		2005	2006
Subsidiaries:			
AMX Tenedora, S.A. de C.V.	Mexico		100.0%
Compañía Dominicana de Teléfonos, C. por A. (Dominicana) ⁽⁵⁾	Dominican Republic		100.0
Sercotel, S.A. de C.V.	Mexico	100.0%	100.0
Radiomóvil Dipsa, S.A. de C.V. and subsidiaries (Telcel)	Mexico	100.0	100.0
TracFone Wireless, Inc. (Tracfone)	United States	98.2	98.2
Telecom Américas, Ltd: ⁽¹⁾	Bermuda	98.9	100.0
Claro Telecom Participacoes, S.A.	Brazil	100.0	100.0
Alecan Telecomunicacoes, Ltda.	Brazil	100.0	100.0
Americel, S.A.	Brazil	98.5	99.3
Telet, S.A. ⁽¹⁾	Brazil	99.0	
BCP, S.A.	Brazil	99.9	99.9
América Central Tel, S.A. (ACT):	Guatemala	100.0	100.0
Telecomunicaciones de Guatemala, S.A. (Telgua)	Guatemala	99.1	99.1
Newcotel, S.A.	Guatemala	99.1	99.1
Servicios de Comunicaciones Personales Inalámbricas, S.A. (Sercom) ⁽²⁾	Guatemala	99.1	99.1
Arendadora en Telecomunicaciones, S.A. ⁽²⁾	Guatemala	98.3	
Servicios de Comunicaciones de Nicaragua, S. A. ⁽²⁾ (Sercom Nicaragua)	Nicaragua	99.1	

Company	Country	Equity interest at December 31,	
		2005	2006
Empresa Nicaragüense de Telecomunicaciones, S.A. (Enitel)	Nicaragua	99.3	99.3
AMX El Salvador, LLC.	Delaware	100.0	100.0
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE) ⁽³⁾	El Salvador	95.8	95.8
CTE Telecom Personal, S.A. de C.V. (Personal)	El Salvador	95.8	95.8
Cablenet, S.A. de C.V. (Cablenet)	Guatemala	95.8	95.8
Telecomoda, S.A. de C.V. (Telecomoda)	El Salvador	95.8	95.8
Publicom, S.A. de C.V. (Publicom)	El Salvador	95.8	95.8
Comunicación Celular, S.A. (Comcel):	Colombia	99.2	99.2
Consortio Ecuatoriano de Telecomunicaciones, S.A. (Conecel)	Ecuador	100.0	100.0
CTI Holdings, S.A. ⁽⁴⁾	Argentina	100.0	100.0
CTI Compañía de Teléfonos del Interior, S.A., (CTI Interior)	Argentina	100.0	100.0
CTI PCS, S.A. (CTI PCS)	Argentina	100.0	100.0
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Megatel)	Honduras	100.0	100.0
AM Wireless Uruguay, S. A.	Uruguay	100.0	100.0
Claro Chile, S.A. ⁽⁵⁾	Chile	100.0	100.0
AMX Paraguay, S.A. ⁽⁵⁾	Paraguay	100.0	100.0
América Móvil Peru, S.A.C. ⁽⁵⁾	Peru	100.0	100.0
Affiliates:			
Grupo Telvista, S.A. de C.V.	Mexico	45.0	45.0
Iberbanda, S.A. ⁽⁶⁾	Spain	17.8	17.8

⁽¹⁾ The name "Telecom Américas" will refer collectively to the companies Claro Participaciones, Alecan, Americhel and BCP; all of which operate under the trademark "Claro". In July 2006, Telet was merged into BCP, the surviving company. Such merger was carried out with carrying values at such date. The merger did not affect the Company's consolidated financial statements. At the date on which these financial statements are issued, such mergers have the corresponding legal authorizations.

⁽²⁾ Includes Nicaragua operations. In March 2006, Sercom Nicaragua was merged into Enitel, the surviving company. In April 2006, Arrendadora en Telecomunicaciones, S.A. merged into Sercom. Such mergers had no effect on the Company's consolidated financial statements.

⁽³⁾ The name "CTE" as used hereinafter will refer collectively to the companies: CTE, Personal, Cablenet, Telecomoda and Publicom.

⁽⁴⁾ The name "CTI" as used hereinafter will refer collectively to the companies: CTI Holdings, CTI Interior and CTI PCS.

⁽⁵⁾ Companies acquired in 2005 and 2006 (see Note 10).

⁽⁶⁾ The value of these investments is fully impaired and the Company is not required to make additional contributions; therefore, no equity method has been recognized on such investments.

The subsidiaries mentioned above provide mobile telephony services. Telgua, CTE, Enitel and Dominicana provide mainly, among other telecommunication services, fixed-line telephone services.

TracFone resells cellular airtime on a prepaid basis through retailers to customers who use telephones equipped with TracFone software. TracFone does not own a cellular infrastructure but purchases airtime from mobile carriers throughout the United States.

2

Summary of Significant Accounting Policies and Practices

The significant accounting policies and practices observed by the Company in the preparation of the consolidated financial statements, which are in conformity with Mexican Financial Reporting Standards (FRS), are comprised of the bulletins issued by the Mexican Institute of Public Accountants that have not yet been modified, replaced or abolished by the FRS, as well as the FRS issued by the Mexican Financial Information Standards Research and Development Board (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. or "CINIF").

On March 12, 2007, América Móvil's Chief Executive Officer, General Counsel and Chief Finance Officer authorized the issuance of the accompanying financial statements and these notes at December 31, 2004, 2005 and 2006, which must be also approved by the Company's Board of Directors, Audit Committee and stockholders in their next meetings.

a) Consolidation and basis of translation of financial statements of foreign subsidiaries

i) Consolidation

The consolidated financial statements include the accounts of América Móvil and those of its subsidiaries. All the companies operate in the telecommunications sector or provide services to companies operating in such sector.

All intercompany balances and transactions have been eliminated in the consolidated financial statements. Minority interest relates to the Company's foreign subsidiaries.

ii) Basis of translation of financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries and affiliates, which in the aggregate account for approximately 48%, 51% and 54% of the Company's total operating revenues for 2004, 2005 and 2006, respectively, and approximately 78% and 65% of the Company's total assets at December 31, 2005 and 2006, are translated into Mexican pesos, as follows:

The financial statements as reported by the subsidiaries abroad, in the local currency, were adjusted to conform to Mexican Financial Reporting Standard in force and later restated to constant local currency based on the inflation rate of the country in which the subsidiary operates.

Subsequently balance sheet amounts, except for stockholders' equity, are translated at the prevailing exchange rate at year-end; stockholders' equity accounts are translated at the prevailing exchange rate at the time capital contributions were made and earnings were generated. Income statement amounts were translated to Mexican pesos with purchasing power at the prevailing exchange rate at the end of the reporting period.

Translation differences are included in the caption "Effect of translation of foreign entities" and are included in stockholders' equity as part of the caption "Other comprehensive loss items". At December 31, 2004, 2005 and 2006, the gain (loss) on translation was P.9,327,899, P.(335,204) and P.1,227,283, respectively.

The financial statements at December 31, 2004 and 2005 of the subsidiaries abroad were restated to constant Mexican pesos with purchasing power at December 31, 2006, based on the rate of inflation in Mexico. The effects of inflation and variances in exchange rates were not material.

Exchange differences and the monetary position effect derived from intercompany monetary items are included in the consolidated statements of income.

b) Revenue recognition

Revenues are recognized at the time services are provided. Mobile telecommunications services are provided either under prepaid (calling cards) or under contract (postpaid) plans. In both cases, airtime revenues are recognized as a customer uses the airtime or when the card expires in the case of prepayments or for unused airtime.

Monthly basic rent under postpaid plans is billed in arrears based on the rates approved by the regulatory authorities in each country and corresponds to services rendered, except in Mexico and Colombia, where basic monthly rent is billed one month in advance. Revenues are recognized at the time services are provided.

Revenues from interconnections services, which consist of calls of other carriers that enter the Company's cellular network (incoming interconnections services), are recognized at the time the service is provided. Such services are billed based on rates previously agreed with the other carriers.

Long-distance charges refer to airtime used in receiving from or making calls to regions or coverage areas outside of the area where the customer service is activated. The related revenues are recognized at the time the service is provided.

Roaming charges represent airtime charged to customers for making or receiving calls outside their coverage areas or abroad. The related revenues are recognized at the time the service is provided based on the rates agreed upon with other domestic and international carriers.

Value added services and other services include voice services and data transmission services (such as two-way and written messages, call information, emergency services, among others). Revenues from such services are recognized at the time they are provided.

Sales of handsets and accessories are mostly made to authorized distributors.

Telgua, ENITEL, CTE and Dominicana's revenues from telephone line installation fees (net of related costs) are deferred and recognized over the estimated average life of subscribers.

The Company usually does not charge activation fees to its customers; however, in certain regions, depending upon market, certain activation fees are charged. The Company recognizes revenues from these fees when billed. These revenues are not deferred because they are not significant to the Company's financial statements taken as a whole.

c) Cost of cellular telephone equipment

The cost related to cellular telephone equipment is recognized in the statements of income at the time the corresponding income is recognized. Shipping and handling costs for wireless handsets sold to distributors are classified as costs of sales.

d) Interconnection costs

Interconnection costs represent the costs of outgoing calls from the Company's cellular network to other carriers' network, the costs of link-ups between fixed and cellular networks, long-distance charges and rent paid for use of infrastructure (links and ports), all of which are recognized as costs at the time the service is received.

e) Commissions paid to distributors

Commissions paid with respect to the activation of postpaid customers are recognized as expenses at the time the new customer is activated in the system and may begin using the Company's network. Commissions paid with respect to the activation of prepaid customers are recognized as deductions from the revenues received from the customer.

Loyalty and sales volumes commissions are accrued on a monthly basis on the basis of statistical information regarding customer retention, sales volume and the number of acquired customers by each distributor. Loyalty commissions are paid for each customer acquired by a distributor who remains as a customer of the Company for a specified period of time, and sales volumes commissions are paid at the time the distributor reaches certain ranges of activated customers.

f) Recognition of the effects of inflation

The Company recognizes the effects of inflation on financial information. Consequently, the amounts shown in the accompanying financial statements and in these notes are expressed in thousands of Mexican pesos with purchasing power at December 31, 2006. Accordingly, the financial statements have been restated as follows:

Telephone plant, property and equipment and construction in progress are restated as described in Note 8. Depreciation is computed on restated values using the straight-line method based on the estimated useful lives of the related assets, starting the month after the assets are put into use.

Annual depreciation rates are the following:

Telephone plant	10% to 33%
System performance monitoring equipment included in telephone plant	33%
Buildings	3%
Other assets	10% to 25%

Inventories are valued at average cost and are presented at their estimated replacement cost, which is not in excess of market value. Cost of sales represents estimated replacement cost at the time inventories were sold, restated in constant pesos at year-end.

Capital stock, retained earnings, capital reserves and other non-monetary assets (except for property and equipment) were restated based on the Mexican National Consumer Price Index (NCPI) published by Banco de México (the Central Bank).

Other accumulated comprehensive income items include the following: the deficit from restatement of stockholders' equity, which consists of the accumulated monetary position gain determined at the time the provisions of Bulletin B-10 were first applied, of P.(18,628); (b) the result from holding non-monetary assets, which represents the net difference between restatement by the specific indexation method and restatement based on the NCPI, which at December 31, 2004, 2005 and 2006 aggregates P. (9,082,531), P.(14,267,300) and P.(12,733,612), respectively; c) the market value of swaps, which at December 31, 2005 aggregates P.(51,217); d) the effect of available-for-sale securities, which at December 31, 2005 aggregates P.(357,767); and e) the effect of translation of foreign entities, which at December 31, 2004, 2005 and 2006 aggregates P.(1,235,856), P.(1,608,901) and P.(323,109), respectively.

The net monetary gain represents the effect of inflation on monetary assets and liabilities. The related amounts are included in the statements of income as part of the caption comprehensive financing income (cost).

The statement of changes in financial position is prepared based on the financial statements expressed in constant Mexican pesos. The source and application of resources represent the differences between beginning and ending financial statement balances in constant Mexican pesos. Monetary and foreign exchange gains and losses are not treated as non-cash items in the determination of resources provided by operations.

g) Cash and cash equivalents

Cash and cash equivalents consist basically of bank deposits and highly liquid investments with original maturities of less than 90 days. Such investments are stated at acquisition cost plus accrued interest, which is similar to market value.

h) Marketable securities and available-for-sale securities

Investments in marketable securities are represented by equity securities and foreign government bonds. Available-for-sale securities are represented exclusively by equity securities. All investments in marketable securities are presented at market value. Changes in the fair value of instruments classified as marketable securities are recognized in results of operations. Change in the market value of instruments classified as available-for-sale are included in stockholders' equity until they are sold.

Should there be objective and lasting evidence of impairment in the value of either its instruments available for sale or held to maturity, the Company determines the amount of the related loss and recognize such loss as part of the comprehensive financing income (cost). For the year ended December 31, 2005, the Company had recorded no such impairment loss. However, in 2006, since the loss on fair value of securities available-for-sale was constant, the Company decided to include an impairment loss of P.1,325,987 in the statements of income.

Through December 31, 2004, changes in the market value of instruments classified as available-for-sale were recognized in results of operations. On January 1, 2005, the Company adopted the requirements of Mexican accounting Bulletin C-2, "Financial Instruments", issued by the MIPA. Bulletin C-2 requires that changes in the fair value of instruments classified as available for sale be disclosed in stockholders equity until as the instruments are sold. The adoption of this new accounting requirement gave rise to a reclassification at the beginning of 2005 in stockholders' equity from retained earnings to other accumulated comprehensive loss items in the amount of P.4,086. Had the Company adopted the provisions of this new bulletin in 2004, the net income of such year would have decreased by the same amount.

i) Allowance for doubtful accounts

The Company recognizes periodically in its results of operations an allowance for doubtful accounts with respect to its portfolios of postpaid customers, distributors and network operators (basically for interconnection fees). The allowance is based primarily on write-off experience and on the aging of the accounts receivable balances, as well as the time in which dispute proceedings with operators are solved for terminal calls.

The collection policies and procedures vary by credit class, payment history of customers and the age of the unpaid calls.

j) Equity investments in affiliates

The investment in shares of affiliates is accounted for using the equity method. This accounting method consists basically of recognizing the investor's equity interest in the results of operations and the stockholders equity of the investees at the time such results are determined (see Note 10).

k) Business acquisitions and goodwill

Business acquisitions are recorded using the purchase method. The acquisition of minority interest is considered a transaction between entities under common control and any difference between the purchase price and the book value of net assets acquired is recognized as an equity transaction.

Goodwill represents the difference between the purchase price and the fair value of the net assets of subsidiaries and affiliates acquired at purchase date. Goodwill is no longer amortized, but rather is subject to annual impairment valuations and adjustments. At December 31, 2004, 2005 and 2006, there are no impairment losses to report.

Through December 31, 2004, goodwill was being amortized using the straight-line method over a ten-year period (see Note 9). The proscription of amortization of goodwill in 2005 gave rise to an increase in net income for the year ended December 31, 2005 of P.1,117,978.

l) Licenses

Licenses to operate wireless telecommunications networks are accounted for at cost or at fair value, adjusted to conform to Mexican Financial Reporting Standards based on the inflation factors of each country, and amortized using the straight-line method over periods ranging from 15 to 40 years, which correspond to the applicable usage period.

m) Trademarks

Trademarks are recorded at their market values at the date acquired, as determined by independent appraisers, and are amortized using the straight-line method over a ten-year period.

n) Impairment of assets

When there are indications of impairment in the value of long-lived assets, the recoverable value of the related assets is estimated, which is defined as the higher of the asset's net selling price or its value in use, which is computed based on discounted cash flows. When the net carrying amount of an asset exceeds its recoverable value, the difference is recognized as an impairment loss.

o) Foreign exchange gains or losses

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

p) Liability provisions

Liability provisions are recognized whenever (i) the Company has current obligations (legal or assumed) derived from past events, (ii) the liability will most likely give rise to a future cash disbursement for its settlement and (iii) the liability can be reasonably estimated.

When the effect of the time value of money is material, provision amounts are 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 balance sheet date and, where appropriate, the risks specific to the related liability. Where discounting is used, an increase in the provision is recognized as a financial expense.

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

q) Labor obligations

In Mexico the liability for pension benefits and seniority premiums is recognized periodically during the years of service of personnel, based on actuarial computations made by independent actuaries, using the projected unit-credit method. In conformity with the labor legislation of the rest of the countries in which the Company operates, there are no defined benefit plans or compulsory defined contribution structures for the companies. However, these companies make contributions to domestic pension, social security and severance plans in accordance with the percentages and rates established by the applicable law. Such contributions are made to bodies designated by each government and are recorded as expenses when incurred.

None of the Company's subsidiaries have defined contribution plans for post-retirement obligations or medical assistance benefits for retired employees or their dependents.

r) Income tax and employee profit sharing

Deferred taxes are determined using the asset and liability method. Under this method, deferred tax assets and liabilities are determined on all temporary differences between the financial reporting and tax bases, applying the enacted income tax rate at the time the balance sheet date, or the enacted income tax rate that will be in effect at the time the temporary differences giving rise to deferred tax assets and liabilities are expected to be recovered or settled.

The Company evaluates periodically the possibility of recovering deferred tax assets and, if necessary, creates a valuation allowance for those assets that are unlikely to be recovered.

Deferred employee profit sharing is determined only on temporary differences in the reconciliation of current year net income to taxable income for employee profit sharing purposes, provided there is no indication that the related liability or asset will not be realized in the future.

Asset tax is offset against deferred income tax, making the appropriate evaluation of recovery.

s) Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2004, 2005 and 2006, advertising expense aggregated P.4,581,024, P.5,899,894 and P.5,212,671, respectively.

t) Comprehensive income

Comprehensive income consists of current year net income plus the effect of translation of financial statements of foreign entities, changes in minority interest, the result from holding non-monetary assets, the changes in the fair value of instruments classified as available-for-sale, the effect of the swap valuation, and the effect of current year deferred taxes, all of which are applied directly to stockholders' equity.

u) Earnings per share

The Company determined earnings per share by dividing net income by the average weighted number of shares issued and outstanding during the period. In determining the average weighted number of shares issued and outstanding, shares acquired by repurchase have been excluded. As a result of the merger mentioned in Note 3, all information relative to shares and earnings per share in these financial statements has been retroactively adjusted to recognize the net cancellation of shares mentioned in Note 3.

v) Use of estimates

The preparation of financial statements in conformity with Mexican Financial Reporting Standards requires the use of estimates and assumptions that affect the amounts reported in the financial statements and in the accompanying notes. Actual results could differ from these estimates.

w) Concentration of risk

The Company invests a portion of its surplus cash in time deposits in financial institutions with strong credit ratings. The Company has no significant concentrations of credit risks in its accounts receivable, as it has a broad customer base that is geographically diverse.

The Company operates internationally; consequently, it is exposed to market risks for fluctuations in exchange rates.

Approximately 40%, 45% and 34% of the Company's aggregate interconnection expenditures for the years ended December 31, 2004, 2005 and 2006, respectively, represented services rendered by one supplier; approximately 75%, 65%, and 63%, respectively, of the aggregate cost of cellular telephone equipment for such periods represented purchases from three suppliers; and approximately 70%, 41% and 81%, respectively, of telephone plant purchases were made from two suppliers.

If any of these suppliers fails to provide the Company with services or equipment on a timely and cost effective basis, the Company's business and results of operations could be adversely affected.

x) Financial instruments acquired for hedging purposes

To protect itself against fluctuations in interest and exchange rates, the Company uses derivatives that have been designated and classified as either fair value hedges (forwards) or cash flow hedges (interest-rate and cross-currency swaps), depending on the risk being hedged. Through December 31, 2004, the changes in fair value of such instruments was recognized in the statements of income, net of costs, expenses or income derived from the hedged assets and liabilities.

Derivatives may be designated as hedges, provided that their designation is formally documented from the time the agreement is entered into (such documentation must include, among other requirements, the way in which the effectiveness of the hedge will be evaluated). Also, the hedging relationship must be periodically evaluated from the hedge's inception and during its subsequent phases and the effectiveness of the hedge must be evaluated prior to its implementation and then subsequently measured on a reliable basis.

As of 2005, with respect to fair value hedges, changes in the fair value of these instruments are charged or credited to income in the period in which they occur, together with the gain or loss from the hedged asset or liability due to the changes in its fair value.

For cash flow hedges, the effective portion of the derivative's gain or loss is initially reported as a component of comprehensive income in stockholders' equity while the ineffective portion of the gain or loss is reported in earnings. The effectiveness of the derivatives is determined at the time they are defined as derivatives and is periodically measured. Hedges considered as highly effective are those in which the fair value or cash flows of the hedged item are offset on a period-by-period or cumulative basis by changes in the fair value or cash flows of the derivative itself by a range of between 80% and 125%.

As of January 1, 2005, due to the adoption of Mexican accounting Bulletin C-10, "Accounting for Derivative Instruments and Hedging Activities", issued by the Mexican Institute of Public Accountants in April 2004, the Company modified its accounting policies for valuing and recognizing these instruments. The adoption of this new bulletin gave rise to the reclassification in stockholders' equity of items in the amount of P.45,415 from retained earnings to other accumulated comprehensive income items (excluding the effect of deferred taxes). Had the Company adopted the provisions of this new bulletin in 2004, taking into account that the Company's hedges would have met the criteria for recognition, net income of such year would have decreased by the same amount.

y) Comparability

The following pro forma financial data for 2004 is based on the Company's financial statements, adjusted to give effect to the new accounting pronouncements described in paragraphs h), k) and x) above.

		2004
Net pro forma income	P.	19,056,068
Average number of outstanding shares (in millions)		36,848
Earnings per share	P.	0.52

z) Segment information

Segment information is prepared based on information used by the Company in its decision making processes based on the geographical areas in which América Móvil operates.

a.1) New Accounting Pronouncements**The most important new pronouncements that came into force in 2006 are as follows:**

FRS A-3, "User Needs and the Objective of Financial Statements", establishes, among other provisions, that the statement of changes in financial position will be substituted by a statement of cash flows whenever so required by the specific standards. At December 31, 2006, there are not yet any specific rules for the issuance of the statements of cash flows. Therefore, the statement of changes in financial position will continue being used, until such time as the specific standards have been issued.

FRS A-5, "Basic Elements of Financial Statements", includes a new classification of revenues and expenses in the statement of income, as either ordinary or non-ordinary. Ordinary revenues and expenses derive from common transactions or events; in other words, they are those transactions carried out for the entity's own business purposes, either on a frequent or non-frequent basis. Non-ordinary revenues and expenses correspond to unusual transactions or events, both frequent or non-frequent. Also, this pronouncement excludes such items that, under the abolished Mexican accounting Bulletin A-7, "Comparability", issued by the Accounting Principles Board, were considered either as special or extraordinary. Therefore, these items must be considered as part of the ordinary or non-ordinary result, respectively.

This FRS also requires entities to recognize in income "other comprehensive income items" at the time the net assets that gave rise to them are realized.

However, Mexican accounting Bulletin B-3, "Statements of Income", in force at December 31, 2006, issued by the Accounting Principles Board, has made no reference to such classification or provided the rules for transferring "other comprehensive income items". Consequently, statements of income are still presented, as required by Bulletin B-3 in force as of December 31, 2006, based on the conclusions of Interpretation FRS 3, "Initial Application of the FRSs", issued in January 2006, which establishes that companies must temporarily observe the requirements of the specific FRS that have yet to be modified, while their adaptation to the FRS conceptual framework is underway.

The new FRS B-3, "Statements of Income", issued by the CINIF, will take effect on January 1, 2007. Therefore, the requirement to classify revenues and expenses as either ordinary or non-ordinary will be effective on December 31, 2007, as required by the presentation rules provided under the standard.

FRS A-7, "Preparation and Disclosure", requires that the date on which the issuance of the financial statements was approved, as well as the names of the entity officers or governing bodies that authorize their issuance, be disclosed in the financial statements.

FRS B-1, "Accounting Changes and Error Corrections", establishes that changes in internal accounting policies and reclassifications and error corrections must be recognized retrospectively, so that both the basic financial statements for the most recent period presented and those presented for comparison with the current period statements are adjusted as if the new policy, classification or error correction had always been applied. This FRS also requires that, in the event of reclassifications, the affected captions and the related amounts be disclosed as they were previously presented and after giving effect to each reclassification.

The adoption of these new rules had no effect on the Company's financial statements.

The following new pronouncements entered into force on January 1, 2007:

FRS B-3, "Statement of Income", establishes the guidelines for classifying revenues, costs and expenses as either "ordinary" or "non-ordinary", modifies certain specific FRS, redefines the primary sections of the statements of income to provide a new classification of either "ordinary" or "income level" items, and eliminates the special and extraordinary item classifications from the statement of income, as well as the caption initial accumulated effect of changes in accounting principles, which is consistent with the FRS B-1 mentioned above.

The Interpretation of FRS 4, "Presentation of Employee Profit Sharing in the Statement of Income", establishes that employee profit sharing shall no longer be presented as a tax provision, but instead, such item shall be included as an ordinary expense.

FRS B-13, "Subsequent Events at the Date of the Financial Statements", modifies the former rules relative to subsequent events, by establishing that certain events, such as the restructuring of assets and liabilities and the relinquishing of creditors of their collection rights in the case of debt default, shall be disclosed in the notes to the financial statements and recognized in the period in which they took place. Accordingly, the financial statements may no longer be adjusted to reflect such subsequent events, as was permitted under Bulletin B-13.

FRS C-13, "Related Parties", broadens the concept of related parties to mention joint ventures in which the reporting entity participates, immediate family members of key management personnel or directors, as well as funds derived from labor obligation plans. This standard obligates entities to disclose the relationship between the controlling company and its subsidiary, irrespective of whether transactions were carried out between them in the period or not. FRS C-13 also establishes that the reporting entity may disclose that the considerations for transactions carried out with its related parties are at arm's length, provided that it can be demonstrated. Finally, FRS C-13 also requires entities to disclose information on the compensation paid to the entity's key managerial personnel or relevant Company directors.

FRS D-6, "Capitalization of the Comprehensive Financing Cost", establishes that entities must capitalize Comprehensive Financing Cost (CFC), which was previously optional. Capitalizable CFC is defined as the amount attributable to qualifying assets that could have been avoided if such acquisition had not taken place. Qualifying assets are defined as those assets acquired by an entity requiring a prolonged acquisition period in order to use, sell or lease them. FRS D-6 establishes the conditions necessary for the capitalization of CFC and the method under which the capitalizable amount must be determined, and also provides guidelines for determining when such capitalization must be suspended.

a.2) Convenience translation

U.S dollar amounts as of December 31, 2006 shown in the financial statements have been included solely for the convenience of the reader and are translated from pesos with purchasing power as of December 31, 2006, divided by an exchange rate of P.10.88 to USD 1.00, the December 31, 2006 exchange rate. Such translations should not be construed as a representation that the Mexican peso amounts have been or could be converted into U.S. dollars at this or any other rate.

3. Merger

At an extraordinary meeting held on December 13, 2006, the stockholders agreed to merge América Telecom, S.A.B. de C.V. ("AMTEL") and Corporativo Empresarial, S.A. de C.V. ("Corporativo") (disappearing companies) into América's Móvil (surviving company).

Prior to the merger, the principal business strategy of AMTEL and Corporativo was to hold equity interest in América Móvil.

Derived from the merger, (i) the stockholders of AMTEL received 4,071,28 shares of América Móvil for each of their shares, (ii) América Móvil cancelled, on a net basis, 603,143,698 Series "L" shares and issued 14,026,856,302 shares of the corresponding series.

The stockholders of AMTEL, at their request and subject to not exceeding the limits corresponding to each series of shares and to the holding restrictions contained in América Móvil's bylaws, received América Móvil's shares, on a proportional basis (see Note 18).

Derived from the fact that AMTEL and Corporativo were entities under the common control of the Company's majority stockholder, in conformity with Mexican Financial Reporting Standards, América Móvil restructured the financial information from prior years so as to present corporate information of 2004 and 2005 combining the results of operations of the merged entities in a way similar to a pooling of interest.

Highlights of net income, stockholders' equity and earnings per share comparing amounts as originally disclosed in 2004 and 2005 and those including the effects of the merger, are as follows:

	December 31	
	2004	2005
Net income		
As issued	P. 17,754,272	P. 32,922,465
Restructured	17,922,871	31,858,222
Stockholders' equity		
As issued	83,397,009	89,129,988
Restructured	63,419,219	75,092,944
Earnings per share		
As issued	P. 0.47	P. 0.90
Restructured	0.49	0.89

A summary of the effects of the merger on the statements of income for the years ended December 31, 2004 and 2005 is as follows:

	Year ended December 31, 2004			
	As issued	Results of merged companies	Eliminations	Restructured amounts
Total revenues	P. 144,872,837	P. 249,882	P. (249,882)	P. 144,872,837
Operating costs and expenses	119,613,665	14,116	(249,882)	119,377,899
Operating income	25,259,172	235,766		25,494,938
Comprehensive financing income	2,051,808	27,740		2,079,548
Other income	95,554	170		95,724
Provisions for income tax and employee profit sharing	9,172,572	95,077		9,267,649
Equity interest in net loss of affiliated companies	(99,734)			(99,734)
Net income before minority interest	18,134,228	168,559		18,302,827
Minority interest	(379,956)			(379,956)
Net income	P. 17,754,272	P. 168,559		P. 17,922,871

	Year ended December 31, 2005			
	As issued	Results of merged companies	Eliminations	Restructured amounts
Total revenues	P. 189,530,404	P. 343,565	P. (343,565)	P. 189,530,404
Operating costs and expenses	154,469,776	16,096	(343,565)	154,142,307
Operating income	35,060,628	327,469		35,388,097
Comprehensive financing cost	(1,242,399)	(1,447,194)		(2,689,593)
Other expenses	(425,034)	(734)		(425,768)
Provisions for income tax and employee profit sharing	355,330	(56,216)		299,114
Equity interest in net loss of affiliated companies	(44,081)			(44,081)
Net income (loss) before minority interest	32,993,784	(1,064,243)		31,929,541
Minority interest	(71,319)			(71,319)
Net income (loss)	P. 32,922,465	P. (1,064,243)		P. 31,858,222

4. Marketable Securities and Instruments Available-for-Sale

An analysis of the Company's investments in financial instruments at December 31, 2005 and 2006 is as follows:

	2005		2006	
	Cost	Fair value	Cost	Fair value
For-trading securities:				
Shares	P. 46,239	P. 23,910	P. 991,926	P. 1,493,313
Available-for-sale securities:				
USCO	1,899,787	1,542,021	1,899,787	573,800
	P. 1,946,026	P. 1,565,931	P. 2,891,713	P. 2,067,113

a) At December 31, 2004, 2005 and 2006, the net unrealized gain (loss) on for-trading securities was P.118,189, P.(22,329) and P.501,387, respectively. The net realized gain was P.236,362, P.94,595 and P.14,664 for the years ended December 31, 2004, 2005 and 2006, respectively, which was recognized in results of operations.

b) At December 31, 2004 and 2005, the net unrealized gain (loss) on investments classified as available-for-sale of P.4,086 and P.(357,766), respectively, was recorded in other financing costs, net in the comprehensive financing income (cost) caption.

c) As a result of the loss in the market value of the securities of the issuer USCO, in 2006, the Company recorded a loss of P.1,325,987 in its results of operations under other financing costs, net.

5. Accounts Receivable

a) An analysis of accounts receivable is as follows:

		December 31	
		2005	2006
Subscribers	P.	16,718,033	P. 16,949,681
Retailers		5,211,882	8,752,272
Cellular operators for interconnections		3,927,224	6,902,267
Recoverable taxes		9,011,825	9,859,988
Sundry debtors		1,471,643	2,998,952
		36,340,607	45,463,160
Less: Allowance for doubtful accounts	(	4,044,695)	(4,569,702)
Total	P.	32,295,912	P. 40,893,458

b) An analysis of activity in the allowance for doubtful accounts for the years ended December 31, 2004, 2005 and 2006 is as follows:

		2004	2005	2006
Balance at the beginning of the period	P. (	2,126,652)	P. (3,487,088)	P. (4,044,695)
Increase through charge to expenses	(	1,925,031)	(2,915,308)	(2,803,443)
Allowances created in acquired companies	(	159,779)	(147,874)	(401,046)
Charges to allowance		724,374	2,505,575	2,679,482
Balance at the end of the period	P. (	3,487,088)	P. (4,044,695)	P. (4,569,702)

c) In 2005 and 2006, Enitel sold, without recourse, its fully reserved bad debt portfolio to unrelated parties for P.155,346 (US\$ 13,939) and P.1,686,555 (US\$ 155,000), respectively.

6. Inventories

An analysis of inventories is as follows:

		December 31	
		2005	2006
Cellular telephones, accessories, cards and others	P.	14,313,784	P. 20,313,403
Less:			
Reserve for obsolete and slow-moving inventories	(	836,528)	(970,063)
Total	P.	13,477,256	P. 19,343,340

7. Prepaid Expenses and License Acquisition

In 2003, Telcel entered into an agreement with Operadora Unefon, S.A. de C.V. (Unefon), whereby Unefon agreed to provide Telcel 8.400 MHz exclusive and uninterrupted access to a nationwide wireless network using the 1850-1865 MHz / 1930-1945 MHz (Band "A") radio spectrum, for a 16-year period. Under the terms of the agreement, Telcel paid in advance a total consideration of P.3,309 million (US\$ 267.7 million), which represented the present value of the amounts due over the term of the contract and which, through April 2005, was being amortized using the straight-line method over a 16-year period.

On May 13, 2005, Telcel and Unefon terminated the capacity service contract, and simultaneously entered into an agreement for the partial onerous cession of the previously mentioned frequency, with no additional net cost considerations to be paid. The amount of the outstanding balance of the prepayment was transferred to intangibles and is being amortized using the straight-line method over a 14-year period (see Note 9).

8. Plant, Property and Equipment

a) An analysis of plant, property and equipment is as follows:

		December 31	
		2005	2006
Telephone plant and equipment	P.	138,660,510	P. 187,509,412
Land and buildings		6,317,490	9,064,174
Other assets		19,290,551	23,099,817
		164,268,551	219,673,403
Less: Accumulated depreciation	(	64,228,031)	(94,426,320)
Net		100,040,520	125,247,083
Construction in progress and advances to equipment suppliers		15,265,999	11,381,828
Inventories, primarily for use in the construction of the telephone plant		1,063,725	1,289,118
Total	P.	116,370,244	P. 137,918,029

b) At December 31, 2006, included in plant, property and equipment are assets held under capital leases, as follows:

		2005		2006	
Assets under capital leases	P.	5,602,375	P.	5,892,799	
Accumulated depreciation	(	963,473)	(	1,727,350)	
	P.	4,638,902	P.	4,165,449	

c) From January 2003 to December 2006, the Company sold part of its telephone plant to unrelated parties for P.5,893 million which it then leased again under sale and lease back agreements, losses incurred are being amortized based on the remaining useful life of the assets.

At December 31, 2006, the Company recorded deferred charges related to the above-mentioned sales in the short- and long-term of P.1,560,716 and P.5,739,033, respectively (P.1,393,976 and P.6,954,760, respectively, at December 31, 2005), which are included as part of the caption other non-current assets in the balance sheet.

Amortization expense for the years ended December 31, 2004, 2005 and 2006 was P.519,824, P.1,413,761 and P.1,475,061, respectively.

d) Depreciation expense for the years ended December 31, 2004, 2005 and 2006 was P.13,177,868, P.15,961,139 and P.19,059,881, respectively.

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

Effective January 1, 1997, the use of this procedure for the restatement of plant, property and equipment was eliminated. At and for the years ended December 31, 2005 and 2006, this caption was restated in each country, as follows:

The December 31, 1996, appraised value of the imported telephone plant, as well as the cost of subsequent additions to such imported plant, were restated based on the rate of inflation in the respective country of origin and then translated into Mexican pesos using the prevailing exchange rate at the balance sheet date (specific indexation factors).

The appraised value of land and buildings and other fixed assets of domestic origin at December 31, 1996, and the cost of subsequent additions to such assets were restated based on the NCPI.

At December 31, 2006, approximately 85% (84% in 2005) of the book value of the plant, property and equipment has been restated using specific indexation factors.

9. Intangible Assets

An analysis of intangible assets at December 31, 2006 and 2005 is as follows:

	December 31, 2006						
	Balance at the beginning of the year	Acquisitions	Cancellations	Amortization expense	Effects of translation of foreign subsidiaries		Balance at the end of the year
Licenses	P. 31,845,424	2,771,839	(108,946)			P.	34,508,317
Effect of translation	11,966,916				3,928,809		15,895,725
Accumulated amortization	(11,293,437)	(807,935)	37,405	(4,889,443)		(	16,953,410)
Net	P. 32,518,903	1,963,904	(71,541)	(4,889,443)	P. 3,928,809	P.	33,450,632
Trademarks	P. 9,836,097	206,461				P.	10,042,558
Effect of translation	(683,926)				(6,224)	(	690,150)
Accumulated amortization	(2,568,768)			(871,373)		(	3,440,141)
Net	P. 6,583,403	206,461		(871,373)	(6,224)	P.	5,912,267
Goodwill	P. 16,130,276	13,067,504				P.	29,197,780
Effect of translation	2,165,723				(65,002)		2,100,721
Accumulated amortization	(5,555,447)					(	5,555,447)
Net	P. 12,740,552	13,067,504			(65,002)	P.	25,743,054

December 31, 2005

	Balance at the beginning of the year	Acquisitions	Cancellations	Amortization expense	Effects of translation of foreign subsidiaries	Balance at the end of the year
Licenses	P. 26,764,453	5,334,993	(254,022)			P. 31,845,424
Effect of translation	10,460,871				1,506,045	11,966,916
Accumulated amortization	(7,152,200)	(587,947)	232,012	(3,785,302)		(11,293,437)
Net	P. 30,073,124	4,747,046	(22,010)	(3,785,302)	1,506,045	P. 32,518,903
Trademarks	P. 9,731,201	104,896				P. 9,836,097
Effect of translation	(439,402)				(244,524)	(683,926)
Accumulated amortization	(1,704,219)			(864,549)		(2,568,768)
Net	P. 7,587,580	104,896		(864,549)	(244,524)	P. 6,583,403
Goodwill	P. 13,675,156	2,455,120				P. 16,130,276
Effect of translation	2,119,375				46,348	2,165,723
Accumulated amortization	(5,555,447)					(5,555,447)
Net	P. 10,239,084	2,455,120			46,348	P. 12,740,552

a) A description of the principal changes in the caption Licenses for the years ended December 31, 2006 and 2005 is as follows:

For the year ended 2006:

1) A definitive ruling issued by the Federal Tax and Administration Court in favor of Telcel, established that:

- i) The consideration paid by Telcel to the Federal Government in the amount of P.112 million as initial payment and additional payments of P.2,039 million, for the annual share of gross revenues derived from the 15-year extension (expiring in October 2015) to the concession originally granted by the Ministry of Communications and Transportation (SCT) in October 2000, was unjustified, since such consideration was determined in conformity with a law that was no longer in force.
- ii) Telcel should in fact have made a one-time payment for the granting of the concession, in conformity with the law applicable at that time. On April 11, 2006, the SCT ordered a one-time modification to the amount of the consideration from P.112 million to P.2,184.2 million, for the extension and modification of the concession granted.

The Company adjusted the value of the license considering what best reflects the current status of the asset, in conformity with Mexican Financial Reporting Standards, as follows: 1) recognizing the value of the concession granted by the Federal Government and its corresponding amortization through April 2006, based on the new value assigned by the SCT, which resulted in a net investment for licenses of P.1,376.3 million (P.2,184.2 million in investment and P.807.9 million in accumulated amortization), 2) recognizing a cash payment of P.145.5 million and a collection of P.2,038.6 million, and 3) recording a credit to results of operations of P.1,279.3 million in the other income caption.

2) In May 2006, the Company acquired two 800 MHz licenses to operate and provide wireless services in the Santiago de Chile region; the amount paid for such licenses was P.542,483.

For the year ended 2005:

- 1) In 2005, the Company obtained a concession to render public Personal Communication Services (PCS) in Peru for which it paid P.247,960 (US\$21.1 million).
 - 2) In April 2005, Telcel was awarded the use of the 10 MHz broadband frequency in the nine regions into which Mexico is divided. The Company paid P.57,552 (P.55 million nominal amount) for such usage rights. The licenses are for 20-year terms during which time Telcel is obligated to pay certain usage fees, as stipulated in the Mexican Fees Law in force at the time the licenses were granted.
 - 3) In May 2005, Telcel acquired from Unefon 8.400 MHz in the 1850-1865 MHz / 1930-1945 MHz (Band "A") radio spectrum frequency, as described in Note 7.
 - 4) In July 2005, the Company acquired a license to operate and provide cellular and wireless telephone services in the Minas Gerais region in Brazil; the amount paid for such license was P.237,068 (R. 51.2 million).
- b) License and trademark amortization expense for the year ended December 31, 2004 was P.6,016,444.

10. Equity Investments in Subsidiaries and Affiliates

An analysis of this caption at December 31, 2005 and 2006 is as follows:

		2005	2006
Investments in:			
Affiliates (Grupo Telvista, S.A. de C.V.)	P.	402,721	P. 451,934
Other investments		102,710	107,805
Total	P.	505,431	P. 559,739

I. Investments in subsidiaries

During 2005 and 2006, the Company made a number of investments in subsidiaries, as described below:

All acquisitions were recorded using the purchase method. Through valuation made by independent appraisers, the Company determined the fair value of the net assets acquired. An analysis of the purchase price of the net assets acquired per company based on fair values at the acquisition date is as follows:

- 2006 Acquisitions**a) Compañía Dominicana de Teléfonos C. por A.**

a) On December 1, 2006, the Company acquired 100% of the outstanding shares of Compañía Dominicana for which the Company paid P.26,561,017 (US\$2,415,000). Compañía Dominicana provides telecommunications services, including cellular and fixed phone service, in the Dominican Republic.

	Compañía Dominicana de Teléfonos C. por A.	
Current assets	P.	7,071,437
Fixed assets		8,641,818
Trademarks		206,461
Other assets		285,617
Less:		
Total liabilities		2,711,820
Fair value of net assets acquired		13,493,513
% of equity acquired		100%
Net assets acquired		13,493,513
Amount paid		26,561,017
Goodwill generated	P.	13,067,504

b) On April 2, 2006, América Móvil and Telmex agreed jointly to acquire the equity interest that Verizon Communications Inc. holds in Compañía Anónima Nacional de Teléfonos de Venezuela (CANTV). On February 8, 2007, given the evident improbability of obtaining the necessary authorization from the Venezuelan government to complete the transaction, the parties mutually agreed to cancel the acquisition agreement, which had no economic effects for any of the parties.

- 2005 Acquisitions

In 2005, the Company acquired the following companies, whose purchase price was distributed as follows:

	2005 Acquisitions							
		Smartcom [Chile]		América Móvil Perú S.A.C.		AMX Paraguay		Total
Current assets	P.	1,686,902	P.	632,557	P.	124,013	P.	2,443,472
Fixed assets		3,552,856		2,075,403		220,759		5,849,018
Licenses		410,456		937,022		5,678		1,353,156
Other assets		190,721		1,575,745		8,373		1,774,839
Less:								
Liabilities other than debt		835,648		1,548,299		71,925		2,455,872
Long-term debt				847,114		3,008		850,122
Fair value of net assets acquired	P.	5,005,287	P.	2,825,314	P.	283,890	P.	8,114,491
% of equity acquired		100.00%		100.00%		100.00%		100.00%
Net assets acquired		5,005,287		2,825,314		283,890		8,114,491
Amount paid		5,675,030		4,610,691		283,890		10,569,611
Goodwill generated	P.	669,743	P.	1,785,377			P.	2,455,120

a) AMX PARAGUAY

In July 2005, the Company acquired a 100% interest in Hutchinson Paraguay, S.A. (currently AMX Paraguay, S.A.), for which it paid P.283,890 (US\$25 million). AMX Paraguay provides telecommunication services, including wireless services, throughout the Republic of Paraguay.

b) Claro Chile (formerly SMARTCOM)

In August 2005, the Company acquired from the Spanish company Grupo Endesa Participadas, S.A., a 100% interest in the Chilean company Smartcom S.A. Smartcom, S.A. provides telecommunication services, including wireless services, throughout the Republic of Chile. The total amount paid for the net assets acquired was P.5,675,030 (US\$505 million).

c) AMÉRICA MÓVIL PERU, S.A.C.

In August 2005, the Company acquired from TIM International N.V., a subsidiary of the Telecom Italia Group, a 100% interest in the Peruvian company, TIM Peru S.A.C. (nowadays América Móvil Peru, S.A.C.), for which the Company paid P.4,610,691 (US\$ 408 million). América Móvil Peru provides telecommunication services, including wireless services, throughout the Republic of Peru.

- Other acquisitions

a) On October 31, 2006, the Company exercised its option to acquire 1.1% of Telecom América's capital stock from a minority stockholder, thus increasing its shareholding from 98.9% to 100%. The Company paid P.1,847,354 (US\$172.5 million) for the shares, whose book value is P.473,500. In 2006, the Company also paid P.10,841 to acquire minority interests in Guatemala, El Salvador and Nicaragua. The book value of such minority interests was P.10,207 and the difference between the book value and price paid is reflected in stockholders' equity. As a result of these acquisitions, the Company's equity interest increased from 99.08 % to 99.09% in Guatemala, from 95.75% to 95.76% in El Salvador and from 99.26% to 99.31% in Nicaragua.

b) In 2005, the Company paid P.93,465 (US\$ 8,092) to acquire minority interest shares in Brazil, Guatemala, Nicaragua and El Salvador. The book value of such shares was P.578,455 and the difference between the book value and purchase price was recognized in stockholders' equity. Due to such acquisitions, the Company's equity interest increased from 97.8% to 98.9% in Brazil, from 99% to 99.08% in Guatemala, from 99% to 99.26% in Nicaragua and from 94.9% to 95.75% in El Salvador.

- Sale of subsidiaries and affiliated companies

In July 2005, the Company (following a capital reduction in which all the stockholders participated proportionally), sold its 40.3% equity interest in Technology and Internet, LLC and its 25% equity interest in Technology Fund One, LLC to Grupo Condumex, S.A. de C.V. (related party) for P.33,192 (US\$3 million). Such sale gave rise to a loss of P.83,530, which was recognized in stockholders' equity, since the sale was made between entities under common control.

- General

The Company is not obligated to make any further payments or provide any form of additional or contingent consideration related to these acquisitions, other than those already disclosed.

- Unaudited pro forma financial data

The following consolidated pro forma financial data for the years ended December 31, 2004, 2005 and 2006 have not been audited and are based on the Company's historical financial statements, adjusted to give effect to (i) the series of acquisitions mentioned in the preceding paragraphs; and (ii) certain accounting adjustments related to the amortization of goodwill (through December 31, 2004) and of licenses and adjustments related to depreciation of fixed assets of the acquired companies.

The pro forma adjustments assume that the acquisitions were made at the beginning of the year of acquisition and the immediately preceding year and are based upon available information and other assumptions that management considers reasonable. The pro forma financial information data does not purport to represent what the effect on the Company's consolidated operations would have been had the transactions occurred at the beginning of each year, nor are they intended to predict the Company's results of operations.

	Unaudited pro forma consolidated for the year ended December 31			
	2004		2005	
Operating revenues:	P.	150,854,134	P.	193,801,448
Net income		17,164,078		31,025,963
Earnings per share (in Mexican pesos)		0.47		0.87

	Unaudited pro forma consolidated for the year ended December 31			
	2005		2006	
Operating revenues:	P.	203,052,036	P.	243,070,908
Net income		33,725,327		45,498,969
Earnings per share (in Mexican pesos)		0.94		1.28

Subsequent events (unaudited)

a) On March 30, 2007, the Company announced the acquisition of 100% of the shares of Telecomunicaciones de Puerto Rico. The shares were acquired from Verizon Communications, the government of Puerto Rico, Banco Popular and the employees of such company, who respectively held 52%, 28%, 13% and 7% of the shares. The total sale price was P.20,889,877 (US\$1,891 million).

b) On April 1, 2007, the Company announced that it has reached an agreement to negotiate with Pirelli & C. S.p.A. ("Pirelli"), together with Teléfonos de México S.A.B. de C.V. ("Telmex"), the acquisition of one third each of Olimpia, an Italian company, from Pirelli and Sintonia. Olimpia holds 18% of the ordinary shares of Telecom Italia.

At the closing of this transaction, which is subject to the final documentation and regulatory approvals, would result in a reduction in the equity interest of Pirelli and Sintonia in Olimpia, from a combined 100% to one third of the total outstanding shares at the closing date of the transaction. The Company and Telmex will acquire each one third of the shares of Olimpia. The remaining one third shall be acquired by AT&T, a U.S. corporation.

Financial Instruments

At December 31, 2005 and 2006, the financial instruments contracted by the Company are as follows:

Financial instrument	2005				2006	
	Notional equivalent in millions					
Interest-rate swaps in U.S. dollars	USD	610				
Interest-rate swaps in pesos	P.	6,000	P.	3,000		
Cross currency swaps	USD	910	USD	1,410		
Interest-rate swaps and cross currency swaps	USD	913	USD	400		
Forwards dollar-peso	USD	1,475	USD	770		

With respect to the aforementioned financial instruments, the valuation gain (loss) at December 31, 2004, 2005 and 2006 amounted to P.524,172, P.(1,261,535) and P.486,526, have been included in the statement of income as part of comprehensive cost of financing under the caption Other financing costs, net.

The accumulated valuation effect of the financial instruments shown in the balance sheet at December 31, 2005 and 2006 aggregate P.(1,980,549) and P.(1,019,145), respectively.

12. Labor Obligations

a) Mexico

Telcel set up an irrevocable trust fund to cover the payment of obligations for seniority premiums, adopting the policy of making annual contributions to the fund. During 2004, 2005 and 2006, the Company contributed to the fund P.2,222, P.2,353 and P.2,620, respectively. The seniority premium valuation was determined based on actuarial computations made by independent actuaries using the projected unit-credit method.

The unrecognized net obligation, unrecognized prior service costs and unrecognized gain/losses are being amortized over a twenty-six year period, which is the estimated average remaining working lifetime of Telcel's employees.

An analysis of the net period cost of seniority premiums for the years ended December 31, 2004, 2005 and 2006 is as follows:

		2004		2005		2006
Labor cost	P.	2,266	P.	2,532	P.	3,069
Financial cost on projected benefit obligation		648		800		982
Expected return on plan assets	(	428)	(	594)	(	811)
Amortization of actuarial gain	(	27)	(	26)	(	37)
Net periodic cost	P.	2,459	P.	2,712	P.	3,203

The change in the seniority premium plan benefit obligation is as follows:

		2005		2006
Projected benefit obligation at beginning of year	P.	11,944	P.	14,674
Labor cost		2,532		3,069
Financial cost		800		982
Actuarial gain	(	602)	(	558)
Benefit obligation at end of year	P.	14,674	P.	18,167

An analysis of the seniority premium reserve at December 31, 2005 and 2006 is as follows:

		2005		2006
Projected benefit obligation	P.	14,674	P.	18,167
Plan assets	(	10,503)	(	13,575)
Transition asset		36		27
Actuarial gain	P.	2,162	P.	2,212
Net projected liability	P.	6,369	P.	6,831
Net current liability	P.	4,171	P.	4,592
Accumulated benefit obligation	P.	14,674	P.	18,167

The change in employee benefit plan assets and plan funded status is as follows:

		2005		2006
Fair value of plan assets at beginning of year	P.	7,522	P.	10,503
Real investment return		2,981		3,072
Fair value of plan assets at end of year	P.	10,503	P.	13,576

		2005		2006
Funded status	P.	4,171	P.	4,592
Unrecognized net actuarial gain		2,162		2,212
Unrecognized net transition asset		36		27
Net amount recognized	P.	6,369	P.	6,831

Net inflation rates used to determine the actuarial present value of benefit obligations at December 31, 2004, 2005 and 2006 are presented below:

	2004	2005	2006
Discount rate	6.82%	6.82%	6.82%
Return on plan assets	6.82%	6.82%	6.82%
Salary increase	0.93%	0.93%	0.96%

As required by the revised Mexican accounting Bulletin D-3, "Labor Obligations", the Company recognized a provision for termination payments on the basis of actuarial computations.

An analysis of the net period cost of termination payments for 2006 is as follows:

		2006
Labor cost	P.	760
Financing cost on projected benefit obligation		381
Amortization of past services		5,593
Net period cost	P.	6,734

An analysis of changes in the liability for termination pay is as follows:

		2006
Benefit obligation at beginning of year	P.	
Labor cost		760
Financial cost		381
Amortization of transition liability		5,593
Actuarial gain	(	497)
Benefit obligation at end of year	P.	6,237

		2006
Projected benefit obligation	P.	6,237
Established fund		
Transition asset		
Actuarial gain		
Net projected liability	P.	6,237
Net current liability		6,096
Current benefit obligation	P.	6,096

Net inflation rates used to determine the actuarial present value of benefit obligations at December 31, 2006 are presented below:

	2006
Discount rate	6.82%
Salary increase	0.96%

The net projected liability was included in the balance sheet under the caption other accounts payable and accrued liabilities.

13. Accounts Payable and Accrued Liabilities

a) An analysis of the caption accounts payable and accrued liabilities is as follows:

		December 31	
		2005	2006
Suppliers	P.	40,379,007	P. 41,936,427
Sundry creditors		6,349,426	7,219,188
Interest payable		1,679,464	1,994,532
Accrued expenses and other provisions		7,145,976	8,207,957
Guarantee deposits		428,076	493,099
Other		369,599	496,419
Total	P.	56,351,548	P. 60,347,622

b) At December 31, 2005 and 2006, an analysis of accrued expenses and other provisions is as follows:

	Balance at December 31, 2005		Increase of the year		Charges		Balance at December 31, 2006	
					Payments	Reversals		
Vacation premium	P.	257,970	P.	1,112	P. (148,840)		P.	110,242
Vacations		372,484		421,379	(346,594)	P. (3,031)		444,238
Office expenses		567,695		898,274	(665,863)			800,106
Fees		186,472		225,030	(335,351)			76,151
Retirement of assets provision		476,990		629,688	(13,161)	(152)		1,093,365
Circulo azul program provision		758,860	(	29,538)	(247,314)			482,008
Contingencies provision		4,322,477		1,159,327	(459,314)	(1,232)		5,021,258
Value added services provision		113,139		723,702	(766,434)			70,407
Other provisions		89,889		116,265	(82,505)	(13,467)		110,182
	P.	7,145,976	P.	4,145,239	P. (3,065,376)	P. (17,882)	P.	8,207,957

14. Debt

The Company's short- and long-term debt consists of the following:

Currency	Debt type	2005			2006		
		Rate	Maturity from 2006 to	Total 2005	Rate	Maturity from 2007 to	Total 2006
U.S. Dollars AMX except AMTEL							
	Credits from Exim Banks	2.71%	2010	P. 260,424	2.71% - 3.2%	2010	P. 876,189
	Syndicated loans				L + 0.25%	2011	21,762,000
	Fixed-rate senior notes	4.125% to 6.375%	2035	31,127,124	4.125% to 6.375%	2035	30,390,633
					L + 0.1% to		
	Variable-rate senior notes	L + 0.625% ⁽¹⁾	2007	3,343,407	L + 0.625%	2008	8,704,800
	Lines of credit	L + 0.05% to L + 0.40%	2006	3,881,094	L + 0.40%	2011	326,430
	Leases	8.01%	2008	777,304	L + 1.5% to L + 2.9%	2008	973,176
U.S. Dollars AMTEL							
	JP MorganChase	L + 0.80% to L + 1.10%	2006	P. 2,786,203			
	JP MorganChase	L + 0.54% to L + 0.625%	2010	2,228,938			
	Wachovia Securities	L + 0.70%	2006	891,574			
	Wachovia Securities	L + 0.625%	2009	1,114,469			
	Dresdner Bank, AG	L + 0.65%	2009	1,114,469			
	Dresdner Bank, AG	L + 0.45%	2010	1,114,469			
	Santander Central						
	Hispano Benelux	L + 0.62% to L + 0.66%	2009	2,228,939			
	Santander Central						
	Hispano Benelux	L + 0.47% to L + 0.58%	2010	3,343,408			
	Barclays Bank PLC	L + 0.60%	2011	1,114,469			
	Subtotal dollars			55,326,291			63,033,228
Mexican pesos except AMTEL							
	Domestic senior notes	Various	2010	13,058,275	Various	2010	7,050,000
		TIIE - 0.10% to					
	Lines of credit	TIIE + 0.125% ⁽²⁾	2006	6,243,000			
	Leases	TIIE + 0.40%	2008	4,171,364	TIIE + 0.15%	2008	3,534,000
	Fixed-rate senior notes	9.00%	2016	5,202,500	8.46% to 9%	2036	13,000,000
	Commercial Paper				7.23 to 7.46	2007	3,000,000
Mexican pesos AMTEL**							
	Domestic senior notes				Various	2007	9,000,000
	Lines of credit				7.34% to 7.41%	2007	4,950,000
	Subtotal Mexican pesos			P. 28,675,139			40,534,000
Brazilian reais							
	Lines of credit				10.5% to 11.9%	2014	824,472
	Subtotal Brazilian						824,472
Colombian pesos							
	Lines of credit	DTF ⁽³⁾	2006	278,103			
	Commercial Paper				7.8%	2007	729,032
					IPC + 6.8% to 7.50%		
	Bonds	IPC ⁽⁴⁾ + 6.8% to 7.50%	2013	2,195,546	and fixed rate 7.59%	2016	4,374,193
	Subtotal Colombian pesos			2,473,649			5,103,225
Other currencies							
	Lines of credit	3.5% to 14%	2006	774,647	4.65% to 12.25%	2007	1,590,565
	Subtotal other currencies			774,647			1,590,565
TOTAL DEBT				87,249,726			111,085,490
Less: Short-term debt and current portion of long-term debt				21,374,019			25,266,205
Long-term debt				\$ 65,875,707			P. 85,819,285

⁽¹⁾ L = LIBOR or London Interbank Offer Rate

⁽²⁾ TIIE = Equilibrium interbank interest rate.

⁽³⁾ DTF = Fixed term deposits.

⁽⁴⁾ IPC = Consumers price index.

**On January 4, 2007, the Company paid third party debts owed by AMTEL.

Except for the fixed-rate senior notes, interest rates on the Company's debts are subject to variances in international and local rates. The Company's weighted average cost of borrowed funds at December 31, 2006 was approximately 6.88% (7.59% in 2005) (Not included AMTEL's debt).

Such rate does not include interest, commissions or the reimbursements for Mexican tax withholdings (typically 4.9% of the interest payment) 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, 2005 and 2006 is as follows:

Concept	2005		2006	
Domestic senior notes	P.	5,722,750	P.	10,900,000
Variable-rate securities				3,264,300
Lines of credit used		11,176,843		6,866,986
Commercial paper				3,729,032
Other loans		499,737		
Total	P.	17,399,330	P.	24,760,318
Weighted average interest rate		8.25%		7.44%

An analysis of maturities of long-term debt is as follows:

Years	Amount	
2008	P.	12,735,097
2009		7,535,122
2010		2,379,025
2011		21,888,842
2012		126,842
2013 and thereafter		41,154,357
Total	P.	85,819,285

Senior Notes.- At December 31, 2004, the Company had senior notes of US\$ 2,093 million (P.22,774 million) maturing in 2007 and 2015. During 2005 and 2006, América Móvil has placed the following senior notes:

- a) In February 2005, US\$ 1,000 million (P.10,881 million), maturing in 2035 and bearing annual interest of 6.375%, which is payable semiannually in March and September of each year. In 2005 and 2006, accrued interest on the notes was P.619,192 and P.693,664, respectively.
- b) In September 2005, P.5,000 million, maturing in 2016 and bearing annual interest of 9%, which is payable semiannually in January and July, beginning on January 17, 2006. In 2005 and 2006, accrued interest on the notes was P.113,154 and P.456,250, respectively.
- c) In December 2006, P.8,000 million, maturing in 2036 and bearing annual interest of 8.46%, which is payable semiannually in June and December, beginning on June 18, 2007. In 2006, accrued interest on the notes was P.24,440.
- d) In December 2006, US\$ 500 million (P.5,440 million), maturing in 2008 and bearing variable annual interest at the three-month LIBOR plus 0.10%, which is payable quarterly beginning on March 27, 2007. In 2006, accrued interest on the notes was P.3,304.

All senior notes are unconditionally guaranteed by Telcel.

- Lines of credit guaranteed by institutions to promote exports- The Company has medium- and long-term financing programs for the purchase of equipment, whereby certain institutions, to promote exports, provide financial support to purchase export equipment from their respective countries. The outstanding balance under these plans at December 31, 2005 and 2006 is P.260,424 (US\$24 million) and P.876,189 (US\$ 81 million), respectively.

Domestic senior notes- The Mexican Banking and Securities Commission (CNBV) has authorized the Company to establish five programs for the issuance of domestic senior notes guaranteed by Telcel, four of these programs are for P.5,000 million each, and the most recent program authorized by the CNBV in April 2006, is for P.10,000 million. At December 31, 2006, the Company had made various placements for the first three programs for amounts ranging from P.400 million to P.1,750 million and maturities ranging from 3 to 7 years. At December 31, 2005 and 2006, the domestic senior note debt aggregates P.13,058,275 and P.7,050,000, respectively. In general, these issues bear a floating interest rate established as a percentage of either the Mexican weighted interbank interest rate (TIIE) or the Mexican treasury certificate (CETES) rate.

In addition to the above, the Company has a commercial paper program authorized by the CNBV for an amount of P.3,000 million. As of December 31, 2006, the Company had no outstanding commercial paper debt.

- General

At December 31, 2005 and 2006, the Company had a number of Lines of credit and syndicated loans for approximately P.3,881 million (US\$357 million) and P.22,088 million (US\$ 2,030 million), respectively, bearing interest at LIBOR plus a spread. Such facilities have similar terms as to covenants, and under all of the credits América Móvil and Telcel are guarantors.

The Company is subject to financial and operating covenants under the loan agreements that limit América Móvil's ability to pledge assets, carry out certain types of mergers and sell off all or substantially all of its assets. The covenants also restrict the ability of the subsidiaries to pay dividends or other distributions to the Company. The most restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA not greater than 4 to 1 and a consolidated ratio of EBITDA to interest expense of no less than 2.5 to 1 (based on the terms of the loan agreements). For some of its loans, Telcel is subject to financial covenants similar to those applicable to América Móvil.

A number of the financing instruments are subject to either acceleration or repurchase at the holder's option if there is a change in the Company's control. At December 31, 2006 and 2005, the Company was in compliance with all of its loan covenants.

At December 31, 2006, approximately 77% of the total outstanding consolidated debt is guaranteed by Telcel.

15. Foreign Currency Position and Transactions

At December 31, 2005 and 2006, América Móvil has the following foreign currency denominated assets and liabilities:

	Foreign currency in millions at December 31			
	2005		2006	
	Amount of currency	Exchange rate- Mexican peso per currency	Amount of currency	Exchange rate- Mexican peso per currency
Assets				
U.S. dollar	2,040	10.71	2,945	10.88
Quetzal (Guatemala)	1,854	1.41	3,550	1.43
Brazilian reais	3,150	4.58	2,633	5.09
Colombian peso	668,573	0.005	535,902	0.005
Argentinean peso	780	3.03	621	3.55
Uruguayan peso	653	0.443	887	0.445
Cordoba (Nicaragua)	803	0.625	1,160	0.604
Lempira (Honduras)	476	0.563	336	0.572
Chilean peso	76,236	0.021	104,002	0.02
Peruvian sol	193	3.12	293	3.40
Guarani (Paraguay)	138,130	0.002	136,906	0.002
Dominican peso			22,478	0.322
Euro	47	12.63	108	14.36
Swiss franc	53	8.16	53	8.93
Liabilities				
U.S. dollar	(6,801)	10.71	(8,951)	10.88
Quetzal (Guatemala)	(1,981)	1.41	(1,348)	1.43
Brazilian reais	(4,616)	4.58	(4,769)	5.09
Colombian peso	(2,555,922)	0.005	(1,405,956)	0.005
Argentinean peso	(2,052)	3.03	(909)	3.55
Uruguayan peso	(1,107)	0.443	(374)	0.445
Cordoba (Nicaragua)	(1,092)	0.625	(1,219)	0.604
Lempira (Honduras)	(599)	0.563	(945)	0.572
Chilean peso	(57,651)	0.021	(149,079)	0.02
Peruvian sol	(929)	3.12	(67)	3.40
Guarani (Paraguay)	(313,840)	0.002	(154,906)	0.002
Dominican peso			(10,120)	0.322

At March 12, 2007, the date of the audit report on these financial statements, the exchange rates are as follows:

Foreign currency	Exchange rate - Mexican peso per currency
U.S. dollar thousands	11.14
Quetzal (Guatemala)	1.45
Brazilian reais	5.33
Colombian peso	0.005
Argentinean peso	3.59
Uruguayan peso	0.457
Cordoba (Nicaragua)	0.613
Lempira (Honduras)	0.586
Chilean peso	0.021
Peruvian sol	3.50
Guarani (Paraguay)	0.002
Dominican peso	0.338
Euro	14.70
Swiss franc	8.93

In the years ended December 31, 2004, 2005 and 2006, the Company had the following transactions denominated in foreign currencies. Currencies other than the U.S. dollar were translated to U.S. dollars using the average exchange rate for the years:

	U.S. dollars thousands		
	2004	2005	2006
Net revenues	5,683,036	8,576,256	11,622,733
Operating costs and expenses	6,048,179	8,531,766	10,549,571
Interest income	192,843	249,558	253,616
Interest expense	331,402	385,090	435,937
Other expenses, net	(39,602)	(54,288)	(31,348)

16. Commitments and Contingencies

a) As of December 31, 2006, the Company had entered into various leases (as a lessee) with related and third parties for the buildings in which its offices are located, as well as with owners of property where the Company has installed radio bases. The leases generally run from one to fourteen years.

Provided below is an analysis of minimum rental payments due in the next five years. In some cases, the amount is subject to an annual increase based on the NCPI.

At December 31, 2006, the Company had the following commitments under non-cancelable leases:

Year ended December 31	Capital lease	Operating lease
2007	P. 589,715	P. 3,048,724
2008	4,092,580	2,071,906
2009	320,219	1,695,200
2010		1,317,563
2011		900,224
2012 and thereafter		2,410,446
Total	5,002,514	P. 11,444,063
Less interest	(495,338)	
Present value of minimum net rental payments	4,507,176	
Less current portion	319,080	
Long-term obligations	P. 4,188,096	

Rent charged to expenses in 2004, 2005 and 2006 aggregated P.1,972,945, P.2,823,543 and P. 3,944,715, respectively.

b) Payment guarantees with suppliers

At December 31, 2006, some of the Company's subsidiaries had commitments to acquire equipment for their GSM networks for up to approximately US\$454 million (approximately P.4,939 million). The estimated completion period for projects in process ranges from 3 to 6 months, depending on the type of project and the equipment supplier, as well as the type of asset.

c) Contingencies

Telcel

Cofeco

The Comisión Federal de Competencia, ("Cofeco"), the Mexican Federal Antitrust Commission the brought administrative proceedings against Radiomóvil Dipsa, S.A. de C.V. ("Telcel") for alleged anti-competitive behavior primarily in connection with (i) actions carried out by certain Telcel distributors in relation to the purchase and sale of cellular phones; (ii) exclusive agreements entered into with certain content provider; and (iii) refusal to deal with or grant access to certain specialized trunking radio communication operators to short message service interconnection.

At the present time these investigations are at different procedural stages, and no final ruling against Telcel has been issued. If Telcel is unsuccessful in challenging any of the aforementioned legal proceedings, they may result in significant fines or specific regulations applicable to Telcel. Telcel has not made provisions in its financial statements for these potential liabilities, since at the date of the financial statements, the amount of the possible contingency can not be reasonably estimated.

Interconnection

In December 2004, Telcel reached an agreement with various other telecommunications service providers as to the interconnection fees applicable under the "calling party pays" system for the period from January 1, 2005 until December 31, 2007. The agreement called for a gradual reduction of 10% per year in interconnection fees charged under the "calling party pays" system from the 2004 rate of P.1.90 per minute to P.1.39 by the end of 2007. The agreement also contemplated that these reductions would be reflected in the tariffs charged by fixed operators to their users. The new framework was approved by the Comisión Federal de Telecomunicaciones, ("Cofetel"), the Mexican Federal Communications Commission.

Certain telecommunications service providers have since challenged the new framework, arguing that the proposed interconnection fees do not properly take into account costs associated with the interconnection fee applicable under the "calling party pays", and initiated proceedings with Cofetel to obtain their intervention in resolving the matter. A ruling on the interconnection dissent was issued by Cofetel, of which Telcel was notified on September 4, 2006. Based on Cofetel's ruling, the interconnection rate for "calling party pays" calls that the dissenting operators must pay Telcel from January 2005 through December 2006 are as follows: P.1.71 per minute or fraction thereof during 2005; P.1.54 pesos per minute or fraction thereof from January through September 2006; P.1.23 pesos per minute or fraction thereof from October through December 2006.

Furthermore, Cofetel determined the interconnection rate for "calling party pays" calls that the dissenting operators must pay Telcel from January 2007 through December 2010 on a per minute basis, as well as the rate for the period measured in seconds. That is, the duration of all completed calls measured in seconds is tallied up, and such amount is rounded off to the next minute (rounding off per second). This differs from the rate computation through December 2006, whereby the duration of each call was rounded off to the next minute to reach the total amount of time the infrastructure was used (rounding off per minute).

Cofetel determined the following rates for the period from 2007 through 2010: P.1.23 per minute of interconnection during 2007; P.1.12 per minute of interconnection during 2008; P.1.00 per minute of interconnection during 2009 and P.0.90 per minute of interconnection during 2010. All rates are to be computed in accordance with the above-mentioned rounding-off-per-second plan. Due to the change in rates, Cofetel established that the cellular operator must apply a premium on the total amount of interconnection minutes invoiced from 2007 through 2009, as follows: 25% during 2007; 18% during 2008 and 10% during 2009.

Cofetel's ruling is not to Telcel's satisfaction and therefore Telcel filed for injunction (amparo) against such rulings. During the last quarter 2006 and first quarter 2007, the Company reached an agreement with all the cellular and some of the local fixed operators, including Telmex and some of the dissenting operators, to put on effect the following rates for the period from 2007 through 2010: P.1.34 per minute or fraction of interconnection during 2007, P.1.21 per minute or fraction of interconnection during 2008, P.1.09 per minute or fraction of interconnection during 2009 and P.1.00 per minute or fraction of interconnection during 2010. The agreed rates must be computed using the round-off per minute plan.

At to this date Telcel is only applying the rates established in Cofetel's ruling to the remaining fixed local operators, since it did not file a motion for a precautionary measure to suspend the effects of the rulings with the corresponding court, Telcel is awaiting the final ruling from the courts to determine how it will proceed. At this time, it is impossible to determine the probable outcome of the proceedings Telcel brought against such ruling.

Short message services (SMS)

Under the terms of its concessions for the 800 megahertz spectrum, Telcel must pay the federal government a royalty based on gross revenues from concessioned services. The royalty is levied at rates that vary from region to region, but average approximately 6%. Telcel believes that short message services are value-added services, which are not concessioned services, and that revenues from short message services should not be subject to this royalty. In related proceedings, Cofetel has ruled that short text messages are subject to the interconnection regulatory regime and that such services do not constitute value-added services. Telcel is currently disputing these issues in an administrative proceeding, but has nevertheless provided P.346,194 million included in these financial statements for this potential liability.

Trademarks tax assessment

On March 3, 2006, the Sistema de Administración Tributaria (the "Mexican Tax Administration System" or "SAT"), notified Telcel of an assessment of P.156,301 million plus adjustments, fines and late fees bringing the total to P.282,653 million, as a result of a tax deduction made by Telcel in 2003 of P.1,271,404 million in connection with royalty payments made to another subsidiary of América Móvil regarding the use of certain trademarks. The Company believes such assessment to be unjustified, since Mexican income tax law allows the deduction of royalties. Consequently, the Company has filed suit against such assessment. Considering that the amount of the deduction is equal to 40% of Telcel's individual tax results, the Company believes that the SAT will most likely contest the remaining 60% of the consolidated deduction determined under Mexican income tax law.

Based on the foregoing, Telcel also expects that the SAT will challenge similar deductions for royalty payments made during 2004 and 2005. The Company has not made provisions in its financial statements for this potential liability because, based on the strength of its legal arguments, the Company believes that it will successfully challenge this assessment.

Comcel

Voice/IP

In March 2000, the Superintendencia de Industria y Comercio, ("SIC"), the Colombian Ministry of Industry and Commerce, issued Resolution No. 4954, requiring Comunicación Celular, S.A. ("Comcel") to pay a fine of approximately US\$100 thousand (approximately P.1,088) for alleged anti-competitive behavior. In addition to this administrative fine, the SIC ordered Comcel to pay damages to other long distance operators. The long distance operators estimated their damages to be US\$70,000 million (approximately P.761,670). Comcel requested an administrative review of the damages decision, which was denied in June 2000. Comcel appealed, and the appeal was rejected in November 2000. Comcel resubmitted the appeal in February 2001. Comcel also filed a special action in court challenging the denial of the administrative review.

Following a series of court proceedings, a Colombian Appeals Court in June 2002 ordered that Comcel's February 2001 appeal be granted and that the administrative decision against Comcel be reviewed.

After additional proceedings, the Constitutional Court revoked the previous decision and ordered the continuance of the procedure for the determination of damages to the other operators. In the opinion of counsel representing Comcel in this matter, in the event the SIC decides to award damages to the long distances service providers, the amount of such damages should not exceed the income received by Comcel from the provision of Voice over IP services, an amount which is substantially smaller than the amount estimated by the long distance service providers. Comcel has made the appropriate provisions in its financial statements with respect to this potential liability. There can be no assurance that the amount of damages ultimately determined by the SIC will be consistent with Comcel's counsel opinion. Comcel expects to continue pursuing all available legal actions after a decision on damages is rendered.

Distributors

In 2005, Comcel was notified of an arbitration proceeding initiated against it by Celcenter Ltda. ("Celcenter"), Punto Celular, Ltda. ("Punto Celular") and Concelular, S.A. ("Concelular"), which were distributors of Comcel until May 2004. In October 2006, Comcel was also notified of an arbitration proceeding initiated against it by Movitel, Ltda. ("Movitel"), which was distributor of Comcel until September 2006. The proceedings relate to Comcel's decision to pay new commissions to distributors. In the proceedings, the distributors allege: (i) abuse of dominant position on Comcel's part; (ii) the existence of an agency relationship between Comcel and the distributors; and (iii) breach of contract and commercial liability on the part of Comcel. The claimants seek to recover approximately US\$22,000 (approximately P.239,360) from Comcel. Comcel has made the appropriate provisions in its financial statements with respect to this potential liability.

Telecom Américas

Related Anatel inflation adjustments

The Agência Nacional de Telecomunicações (the “Brazilian Federal Communications Commission” or “ANATEL”) has challenged Tess, S.A. (“Tess”) and ATL-Telecom Leste, S.A. (“ATL”) regarding the calculation of inflation-related adjustments due under these companies’ concession agreements with ANATEL. Forty percent of the concession price under each of these agreements was due upon execution and 60% was due in three equal annual installments (subject to inflation-related adjustments and interest) beginning in 1999. Both companies have made these concession payments, but ANATEL has rejected the companies’ calculation of the inflation-related adjustments and requested payment of the alleged shortfalls. The companies have filed declaratory and consignment actions in Brazilian courts seeking resolution of the disputes. The court of first instance ruled against ATL’s filing for declaratory action in October 2001 and ATL’s filing for consignment action in September 2002. Subsequently, ATL filed appeals, which are pending.

In September 2003, the court of first instance ruled against Tess’ filing for consignment action. Subsequently, Tess filed an appeal, which is still pending. No ruling has been made to date with respect to the declaratory action filed by Tess. The aggregate contested amounts were approximately US\$178,000 million (including potential penalties and interest) (approximately P.1,988,396) at December 31, 2005. Based on the opinions of their legal advisors, both ATL and Tess have made provisions in their financial statements for this potential liability.

BNDESPar

Prior to the acquisition of Telet, S.A. (“Telet”) and Amerigel, S.A. (“Amerigel”) by Telecom Américas Limited (“Telecom Américas”), BNDESPar a subsidiary of BNDES, the Brazilian development bank, had entered into investment and other shareholder agreements with Amerigel, Telet and certain of their significant shareholders. Under these agreements, BNDESPar had the right, among others, to participate in the sale of shares of Telet and Amerigel in the event of certain transfers of control, for so long as BNDESPar held 5% of the share of capital in those companies. In October 2003, Telecom Américas increased the capital of each of Telet and Amerigel and BNDESPar’s ownership fell below 5% from approximately 20% in each, as it elected not to exercise its preemptive rights. Subsequently, BNDESPar sent official notices to Telet and Amerigel reserving its rights under the agreements with respect to certain past transfers of shares. In November 2004, BNDESPar filed a lawsuit with the competent court of Rio de Janeiro claiming that BNDESPar is entitled to sell its shares in Telet and Amerigel to Telecom Américas for approximately US\$164,000 (approximately P.1,784,484). The Company does not believe that BNDESPar has valid grounds for its claims against Telecom Américas, and Telecom Américas is defending itself vigorously against these claims. Neither América Móvil or Telecom Américas can provide assurance, however, that Telecom Américas will ultimately prevail. Telecom Américas has not made provisions in its financial statements for these potential liabilities.

Lune patent case

A Brazilian company claims that wireless operators in Brazil have infringed on its patent over certain caller I.D. technology. The plaintiff first brought a patent infringement case in a state court in Brasília, Federal Capital of Brazil, against Amerigel and later brought cases, as part of two separate proceedings, against 23 other defendants, including all of Amerigel’s other operating subsidiaries in Brazil. Although the Company believes that the patent does not cover the technology that is used by Amerigel to provide caller I.D. services, Amerigel lost the case at the trial level and on first appeal. After the judgment against Amerigel was rendered, a federal court in Rio de Janeiro, Brazil, rendered a preliminary injunction decision suspending the effects of the patent, in an action filed by a supplier of caller I.D. technology. Amerigel filed three special appeals against the decision of the state court in Brasília, seeking review at the Superior Court of Justice (which is the highest court in Brazil to decide on questions of federal law) and Supreme Court (the highest court in Brazil to decide on questions of constitutional law).

The Court of Appeals has determined that two of Amerigel’s special appeals will be heard by the Superior Court of Justice. Amerigel’s request for a special appeal before the Supreme Court has been denied. Amerigel may still file a motion to overturn such decision. Amerigel intends to continue vigorously defending itself against this claim.

The cases against the other operators are still on their initial stages. The plaintiff has brought these cases to the same state trial court that heard the case against Amerigel, but the defendants have requested that the cases be moved to another court on jurisdictional grounds. The Amerigel judgment does not bind other state courts or federal courts of Brazil. América Móvil and its Brazilian subsidiaries will continue vigorously defending them against these claims, and do not expect that there will be resolution to these other cases within the next couple of years.

In the case of Amerigel, the plaintiff has been requested to initiate the necessary proceedings relating to the execution. The court has estimated that the award for damages could reach as high as approximately US\$270,000 (approximately P.2,937,600). In September 2006, the Higher Court of Justice of Brazil unanimously ruled to halt the trial, due to a court order that suspended the validity of the patent in question. The trial shall remain interrupted as long as the patent remains suspended until such time as it is reviewed by the court at the end of September 2007. Furthermore, Amerigel is benefited from limited contractual compensations from its equipment suppliers. Due to the above-mentioned interruption, Amerigel has not created any provision in its financial statements to cover these possible contingencies.

17. Related Parties

a) An analysis of balances due from/to related parties at December 31, 2005 and 2006 is provided below. All the companies are considered affiliates, since América Móvil's primary stockholders are also either direct or indirect stockholders of the related parties.

		December 31	
		2005	2006
Accounts Receivable:			
Teléfonos de México, S.A.B. de C.V. and subsidiaries (except Embratel)	P.	801,461	P. 967,000
Sanborns Hermanos, S.A. de C.V.		144,875	190,038
Sears Roebuck, S.A. de C.V.		54,811	98,651
Grupo Telvista, S. A. de C.V.		17,556	17,146
Other		9,645	70,824
Total	P.	1,028,348	P. 1,343,659

Accounts Payable:

Fianzas Guardiania Inbursa, S.A. de C.V.		42,879	P. 49,755
Seguros Inbursa, S.A. de C.V.		27,346	77,811
Embratel Participacoes, S.A.		584,348	1,972,510
Other		17	117,370
Total	P.	654,590	P. 2,217,446

b) América Móvil receives services from several subsidiaries of Grupo Carso, S.A. de C.V., Grupo Financiero Inbursa, S.A. de C.V. (Inbursa) and Teléfonos de México and subsidiaries (Telmex). The Company's transactions with Telmex include, among others, the interconnection of their respective networks and the use of the related party's facilities, specifically the co-location of switchboard equipment in the facilities owned by Telmex. The Company's transactions with Inbursa include insurance and bank services, among others.

c) For the years ended December 31, 2004, 2005 and 2006, the Company conducted the following transactions with related parties (mainly with Telmex):

		2004		2005		2006
Revenues:						
Calling party pays interconnection service rendered	P.	12,139,390	P.	12,860,520	P.	13,406,745
Costs:						
Long-distance, circuits and other services received		4,589,464		5,989,004		6,305,203
Commercial, administrative and general expenses:						
Advertising		438,502		792,190		781,926
Other, net		564,460		525,006		738,616
Interest expense, net	(	224,465)	(	354,335)	(	367,024)

d) Telcel has entered into various leasing and co-location agreements with a subsidiary of Telmex. Under these agreements, Telcel pays monthly fees for the use of Telmex's antenna and repeater space and has the right to install its interconnection equipment.

e) In July 2005, Claro Chile and Telmex Chile (subsidiaries of Telmex) entered into an agreement for the provision of capacity, whereby the latter agrees to provide capacity and infrastructure use over the following 20 years. Such agreement gives rise to a monthly disbursement of US\$17.5 million (P.195.1 million), beginning in September 2005. The amount recorded in results of operations of 2005 for this agreement was US\$70 million (P.780.4 million) and at December 31, 2006, it was US\$218 million (P.2,262 million). Such disbursement is presented as part of sales and services.

f) In 2005, Telmex Argentina, a subsidiary of Telmex, and CTI Móvil agreed to jointly install a network of fiber optic trunk lines in Argentina approximately 1,943 kilometers in length. The project will be completed in several different stages. The first stage is already in process and consists of the construction of approximately 930 kilometers by Carso Infraestructura y Construcción, S.A. de C.V. (CICSA) for approximately P.136,013 (US\$12.5 million).

g) Telecom Américas (through its operating subsidiaries) and Embratel, a subsidiary of Telmex, both provide telecommunications services in certain regions of Brazil; consequently, they have significant operating relationships between themselves, mainly the interconnection of their respective networks and the provision of long-distance services by Embratel.

h) In November 2005, Embratel entered into a contract with Telecom Américas to provide trunk line capacity to the operating subsidiaries in Brazil for a period of 20 years. Through this contract, the subsidiaries in Brazil are obligated to pay monthly fees to Embratel of between R. 5.0 million and R. 6.0 million (approximately P.23.83 million and P.28.61 million, respectively), depending on the capacity established in the contract for each subsidiary. Such amounts are included in cost of services.

i) In the normal course of operations, the Company's subsidiaries in Brazil have entered into lease agreements with Embratel. The total annual rent under such lease agreements is approximately R. 6.8 million (approximately P.32.4 million). As well, Embratel leases properties from América Móvil's subsidiaries in Brazil. The total annual rent received by the subsidiaries is R. 1.2 million (approximately P.5.7 million). The net amount of rent between the Brazilian subsidiaries is included in the caption Cost of sales and services in the statement of income.

j) On December 26, 2006, CICSÁ Perú S.A., Telmex Peru, S.A. and América Móvil Perú, SAC entered into a fiber optic construction contract for approximately US\$43 million. At the date of the contract, no payment whatsoever has been made, as the contract is under turnkey.

18. Stockholders' Equity

Shares

a) Before the merger described in Note 3, the Company's capital stock consisted of a fixed amount of P.402,900 (historical), represented by 48,348 million shares (including treasury shares), divided into: (i) 11,420 million were common registered Series "AA" shares, with no par value; (ii) 979 million were common registered Series "A" shares, with no par value and; (iii) 35,947 million were registered Series "L" shares, with no par value and limited voting rights. All of the above-mentioned shares were fully subscribed and paid in.

b) As a result of the merger, the Company's fixed capital stock is composed of a fixed amount of P.397,873 (historical), represented by a total of 47,744 million shares (including treasury shares), divided into Series "AA", Series "A" and Series "L" shares, all of which are fully subscribed and paid in.

c) Holders of Series "AA" and Series "A" shares have full voting rights. Holders of Series "L" shares are entitled to vote only to elect two members of the Board of Directors and the corresponding alternate directors. The voting rights of Series "L" holders are restricted to the following matters: extension of the term of América Móvil, its voluntary dissolution or a change in its corporate purpose, change in its nationality, transformation of América Móvil from one type of company to another, any merger of América Móvil, as well as the cancellation of the registration of the shares issued by the Company in the National Registry of Securities and Intermediaries and in other foreign stock exchanges, with the exception of valuation systems or other markets not organized as stock exchanges. All Series "AA", "A" and "L" shares confer the same rights and obligations on the holders. The Company's bylaws contain restrictions and limitations related to the subscription and acquisition of Series "AA" shares by foreign investors.

d) In July 2005, the Company carried out a three-for-one share split of the Company's outstanding shares, as was approved at the ordinary stockholders' meeting held on April 27, 2005; consequently, the Company's capital stock at December 31, 2004 and 2005 was represented by, respectively, 36,190 and 35,643 million shares (after giving retroactive effect to the split, treasury shares and merger), which represented fixed capital stock at such date.

e) In conformity with the Company's bylaws, Series "AA" shares must represent at all times no less than 20% and no more than 51% of the Company's capital stock and also must represent at all times no less than 51% of the combined number of Series "AA" and Series "A" (common shares) with full voting rights.

Series "AA" shares may only be subscribed or acquired by Mexican individuals, Mexican corporations and/or trusts expressly authorized to do so in conformity with the applicable legislation in force.

Common "A" shares, which may be freely subscribed, must account for no more than 19.6% of the Company's capital stock and no more than 49% of the common shares. Common shares may not represent more than 51% of the Company's capital stock.

The combined number of Series "L" shares, which have limited voting rights and may be freely subscribed, and Series "A" shares may not exceed 80% of the Company's capital stock. For purposes of determining these restrictions, the percentages mentioned above refer only to the number of shares outstanding.

Dividends

f) In April 2004 and 2005, the stockholders approved payment of a cash dividend of P.0.029 pesos and P.0.046 pesos per share, respectively, for a total dividend of P.1,051,559 and P.1,640,201, respectively, payable in four installments each in June, September and December of 2004 and 2005, and in March 2005 and 2006.

On December 13, 2005, the stockholders approved payment of an extraordinary cash dividend to be distributed in a single payout on December 23, 2005 of P.0.19 pesos per share for a total amount of P.6,743,872.

On April 26, 2006, the Company's stockholders approved payment of a cash dividend of P.0.06 pesos per share payable in full on July 26, 2006 for a total amount of P.2,206,476.

All the information has been restructured to give retroactive effect to the business concentration and split carried out; consequently, the information above may not necessarily coincide with the information shown in the legal records of the dates on which the stockholders' meetings were held.

The aforementioned dividends were paid from the net tax profit account (CUFIN).

Subsequent event (unaudited)

On March 13, 2007, the Board of Directors resolved to submit for the consideration of the stockholders a proposal for the payment of a cash dividend from the balance of the net tax profit account (CUFIN) of P.0.20 pesos to be distributed in a single payout. The stockholders must approve such proposal on or before April 30, 2007.

Repurchase of shares

g) During the three-year period ended December 31, 2006, the Company has repurchased shares, as shown below. The amount of the repurchase price in excess of the capital stock portion of the shares was charged to retained earnings:

Year	No. of shares in millions		Amount in thousands of Mexican pesos		Historical amount in thousands of Mexican pesos	
	Series "L" shares	Series "A" shares	Series "L" shares	Series "A" shares	Series "L" shares	Series "A" shares
2004	1,643	8.4	P. 23,042,412	P. 61,757	P. 20,986,210	P. 55,459
2005	547	1.5	P. 5,444,676	P. 20,470	P. 5,101,008	P. 19,357
2006	338	0.5	P. 7,507,360	P. 9,677	P. 7,262,485	P. 9,382

h) In conformity with Article 20 of the Mexican Corporations Act, at least 5% of the Company's net income of the year must be appropriated to increase the legal reserve. This practice must be continued each year until the legal reserve reaches at least 20% of capital stock.

19. Income Tax, Asset Tax and Employee Profit Sharing

a) Mexico

1) Effective January 2002, the Ministry of Finance and Public Credit authorized América Móvil to consolidate its tax results with those of its Mexican subsidiaries. Global Central América, S.A. de C.V., one of the Company's subsidiaries, is excluded from this tax consolidation.

Through December 31, 2004, companies were allowed to consolidate 60% of tax losses and taxable earnings of those Mexican subsidiaries authorized to be consolidated for tax purposes. Starting on January 1, 2005, tax consolidation of tax losses and taxable earnings of Mexican subsidiaries is allowed at 100%.

2) Asset tax is a minimum income tax payable on the average value of most assets net of certain liabilities. Since asset tax may be credited against income tax, the former is actually payable only to the extent that it exceeds income tax. Asset tax for the years ended December 31, 2004, 2005 and 2006 was P.1,070,272, P.1,114,332 and P.675,879, respectively. The 2005 asset tax was offset by the excess of income tax over asset tax paid in prior years in the amount of P.549,912.

Asset tax for the year ended December 31, 2004 and 2006 was determined on a consolidated basis for Mexican subsidiaries and offset against income tax in the tax consolidation.

Asset tax of the Mexican subsidiaries for the year ended December 31, 2005 corresponds to the amount shown in the provision for income tax in the statement of income, since the 2005 consolidated taxable income of P.35,066,167 was decreased by the available tax loss carryforward in the same amount, generating a benefit of P.10,519,850 in the statement of income.

Changes were made to the Mexican Asset Tax Law whereby, as of January 1, 2007, the 1.8% asset tax rate was decreased to 1.25% and liabilities are no longer deductible from the asset tax base.

3) Corporate income tax rate

a) The corporate income tax rate applicable in 2004, 2005 and 2006 was 33%, 30% and 29%, respectively. In 2007 and subsequent years, the income tax rate shall be 28% provided there is no change in such tax rate.

b) The effect of change in the effective tax rate at December 31, 2004 represented a P.323 million credit to results of operations.

c) Also, in 2005, the effect of the gradual decrease in the income tax rate is reflected in the computation of deferred taxes of the Mexican subsidiaries and represents a P.56 million charge to results of operations.

4) At December 31, 2006, the balance of the Company's restated contributed capital account CUCA and CUFIN (including the effects of the merger) aggregated P.30,018,343 and P.72,076,427, respectively.

As a result of the merger of América Telecom (disappearing company) into América Móvil (surviving company), the Company's CUCA balance decreased by P.20,982,000 and its CUFIN balance increased by P.11,628,217.

An analysis of income tax charged to results of operations for the years ended December 31, 2004, 2005 and 2006 is as follows:

5) An analysis of income tax charged to results of operations for the years ended December 31, 2004, 2005 and 2006 is as follows:

	2004		2005		2006
In Mexico:					
Current year income tax	P.	4,305,238		P.	12,959,817
Deferred income tax		2,977,087	P. (	2,272,740)	(855,000)
Asset tax				564,420	675,879
Effect of decrease in rate	(	322,580)			
Foreign subsidiaries:					
Current year income tax		1,727,571		2,533,554	2,719,055
Deferred income tax			(	531,095)	903,279
Total	P.	8,687,316	P.	294,139	P. 16,403,030

Since current Mexican tax legislation recognizes partially the effects of inflation on certain items that give rise to deferred taxes, the current year net monetary effect on such items has been included in the income tax expense of the year.

6) An analysis of employee profit sharing charged to results of operations for the years ended December 31, 2004, 2005 and 2006 is as follows:

	2004		2005		2006
Current year employee profit sharing	P.	273,489	P.	311,819	P. 330,253
Deferred employee profit sharing		306,844	(	306,844)	
	P.	580,333	P.	4,975	P. 330,253

7) Tax credits

The 2005 income tax of Mexican subsidiaries includes a tax credit of P.977 million (P.895 million historical) resulting from the favorable ruling in an appeal against the tax authority's rejection of certain deductions in connection with the tax treatment given the loss on sale of subsidiaries.

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

	Year ended December 31		
	2004	2005	2006
Statutory income tax rate in Mexico	33.0%	30.0%	29.0%
Effect of non-deductible or taxable items:			
Cost of financing	3.6	2.82	(0.3)
Goodwill	0.8		
Effect of decrease in rate	(0.4)	0.22	
Recoverable taxes		(0.65)	
Asset tax		1.69	0.5
Tax benefit derived from carryforward of tax losses		(41.25)	(0.5)
Operations of subsidiaries abroad	(6.8)		(1.5)
Business concentration		(0.14)	0.7
Other	7.7	2.22	2.0
Effective tax rate on Mexican operations	37.9	(5.09)	29.9
Revenues and costs of foreign subsidiaries	(6.5)	6.0	(2.4)
Effective income tax rate	31.4%	0.91%	27.5%

9) An analysis of the effects of temporary differences on net deferred tax assets and liabilities is as follows:

	Year ended December 31	
	2005	2006
Deferred tax assets		
Liability provisions	P. (2,075,334)	P. (2,215,251)
Other	(1,340,152)	(1,069,775)
Deferred revenues	(1,234,944)	(1,629,106)
Tax losses	(20,814,245)	(12,446,306)
	(25,464,675)	(17,360,438)
Deferred tax liabilities		
Fixed assets	2,114,341	3,220,814
Sale and leaseback	2,425,142	2,243,377
Inventories	1,416,669	1,252,468
Licenses	676,599	563,729
Royalty advances		441,894
	6,632,751	7,722,282
Less: Valuation allowance	22,456,820	13,033,565
Total deferred taxes	3,624,896	3,395,409

10) In Mexico and Ecuador the Company is legally required to pay employee profit sharing, in addition to the compensation and benefits to which employees are contractually entitled. The statutory employee profit sharing rate in 2004, 2005 and 2006 was 10% of taxable income in Mexico and 15% in Ecuador.

Starting in 2006, employee profit sharing paid to employees will be deductible under certain circumstances for income tax purposes in Mexico. For Ecuador, employee profit sharing is deductible from current year income tax. This deduction aggregated P.283,226 in Mexico.

11) The deferred tax asset of P.726,060 and P.790,918 shown in the balance sheet at December 31, 2005 and 2006 refers to TracFone and Intel's partial reversal of their valuation allowance (for tax loss carryforward) as a result of both the partial realization of such assets during 2005 and the evaluation of the adequacy of the reserve.

An analysis of the effect of temporary differences giving rise to the deferred tax asset at December 31, 2005 and 2006 is as follows:

	December 31	
	2005	2006
Deferred tax assets		
Liability provisions	P. (52,260)	P. (201,951)
Other	(100,265)	(258,705)
Recoverable taxes	(54,454)	(5,222)
Deferred revenues		
Tax losses	(1,116,464)	(573,911)
	(1,323,443)	(1,039,789)
Deferred tax liabilities		
Fixed assets	39,010	28,550
Licenses		(34,844)
Other	(7,339)	2,585
	31,671	(3,709)
Less: Valuation allowance	565,712	252,580
Deferred tax asset, net	P. (726,060)	P. (790,918)

b) Foreign subsidiaries

1) Results

The foreign subsidiaries determine their income tax based on the individual results of each subsidiary and in conformity with the specific tax regime of each country. An analysis of the aggregate pretax income and aggregate tax provisions of these subsidiaries in 2004, 2005 and 2006 is as follows:

Concept	December 31		
	2004	2005	2006
Aggregate pretax income	P. 1,619,026	P. 9,127,131	P. 13,294,935
Aggregate tax provisions	1,727,571	2,533,554	2,719,055

2) Tax losses

At December 31, 2006, América Móvil's foreign subsidiaries have available tax loss carryforward as follows:

Country	Available tax loss carryforward in millions of pesos at December 31, 2006	
Brazil	P.	30,492
Argentina		2,129
USA		1,640
Colombia		2,043
Ecuador		1,712
Chile		7,878
Peru		2,575
Total	P.	48,469

The rules for tax loss carryforward in the different countries in which the Company operates are as follows:

i) In Brazil there is no limit on the carryforward of tax losses; however, the carryforward in each year may not exceed 30% of the tax base for such year, so that in the year on which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate rate.

ii) In Argentina, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding five years. Regarding the P. 2,129 million shown in the table above, approximately P.1,300 shall expire in 2007 and the remaining P.829 shall expire in 2009.

iii) In Colombia, as of 2004 tax losses may be carried forward against up to 25% of the taxable earnings of the succeeding eight years. Tax losses generated prior to 2004 may be carried forward in the succeeding five years with no limit. An analysis of tax losses generated prior to 2004 have the following expiration dates:

2007	P.	605
2008		654
2009		784
<u>Total</u>	<u>P.</u>	<u>2,043</u>

iv) In Ecuador, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding five years and may be used solely for up to 25% of the taxable earnings of each year, so that the effective tax rate is 18.75% with the tax loss carryforward benefit rather than the 25% rate.

v) In Chile, there is no time limit on the carryforward of tax losses. The corporate tax rate is 17%; therefore, at the time tax losses are incurred taxpayers may enjoy a maximum 17% benefit of the amount of the loss.

vi) In the U.S. and specifically in the State of Florida, which is where the Company resides, tax losses may be carried forward in the succeeding 20 years. The Company expects to carry forward its tax losses in 2007.

vii) In Peru, the Company entered into a tax stabilization agreement, which establishes among other points, that the Company's tax losses shall not expire provided the Company meets certain requirements, the most important of which is that Company maintain certain capital levels, which the Company has fulfilled.

20. Segments

América Móvil operates primarily in one operating segment (cellular services); however, as mentioned in Note 1 above, the Company has international telecommunications operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Brazil, Argentina, Colombia, United States, Honduras, Chile, Peru, Paraguay, Uruguay and the Dominican Republic. The accounting policies for the segments are the same as those described in Note 2.

Company management analyzes the financial and operating information by geographical segment. However, the information for significant subsidiaries, whose income aggregates more than 10% of consolidated revenues and more than 10% of consolidated assets, is presented separately. A summary of the information by geographical segment is as follows:

	Mexico ⁽¹⁾	Brazil	Mercosur ⁽²⁾	Colombia
December 31, 2004				
Operating revenues	95,541,190	24,715,246	5,998,924	10,039,712
Depreciation and amortization	6,698,810	7,202,656	476,474	2,014,495
Operating income (loss)	26,306,436	(7,074,178)	(470,223)	657,812
Interest paid (to related parties) net	7,803,196	2,783,570	47,324	495,634
Segment assets	361,526,339	62,755,534	7,927,695	23,367,932
Plant, property and equipment	30,072,334	26,061,244	2,843,858	10,817,343
Goodwill, net				3,110,266
Trademarks, net		3,847,263	982,163	1,739,786
Licenses, net	1,634,858	23,011,636	850,259	3,262,935
December 31, 2005				
Operating revenues	115,325,864	31,801,623	13,192,073	16,195,832
Depreciation and amortization	6,898,605	8,127,428	1,080,314	1,837,804
Operating income (loss)	35,455,988	(9,135,615)	222,788	1,270,611
Interest paid (to related parties) net	9,020,820	2,225,719	107,170	647,347
Segment assets	369,144,027	74,806,778	20,086,779	27,671,416
Plant, property and equipment, net	33,699,876	30,752,602	11,991,159	15,249,347
Goodwill, net			586,207	3,145,656
Trademarks, net		3,248,513	945,949	1,512,548
Licenses, net	4,369,937	21,799,005	1,203,092	2,963,842
December 31, 2006				
Operating revenues	154,711,703	39,565,206	19,857,948	21,448,487
Depreciation and amortization	7,394,053	9,486,587	1,943,193	2,956,114
Operating income (loss)	48,693,434	(4,159,695)	1,306,078	4,594,095
Interest paid (to related parties) net	8,545,466	778,174	671,060	466,365
Segment assets	503,528,774	76,461,903	26,487,155	31,864,933
Plant, property and equipment, net	32,740,731	34,588,331	15,485,277	19,643,292
Goodwill, net			586,207	3,207,340
Trademarks, net		2,665,803	1,002,420	1,289,157
Licenses, net	5,288,381	21,670,169	1,649,241	2,781,788

(2) Mexico includes Telcel and corporate operations and assets

(3) Mercosur includes Argentina, Chile, Paraguay and Uruguay

(4) Andean includes Ecuador and Peru.

(5) Central América includes Guatemala, El Salvador, Honduras and Nicaragua.

21. Differences between Mexican and U.S. GAAP

The Company's consolidated financial statements are prepared in accordance with Mexican Financial Reporting Standards (FRS), which differ in certain significant respects from Generally Accepted Accounting Principles in the U.S.A. ("U.S. GAAP"). The principal differences between FRS and US GAAP, as they relate to the Company, consist of the accounting for deferred income taxes and deferred employee profit sharing (deferred taxes), the restatement of plant, property and equipment. Other differences are the accounting for interest on assets under construction and the treatment of minority interest and minority interest acquisitions.

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

Andean ⁽³⁾	Central America ⁽⁴⁾	U.S.A.	Dominican Republic	Eliminations	Consolidated total
4,609,189	13,773,324	9,632,224		(19,436,972)	144,872,837
618,942	2,801,401	215,636		(35,915)	19,992,499
951,223	4,464,648	341,534		317,686	25,494,938
117,491	652,556			(6,219,391)	5,680,380
7,950,289	31,191,098	4,217,143		(289,542,772)	209,393,258
3,388,344	17,729,608	381,841			91,294,572
1,675,385	5,453,433				10,239,084
	1,018,368				7,587,580
152,980	1,160,456				30,073,124
8,416,773	15,337,106	11,411,925		(22,150,792)	189,530,404
985,903	2,992,844	202,146			22,125,044
1,188,082	5,196,325	742,806		447,112	35,388,097
118,839	296,789	17,083		(3,709,993)	8,723,774
15,542,848	31,813,113	5,052,226		(303,952,506)	240,164,681
6,656,413	17,617,258	403,589			116,370,244
3,458,944	5,549,745				12,740,552
349	876,044				6,583,403
1,263,068	919,959				32,518,903
12,400,531	16,497,260	14,214,759	950,571	(45,424,908)	234,221,557
1,596,549	3,419,772	238,583	96,300		27,131,151
2,711,039	4,921,034	731,364	271,836	89,194	59,158,379
172,478	179,507	1,620		(1,698,964)	9,115,706
17,028,711	34,060,333	6,335,452	16,661,627	(391,730,281)	320,698,607
8,133,538	18,073,013	503,793	8,750,054		137,918,029
3,457,879	5,563,488		12,928,140		25,743,054
254	748,172		206,461		5,912,267
1,209,808	851,245				33,450,632

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

		December 31,		
		2004	2005	2006
Net income, as reported under Mexican Financial Reporting	P.	18,302,827	P. 31,929,541	P. 42,900,690
Total U.S. GAAP adjustments, net		(218,570)	(95,087)	(3,730,859)
Net income under U.S. GAAP	P.	18,084,257	P. 31,834,454	P. 39,169,831
Total stockholders' equity under Mexican Financial Reporting	P.	63,419,219	P. 75,092,944	P. 109,635,473
Total U.S. GAAP adjustments, net		8,146,340	13,827,850	10,758,390
Total stockholders' equity under U.S. GAAP	P.	71,565,559	P. 88,920,794	P. 120,393,863

Glossary of Terms

ARPU – Average Revenue per User. The ratio of service revenues in a given period to the average number of wireless subscribers in the same period. It is presented on a monthly basis.

Capex – Capital Expenditure. Accrued capital expenditures related to the expansion of the telecommunications infrastructure.

Churn – Disconnection Rate. The ratio of wireless subscribers disconnected during a given period to the number of wireless subscribers at the beginning of that period.

EBIT – Earnings Before Interest and Taxes, also known as Operating Profit.

EBIT margin – The ratio of EBIT to total operating revenue.

EBITDA – Earnings Before Interest, Taxes, Depreciation, and Amortization.

EBITDA margin – The ratio of EBITDA to total operating revenue.

EDGE – Enhanced Data rates for GSM Evolution. A technology that gives GSM the capacity to handle data services for the third generation mobile telephony.

EPS (Mexican pesos) – Earnings per share. Total earnings in Mexican pesos divided by total shares.

Earnings per ADR (US\$) – Total earnings in U.S. dollars divided by total ADRs equivalent.

Equity subscribers – Subscribers weighted by the economic interest held in each company.

GSM – Global System for Mobile communications. It is the world's leading and fastest growing mobile standard.

GPRS – General Packet Radio Service. Enables GSM networks to offer higher capacity, Internet-based-content and packet-based data services. It is a second generation technology.

Gross additions – Total number of subscribers acquired during the period.

Licensed pops – Licensed population. Population covered by the licenses that each of the companies manage.

Market share – A company's subscribers base divided by the total number of subscribers in that country.

MOU – Minutes of Use per subscriber. The ratio of wireless traffic in a given period to the average number of wireless subscribers in that same period. It is presented on a monthly basis.

Net subscriber additions – The difference in the subscriber base from one period to another. It is the different between gross additions and disconnections.

Net debt – Total short and long term debt minus cash and marketable securities.

Net debt / EBITDA – The ratio of total short and long term debt minus cash and securities to trailing 12-month income before interest, taxes, depreciation and amortization.

Prepaid – Subscriber that may purchase airtime to recharge a cellular phone. The client does not hold a contract with the company for voice and data services.

Postpaid – Subscriber that has a contract for the use of airtime. The client has no need of activating airtime, it is done so immediately.

Push-to-talk – Enables compatible mobile phones to function like two-way radios.

SMS – Short Message Service.

SAC – Subscriber Acquisition Cost. The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is calculated as the difference between equipment cost and equipment revenues.

Wireless penetration – The ratio of total wireless subscribers in any given country divided by the total population in that country.

Shareholder Information

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Symbol: AMX A
"L": Bolsa Mexicana de Valores
Symbol: AMX L

Shares traded in the US

ADS: New York Stock Exchange
Symbol: AMX
One ADS represents
20 "L" shares
ADS: NASDAQ
Symbol: AMOV
One ADS represents
20 "A" shares

Shares traded in Spain

"L": LATIBEX. Mercado de Valores
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