

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 20-F

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2015
Commission file number: 1-16269

AMÉRICA MÓVIL, S.A.B. DE C.V.
(exact name of registrant as specified in its charter)

America Mobile
(translation of registrant's name into English)

United Mexican States
(jurisdiction of incorporation)

Lago Zurich 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, Mexico City,
México
(address of principal executive offices)

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11529, Mexico City, México
(name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class:</u>	<u>Name of each exchange on which registered:</u>
A Shares, without par value	NASDAQ National Market
L Shares, without par value	New York Stock Exchange
2.375% Senior Notes Due 2016	New York Stock Exchange
Floating Rate Senior Notes Due 2016	New York Stock Exchange
5.625% Notes Due 2017	New York Stock Exchange
5.000% Senior Notes Due 2019	New York Stock Exchange
5.000% Senior Notes Due 2020	New York Stock Exchange
3.125% Senior Notes Due 2022	New York Stock Exchange
6.375% Notes Due 2035	New York Stock Exchange
6.125% Notes Due 2037	New York Stock Exchange
6.125% Senior Notes Due 2040	New York Stock Exchange
4.375% Senior Notes Due 2042	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each of the registrant's classes of capital or common stock as of December 31, 2015:

23,384 million	AA Shares
625 million	A Shares
41,990 million	L Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued
by the International Accounting Standards Board Other

If "other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

AMÉRICA MÓVIL, S.A.B. DE C.V.

2015 ANNUAL REPORT ON FORM 20-F



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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA

We prepared our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The selected financial information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements.

We present our financial statements in Mexican pesos. This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations that the peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos at the exchange rate of Ps.17.2065 to U.S.\$1.00, which was the rate reported by Banco de México for December 31, 2015, as published in the Official Gazette of the Federation (*Diario Oficial de la Federación*, or “Official Gazette”).

In June 2011, we effected a two-for-one stock split. Share and per share data for 2011 in this annual report have been adjusted to reflect the stock split. We have not included earnings or dividends on a per American Depositary Share (“ADS”) basis. Each L Share ADS represents 20 L Shares and each A Share ADS represents 20 A Shares.

	For the year ended December 31,							
	2011	2012	2013	2014	2015	2015		
	(in millions of Mexican pesos, except share and per share amounts)						(millions of U.S. dollars, except share and per share amounts)	
Income Statement Data:								
Operating revenues	Ps. 689,966	Ps. 775,070	Ps. 786,101	Ps. 848,262	Ps. 894,217	U.S.	51,970	
Operating costs and expenses	532,360	613,920	631,843	691,708	752,762		43,748	
Depreciation and amortization	93,997	103,585	101,535	114,994	125,735		7,307	
Operating income	157,606	161,150	154,258	156,554	141,454		8,222	
Net profit	Ps. 88,199	Ps. 91,649	Ps. 74,974	Ps. 47,498	Ps. 36,961	U.S.	2,150	
Net profit attributable to:								
Equity holders of the parent	Ps. 83,045	Ps. 90,988	Ps. 74,625	Ps. 46,146	Ps. 35,055	U.S.	2,039	
Non-controlling interests	5,154	661	349	1,352	1,906		111	
Net profit	Ps. 88,199	Ps. 91,649	Ps. 74,974	Ps. 47,498	Ps. 36,961	U.S.	2,150	
Earnings per share:								
Basic	Ps. 1.06	Ps. 1.19	Ps. 1.02	Ps. 0.67	Ps. 0.52	U.S.	0.03	
Diluted	Ps. 1.06	Ps. 1.19	Ps. 1.02	Ps. 0.67	Ps. 0.52	U.S.	0.03	
Dividends declared per share ⁽¹⁾	Ps. 0.18	Ps. 0.20	Ps. 0.22	Ps. 0.24	Ps. 0.26	U.S.	0.02	
Weighted average number of shares outstanding (millions):								
Basic	78,599	76,111	72,866	69,254	66,869		3,886	
Diluted	78,599	76,111	72,866	69,254	66,869		3,886	

Selected Financial Data

As of December 31,

	2011	2012	2013	2014	2015	2015
	<i>(in millions of Mexican pesos, except share and per share amounts)</i>					<i>(millions of U.S. dollars, except share and per share amounts)</i>
Balance Sheet Data:						
Property, plant and equipment, net	Ps. 466,087	Ps. 500,434	Ps. 501,107	Ps. 588,106	Ps. 573,529	U.S. 33,332
Total assets	939,603	987,685	1,025,592	1,278,357	1,296,487	75,349
Short-term debt and current portion of long-term debt	26,643	13,622	25,841	57,806	119,590	6,950
Long-term debt	353,975	404,048	464,478	545,949	563,627	32,757
Total equity	236,461	254,848	210,301	234,639	160,854	9,348
Capital stock	96,420	96,415	96,392	96,383	96,338	5,599
Number of outstanding shares (millions):						
AA Shares	23,424	23,424	23,424	23,384	23,384	
A Shares	756	712	681	649	625	
L Shares	52,810	51,703	46,370	44,120	41,990	
Ratio of Earnings to Fixed Charges⁽²⁾	5.6	5.4	3.9	3.5	2.5	

(1) Figures for each year provided represent the annual dividend declared at the general shareholders' meeting that year. For information on dividends paid per share translated into U.S. dollars, see "Share Ownership and Trading—Dividends" under Part IV.

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

PART I: INFORMATION ON THE COMPANY

ABOUT AMÉRICA MÓVIL

HISTORY AND CORPORATE INFORMATION

América Móvil, S.A.B. de C.V. (“América Móvil,” “we” or the “Company”) is a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico. We were established in September 2000 when Teléfonos de México, S.A.B. de C.V. (“Telmex”), a fixed-line Mexican telecommunications operator privatized in 1990, spun off to us its wireless operations in Mexico and other countries. We have made significant acquisitions throughout Latin America, the United States, the Caribbean and Europe, and we have also expanded our businesses organically. In 2010, we acquired control of Telmex and Telmex Internacional, S.A.B. de C.V. (currently, Telmex Internacional, S.A. de C.V., or “Telmex Internacional”) in a series of public tender offers. We continue to look for other investment opportunities in telecommunications companies worldwide, including in markets where we are already present, and we often have several possible acquisitions under consideration.

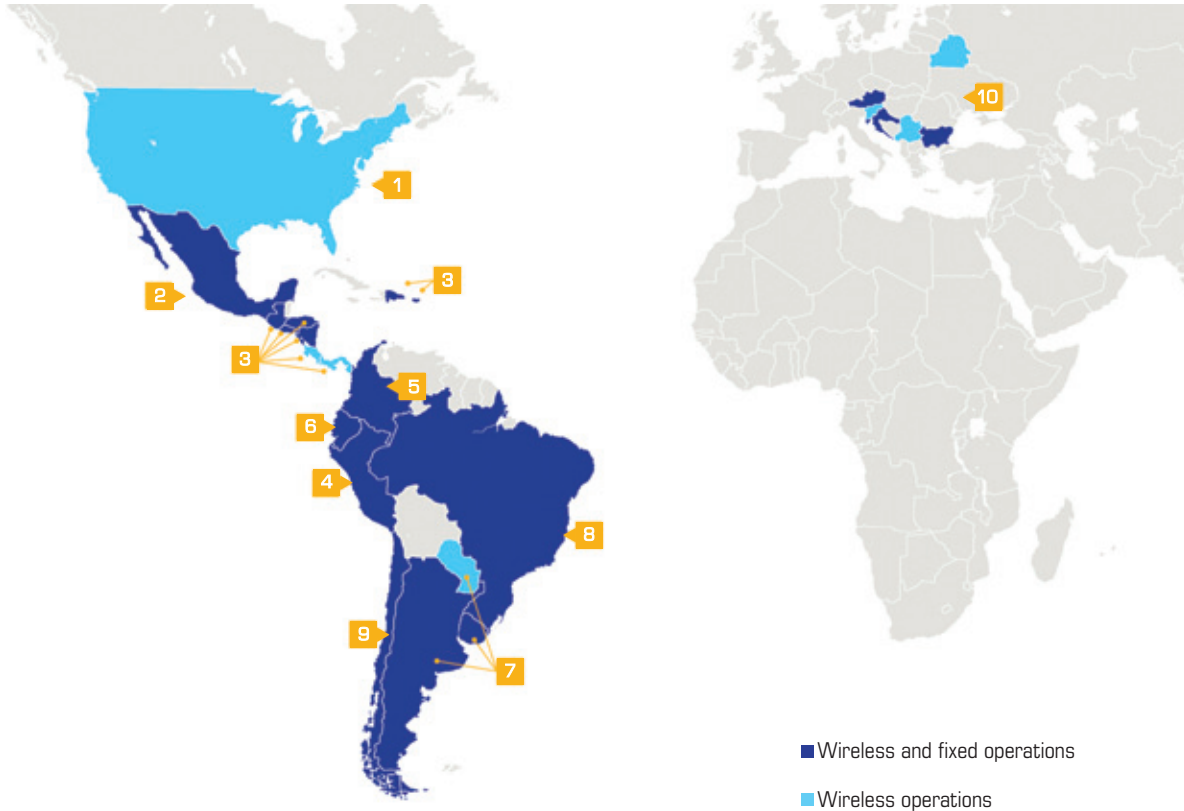
Our principal executive offices are located at Lago Zurich 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, Mexico City, México. Our telephone number at this location is (5255) 2581-4449.

BUSINESS OVERVIEW

We provide telecommunications services in 25 countries. We are the leading telecommunications services provider in Latin America ranking first in wireless, fixed-line, broadband, and Pay TV services based on the number of revenue generating units (“RGUs”). Our largest operations are in Mexico and Brazil, which together account for over half of our total RGUs and where we have the largest market share based on RGUs. We also have major wireless, fixed or Pay TV operations in 16 other countries in the Americas and seven countries in Central and Eastern Europe as of December 31, 2015. For a list of our principal subsidiaries, see “Additional Information—Exhibit 8.1” under Part VII of this annual report.

We intend to build on our position as leaders in integrated telecommunications services in Latin America and the Caribbean, and to grow in other parts of the world, by continuing to expand our subscriber base through the development of our existing businesses and strategic acquisitions when opportunities arise. We have developed world-class integrated telecommunications platforms to offer our customers new services and enhanced communications solutions with higher data speed transmissions at lower prices. We continue investing in our networks to increase coverage and implement new technologies to optimize our network capabilities. See “Operating and Financial Review and Prospects—Overview” under Part II of this annual report for a discussion on the seasonality of our business.

The following map illustrates the geographic diversity of our operations and certain key performance indicators (“KPIs”) as of December 31, 2015.



1 United States TracFone, Net10 StraightTalk, SafeLink Total Wireless	Licensed Population	323
	Wireless Subscribers	25,668
	Revenue Generating Units (RGUs)	—
	Wireless Penetration	121%
2 Mexico Telcel, Telmex	Licensed Population	119
	Wireless Subscribers	73,697
	Revenue Generating Units (RGUs)	21,735
	Wireless Penetration	89%
3 Central America & Caribbean Claro	Licensed Population	58
	Wireless Subscribers	20,579
	Revenue Generating Units (RGUs)	7,461
	Wireless Penetration	100%
4 Peru Claro	Licensed Population	31
	Wireless Subscribers	12,084
	Revenue Generating Units (RGUs)	1,375
	Wireless Penetration	103%

5 Colombia Claro	Licensed Population	49
	Wireless Subscribers	28,973
	Revenue Generating Units (RGUs)	5,801
	Wireless Penetration	116%
6 Ecuador Claro	Licensed Population	16
	Wireless Subscribers	8,659
	Revenue Generating Units (RGUs)	352
	Wireless Penetration	83%
7 Argentina, Paraguay & Uruguay Claro	Licensed Population	52
	Wireless Subscribers	22,820
	Revenue Generating Units (RGUs)	583
	Wireless Penetration	140%
8 Brazil Claro Net, Serviços Embratel	Licensed Population	205
	Wireless Subscribers	65,978
	Revenue Generating Units (RGUs)	36,627
	Wireless Penetration	128%

9 Chile Claro	Licensed Population	18
	Wireless Subscribers	6,366
	Revenue Generating Units (RGUs)	1,236
	Wireless Penetration	148%
10 Austria & Eastern Europe Telekom Austria	Licensed Population	39
	Wireless Subscribers	20,711
	Revenue Generating Units (RGUs)	5,642
	Wireless Penetration	90%

Information as of December 31, 2015
 Licensed Population in millions
 Wireless Subscribers and Revenue Generating Units in thousands

KEY PERFORMANCE INDICATORS

We have identified certain KPIs that help measure the performance of our operations. The table of our KPIs below includes the number of our wireless subscribers and our fixed RGUs, which together make up the total RGUs, in the countries where we operate. Wireless subscribers consists of the number of prepaid and postpaid subscribers to our wireless services. Fixed RGUs consist of fixed voice, fixed data and Pay TV units (which include customers to our Pay TV services and, separately, to certain other digital services). The figures below reflect total wireless subscribers and fixed RGUs of all our consolidated subsidiaries, without adjustments to reflect our equity interest, in the following segments:

- Mexico Wireless;
- Mexico Fixed;
- Brazil;
- Colombia;
- Southern Cone (Argentina, Chile, Paraguay, Uruguay);
- Andean Region (Ecuador and Peru);
- Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama);
- the Caribbean (the Dominican Republic and Puerto Rico);
- the United States; and
- Europe (Austria, Belarus, Bulgaria, Croatia, Macedonia, Serbia and Slovenia).

	As of December 31,		
	2013	2014	2015
	<i>(in thousands)</i>		
Wireless Subscribers:			
Mexico Wireless	73,505	71,463	73,697
Brazil	68,704	71,107	65,978
Colombia	28,977	29,775	28,973
Southern Cone	28,166	27,754	29,186
Andean Region	23,886	24,270	20,743
Central America	17,222	13,973	15,317
Caribbean	5,764	5,092	5,261
United States	23,659	26,006	25,668
Europe	—	20,008	20,711
Total Wireless Subscribers	269,883	289,448	285,534
Fixed RGUs:			
Mexico Fixed	22,451	22,250	21,735
Brazil	32,683	36,096	36,627
Colombia	4,748	5,307	5,801
Southern Cone	1,714	1,826	1,819
Andean Region	1,343	1,576	1,727
Central America	4,261	4,606	4,950
Caribbean	2,244	2,347	2,511
Europe	—	4,402	5,642
Total Fixed RGUs	69,444	78,410	80,812
Total RGUs	339,327	367,858	366,346

PRINCIPAL OPERATIONS

We operate in all of our geographic segments under the Claro brand, except in Mexico, the United States and Europe, as described in the list below. For a list of our principal subsidiaries, see “Additional Information—Exhibit 8.1” under Part VII of this annual report.

- **Mexico Wireless:** Radiomóvil Dipsa, S.A. de C.V. (“Telcel”)
- **Mexico Fixed:** Telmex
- **Brazil:** Claro S.A. (“Claro Brasil”), Americel S.A. (“Americel”), Embratel Tvsat Telecomunicações S.A. (“Claro TV”) and Star One S.A. (“Star One”)
- **Colombia:** Comunicación Celular S.A. (“Comcel”) and Telmex Colombia S.A. (“Telmex Colombia”)
- **Southern Cone:** AMX Argentina S.A. (“AMX Argentina”), Telmex Argentina S.A. (“Telmex Argentina”), Claro Chile S.A. (“Claro Chile”), Claro Comunicaciones S.A. (“Claro Comunicaciones”), Claro Servicios Empresariales S.A. (“Claro Servicios Empresariales”), AMX Paraguay S.A. (“AMX Paraguay”), AM Wireless Uruguay S.A. (“AM Wireless Uruguay”), Telstar S.A. and Flimay (“Flimay”)
- **Andean Region:** Consorcio Ecuatoriano de Telecomunicaciones S.A. (“Conecel”), Ecuador Telecom S.A. (“Ecuador Telecom”) and América Móvil Perú S.A.C. (“Claro Perú”)
- **Central America:** Compañía de Telecomunicaciones de El Salvador (CTE), S.A. de C.V. (“CTE”), CTE Telecom Personal, S.A. de C.V. (“CTE Telecom Personal”), Telecomunicaciones de Guatemala S.A. (“Telgua”), Empresa Nicaragüense de Telecomunicaciones S.A. (“Enitel”), Servicios de Comunicaciones de Honduras, S.A. de C.V. (“Sercom Honduras”), Claro CR Telecomunicaciones S.A. (“Claro Costa Rica”) and Claro Panamá S.A. (“Claro Panamá”)
- **Caribbean:** Compañía Dominicana de Teléfonos S.A. (“Codetel”) and Telecomunicaciones de Puerto Rico, Inc. (“Telpri”)
- **United States:** TracFone Wireless, Inc. (“TracFone”)
- **Europe:** Telekom Austria AG (“Telekom Austria”)

SERVICES AND PRODUCTS

We offer a wide range of services and products that vary by market, including wireless voice, wireless data and value-added services, fixed voice, fixed data, broadband and IT services, Pay TV and over-the-top (“OTT”) services.

Wireless Operations

In 2015, our wireless voice and data operations generated revenues of Ps.478.7 billion, representing 53.6% of our consolidated revenues. As of December 31, 2015, our wireless operations represented approximately 77.9% of our total RGUs, compared to 78.7% as of December 31, 2014.

Voice

Our wireless subsidiaries provide voice communication services across the countries in which they operate. We offer international roaming services to our wireless subscribers through a network of cellular service providers with which our wireless subsidiaries have entered into international roaming agreements around the world, and who provide GSM, LTE and 3G roaming services. Our wireless subsidiaries had approximately 285.5 million wireless subscribers as of December 31, 2015.

Our wireless voice services are offered under a variety of pricing plans to meet the needs of different market segments. The plans are either “postpaid,” where the customer is billed monthly for the previous month, or “prepaid,” where the customer pays in advance for a specified volume of use over a specified period. The breakdown of our wireless subscribers is approximately 77.9% prepaid and 22.1% postpaid.

Although prepaid customers typically generate lower levels of usage and are often unable or unwilling or financially ineligible to purchase postpaid plans, our prepaid plans have been instrumental in helping wireless penetration in Latin America and Eastern Europe to reach levels similar to those of developed markets. Additionally, prepaid plans entail little to no risk of non-payment, as well as lower customer acquisition costs and billing expenses, compared to the average postpaid plan.

In general, our average rates per minute of wireless voice are very competitive for both prepaid and postpaid plans. However, the rates in 2015 declined an average of 7.5%, at constant exchange rates, over 2014 to similar levels to those observed in most developed markets. In addition, the plans we offer our retail customers include selective discounts and promotions that reduce the effective rates our customers pay.

Data and Value-Added Services

We offer data communications services in our pricing plans together with wireless voice services. As part of our wireless data business, our subsidiaries offer value-added services that include internet access, messaging and other wireless entertainment and corporate services through GSM/EDGE, 3G and 4G LTE networks. Internet services include roaming capability and wireless internet connectivity for feature phones, smartphones, tablets and laptops, including data transmission, e-mail services, instant messaging, content streaming and interactive applications. For example, in Mexico, our website Claroideas, under Telcel, offers a wide range of services and content such as video, music, games and other applications, which subscribers can access from mobile devices.

In addition, we offer other wireless services, including wireless security services, mobile payment solutions, machine-to-machine services, mobile banking, VPN services, video calls and Personal Communications Service (“PCS”).

Fixed Operations

In 2015, our fixed voice, data, broadband and IT solutions had revenues of Ps.209.6 billion representing 23.4% of our consolidated revenues. As of December 31, 2015, our fixed operations represented approximately 22.1% of our total RGUs, compared to 21.3% as of December 31, 2014.

Voice

Our fixed voice services include local, domestic and international long-distance public telephony, under a variety of plans to meet the needs of different market segments, specifically tailored to our residential and corporate clients.

Data

We offer data services, including data centers, data administration and hosting services to our residential and corporate clients under a variety of plans.

Broadband

We provide residential broadband access through hybrid fiber-coaxial (“HFC”) or fiber-optic cable. These services are typically bundled with voice services and are competitively priced as a function of the desired or available speed. As a complement to these services, we offer a number of products such as home networking and smart home services.

IT Solutions

Our subsidiaries provide a number of different IT solutions for small businesses and large corporations. We also provide specific solutions to the industrial, financial, government and tourism sectors, among others.

Pay TV

We offer Pay TV through cable and satellite TV subscriptions to both retail and corporate customers under a variety of plans. As of December 31, 2015, we had approximately 21.8 million Pay TV RGUs.

Our largest Pay TV market is in Brazil, where we are the leading provider of Pay TV services. We offer satellite Pay TV services through direct-to-home (“DTH”) technology through our ClaroTV brand and cable TV through our Net Serviços brand. We offer these services through individual subscription plans as well as in bundled packages of services, along with broadband, fixed voice and wireless services.

Equipment, Accessories and Computer Sales

Equipment, accessories and computer sales revenues primarily include revenues from the sale of handsets, accessories and other equipment. Most of our new customers purchase a handset upon entering into a contract, and while we also offer new handsets to existing customers, growth in equipment, accessories and computer sales revenues are driven primarily by the number of new customers. The pricing of handsets reflects our expectation that we will receive revenues from the use of the handset, and therefore is not established primarily to make a profit.

Other Services

Other services include revenues from other businesses, such as telephone directories, call center services, wireless security services and a publishing company.

OTT Services

We sell video, audio and other media content that is delivered through the internet directly from the content provider to the viewer or end user. Our most important service is ClaroVideo, an on-demand internet streaming video provider with more than 34,000 content titles sold across all the Latin American and Caribbean markets in which we operate. We sometimes offer bundled packages of ClaroVideo with Pay TV services, or customers may also have unlimited access to ClaroVideo for a fixed monthly subscription fee.

	Wireless Voice, Data and Value Added Services ⁽¹⁾	Fixed Voice, Broadband, Data and IT Services ⁽²⁾	Pay TV	OTT Services ⁽³⁾
Argentina	✓	✓		✓
Austria	✓	✓	✓	✓
Belarus	✓			
Brazil	✓	✓	✓	✓
Bulgaria	✓	✓	✓	
Chile	✓	✓	✓	✓
Colombia	✓	✓	✓	✓
Costa Rica	✓	✓	✓	✓
Croatia	✓	✓	✓	
Dominican Republic	✓	✓	✓	✓
Ecuador	✓	✓	✓	✓
El Salvador	✓	✓	✓	✓
Guatemala	✓	✓	✓	✓
Honduras	✓	✓	✓	✓
Macedonia	✓	✓	✓	
Mexico	✓	✓		✓
Nicaragua	✓	✓	✓	✓
Panama	✓	✓	✓	✓
Paraguay	✓	✓	✓	✓
Peru	✓	✓	✓	✓
Puerto Rico	✓	✓	✓	✓
Serbia	✓			
Slovenia	✓			
Uruguay	✓	✓		✓
United States	✓			

(1) Includes voice communication and international roaming services, interconnection and termination fees (with the exception of Mexico), SMS, MMS, e-mail, mobile browsing, entertainment and gaming applications.

(2) Includes local calls, national and international long distance.

(3) Includes ClaroVideo and ClaroMúsica.

OUR NETWORKS

Our networks are one of our main competitive advantages. Today, we operate one of the largest integrated platform across 13 countries in Latin America based on our covered population and are in the process of expanding our network in Europe.

Infrastructure

For the year ended December 31, 2015, our capital expenditures totaled Ps.151.6 billion, which allowed us to increase the coverage of our networks, to expand their capacity and to upgrade our systems to operate with the latest technologies. With fully convergent platforms, we are able to widely deliver high quality voice, video and data products.

As of December 31, 2015, the main components of our infrastructure were comprised of:

- **Base stations:** 173,000 (of which 98,653 are equipped with 3G and 4G capabilities).
- **Fiber-optic network:** 680,000 km. Our network passed approximately 64 million homes as of December 31, 2015.
- **Submarine cable system:** Capacity of more than 168,000 km in submarine cable. Our system includes 17,500 km from the AMX-1 submarine cable, which extends from the United States to Central America and Brazil and provides international connectivity to all of our subsidiaries in these geographic areas.
- **Satellites:** Eight. Star One has the most extensive satellite system in Latin America with a fleet that covers the United States, Mexico, Central America and South America. We use these satellites to supply capacity for DTH services for Claro TV throughout Brazil and in other DTH operations, as well as cellular backhaul, video broadcast and corporate data networks. In July 2015, we launched a new satellite, Star One C4, and in November 2016, we expect to launch one more satellite, Star One D1, to replace Brasilsat B4.
- **Data centers:** 18. We use our data centers to manage a number of Cloud solutions such as IAAS (Infrastructure as a Service), SAAS (Software as a Service), security solutions and unified communications.

In the United States, we do not own any wireless telecommunications facilities or hold any wireless spectrum licenses. Instead, we purchase airtime through agreements with wireless service providers and resell airtime to customers. Through these agreements, we have a nationwide “virtual” network, covering almost all areas in which wireless services are available.

Technology

Our primary networks use GSM/EDGE, 3G and 4G LTE technology, which we offer in most of the countries where we operate. We aim to increase the speed of transmission of our data services and have been expanding our 3G and 4G LTE coverage.

We transmit wireless calls and data through radio frequencies that we use under spectrum licenses. In certain markets, such as Mexico and Peru, spectrum is a limited resource and, as a result, we may face spectrum and capacity constraints on our wireless network. We continue to invest significant capital in expanding our network capacity and reach and to address spectrum and capacity constraints on a market-by-market basis. In 2015, we spent Ps.19.5 billion on the acquisition of spectrum licenses, mainly in Argentina, Ecuador and Puerto Rico.

The table below presents a summary of the networks we offer in the countries where we operate and the distribution of spectrum as of December 31, 2015:

	Frequency Licenses					
	GSM/EDGE		3G		4G LTE	
	Frequency	Covered Population (%)	Frequency	Covered Population (%)	Frequency	Covered Population (%)
Argentina	850MHz–1900MHz	98%	850MHz–1900MHz	90%	700 MHz 1700/2100 MHz	45%
Austria	900MHz–1800MHz	99%	2100MHz	92%	800MHz+ 2600MHz	74%
Belarus	900MHz–1800MHz	99%	2100MHz	94%	—	—
Brazil	900MHz–1800MHz	92%	850MHz–2100MHz	81%	700MHz–2600MHz	45%
Bulgaria	900MHz–1800MHz	100%	900MHz+ 2100MHz	100%	1800MHz Launch in 2016	38% Launch in 2016
Chile	850MHz–1900MHz	97%	850MHz–1900MHz	87%	2600MHz	61%
Colombia	850MHz–1900MHz	91%	850MHz–1900MHz	74%	2500MHz	42%
Costa Rica	1800MHz	69%	2100MHz	75%	1800MHz	19%
Croatia	900MHz+ 1800MHz	99%	900MHz+ 2100MHz	98%	800MHz+ 1800MHz	55%
Dominican Republic	850MHz–1900MHz	96%	850MHz	99%	AWS	79%
Ecuador	850MHz–1900MHz	96%	850MHz–1900MHz	71%	AWS	17%
El Salvador	1800MHz	91%	1800MHz	69%	—	—
Guatemala	900MHz–1900MHz	89%	1900MHz	61%	1900MHz	1%
Honduras	1900MHz	78%	1900MHz	60%	AWS	18%
Macedonia	900MHz–1800MHz	99%	900MHz–2100MHz	97%	800MHz+ 1800MHz	54%
Mexico	850MHz–1900MHz	93%	850MHz	89%	AWS	58%
Nicaragua	850MHz–1900MHz	82%	850MHz	75%	AWS	4%
Panama	1900MHz	79%	1900MHz	79%	700MHz	38%
Paraguay	1900MHz	75%	1900MHz	66%	—	—
Peru	850MHz–1900MHz	76%	850MHz	56%	1900MHz	39%
Puerto Rico	850MHz–1900MHz	78%	850MHz–1900MHz– AW	81%	700MHz–AWS	75%
Serbia	900MHz–1800MHz	98%	2100MHz	88%	800MHz+ 1800MHz	24%
Slovenia	900MHz–1800MHz	99%	900MHz–2100MHz	99%	800MHz–1800MHz	97%
Uruguay	1900MHz	91%	1900MHz	86%	AWS	50%

OUR COMPETITORS

We operate in an intensely competitive industry. The increased use of networks for value-added services has led to the emergence of new powerful players, including OTT providers. In Pay TV, our competitors are other operators that provide telephone and internet service and wireless telecommunications providers.

The effects of competition on our subsidiaries depend, in part, on the business strategies of their competitors, regulatory developments and the general economic and business climate in the countries in which they operate, including demand growth, interest rates, inflation and exchange rates. The effects could include loss of market share and pressure to reduce rates. See “Regulation” under Part VI of this annual report.

The table below presents our major competitors in each of our geographic segments as of December 31, 2015.

Mexico	
Wireless Voice, Wireless Data and Value-Added Services	AT&T, Teléfonos (Movistar), Axtel, Quickly Phone, Telecomunicaciones 360 (Elektra), Virgin Mobile, Teligentia (Cierito), Lycamobile, Coppel Móvil, Maz Tiempo, Ekofon
Fixed Voice, Fixed Broadband, Fixed Data, IT Services and OTT Services	Grupo Televisa (IZZI), Axtel, Megacable, Cablecom México, Cablemas, Maxcom, Megacable, Telecable, Totalplay, TVI
Brazil	
Wireless Voice, Wireless Data and Value-Added Services	Teléfonos Brasil (Vivo), TIM Celular, Oi, Algar Telecom, Sercomtel, Nextel
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	Oi, Algar Telecom, Telefónica Brasil (Vivo)
Pay TV and OTT Services	Sky Brasil, Telefónica Brasil (Vivo), Oi
Colombia	
Wireless Voice, Wireless Data and Value-Added Services	Telefónica Colombia (Movistar), Colombia Móvil (Tigo), Virgin Mobile Colombia
Fixed Voice	Telefónica Colombia (Movistar), Colombia Móvil (Tigo), Empresa de Telecomunicaciones de Bogotá (ETB), UNE Telecomunicaciones, Empresas Municipales de Cali (Emcali)
Fixed Broadband, Fixed Data and IT Services, Pay TV, OTT Services	Telefónica Colombia, Empresa Telecomunicaciones de Bogotá (ETB), UNE Telecomunicaciones, DirecTV Colombia, Empresas Municipales de Cali (Emcali)
Southern Cone	
Wireless Voice, Wireless Data and Value-Added Services	Telefónica (Movistar), Telecom Argentina, Nextel Argentina, Entel, WOM, Millicom (Tigo), ANTEL, Virgin Mobile Chile, Personal, VTR GlobalCom, Tigo Paraguay
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	Telefónica, Telecom Argentina, Telecentro Argentina, Entel, VTR GlobalCom, TelsurDirecTV Latin America, COPACO, Tigo Paraguay, ANTEL
Pay TV and OTT Services	DirecTV Chile, Telefónica (Movistar Chile), VTR GlobalCom, Tigo Paraguay

Andean Region	
Wireless Voice, Wireless Data and Value-Added Services	Telefónica (Movistar), Entel Perú, CNT (Ecuador)
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	CNT, Grupo TV Cable (Setel), Telefónica (Movistar)
Pay TV and OTT Services	CNT, Grupo TVCable, Telefónica (Movistar TV), DirecTV
Central America	
Wireless Voice, Wireless Data and Value-Added Services	Millicom (Tigo), Telefónica (Movistar), Digicel, Hondutel, ICE (Kolbi), Cable & Wireless (Panamá)
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	Millicom (Tigo), Hondutel, ICE (Kolbi), Telefónica (Movistar), Cabletica (Costa Rica), Cable & Wireless (Panamá), Cable Color (Honduras)
Pay TV and OTT Services	Millicom (Tigo), Sky, Telefónica, ICE (Kolbi), Cable & Wireless (Panamá), Cable Color (Honduras), Cabletica (Costa Rica)
U.S.	
Wireless Voice, Wireless Data and Value-Added Services	Verizon, AT&T, T-Mobile, Sprint, U.S. Cellular
Caribbean	
Wireless Voice, Wireless Data and Value-Added Services	Altice (Orange), Tricom, AT&T, Sprint, T-Mobile, PR Wireless (Open Mobile), Viva Dominicana
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	Altice (Orange), Tricom, AT&T, Liberty Cablevision, WorldNet
Pay TV and OTT Services	Tricom, Aster, Wind, Sky, Liberty Cablevision, DirecTV Puerto Rico, Dish Network
Europe	
Wireless Voice	T-Mobile, Hutchison Drei, Mobile TeleSystems, CJSC (life:)), Bulgarian Telecommunications Company (VivaCom), Telenor, Hrvatski Telekom, Tele2, Telekom Srbija, Telekom Slovenije, Telemach
Wireless Data and Value-Added Services	T-Mobile, Hutchison Drei, Mobile TeleSystems (MTS), Bulgarian Telecommunications Company (VivaCom), Telenor, Hrvatski Telekom, Tele2, Telekom Srbija, Telekom Slovenije, Telemach
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	Tele2, UPC Austria, Mobile TeleSystems, CJSC (life:), Bulgarian Telecommunications Company (VivaCom), Bulsatcom, Hrvatski Telekom, T-Mobile, Telekabel, Telekom Srbija, Telenor, Telekom Slovenije, Telemach

MARKETING, SALES AND DISTRIBUTION, CUSTOMER SERVICES

Marketing

We advertise our services and products through different channels with consistent and distinct branding and targeted marketing. We advertise via print, radio, television, digital media, sports event sponsorships and other outdoor advertising campaigns. In 2015, our efforts were mainly focused on promoting our 4G LTE services, leveraging on the speeds and quality of our networks and our fixed bundled offers, which compete on broadband speeds and premium content.

We build upon the strength of our well-recognized brand names to increase consumer awareness and customer loyalty. Building brand recognition is crucial for our business, and we have managed to position our brands as those of a premium carrier in most countries where we operate. For example, in 2015, Claro was the highest-ranked telecom brand in Latin America, according to Brand Finance, while Telcel and Telmex were the second and third highest-ranked telecom brands, respectively, in Mexico. BrandZ also recognized Claro, Telcel and Telmex as three of the top four highest-ranked telecom brands in Latin America for 2015. In addition, Brand Finance ranked A1, the brand name behind Telekom Austria, as the strongest telecom brand in Austria.

Sales and Distribution

Our extensive sales and distribution channels help us attract new customers and develop new business opportunities. We primarily sell our services and products through a network of retailers and service centers for retail customers and a dedicated sales force for corporate customers with more than 230,000 points of sale and 2,500 customer service centers. Our subsidiaries also sell their services and products over the internet.

Customer Services

We give priority to providing our customers with quality customer care and support, with approximately 49,000 employees dedicated to customer service. We focus our efforts on constantly improving our customers' experience by leveraging our commercial offerings and our sales and distribution networks. Customers may make inquiries by calling a toll-free telephone number, accessing our subsidiaries' web sites or visiting one of the customer sales and service centers located throughout the countries we serve.

ACQUISITIONS, OTHER INVESTMENTS AND DIVESTITURES

Geographic diversification has been a key to our financial success, as it has provided for greater stability in our cash flow and profitability, and has contributed to our strong credit ratings. In recent years, we have been evaluating the expansion of our operations to regions outside of Latin America. We believe that Europe and other areas beyond Latin America present opportunities for investment in the telecommunications sector that could benefit us and our shareholders over the long term. We continue to seek investment opportunities in telecommunications and related companies worldwide, including in markets where we are already present, and we often have several possible acquisitions under consideration. We can give no assurance as to the extent, timing or cost of such investments. We may pursue opportunities in Latin America or in other areas in the world. Some of the assets that we acquire may require significant funding for capital expenditures. For additional information on our acquisitions and investments, see Notes 12 and 13 to our consolidated financial statements.

Telesites Spin-Off

In October 2015, following the approval of the IFT and confirmation by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) of its tax implications, we completed the spin-off process of Telesites, S.A.B. de C.V. ("Telesites"), which had been approved by an extraordinary meeting of shareholders held in April 2015. The National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*, or "CNBV") authorized the registration of the shares of Telesites in December 2015, and we concluded the listing process on December 21, 2015. As of the date of the spin-off, the assets and liabilities of Telesites no longer appear on our consolidated balance sheet and Telesites liquidated debt owed to certain subsidiaries of América Móvil in the amount of Ps.21 billion.

KPN Investment

We accounted for our investment in KPN using the equity method until June 2015, when we then reclassified it to be an available-for-sale marketable equity security. Our investment in KPN is now carried at fair value with changes in fair value recognized through other comprehensive income (equity). When we changed the classification of our KPN investment, we recorded a pre-tax gain of approximately Ps.12.0 billion in our consolidated statement of comprehensive income. We have since recognized changes in fair value of our KPN investment of Ps.4.0 million through other comprehensive income (equity). For additional information on this change, see Notes 5 and 13 to our consolidated financial statements.

**PART II: OPERATING AND FINANCIAL REVIEW
AND PROSPECTS**

OVERVIEW

INTRODUCTION

Segments

We have operations in 25 countries, which are aggregated for financial reporting purposes into ten reportable segments. Our operations in Mexico are presented in two segments—Mexico Wireless and Mexico Fixed, which consist principally of Telcel and Telmex, respectively. Our headquarters' operations are allocated to the Mexico Wireless segment. Additional information about our segments, including financial information, is presented in Note 22 to our audited consolidated financial statements.

The factors that drive our financial performance differ in the various countries where we operate, including subscriber acquisition costs, the competitive landscape, the regulatory environment, economic factors, interconnection rates, among others. Accordingly, our results of operations in each period reflect a combination of these effects on our different segments.

Constant Currency Presentation

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

Effects of Exchange Rates

Our results of operations are affected by changes in currency exchange rates. As discussed above, currency variations between the Mexican peso and the currencies of our non-Mexican subsidiaries, especially the Euro, U.S. dollar, Brazilian real, Colombian and Argentine pesos, affect our results of operations as reported in Mexican pesos. In 2015, the Mexican peso was generally stronger against our other operating currencies than in 2014, which tended to reduce the reported amounts attributable to our non-Mexican operations.

In addition, we recognize foreign exchange gains and losses attributable to changes in the value of our operating currencies, particularly the Mexican peso and Brazilian real, against the currencies in which our indebtedness and accounts payable are denominated, especially the U.S. dollar and the Euro. Appreciation of our operating currencies generally results in foreign exchange gains, while depreciation of these currencies generally results in foreign exchange losses. Changes in exchange rates also affect the fair value of derivative financial instruments that we use to manage our currency-risk exposures, which are generally not accounted for as hedging. In 2015, the Mexican peso and the Brazilian real weakened against the currencies in which a portion of our indebtedness is denominated, and we recorded net foreign exchange losses of Ps.79.0 billion, which were partially offset by net fair value gains on derivatives of Ps.21.5 billion. In 2014, the Mexican peso and the Brazilian real also weakened against the currencies of our indebtedness, and we recorded net foreign exchange losses of Ps.28.6 billion and net fair value losses on derivatives of Ps.10.1 billion. See Note 8 to our audited consolidated financial statements.

Effects of Regulation

We operate in a regulated industry. Our results of operations and financial condition have been, and will continue to be, affected by regulatory actions and changes. In recent periods, for example, regulators have imposed or sought to impose decreases in, or the elimination of, interconnection rates, and we expect further decreases in

Brazil, Chile, Peru, Ecuador and Colombia. We have offset lower interconnection revenues by attracting new customers with lower prices and new data services to increase traffic, but this may change. Significant regulatory developments are presented in more detail in "Regulation" under Part VI and "Risk Factors" under Part III of this annual report.

Effect of Consolidating Telekom Austria

As of December 31, 2015, we owned 59.7% of the total equity of Telekom Austria. We began consolidating Telekom Austria from July 1, 2014. Prior to July 1, 2014, we accounted for Telekom Austria using the equity method. The consolidation of Telekom Austria affects the comparability of our results for 2015, 2014 and 2013.

COMPOSITION OF OPERATING REVENUES

In 2015, our total operating revenues consisted of: wireless voice revenues (27.3% of total operating revenues), fixed voice revenues (11.7%), wireless data revenues (26.3%), fixed data revenues (11.7%), Pay TV revenues (7.3%), equipment, accessories and computer sales revenues (12.9%) and other services (2.8%).

Revenues from wireless and fixed voice services primarily include charges from monthly subscriptions, airtime, international and long-distance calls and interconnection costs billed to other service providers for calls completed on our network. The primary driver of revenues from monthly subscription charges are the number of total RGUs and the prices of our service packages. The primary driver of revenues from usage charges (airtime, long-distance calls and interconnection charges) is traffic as calculated by the number of total RGUs and their average usage.

Revenues from wireless and fixed data services primarily include charges for data, cloud, internet and OTT services and the usage from our data centers. In addition, revenues from value-added services and IT solutions to corporate clients contributes to our results for wireless and fixed data services, respectively. Revenues from IT solutions to our corporate clients mainly consist of revenues from installing and leasing dedicated circuits and revenues from virtual private network ("VPN") services.

Pay TV revenues consist primarily of charges from subscription services, additional programming and advertising.

Equipment, accessories and computer sales revenues primarily include revenues from the sale of handsets, accessories and other equipment. Most of our sales in equipment are driven by the number of new customers. The pricing of equipment is not geared primarily towards making a profit from equipment sales, because it also takes into account the service revenues that are expected to result when the handset is used.

Other services primarily include revenues from other businesses, such as advertising, entertainment content distribution, telephone directories, call center services, wireless security services and a publishing company.

Revenues are recognized at the time services are provided. Billed revenues for service not yet rendered are recognized as deferred revenues. Revenues from sales of prepaid services are deferred and recognized as airtime is used or when it expires, and they are included under wireless voice services.

Seasonality of our Business

Our business is subject to a certain degree of seasonality, characterized by a higher number of new customers during the fourth quarter of each year. We believe this seasonality is mainly driven by the Christmas shopping season. Revenue also tends to decrease during the months of August and September, when family expenses shift towards school supplies and child care.

General Trends Affecting Operating Results

Our results of operations in 2015 reflected several continuing long-term trends, including:

- intense competition, with growing costs for marketing and subscriber acquisition and retention, as well as generally declining customer prices;
- changes in the telecommunications regulatory environment;
- growing demand for data services over fixed and wireless networks, as well as for smartphones and devices with data service capabilities;
- declining demand for voice services;
- declining interconnection rates;
- growing operating costs reflecting, among other things, higher cost for Pay TV and data services content, customer care services, as well as managing larger and more complex networks; and
- overall macroeconomic conditions and foreign exchange volatility in the countries in which we operate.

These trends are broadly characteristic of our businesses in all regions in recent years, and they have affected comparable telecommunications providers as well.

Other recent trends affecting our performance included:

- the effects of Mexico's 2014 regulatory measures; and
- the adverse impact of the depreciation of the Brazilian real and the Colombian peso against the Mexican peso, and the appreciation of the U.S. dollar and the Euro against the Mexican peso.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS OF OPERATIONS FOR 2015 AND 2014

Operating Revenues

Total operating revenues for 2015 increased by 5.4%, or Ps.46.0 billion, over 2014. At constant exchange rates, total operating revenues for 2015 increased by 6.0% over 2014, or 1.8% excluding the effects of consolidating Telekom Austria. This increase principally reflects increases in revenues from our wireless data and fixed data operations, partially offset by a decrease in revenues from our wireless voice, fixed voice and Pay TV operations.

Wireless Voice—Wireless voice revenues for 2015 decreased by 4.7%, or Ps.12.0 billion, over 2014. At constant exchange rates, wireless voice revenues for 2015 decreased by 7.5% over 2014, or 10.3% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reductions in the price per minute for calls, decreases in international and long-distance traffic, the elimination in Mexico of interconnection rates and national roaming charges and the reduction of interconnection rates in other jurisdictions where we operate, including, principally, Colombia, Ecuador and Brazil.

Fixed Voice—Fixed voice revenues for 2015 decreased by 8.7%, or Ps.9.9 billion, over 2014. At constant exchange rates, fixed voice revenues for 2015 decreased by 5.4% from 2014, or 12.3% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reduced traffic, principally in long-distance calls, in part explained by the growing use of wireless technology and the effects of regulatory changes in some of the countries where we operate, such as in Mexico and Colombia.

Wireless Data—Wireless data revenues for 2015 increased by 20.6%, or Ps.40.2 billion, over 2014. At constant exchange rates, wireless data revenues for 2015 increased by 17.8% over 2014, or 12.1% excluding the effects of consolidating Telekom Austria. This increase principally reflects increased use of services, such as media and content downloading, web browsing, content streaming and machine-to-machine services, driven in part by the increased use of social networking websites and content downloading on tablets and notebooks.

Fixed Data—Fixed data revenues for 2015 increased by 7.5%, or Ps.7.3 billion, over 2014. At constant exchange rates, fixed data revenues for 2015 increased by 13.0% over 2014, or 8.3% excluding the effects of consolidating Telekom Austria. This increase principally reflects growth in residential broadband services, driven by higher quality services with greater coverage and the growth of corporate data services, such as cloud, dedicated lines, leasing and data center services.

Pay TV—Pay TV revenues for 2015 decreased by 4.6%, or Ps.3.1 billion, over 2014. At constant exchange rates, Pay TV revenues for 2015 increased by 8.7% over 2014, or 7.8% excluding the effects of consolidating Telekom Austria. This increase primarily reflects growth in fixed RGUs and increased revenues, driven by new plans and channel packages that integrate multiple services, particularly in Brazil, Colombia, Peru and Ecuador.

Equipment, Accessories and Computer Sales—Revenues from equipment, accessories and computer sales for 2015 increased by 20.8%, or Ps.19.9 billion, over 2014. At constant exchange rates, revenues from equipment, accessories and computer sales for 2015 increased by 20.2% over 2014, or 17.7% excluding the effects of consolidating Telekom Austria. This increase principally reflects an increase in sales of higher-end smart phones, feature phones and other data-enabled devices, as well as an increase in handset, tablet and electronics sales, driven by new commercial plans and promotions among postpaid and prepaid subscribers.

Other Services—Revenues from other services for 2015 increased by 16.7%, or Ps.3.6 billion, over 2014. At constant exchange rates, revenues from other services for 2015 increased by 17.0% over 2014, or 10.1% excluding the effects

of consolidating Telekom Austria. This increase principally reflects an increase in revenues from advertising, online content, wireless security services, telephone directories and call center services.

Operating Costs and Expenses

Cost of sales and services—Cost of sales and services for 2015 increased by 8.3%, or Ps.32.0 billion, over 2014, representing 46.8% of operating revenues for 2015 compared to 45.5% of operating revenues for 2014. At constant exchange rates, cost of sales and services for 2015 increased by 7.2% over 2014, or 3.5% excluding the effects of consolidating Telekom Austria.

Cost of sales was Ps.145.8 billion for 2015, an increase of 12.4% from Ps.129.6 billion in 2014. Excluding the effects of consolidating Telekom Austria, cost of sales was Ps.137.3 billion for 2015 and Ps.125.1 billion for 2014. This increase primarily reflects the increase in sales of smartphones to subscribers in all countries in which we operate, and an increase in the subsidies we provide in order to acquire and retain subscribers and to incentivize prepaid subscribers to switch to postpaid plans.

Cost of services was Ps.272.3 billion for 2015, an increase of 6.2% from Ps.256.5 billion in 2014. Excluding the effects of consolidating Telekom Austria, cost of services was Ps.251.7 billion for 2015 and Ps.246.9 billion for 2014. This increase primarily reflects an increase in costs related to our Pay TV business, increased royalty payments and an increase in leasing, network maintenance and labor costs.

Commercial, administrative and general expenses—Commercial, administrative and general expenses for 2015 increased by 9.6%, or Ps.17.8 billion, over 2014. As a percentage of operating revenues, commercial, administrative and general expenses for 2015 and 2014 were 22.8% and 21.9%, respectively. At constant exchange rates, commercial, administrative and general expenses for 2015 increased by 11.6% over 2014, or 8.7% excluding the effects of consolidating Telekom Austria. This increase primarily reflects increased expenses related to higher customer service costs, including increases in the number of customer service centers and employees, as we seek to provide better customer care and quality of service.

Telcel and Telmex, like other Mexican companies, are required by law to pay their employees, in addition to their agreed compensation and benefits, profit sharing in an aggregate amount equal to 10.0% of each entity's taxable income. Our subsidiaries in Ecuador and Peru are also required to pay employee profit sharing at rates of 15.0% and 10.0%, respectively, of taxable income. We account for these amounts under commercial, administrative and general expenses.

Other expenses—Other expenses for 2015 increased by 10.4%, or Ps.0.5 billion, over 2014 principally as a result of the consolidation of Telekom Austria.

Depreciation and amortization—Depreciation and amortization for 2015 increased by 9.3%, or Ps.10.7 billion, over 2014. As a percentage of operating revenues, depreciation and amortization for 2015 increased slightly to 14.1% compared to 13.6% for 2014. This increase primarily reflects the consolidation of Telekom Austria. At constant exchange rates, depreciation and amortization for 2015 increased by 13.4%, or 6.1% excluding the effects of consolidating Telekom Austria. This increase primarily reflects capital expenditures made in recent years in connection with two new satellites placed into orbit in Brazil.

Operating Income

Operating income for 2015 decreased by 9.6%, or Ps.15.1 billion, from 2014. Operating margin (operating income as a percentage of operating revenues) for 2015 was 15.8% compared to 18.5% for 2014. Excluding the effects of consolidating Telekom Austria, operating income for 2015 decreased by 13.1% and operating margin decreased by

2.7%, due principally to higher subscriber acquisition costs, network maintenance and customer service, as well as the growth of lower-margin businesses, such as TracFone, and greater depreciation and amortization charges.

Non-Operating Items

Net Interest Expense—Net interest expense (interest expense less interest income) for 2015 increased by Ps.2.0 billion, or 8.0%, over 2014, or 3.4% excluding the effects of consolidating Telekom Austria, attributable to the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar, and an increase in our net debt.

Foreign Currency Exchange Loss, Net—We recorded a net foreign currency exchange loss of Ps.79.0 billion for 2015, compared to a net foreign currency exchange loss of Ps.28.6 billion for 2014. Excluding the effects of consolidating Telekom Austria, net foreign currency exchange losses more than doubled when compared to 2014, principally attributable to the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar.

Valuation of Derivatives, Interest Cost from Labor Obligations and Other Financial Items, Net—The changes in valuation of derivatives, interest cost from labor obligations and other financial items, net, represented a gain of Ps.21.5 billion for 2015, compared to a loss of Ps.10.2 billion for 2014. This item reflects the gain recorded as a result of the change in the accounting of our investment in KPN from the equity method to an available-for-sale equity security, a loss recorded on our sale of KPN shares in 2014 as well as value gains on the derivative instruments we use to hedge against exchange rate risk in our indebtedness.

Equity interest in net losses of associated companies—Our share of the net losses of associated companies accounted for under the equity method was Ps.1.4 billion in 2015 and Ps.6.1 billion in 2014. Our results from equity-method investees for 2015 principally reflect our interest in KPN through June 2015 and our equity interest in Telekom Austria for the first six months of 2014.

Income Tax—Our income tax expenses for 2015 decreased by 51.7% over 2014. This was principally due to increases in our net foreign currency exchange losses as a result of the depreciation of the Mexican peso against the currencies in which a portion of our debt is denominated.

Our effective corporate income tax rate as a percentage of profit before income tax was 34.2% for 2015, compared to 45.5% for 2014. This rate differed from the Mexican statutory rate of 30% and changed year over year principally as a result of a decrease in both pre-tax income and the equity interest in net loss of associated companies between periods, and the gain on derecognition of the equity method investment in KPN in 2015.

Net Profit

We recorded a net profit of Ps.37.0 billion for 2015, a decrease of 22.2%, or Ps.10.5 billion, over 2014. Excluding the effects of consolidating Telekom Austria, net profit in 2015 decreased by 34.5% compared to 2014. This decrease reflects our foreign exchange losses, greater depreciation and amortization charges.

CONSOLIDATED RESULTS OF OPERATIONS FOR 2014 AND 2013

Operating Revenues

Total operating revenues for 2014 increased by 7.9%, or Ps.62.2 billion, over 2013. At constant exchange rates, total operating revenues for 2014 increased by 10.9% over 2013, or 6.1% excluding the effects of consolidating Telekom Austria. This increase principally reflects increases in revenues from our wireless data, fixed data and Pay TV operations, partially offset by a decrease in revenues from our wireless and fixed voice operations.

Wireless Voice—Wireless voice revenues for 2014 decreased by 3.6%, or Ps.9.4 billion, over 2013. At constant exchange rates, wireless voice revenues for 2014 decreased by 0.7% over 2013, or 3.5% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reductions in the effective price-per-minute for calls, the elimination of interconnection rates and national roaming charges in Mexico and the reduction of interconnection rates in other jurisdictions where we operate, principally Colombia.

Fixed Voice—Fixed voice revenues for 2014 increased by 2.6%, or Ps.2.9 billion, over 2013. At constant exchange rates, fixed voice revenues for 2014 increased by 4.2% over 2013, or decreased by 2.6% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reduced traffic, principally long-distance, in part explained by increased penetration of wireless technology, and new regulatory measures affecting companies operating in the telecommunications sector in countries in which we operate, such as Colombia and Mexico.

Wireless Data—Wireless data revenues for 2014 increased by 22.1%, or Ps.35.3 billion, over 2013. At constant exchange rates, wireless data revenues for 2014 increased by 25.2% over 2013, or 17.5% excluding the effects of consolidating Telekom Austria. This increase principally reflects increased use of services such as media and content downloading, web browsing, content streaming and machine-to-machine services, driven in part by increased use of social networking websites and content downloading on handsets, tablets and notebooks.

Fixed Data—Fixed data revenues for 2014 increased by 14.7%, or Ps.12.5 billion, over 2013. At constant exchange rates, fixed data revenues for 2014 increased by 17.9% over 2013, or 12.6% ,excluding the effects of consolidating Telekom Austria. This increase principally reflects residential broadband services growth, fueled by higher quality services with greater coverage, and the growth of corporate data services such as cloud, dedicated lines, leasing and data center services.

Pay TV—Pay TV revenues for 2014 increased 12.4%, or Ps.7.5 billion, over 2013. At constant exchange rates, Pay TV revenues for 2014 increased by 17.4% over 2013, or 16.9% excluding the effects of consolidating Telekom Austria. This increase reflects RGU growth and increased revenues driven by new plans and channel packages that integrate multiple services, particularly in Brazil, Colombia, Peru and Ecuador.

Equipment, Accessories and Computer Sales—Revenues from equipment, accessories and computer sales for 2014 increased by 13.1%, or Ps.11.1 billion, over 2013. At constant exchange rates, revenues from equipment, accessories and computer sales for 2014 increased by 18.1% over 2013, or 13.9% excluding the effects of consolidating Telekom Austria. This increase reflects an increase in sales of higher-end smart phones, feature phones and other data-enabled devices, as well as new commercial plans and promotions among postpaid and prepaid subscribers, which contributed to an increase in handset, tablet and electronics sales.

Other Services—Revenues from other services for 2014 increased by 11.8%, or Ps.2.3 billion, over 2013. At constant exchange rates, revenues from other services for 2014 increased by 25.4% over 2013, or decreased by 7.6% excluding the effects of consolidating Telekom Austria. This decrease reflects a fall in revenues from other services such as wireless security services, telephone directories and call center services.

Operating Costs and Expenses

Cost of sales and services—Cost of sales and services for 2014 increased by 7.8%, or Ps.27.8 billion, over 2013, representing 45.5% of operating revenues compared to 45.6% of operating revenues for 2013. At constant exchange rates, cost of sales and services for 2014 increased by 10.4% over 2013, or 6.4% excluding the effects of consolidating Telekom Austria.

Cost of sales was Ps.129.6 billion for 2014, an increase of 6.3% from Ps.122.0 billion in 2013. Excluding the effects of consolidating Telekom Austria, cost of sales was Ps.125.1 billion for 2014 and Ps.122.0 billion for 2013. This increase primarily reflects the purchase of increasing quantities of smartphones for sale to customers in all countries in which we operate, and an increase in subsidies we provide in order to acquire and retain subscribers and to incentivize prepaid subscribers to switch to postpaid plans.

Cost of services was Ps.256.5 billion for 2014, an increase of 8.5% from Ps.236.3 billion in 2013. Excluding the effects of consolidating Telekom Austria, cost of services was Ps.246.9 billion for 2014 and Ps.236.3 billion for 2013. This increase primarily reflects an increase in costs related to the growth of our Pay TV business, increased costs to support the growth of our wireless data business, higher royalty payments, an increase in real estate, leasing, electricity, network maintenance and labor costs and an increase in annual concession fees.

Commercial, administrative and general expenses—Commercial, administrative and general expenses for 2014 increased by 11.1%, or Ps.18.5 billion, over 2013. As a percentage of operating revenues, commercial, administrative and general expenses for 2014 and 2013 were 21.9% and 21.3%, respectively. At constant exchange rates, commercial, administrative and general expenses for 2014 increased by 14.9% over 2013, or 7.1% excluding the effects of consolidating Telekom Austria. This primarily reflects increased expenses related to higher customer service costs, including increases in the number of customer service centers and employees, in order to provide better customer care and quality of service.

Telcel and Telmex, like other Mexican companies, are required by law to pay their employees, in addition to their agreed compensation and benefits, profit sharing in an aggregate amount equal to 10.0% of each entity's taxable income. Our subsidiaries in Ecuador and Peru are also required to pay employee profit sharing at a rate of 15.0% and 10.0%, respectively, of taxable income. We account for these amounts under commercial, administrative and general expenses.

Other expenses—Other expenses for 2014 increased by 2.0%, or Ps.0.01 billion, over 2013 principally as a result of the consolidation of Telekom Austria.

Depreciation and amortization—Depreciation and amortization for 2014 increased by 13.3%, or Ps.13.5 billion, over 2013 principally as a result of the consolidation of Telekom Austria and capital expenditures made in recent years. As a percentage of operating revenues, depreciation and amortization for 2014 increased slightly to 13.6% compared to 12.9% for 2013. At constant exchange rates, depreciation and amortization for 2014 increased by 12.0% excluding the effects of consolidating Telekom Austria.

Operating Income

Operating income for 2014 increased by 1.5%, or Ps.2.3 billion, from 2013. Operating margin (operating income as a percentage of operating revenues) for 2014 was 18.5% compared to 19.6% for 2013. Excluding the effects of consolidating Telekom Austria, operating income for 2014 increased by 0.2%, due principally to increased use of fixed and wireless data services partially offset by higher costs for subscriber acquisition, network maintenance and customer service, as well as the growth of lower-margin businesses such as Pay TV and TracFone, and greater depreciation and amortization charges.

Non-Operating Items

Net Interest Expense—Net interest expense (interest expense less interest income) for 2014 increased by Ps.3.4 billion, or 16.4%, over 2013, or 7.1% excluding the effects of consolidating Telekom Austria, attributable to a small increase in our net debt and appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar.

Foreign Currency Exchange Loss, Net—We recorded a net exchange loss of Ps.28.6 billion for 2014, compared to a net exchange loss of Ps.19.6 billion for 2013. Excluding the effects of consolidating Telekom Austria, net exchange losses increased by 45.6% from 2013, primarily attributable to the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar.

Valuation of Derivatives, Interest Cost from Labor Obligations and Other Financial Items, Net—The net change in valuation of derivatives and other financial items represented a loss of Ps.10.2 billion for 2014, compared to a loss of Ps.8.3 billion for 2013. This item reflects the loss recorded on our sale of KPN shares, which was partially offset by value gains on the derivative instruments we use to hedge against exchange rate risk in our indebtedness.

Equity interest in net income of associated companies—Our share of the net loss of associated companies accounted for under the equity method was Ps.6.1 billion in 2014 and Ps.0.04 billion in 2013. Our results from equity-method investees for 2014 primarily reflect our interest in KPN, which we acquired in 2012 and our equity interest in Telekom Austria for the first six months of 2014.

Income Tax—Our income tax expenses for 2014 increased by 30.6% over 2013. In Mexico, for tax purposes we recognize a taxable gain attributable to the effects of inflation on our financial liabilities. Our effective rate of provisions for corporate income tax as a percentage of profit before income tax was 45.5% for 2014, compared to 28.8% for 2013. Our effective tax rate differed from the Mexican statutory rate of 30.0% principally because of the higher level of taxable inflationary effects and non-deductible expenses, including impairments in connection with the consolidation of Telekom Austria and the reorganization of our Brazilian subsidiaries, the equity interest in net loss of associated companies as well as the loss associated with our sale of shares in KPN.

Net Profit

We recorded net profit of Ps.47.5 billion for 2014, a decrease of 36.6%, or Ps.27.5 billion, from net profit of Ps.75.0 billion in 2013. Excluding the effects of consolidating Telekom Austria, net profit in 2014 decreased by 40.5% compared to 2013. This decrease reflects our foreign exchange losses, greater depreciation and amortization charges and a higher tax burden.

SEGMENT RESULTS OF OPERATIONS

We discuss below the operating results of each reportable segment. Note 22 to our audited consolidated financial statements describes how we translate the financial statements of our non-Mexican subsidiaries. Exchange rate changes between the Mexican peso and the currencies in which our subsidiaries do business affect our reported results in Mexican pesos and the comparability of reported results between periods.

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

	Mexican pesos per foreign currency unit (average for the period)				
	2013	% Change	2014	% Change	2015
Brazilian real	5.9334	(4.7)	5.6574	(15.0)	4.8068
Colombian peso	0.0068	(2.5)	0.0067	(13.4)	0.0058
Argentine peso	2.3410	(29.9)	1.6406	4.5	1.7152
U.S. dollar	12.7660	4.2	13.2969	19.2	15.8504
Euro	16.9966	4.0	17.6507	(1.5)	17.3886

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

	Year ended December 31, 2013			
	Operating revenues		Operating income (loss)	
	(in millions of Mexican pesos)	(as a % of total operating revenues)	(in millions of Mexican pesos)	(as a % of total operating income (loss))
Mexico Wireless	Ps. 193,178	24.6%	Ps. 78,761	51.1%
Mexico Fixed	105,869	13.5	20,038	13.0
Brazil	199,887	25.4	11,101	7.2
Colombia	74,210	9.4	21,351	13.8
Southern Cone	61,521	7.8	6,174	4.0
Andean Region	45,113	5.7	11,910	7.7
Central America	24,219	3.1	(1,129)	(0.7)
United States	77,167	9.8	939	0.6
Caribbean	25,509	3.2	4,478	2.9
Eliminations	(20,572)	(2.5)	635	0.4
Total	Ps. 786,101	100.0%	Ps. 154,258	100.0%

	Year ended December 31, 2014			
	Operating revenues		Operating income (loss)	
	(in millions of Mexican pesos)	(as a % of total operating revenues)	(in millions of Mexican pesos)	(as a % of total operating income (loss))
Mexico Wireless	Ps. 195,710	23.1%	Ps. 73,462	46.9%
Mexico Fixed	107,518	12.7	22,284	14.5
Brazil	204,647	24.1	12,669	8.1
Colombia	75,992	9.0	17,669	11.3
Southern Cone	56,532	6.7	6,593	4.2
Andean Region	47,802	5.6	12,132	7.7
Central America	27,023	3.2	(212)	(0.1)
United States	91,097	10.7	1,520	1.0
Caribbean	25,842	3.0	4,923	3.1
Europe	37,392	4.4	5,229	3.3
Eliminations	(21,293)	(2.5)	285	0.2
Total	Ps. 848,262	100.0%	Ps. 156,554	100.0%

	Year ended December 31, 2015			
	Operating revenues		Operating income	
	(in millions of Mexican pesos)	(as a % of total operating revenues)	(in millions of Mexican pesos)	(as a % of total operating income)
Mexico Wireless	Ps. 204,825	22.9%	Ps. 70,726	50.0%
Mexico Fixed	101,078	11.3	15,947	11.3
Brazil	178,174	19.9	10,879	7.7
Colombia	66,137	7.4	13,362	9.4
Southern Cone	68,948	7.7	9,185	6.5
Andean Region	51,959	5.8	7,853	5.6
Central America	34,752	3.9	1,750	1.2
United States	110,654	12.4	1,294	0.9
Caribbean	29,658	3.3	3,891	2.8
Europe	73,160	8.2	6,247	4.4
Eliminations	(25,128)	(2.8)	320	0.2
Total	Ps. 894,217	100.0%	Ps. 141,454	100.0%

Interperiod Segment Comparisons

The following discussion addresses the financial performance of each of our reportable segments, first by comparing results for 2015 and 2014, and then by comparing results for 2014 and 2013. In the period-to-period comparisons for each segment, we include percentage changes in operating revenues, percentage changes in operating income and operating margin (operating income as a percentage of operating revenues), in each case calculated based on the segment financial information presented in Note 22 to our audited financial statements, which is prepared in accordance with IFRS. Each reportable segment includes all income, cost and expense eliminations that occurred between subsidiaries within the reportable segment. The Mexico Wireless segment also includes corporate income, costs and expenses.

Comparisons in the following discussion are calculated using figures in Mexican pesos. We also include percentage changes in adjusted segment operating revenues, adjusted segment operating income and adjusted operating margin (adjusted operating income as a percentage of adjusted operating revenues). The adjustments eliminate (i) certain intersegment transactions, (ii) for our non-Mexican segments, the effects of exchange rate changes and (iii) for the Mexican Wireless segment only, revenues and costs of group corporate activities and other businesses that are allocated to the Mexico Wireless segment.

2015 COMPARED TO 2014

Mexico Wireless

The number of net prepaid wireless subscribers for 2015 increased by 1.6% over 2014, and the number of net postpaid wireless subscribers increased by 12.8%, resulting in an increase in the total net number of wireless subscribers in Mexico of 3.1%, or 2.2 million, to approximately 73.7 million as of December 31, 2015.

Segment operating revenues for 2015 increased by 4.7% over 2014. Adjusted revenues for 2015 increased by 2.4% over 2014. This increase was primarily due to an increase in value-added services revenues. Wireless voice revenues for 2015 decreased by 17.4% over 2014, reflecting primarily the elimination of domestic roaming charges and the

elimination of termination charges. Wireless data revenues increased by 7.9% in 2015, primarily due to the increased use of value-added services by our wireless subscribers, including activity from messaging, content downloading, mobile applications and social media, and an increase in revenues from service plans offering higher data capacity.

Segment operating income for 2015 decreased by 3.7% over 2014. Adjusted operating income for 2015 decreased by 7.3% over 2014. Segment operating margin was 34.5% in 2015 and 37.5% in 2014. Adjusted operating margin for this segment was 39.5% in 2015 and 43.7% in 2014. The decrease in operating margin in 2015 was due primarily to certain negative effects from the changes in Mexican regulation and to costs related to network maintenance and expansion, as well as network capacity to absorb higher bandwidth usage and customer service.

Mexico Fixed

The number of fixed RGUs in Mexico for 2015 decreased by 1.2% over 2014, and the number of broadband RGUs in Mexico decreased by 4.0%, resulting in a decrease in total fixed RGUs in Mexico of 2.3% to approximately 21.7 million as of December 31, 2015 over 2014. The decrease in broadband RGUs was driven primarily by a change in recognition of fixed RGUs, which now excludes those fixed RGUs that maintain a 60-day or more delinquent account.

Segment operating revenues for 2015 decreased by 6.0% over 2014. Adjusted revenues for 2015 decreased by 4.9% over 2014. This decrease was primarily due to the elimination of charges for domestic long-distance calls in January 2015. Fixed voice revenues for 2015 decreased by 18.8% over 2014, reflecting reductions in the overall number of fixed-lines, national and international long-distance rates and usage. Fixed data revenues for 2015 increased by 5.4% over 2014, reflecting an increase in revenues from broadband and corporate network services.

Segment operating income for 2015 decreased by 28.4% over 2014. Adjusted segment operating income for 2015 decreased by 29.6% over 2014. Segment operating margin was 15.8% in 2015 and 20.7% in 2014. Adjusted operating margin for this segment was 14.1% in 2015 and 19.1% in 2014. The decrease in the segment operating margin for 2015 was primarily due to increases in costs associated with customer service and service quality improvements as well as network maintenance.

Brazil

The number of net prepaid wireless subscribers for 2015 decreased by 11.0% over 2014, and the number of net postpaid wireless subscribers increased by 6.4%, resulting in a decrease in the total net number of wireless subscribers in Brazil of 7.2%, or 5.1 million over 2014, to approximately 66.0 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 3.2%, the number of broadband RGUs increased by 7.7% and the number of Pay TV RGUs decreased by 2.7%, resulting in an increase in total fixed RGUs in Brazil of 1.5% to approximately 36.6 million as of December 31, 2015 over 2014.

Segment operating revenues for 2015 decreased by 12.9% over 2014. Adjusted segment operating revenues for 2015 increased by 1.8% over 2014. This increase was primarily due to higher wireless and fixed data as well as Pay TV revenues. Wireless data revenues for 2015 increased by 23.2% and fixed data revenues for 2015 increased by 9.6%, principally due to higher customer usages of media and content-downloading data and of value-added services, such as SMS messaging and web browsing, as well as, in the case of fixed data, an increase in the fixed RGU base. Pay TV revenues for 2015 increased by 7.3% as a result of an increase in the purchase of additional services, such as video-on-demand and bundled packages. Wireless and fixed voice revenues decreased by 18.4% and 7.4%, respectively, in 2015 over 2014. The principal factors underlying the decrease in revenues were the reduction of

interconnection rates and reduced long-distance and fixed-to-mobile charges. The decrease in fixed voice revenues is primarily attributable to decreases in revenues from local services and the reduction of interconnection rates and domestic long-distance calls.

Segment operating income for 2015 decreased by 14.1% over 2014. Adjusted segment operating income for 2015 increased by 2.5% over 2014. Segment operating margin was 6.1% in 2015 and 6.2% in 2014. Adjusted segment operating margin was 4.9% in 2015 and 4.9% in 2014. The decrease in segment operating margin for 2015 was primarily due to higher subscriber acquisitions, customer service and call centers costs, as well as higher advertising, rent and marketing costs associated with the integration of our various Brazilian brands.

Colombia

In 2015, the number of net prepaid wireless subscribers decreased by 3.4%, and the number of net postpaid wireless subscribers increased by 0.1%, resulting in a decrease in the total net number of wireless subscribers in Colombia of 2.7%, or 0.8 million, to approximately 29.0 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 12.7%, the number of broadband RGUs increased by 15.5% and the number of Pay TV RGUs increased by 2.3%, resulting in an increase in total fixed RGUs in Colombia of 9.3% to approximately 5.8 million as of December 31, 2015.

Segment operating revenues for 2015 decreased by 13.0% over 2014. Adjusted operating revenues for 2015 decreased by 0.5% over 2014. This decrease was primarily due to lower wireless interconnection rates, airtime use by wireless prepaid subscribers and, in the case of postpaid wireless subscribers, a decrease in subscription plan fees. Fixed and wireless data revenues increased by 10.8% and 20.6%, respectively, in 2015, primarily due to an increase in sales of bundled packages of wireless services, higher demand for data plans and an increase in subscribers for internet services. Fixed voice revenues increased by 9.8% and wireless voice revenues decreased by 21.8% in 2015. Pay TV revenues for 2015 increased by 16.5% as a result of an increase in the number of subscribers.

Segment operating income for 2015 decreased by 24.4% over 2014. Adjusted segment operating income for 2015 decreased by 10.1% over 2014. Segment operating margin was 20.2% in 2015 and 23.3% in 2014. Adjusted segment operating margin was 23.8% in 2015 and 26.3% in 2014. The decrease in segment operating margin for 2015 was primarily due to higher advertising, lease, maintenance and customer service costs, customer acquisition costs and costs related to TV content.

Southern Cone—Argentina, Chile, Paraguay and Uruguay

In 2015, the number of net prepaid wireless subscribers decreased by 5.6%, and the number of net postpaid wireless subscribers increased by 4.5%, resulting in an increase in the total net number of wireless subscribers in our Southern Cone segment of 5.2%, or 1.4 million, to approximately 29.2 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 2.0%, the number of broadband RGUs increased by 8.5% and the number of Pay TV RGUs decreased by 6.5%, resulting in a decrease in total fixed RGUs in our Southern Cone segment of 0.4% to approximately 1.8 million as of December 31, 2015.

Segment operating revenues for 2015 increased by 22.0% over 2014, reflecting an increase of 28.1% in Argentina, Paraguay and Uruguay and an increase of 6.3% in Chile. Adjusted segment operating revenues for 2015 increased by 16.7% over 2014, reflecting an increase of 22.5% in Argentina, Paraguay and Uruguay and an increase of 2.3% in Chile. The increase in operating revenues was driven primarily in Chile and Argentina from higher data usage, such as data purchased in bundled service packages. For this segment, we analyze results in Argentina, Paraguay and Uruguay in terms of the Argentine peso, because Argentina accounts for the major portion of the operations in these three countries.

Segment operating income for 2015 increased by 39.3% over 2014, reflecting an increase in operating income of 31.8% in Argentina, Paraguay and Uruguay and an increase in operating loss of 17.6% in Chile. Adjusted segment operating income for 2015 increased by 32.6% over 2014, reflecting an increase in adjusted operating income of 26.2% in Argentina, Paraguay and Uruguay and an increase in adjusted operating loss by 13.2% in Chile.

Segment operating margin was 13.3% in 2015 and 11.7% in 2014. This increase reflects an operating margin of 28.2% in Argentina, Paraguay and Uruguay, which was partially offset by a negative operating margin of 21.4% in Chile. Adjusted segment operating margin was 15.0% in 2015, compared to 13.2% in 2014, and reflects an adjusted operating margin of 28.1% in Argentina, Paraguay and Uruguay, partially offset by a negative operating margin of 21.4% in Chile. Results of operations in this segment during 2015 are partially explained by cost efficiencies related to maintenance, commercial leases for customer services centers, stores and tower spaces and customer service centers.

Andean Region—Ecuador and Peru

In 2015, the number of net prepaid wireless subscribers decreased by 21.0%, and the number of net postpaid wireless subscribers increased by 3.7%, resulting in a decrease in the total net number of wireless subscribers in our Andean Region segment of 14.5%, or 3.5 million, to approximately 20.7 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 7.7%, the number of broadband RGUs increased by 19.8% and the number of Pay TV RGUs increased by 1.4%, resulting in an increase in total fixed RGUs in our Andean Region segment of 9.6% to approximately 1.7 million as of December 31, 2015.

Segment operating revenues for 2015 increased by 8.7% over 2014, reflecting operating revenue increases of 10.6% in Ecuador and 6.7% in Peru. Adjusted segment operating revenues for 2015 decreased by 3.2%, reflecting a decrease of 7.1% in Ecuador and an increase of 0.5% in Peru. This decrease in operating revenues reflected, in both Ecuador and Peru, decreases in revenues from our wireless and fixed voice operations, especially prepaid voice plans, despite higher revenues from wireless data and postpaid voice plans, broadband and corporate data services.

Segment operating income for 2015 decreased by 35.3% over 2014, reflecting a decrease in operating income of 24.1% in Ecuador and a decrease of 35.2% in Peru. Adjusted segment operating income for 2015 decreased by 37.0%, reflecting a decrease of 35.4% in Ecuador and a decrease of 38.9% in Peru. Segment operating margin was 15.1% in 2015, reflecting operating margins of 23.3% in Ecuador and 14.4% in Peru, and was 25.4% in 2014. Adjusted segment operating margin was 18.6% in 2015, reflecting adjusted operating margins of 23.6% in Ecuador and 14.4% in Peru, and was 28.7% in 2014. Results of operations in all countries in this segment in 2015 were impacted by increases in customer service, marketing, sales costs, and subsidies in Ecuador, and higher postpaid subscriber acquisition costs driven by a more aggressively competitive environment in Peru.

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

In 2015, the number of net prepaid wireless subscribers increased by 8.7%, and the number of net postpaid wireless subscribers increased by 15.7%, resulting in increase in the total net number of wireless subscribers in our Central America segment of 9.6%, or 1.3 million, to approximately 15.3 million as of December 31, 2015. In 2015, the number of fixed voice RGUs decreased by 0.5%, the number of broadband RGUs increased by 43.7% and the number of Pay TV RGUs increased by 6.7%, resulting in an increase in total fixed RGUs in our Central America segment of 7.5% to approximately 4.9 million as of December 31, 2015.

Segment operating revenues for 2015 increased by 28.6% over 2014. Adjusted segment operating revenues for 2015 increased by 7.6% over 2014. This increase was driven primarily by increased revenues from wireless and fixed voice services and Pay TV in each country other than El Salvador, and increased revenues from wireless and fixed data services in each country, other than Nicaragua and El Salvador, partially offset by declining fixed voice usage and prices per minute for calls in El Salvador and Guatemala. For this purpose, we analyze adjusted segment results in U.S. dollars because it is the functional currency in our operations in El Salvador and Panama and the currencies in Costa Rica, Guatemala, Honduras and Nicaragua are relatively stable against the U.S. dollar.

Segment operating income and adjusted segment operating income increased by approximately ten times in 2015 over 2014. Segment operating margin for 2015 was 5.0%, compared to a negative operating margin for 2014 of 0.8%. Adjusted segment operating margin for 2015 as 5.4%, compared to a negative operating margin for 2014 of 0.6%. Results of operations in all countries in the segment in 2015 were impacted by the increase in operating income, lower maintenance, customer service and acquisition costs associated with increasing our network capacity, quality and coverage in each country.

Caribbean—Dominican Republic and Puerto Rico

In 2015, the number of net prepaid wireless subscribers increased by 0.9%, and the number of net postpaid wireless subscribers increased by 9.0%, resulting in an increase in the total net number of wireless subscribers in our Caribbean segment of 3.3%, or approximately 200 thousand, to approximately 5.3 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 2.5%, the number of broadband RGUs increased by 9.0% and the number of Pay TV RGUs increased 24.6%, resulting in an increase in total fixed RGUs in our Caribbean segment of 7.0% to approximately 2.5 million as of December 31, 2015.

Segment operating revenues for 2015 increased by 14.8% over 2014. Adjusted segment operating revenues for 2015 decreased by 3.7% over 2014. This decrease was primarily due to lower revenues from wireless and fixed-voice services in Puerto Rico, which was partially offset by an increase in wireless data revenues in the Dominican Republic. We analyze segment results in U.S. dollars because it is the functional currency in our operations in Puerto Rico, and the currency in the Dominican Republic is relatively stable against the U.S. dollar.

Segment operating income for 2015 decreased by 21.0% over 2014. Adjusted segment operating income for 2015 decreased by 36.5% over 2014. Segment operating margin was 13.1% in 2015 and 19.1% in 2014. Adjusted segment operating margin was 12.6% in 2015 and 19.0% in 2014. The decrease in segment operating income and operating margin for 2015 reflected an increase in costs associated with accrued liabilities, principally our pension obligations in Puerto Rico, as well as costs associated with human resources, network maintenance and subscriber acquisitions.

United States

In 2015, the number of net prepaid wireless subscribers decreased by 1.3%, or approximately 300 thousand, to approximately 25.7 million total net wireless subscribers in the United States as of December 31, 2015.

Segment operating revenues for 2015 increased by 21.5% over 2014. Adjusted segment operating revenues for 2015 increased by 1.9% over 2014. This increase reflected higher wireless voice and data usage and revenues driven by the success of existing plans, principally those offered by Straight Talk, which often include unlimited data plans. Wireless data services increased by 2.5% during 2015 and currently represent 39.7% of segment revenues. In 2015, the number of wireless subscribers, all of which are prepaid subscribers, decreased by 1.3% to approximately 25.7 million as of December 31, 2015 over 2014.

Segment operating income for 2015 decreased by 14.9% over 2014. Adjusted segment operating income for 2015 decreased by 10.8% over 2014. Segment operating margin was 1.2% in 2015 and 1.7% in 2014. Adjusted segment operating margin was 7.8% in 2015 and 8.9% in 2014. This decrease in segment operating margin for 2015 was primarily due to increased payments to third-party network operators for minutes and megabytes, as well as higher voice and data usages from unlimited plans.

Europe

In 2015, the number of net prepaid wireless subscribers increased by 0.2%, and the number of net postpaid wireless subscribers increased by 4.9%, resulting in an increase in the total net number of wireless subscribers in our Europe segment of 3.5%, or approximately 700 thousand, to approximately 20.7 million as of December 31, 2015. In 2015, the number of fixed voice RGUs increased by 9.9%, the number of broadband RGUs increased by 28.4% and the number of Pay TV RGUs increased by 93.7%, resulting in an increase in total fixed RGUs in our Europe segment of 28.2% to approximately 5.6 million as of December 31, 2015.

Segment operating revenues for 2015 was Ps.6,247 million. Segment operating margin and adjusted segment operating margin for 2015 were 8.5% and 13.8%, respectively. We began consolidating Telekom Austria in July 2014.

2014 COMPARED TO 2013

Mexico Wireless

In 2014, the number of net prepaid wireless subscribers decreased by 4.1%, and the number of net postpaid wireless subscribers increased by 6.0%, resulting in a decrease in the total net number of wireless subscribers in Mexico of 2.8%, or 2.0 million, to approximately 71.5 million as of December 31, 2014.

Segment operating revenues increased by 1.3% in 2014. Adjusted revenues increased 0.7% in 2014. This increase was primarily driven by an increase in value-added services revenues. Wireless voice revenues decreased by 9.6% in 2014, reflecting primarily the elimination of domestic roaming charges and the elimination of interconnection charges. Wireless data revenues increased by 14.2% in 2014, principally due to increased customer usage of value-added services.

Segment operating income decreased by 6.7% in 2014. Adjusted operating income increased by 0.6% in 2014. Segment operating margin (operating income as a percentage of operating revenues) was 37.5% in 2014 and 40.8% in 2013. Adjusted operating margin for this segment was 43.7% in 2014 and 43.7% in 2013. The decrease in operating margin in 2014 was due principally to the decline in revenues related to new regulatory measures and to costs related to network maintenance and expansion, increased capacity to absorb higher bandwidth usage and customer service.

Mexico Fixed

In 2014, the number of fixed RGUs in Mexico decreased by 3.4%, and the number of broadband RGUs in Mexico increased by 2.9%, resulting in a decrease in total fixed RGUs in Mexico of 0.9% to approximately 22.3 million as of December 31, 2014.

Segment operating revenues increased by 1.6% in 2014. This increase was principally due to an increase in fixed data revenues. Fixed voice revenues decreased by 4.5% in 2014, reflecting reductions in the overall number of fixed lines, national and international long-distance rates and usage. Fixed data revenues increased by 9.5% over 2013, reflecting an increase in revenues from broadband and corporate network services, principally due to an increase in the fixed RGU base.

Segment operating income increased by 11.2% in 2014. Adjusted segment operating income increased by 1.4%. Segment operating margin was 20.7% in 2014 and 18.9% in 2013. Adjusted operating margin for this segment was 19.1% in 2014 and 19.1% in 2013. The increase in segment operating margin for 2014 was principally due to greater cost efficiencies and lower personnel costs, despite increases in costs associated with customer service improvements and network maintenance.

Brazil

In 2014, the number of net prepaid wireless subscribers increased by 2.0%, and the number of net postpaid wireless subscribers increased by 9.3%, resulting in an increase in the total net number of wireless subscribers in our Brazil segment of 3.5%, or 2.4 million, to approximately 71.1 million as of December 31, 2014. In 2014, the number of fixed voice RGUs increased by 8.7%, the number of broadband RGUs increased by 13.6% and the number of Pay TV RGUs increased by 10.4%, resulting in an increase in total fixed RGUs in our Brazil segment of 10.4% to approximately 36.1 million as of December 31, 2014.

Segment operating revenues increased by 2.4% in 2014. Adjusted segment operating revenues increased by 7.2% in 2014 to increases in wireless, fixed data and Pay TV revenues. Wireless data revenues increased by 25.2% in 2014 and fixed data revenues increased by 14.4%, as a result of an increase in the subscriber base and increased data usage for media and content downloading and greater use of value-added services such as SMS messaging and web browsing. Pay TV revenues increased by 16.6% in 2014 as a result of a growing fixed RGU base and an increase in the purchase of additional services such as video-on-demand. Wireless and fixed voice revenues decreased by 10.9% and increased by 0.2%, respectively, in 2014. The principal factors in the decrease in revenues were the reduction of interconnection rates and reduced long distance and fixed-to-mobile charges. The increase in fixed voice revenues is primarily attributable to increased RGUs for fixed-line services offered by the NET Fone brand, partially offset by reduced revenues from local services and increased costs associated with promotions and bundled packages of services offered by NET Fone.

Segment operating income increased by 14.1% in 2014. Adjusted segment operating income increased by 23.8%. Segment operating margin was 6.2% in 2014 and 5.6% in 2013. Adjusted segment operating margin was 4.9% in 2014 and 4.2% in 2013. Adjusted segment operating income and operating margin in 2014 were affected by subscriber acquisition costs, higher costs for customer service, call centers and energy, and advertising, higher rent and marketing costs associated with the integration of our various Brazilian brands.

Colombia

In 2014, the number of net prepaid wireless subscribers increased by 2.8%, and the number of net postpaid wireless subscribers increased by 2.6%, resulting in an increase in the total net number of wireless subscribers in our Colombia segment of 2.8%, or 0.8 million, to approximately 29.8 million as of December 31, 2014. In 2014, the number of fixed voice RGUs increased by 16.1%, the number of broadband RGUs increased by 18.2% and the number of Pay TV RGUs increased by 4.7%, resulting in an increase in total fixed RGUs in our Colombia segment of 11.8% to approximately 5.3 million as of December 31, 2014.

Segment operating revenues increased 2.4% in 2014. Adjusted operating revenues increased by 5.2%. Fixed and wireless data services increased by 13.3% and 5.8%, respectively, in 2014, primarily due to increased purchase of bundled packages of services, higher demand for data plans and an increase in subscribers for internet services. Fixed voice revenues increased by 4.2% and wireless voice revenues decreased 4.9% in 2014. Pay TV revenues increased by 13.4% in 2014.

Segment operating income decreased by 17.2% in 2014. Adjusted segment operating income decreased by 12.6%. Segment operating margin was 23.3% in 2014 and 28.8% in 2013. Adjusted segment operating margin was 26.3% in 2014 and 31.7% in 2013. Segment operating margin in 2014 was affected by higher electricity, lease, maintenance and customer service costs and an obligation imposed by the Colombian government to provide free tablets and handsets to certain people in low-income brackets as a condition for our acquisition of 4G spectrum.

Southern Cone—Argentina, Chile, Paraguay and Uruguay

In 2014, the number of net prepaid wireless subscribers decreased by 4.7%, and the number of net postpaid wireless subscribers increased by 4.8%, resulting in a decrease in the total net number of wireless subscribers in our Southern Cone segment of 1.5%, or 0.4 million, to approximately 27.8 million as of December 31, 2014. In 2014, the number of fixed voice RGUs increased by 6.4%, the number of broadband RGUs increased by 6.6% and the number of Pay TV RGUs increased by 6.6%, resulting in an increase in total fixed RGUs in our Southern Cone segment of 6.5% to approximately 1.8 million as of December 31, 2014.

Segment operating revenues decreased by 8.1% in 2014, reflecting a decrease of 4.3% in Argentina, Paraguay and Uruguay and a decrease of 15.2% in Chile. Adjusted segment operating revenues increased by 20.1%, reflecting an adjusted operating revenue increase of 36.5% in Argentina, Paraguay and Uruguay and a decrease of 6.2% in Chile. The decrease in operating revenues was driven primarily by lower interconnection tariffs due to regulatory measures in Chile, partially offset by increased revenues in Chile and Argentina from higher data usage, such as data purchased in bundled service packages. For this segment, we analyze results in Argentina, Paraguay and Uruguay in terms of the Argentine peso because Argentina accounts for the major portion of the operations in these three countries.

Segment operating income increased by 6.8% in 2014, reflecting a decrease in operating income of 0.8% in Argentina, Paraguay and Uruguay and a decrease in operating loss of 15.2% in Chile. Adjusted segment operating income increased by 68.5%, reflecting an increase in adjusted operating income of 42.5% in Argentina, Paraguay and Uruguay and an increase in adjusted operating loss of 6.4% in Chile. Segment operating margin was 11.7% in 2014, reflecting an operating margin of 27.4% in Argentina, Paraguay and Uruguay and (19.3)% in Chile. Adjusted operating margin was 15.9% in 2014, reflecting an adjusted operating margin of 28.1% in Argentina, Paraguay and Uruguay and 19.3% in Chile. In 2013, adjusted operating margin was 13.1%, reflecting an adjusted operating margin of 26.2% in Argentina, Paraguay and Uruguay, and (19.3)% in Chile. Results of operations in all countries in the segment in 2014 reflected cost efficiencies related to maintenance, leases, spare parts and customer services, which grew at a lower rate than operating income, as well as a decrease in spectrum costs in Chile.

Andean Region—Ecuador and Peru

In 2014, the number of net prepaid wireless subscribers decreased by 1.0%, and the number of net postpaid wireless subscribers increased by 9.7%, resulting in an increase in the total net number of wireless subscribers in our Andean Region segment of 1.6%, or 0.4 million, to approximately 24.2 million as of December 31, 2014. In 2014, the number of fixed voice RGUs increased by 11.7%, the number of broadband RGUs increased by 25.8% and the number of Pay TV RGUs increased by 20.5%, resulting in an increase in total fixed RGUs in our Andean Region segment of 17.3% to approximately 1.6 million as of December 31, 2014.

Segment operating revenues increased by 6.0% in 2014, reflecting operating revenue increases of 4.5% in Ecuador and 7.4% in Peru. Adjusted segment operating revenues increased by 4.4%, reflecting increases of 0.3% in Ecuador and 8.4% in Peru. This increase in operating revenues reflected, in both Ecuador and Peru, higher wireless data and postpaid plan usage, as well as higher revenues from fixed data and corporate network services, slightly offset by a decrease in revenues from our mobile and fixed voice operations.

Segment operating income increased by 1.9% in 2014, reflecting operating income increases of 7.6% in Ecuador and decreases of 3.8% in Peru. Adjusted segment operating income increased by 0.8%, reflecting an increase of 3.3% in Ecuador, driven by efficiencies gained in customer services, marketing, sales costs and subsidies, which was partially offset by a decrease of 2.8% in Peru, caused by higher postpaid subscriber acquisition costs driven by a more aggressively competitive environment. Segment operating margin was 25.4% in 2014, reflecting operating margins of 33.9% in Ecuador and 23.8% in Peru. Adjusted segment operating margin was 28.6% in 2014, reflecting adjusted operating margins of 34.0% in Ecuador and 23.8% in Peru.

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

In 2014, the number of net prepaid wireless subscribers decreased by 22.5%, and the number of net postpaid wireless subscribers increased by 14.9%, resulting in a decrease in the total net number of wireless subscribers in our Central America segment of 18.9%, or 3.3 million, to approximately 14.0 million as of December 31, 2014. In 2014, the number of fixed voice RGUs increased by 7.3%, the number of broadband RGUs increased by 7.0% and the number of Pay TV RGUs increased by 11.5%, resulting in an increase in total fixed RGUs in our Central America segment of 8.1% to approximately 4.6 million as of December 31, 2014.

Segment operating revenues increased by 11.6% in 2014. Adjusted segment operating revenues increased by 7.1% in 2014. This increase was driven primarily by increased revenues from wireless voice and fixed and wireless data services in each country and, in Nicaragua, in Pay TV, partially offsetting declining fixed voice usage and prices per minute for calls in El Salvador and Guatemala. For this purpose, we analyze adjusted segment results in U.S. dollars because it is the functional currency in our operations in El Salvador and Panama and the currencies in Costa Rica, Guatemala, Honduras and Nicaragua are relatively stable against the U.S. dollar.

Segment operating loss decreased by 81.2% in 2014. Adjusted segment operating loss decreased by 85.8%. Segment operating margin was (0.8)% in 2014 and (4.7)% in 2013. Adjusted segment operating margin was (0.6)% in 2014 and (4.5)% in 2013. This increase in adjusted segment operating margin reflected the increase in operating income, offsetting the growth in costs related to maintenance, customer service and new acquisitions associated with increasing our network capacity, quality and coverage in each country.

Caribbean—Dominican Republic and Puerto Rico

In 2014, the number of net prepaid wireless subscribers decreased by 16.8 %, and the number of net postpaid wireless subscribers increased by 3.1%, resulting in a decrease in the total net number of wireless subscribers in our Caribbean segment of 11.7 %, or 0.7 million, to approximately 5.0 million as of December 31, 2014. In 2014, the number of fixed voice RGUs did not change, the number of broadband RGUs increased by 8.8% and the number of Pay TV RGUs increased by 20.3%, resulting in an increase in total fixed RGUs in our Caribbean segment of 4.6% to approximately 2.4 million as of December 31, 2014.

Segment operating revenues increased by 1.3% in 2014. Adjusted segment operating revenues decreased by 2.8%. We analyze segment results in U.S. dollars because it is the functional currency in our operations in Puerto Rico and the currency in the Dominican Republic is relatively stable against the U.S. dollar.

Segment operating income increased by 9.9% in 2014. Adjusted segment operating income increased by 7.4% in 2014. Segment operating margin was 19.1% in 2014 and 17.6% in 2013. Adjusted segment operating margin was 19.0% in 2014 and 17.2% in 2013. The increase in segment operating income and operating margin for 2014 reflected a reduction in costs associated with accrued liabilities, principally our pension obligations in Puerto Rico, offsetting increased costs associated with human resources, network maintenance and subscriber acquisition.

United States

In 2014, the number of net prepaid wireless subscribers increased by 9.9%, or 2.3 million, to approximately 26.0 million total net wireless subscribers as of December 31, 2014.

Segment operating revenues increased by 18.1% in 2014. Adjusted segment operating revenues increased by 13.4% in 2014. This increase reflected higher wireless voice and data usage and revenues driven by the success of new and existing plans, principally those offered by Straight Talk, which often include unlimited data plans. Wireless data services increased by 19.6% during 2014 and now represent 43.9% of service revenues. In 2014, the number of wireless subscribers, all of which are prepaid subscribers, increased by 9.9% to approximately 26.0 million as of December 31, 2014.

Segment operating income increased to Ps.1.5 billion in 2014 from an operating loss of Ps.1.0 billion during 2013. Adjusted segment operating income increased by 20.6% in 2014, reflecting the increase in our operating revenues, as well as important cost reductions for airtime, data and SMS messaging purchases.

Segment operating margin was 1.7% in 2014 and 1.2% in 2013. Adjusted segment operating margin was 8.9% in 2014 and 8.4% in 2013.

Europe

We began consolidating Telekom Austria in July 2014. Prior to July 2014, we accounted for Telekom Austria using the equity method.

In 2014, the number of net prepaid wireless subscribers were 5.9 million, and the number of net postpaid wireless subscribers were 14.1 million, resulting in a total net number of wireless subscribers in our Europe segment of 20.0 million as of December 31, 2014. In 2014, the number of fixed voice RGUs were 2.0 million, the number of broadband RGUs were 1.8 million and the number of Pay TV RGUs were 0.6 million, resulting in total fixed RGUs in our Europe segment of approximately 4.4 million as of December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Funding Requirements

We generate substantial cash flows from our operations. On a consolidated basis, operating activities provided Ps.163.7 billion in 2015 and Ps.240.6 billion in 2014. Our cash and cash equivalents amounted to Ps.45.2 billion at December 31, 2015 compared to Ps.66.5 billion at December 31, 2014. We believe our working capital is sufficient for our present requirements. We use the cash that we generate from our operations and from borrowings principally for the following purposes:

- We make substantial capital expenditures to continue expanding and improving our networks in each country in which we operate. Our capital expenditures on plant, property and equipment and acquisition or renewal of licenses were Ps.151.6 billion in 2015, Ps.145.6 billion in 2014 and Ps.121.8 billion in 2013. The amount we spend on acquisitions and licenses varies significantly from year to year, depending on acquisition opportunities, concession renewal schedules and needs for more spectrum. We have budgeted capital expenditures for 2016 of be approximately U.S.\$8.5 billion (Ps.146.7 billion).
- In some years, we have made substantial expenditures on acquisitions.
- We must pay interest on our indebtedness and repay principal when due. As of December 31, 2015, we had approximately Ps.119.6 billion of principal and amortization due in 2016.
- We pay regular dividends. We paid Ps.37.4 billion in dividends in 2015 and Ps.17.1 billion in 2014. Our shareholders approved on April 18, 2016 the payment of a Ps.0.28 ordinary dividend per share in two installments in 2016.
- We regularly repurchase our own shares. We spent Ps.34.4 billion repurchasing our own shares in the open market in 2015 and Ps.35.0 billion in 2014. Our shareholders have authorized additional repurchases, and as of March 31, 2016, we have spent Ps.2.2 billion repurchasing our shares in the open market in 2016, but whether we will continue to do so will depend on our operating cash flow and on various other considerations, including market prices and our other capital requirements.

Off-balance Sheet Arrangements

As of December 31, 2015, we had no off-balance sheet arrangements that require disclosure under applicable SEC regulations.

Contractual Obligations

The following table summarizes certain contractual obligations as of December 31, 2015. Many of our obligations are denominated in currencies other than Mexican pesos, and in particular our purchase obligations and approximately 38% of our debt are denominated in U.S. dollars. The table does not include accounts payable or pension liabilities. The table also does not include interest payments or payments under derivatives contracts. See Note 21 to our consolidated financial statements.

Contractual obligations as of December 31, 2015:	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	<i>(in millions)</i>				
Equipment leases	Ps. 234	Ps. 138	Ps. 96	Ps. —	Ps. —
Real estate leases	88,520	10,950	20,032	18,590	38,948
Short-term debt	119,590	119,590	—	—	—
Long-term debt	563,627	—	125,160	133,509	304,958
Purchase obligations	82,015	26,931	55,084	—	—
Total	Ps.853,986	Ps.157,609	Ps.200,372	Ps.152,099	Ps. 343,906

Other than the amounts in the table above, we had no other outstanding material purchase commitments as of December 31, 2015. We enter into a number of supply, advertising and other contracts in the ordinary course of business, but those contracts are not material to our liquidity.

Borrowings

In addition to cash flows generated from operations, we rely on a combination of borrowings from a range of different sources, including the international capital markets, capital markets in Mexico and other countries where we operate, international and local banks, equipment suppliers and export credit agencies. We seek to maintain access to diverse sources of funding. In managing our funding, we generally seek to keep our leverage, as measured by the ratio of net debt to EBITDA, at a level that is consistent with maintaining the ratings given to our debt by the principal credit rating agencies. Our total consolidated indebtedness as of December 31, 2015 was Ps.683.2 billion, of which Ps.119.6 billion was short-term debt (including the current portion of long-term debt), compared to Ps.603.8 billion as of December 31, 2014.

Management defines net debt as total debt minus cash and cash equivalents, minus marketable securities or other short-term investments. As of December 31, 2015, we had net debt of Ps.581.7 billion, compared to Ps.537.3 billion as of December 31, 2014 (when we did not have any marketable securities or other short-term investments).

Without taking into account the effects of derivative financial instruments that we use to manage our interest rate and currency risk, approximately 87.4% of our indebtedness at December 31, 2015 was denominated in currencies other than Mexican pesos (approximately 43.1% of such non-Mexican peso debt in U.S. dollars and 56.9% in other currencies), and approximately 6.5% of our consolidated debt obligations bore interest at floating rates. After the effects of derivative transactions, approximately 38.2% of our total debt as of December 31, 2015 was denominated in U.S. dollars.

The weighted average cost of all our third-party debt at December 31, 2015 (excluding commissions and reimbursement of certain lenders for Mexican taxes withheld) was approximately 4.2% per annum.

Our major categories of indebtedness at December 31, 2015 are summarized in the table below. The amounts are based on book values in our financial statements under IFRS and may differ from the principal amount.

Debt:	(millions of Mexican pesos)
Denominated in U.S. dollars:	
Bank loans	39,488
2.375% Senior Notes due 2016	34,138
Floating Rate Senior Notes due 2016	12,905
5.625% Notes due 2017	10,033
5.000% Senior Notes due 2019	12,905
5.500% Senior Notes due 2019	6,492
5.000% Senior Notes due 2020	36,561
3.125% Senior Notes due 2022	27,530
6.375% Notes due 2035	16,885
6.125% Notes due 2037	6,353
6.125% Senior Notes due 2040	34,413
4.375% Senior Notes due 2042	19,788
Total	Ps. 257,492
Denominated in Mexican pesos:	
Bank loans	2,632
Domestic senior notes (<i>certificados bursátiles</i>)	22,911
8.75% Senior Notes due 2016	4,500
9.00% Senior Notes due 2016	5,000
6.000% Senior Notes due 2019	10,000
6.45% Senior Notes due 2022	22,500
7.125% Senior Notes due 2024	11,000
8.46% Senior Notes due 2036	7,872
Total	Ps. 86,415
Denominated in euro:	
Bank loans	7,316
6.375% Senior Notes due 2016	15,003
3.75% Senior Notes due 2017	18,683
4.25% Senior Notes due 2017	10,017
1.00% Senior Notes due 2018	11,210
4.125% Senior Notes due 2019	18,683
0.00% Exchangeable Bonds due 2020	52,735
3.00 % Senior Notes due 2021	18,683

Debt:	(millions of Mexican pesos)
3.125% Senior Notes due 2021	15,088
4.75% Senior Notes due 2022	14,012
4.00% Senior Notes due 2022	15,756
3.259% Senior Notes due 2023	14,012
3.50% Senior Notes due 2023	6,105
Euro NC5 (Euro Series A) Capital Securities due 2073	16,815
Euro NC10 (Euro Series B) Capital Securities due 2073	10,276
Total	Ps. 244,394
Denominated in pounds sterling:	
5.000% Senior Notes due 2026	12,671
5.750% Senior Notes due 2030	16,472
4.948% Senior Notes due 2033	7,603
4.375% Senior Notes due 2041	19,006
GBP NC7 Capital Securities due 2073	13,938
Total	Ps. 69,690
Denominated in Swiss francs:	
2.000% Senior Notes due 2017	4,638
1.130% Senior Notes due 2018	9,447
Total	Ps. 14,085
Denominated in Japanese yen:	
1.530% Senior Notes due 2016	730
2.950% Senior Notes due 2039	1,861
Total	Ps. 2,591
Denominated in Colombian pesos	2,459
Denominated in Brazilian reais	2,752
Denominated in other currencies	3,339
Total debt	Ps. 683,217
Less short-term debt and current portion of long-term debt	119,590
Total long-term debt	Ps. 563,627
Equity:	
Capital stock	96,338
Total retained earnings	172,332
Other comprehensive income (loss) items	(156,392)
Non-controlling interest	48,576
Total equity	Ps. 160,854
Total capitalization (total long-term debt plus equity)	Ps. 724,481

Additional information about certain categories of our indebtedness is provided below:

- *Mexican peso-denominated international notes.* Our 8.46% senior notes due 2036 are denominated in Mexican pesos, but all amounts in respect of the notes are payable in U.S. dollars, unless a holder of notes elects to receive payment in Mexican pesos in accordance with certain specified procedures.
- *Mexican peso-denominated domestic notes.* Our domestic senior notes (*certificados bursátiles*) sold in the Mexican capital markets have varying maturities, ranging from 2016 through 2037. Some bear interest at fixed rates, and others at variable rates based on TIIE (a Mexican interbank rate).
- *Global peso notes program.* The Global peso notes program was established in November 2012. Since its establishment, we have issued peso-denominated notes that can be distributed and traded on a seamless basis in Mexico and internationally. The notes are registered with the SEC in the United States and with the CNBV in Mexico.
- *International notes.* We have outstanding debt securities in the international markets denominated in U.S. dollars, pounds sterling and euros. We have also issued debt securities in the local markets in Switzerland and Japan. In addition to the international notes summarized in the table above, in March 2016, we issued a total of €1.5 billion new notes divided into two tranches: €850 million aggregate principal amount of 1.500% senior notes due in 2024 and €650 million aggregate principal amount of 2.125% senior notes due in 2028.
- *Hybrid Notes.* In September 2013, we issued three series of Capital Securities maturing in 2073: two series denominated in euros and totaling €1,450 million, and one series denominated in pounds sterling in the amount of £550 million. The Capital Securities are deeply subordinated, and when they were issued the principal rating agencies stated that they would treat only half of the principal amount as indebtedness for purposes of evaluating our leverage (an analysis referred to as 50.0% equity credit). The Capital Securities are subject to redemption at our option at varying dates beginning in 2018 or 2023 for the euro-denominated series and beginning in 2020 for the sterling-denominated series.
- *Colombian peso-denominated notes.* Comcel has issued notes in the Colombian capital markets denominated in Colombian pesos. The notes outstanding as of December 31, 2015 bear interest at 7.59% and mature in 2016.
- *Bank loans.* At December 31, 2015, we had approximately Ps.52,189 million outstanding under a number of bank facilities bearing interest at fixed and variable rates. We also have two revolving syndicated facilities—one for U.S.\$2.5 billion (the “Dollar Facility”) expiring in 2019 and one for the Euro equivalent of U.S.\$2.1 billion (the “Euro Facility”) expiring in May 2016. Loans under the facilities bear interest at variable rates based on LIBOR and EURIBOR. Both facilities include covenants that limit our ability to incur secured debt, to effect a merger in which the surviving entity would not be América Móvil (or, under the Euro Facility, Telcel), or to sell substantially all of our assets. The Euro Facility also includes covenants that limit our ability to sell control of Telcel, to sell substantially all of Telcel’s assets, or to impose any restrictions on the ability of Telcel to pay dividends or make distributions to us. In addition, the Dollar and Euro Facilities require us to maintain a consolidated ratio of debt to EBITDA not greater than 4.0 to 1.0 and a consolidated ratio of EBITDA to interest expense not less than 2.5 to 1.0. As of the date of this annual report, we are in compliance with these covenants. Telekom Austria also has a

revolving syndicated facility for €1.0 billion (the “TKA Facility”). The TKA Facility of €1.0 billion bears interest at EURIBOR plus 0.375% and includes covenants that limit Telekom Austria’s ability to incur secured debt, effect certain mergers or sell substantially all of its assets and our ability to transfer control over, or reduced our share ownership in, Telekom Austria.

- *Telekom Austria’s Subordinated Perpetual Bond.* In January 2013, Telekom Austria issued €600 million aggregate principal amount of its subordinated bonds. The interest rate on the bonds is 5.625% for the first five years and resets every five years beginning in 2018. The bonds have no specified maturity date but may be redeemed at our option at par, in whole but not in part, on any interest reset date beginning in 2018. Under IFRS, we are required to classify the bonds as equity, because of their indefinite maturity, but we intend to redeem them in accordance with their terms at a time we deem convenient.

Some of the public securities issued by América Móvil in international and Mexican capital markets are guaranteed by Telcel. As of December 31, 2015, we had, on an unconsolidated basis, unsecured and unsubordinated indebtedness of approximately Ps.579.3 billion (U.S.\$33.7 billion) excluding guarantees of subsidiaries’ indebtedness. As of December 31, 2015, our subsidiaries had indebtedness (excluding guarantees of indebtedness of us and our other subsidiaries) of approximately Ps.103.9 billion (U.S.\$6.0 billion).

Risk Management

We regularly assess our interest rate and currency exchange exposures in order to determine how to manage the risk associated with these exposures. We have indebtedness denominated in currencies other than the currency of our operating environments, and we have expenses for operations and for capital expenditures in a variety of currencies. We use cross-currency swaps and forwards to adjust the resulting exchange rate exposures. We do not use derivatives to hedge the exchange rate exposures that arise from having operations in different countries.

We also use interest rate swaps from time to time to adjust our exposure to variable interest rates or to reduce our costs of financing. Our practices vary from time to time depending on our judgment of the level of risk, expectations as to exchange or interest rate movements and the costs of using derivative financial instruments. We may stop using derivative financial instruments or modify our practices at any time.

As of December 31, 2015, we had derivatives positions with an aggregate net fair value of Ps.30.1 billion, which are described in Note 8 to our audited consolidated financial statements. For additional information see Note 2 o) to our audited consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Use of Estimates in Certain Accounting Policies

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

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

Fair Value of Financial Assets and Liabilities

We have substantial financial assets and liabilities that we recognize at their fair value, which is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties. The methodologies and assumptions we use to estimate an instrument's fair value depend on the type of instrument and include (i) recognizing cash and cash equivalents and trade receivables and trade payables and other current liabilities at close to their carrying amount, (ii) recognizing quoted instruments at their market price quotations, without any deduction for transaction costs, for financial instruments such as available for sale marketable securities and certain debt instruments on the reporting date, (iii) recognizing unquoted instruments, such as loans from banks and obligations under financial leases, by discounting future cash flows using rates for similar instruments and (iv) applying various valuation techniques, such as present value calculations, to derivative instruments. Using different methodologies or assumptions to estimate the fair value of our financial assets and liabilities could materially impact our reported financial results.

Estimated Useful Lives of Plant, Property and Equipment

We estimate the useful lives of particular classes of plant, property and equipment in order to determine the amount of depreciation expense to be recorded in each period. Depreciation expense is a significant element of our costs and expenses, amounting in 2015 to Ps.110.2 billion, or 14.6% of our operating costs and expenses. See Note 11 to our audited consolidated financial statements.

We currently depreciate most of our plant and equipment based on an estimated useful life determined upon the expected particular conditions of operations and maintenance in each of the countries in which we operate. The estimates are based on our historical experience with similar assets, anticipated technological changes and other factors, taking into account the practices of other telecommunications companies. We review estimated useful lives each year to determine whether they should be changed, and at times, we have changed them for particular classes of assets. We may shorten the estimated useful life of an asset class in response to technological changes, changes in the market or other developments. This results in increased depreciation expense.

Impairment of Long-Lived Assets

We have large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in associates and goodwill, on our balance sheet. Under IFRS, we are required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in some cases, at least on an annual basis. The impairment analysis for long-lived assets requires us to estimate the recovery value of the asset, which is the greater of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, we typically take into account recent market transactions or, if no such transactions can be identified, we use a

valuation model that requires the making of certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, we typically make various assumptions about the future prospects for the business to which the asset relates, consider market factors specific to that business and estimate discounted future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets, we determine whether we need to take an impairment charge to reduce the carrying value of the asset as stated on our balance sheet. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in our business strategy and our internal forecasts. Different assumptions and estimates could materially impact our reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on our balance sheet. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. See Note 2 y.4) to our audited consolidated financial statements.

Deferred Taxes

We are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves the jurisdiction-by-jurisdiction estimation of actual current tax exposure and the assessment of temporary differences resulting from the differing treatment of certain items, such as accruals and amortization, for tax and financial reporting purposes, as well as net operating loss carry forwards and other tax credits. These items result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. We must assess in the course of our tax planning procedures the fiscal year of the reversal of our deferred tax assets and liabilities, and if there will be future taxable profits in those periods to support the recognition of the deferred tax assets. Significant management judgment is required in determining our provisions for income taxes, deferred tax assets and liabilities. The analysis is based on estimates of taxable income in the jurisdictions in which the group operates and the period over which the deferred tax assets and liabilities will be recoverable or settled. If actual results differ from these estimates, or we adjust these estimates in future periods, our financial position and results of operations may be materially affected.

We record deferred tax assets based on the amount that we believe is more likely than not to be realized. In assessing the future realization of deferred tax assets, we consider future taxable income and ongoing tax planning strategies. In the event that our estimates of projected future taxable income and benefits from tax planning strategies are lowered, or changes in current tax regulations are enacted that would impose restrictions on the timing or extent of our ability to utilize the tax benefits of net operating loss carry forwards in the future, an adjustment to the recorded amount of deferred tax assets would be made, with a related charge to income.

Accruals

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

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

Labor Obligations

We recognize liabilities on our balance sheet and expenses in our income statement to reflect our obligations related to our post-retirement seniority premiums, pension and retirement plans in the countries in which we operate and offer defined contribution and benefit pension plans. The amounts we recognize are determined on an actuarial basis that involves many estimates and accounts for post-retirement and termination benefits in accordance with IFRS.

We use estimates in four specific areas that have a significant effect on these amounts: (i) the rate of return we assume our labor obligation plans will achieve on their investments, (ii) the rate of increase in salaries that we assume we will observe in future years, (iii) the discount rates that we use to calculate the present value of our future obligations and (iv) the expected rate of inflation. The assumptions we have applied are identified in Note 18 to our audited consolidated financial statements. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

Allowance for Bad Debts

We maintain an allowance for bad debts for estimated losses resulting from the failure of customers, distributors and cellular operators to make required payments. We base these estimates on the individual conditions of each of the markets in which we operate that may impact the collectability of accounts. In particular, in making these estimates we take into account (i) with respect to accounts with customers, the number of days since the calls were made, (ii) with respect to accounts with distributors, the number of days invoices are overdue and (iii) with respect to accounts with operators, both the number of days since the calls were made and any disputes with respect to such calls. The amount of loss, if any, that we actually experience with respect to these accounts may differ from the amount of the allowance maintained in connection with them.

PART III: RISK FACTORS

RISKS RELATING TO OUR OPERATIONS

Competition in the telecommunications industry is intense and could adversely affect the revenues and profitability of our operations

Our businesses face substantial competition. We expect that competition will intensify in the future as a result of the entry of new competitors, the development of new technologies, products and services and convergence. We also expect consolidation in the telecommunications industry, as companies respond to the need for cost reduction and additional spectrum. This trend may result in larger competitors with greater financial, technical, promotional and other resources to compete with our businesses.

Among other things, our competitors could:

- provide increased handset subsidies;
- offer higher commissions to retailers;
- provide free airtime or other services (such as internet access);
- offer services at lower costs through double, triple and quadruple play packages or other pricing strategies;
- expand their networks faster; or
- develop and deploy improved technologies faster.

Competition can lead us to increase advertising and promotional spending and to reduce prices for services and handsets. These developments may lead to smaller operating margins, greater choices for customers, possible consumer confusion and increasing movement of customers among competitors, which may make it difficult for us to retain or add new customers. The cost of adding new customers may also continue to increase, reducing profitability even if customer growth continues.

Our ability to compete successfully will depend on our coverage, the quality of our network and service, our rates, customer service, effective marketing, our success in selling double, triple and quadruple play packages and our ability to anticipate and respond to various competitive factors affecting the telecommunications industry, including new services and technologies, changes in consumer preferences, demographic trends, economic conditions and discount pricing strategies by competitors. If we are unable to respond to competition and compensate for declining prices by adding new customers, increasing usage and offering new services, our revenues and profitability could decline.

Governmental or regulatory actions could adversely affect our operations

Our operations are subject to extensive government regulation and can be adversely affected by changes in law, regulation or regulatory policy. The licensing, construction, operation, sale, resale and interconnection arrangements of telecommunications systems in Latin America and elsewhere are regulated to varying degrees by government or regulatory authorities. Any of these authorities having jurisdiction over our businesses could adopt or change regulations or take other actions that could adversely affect our operations. In particular, the regulation of prices that operators may charge for their services could have a material adverse effect by reducing our profit margins.

See "Regulation" under Part VI, "Legal Proceedings" under Part VII and Note 21 to our audited consolidated financial statements included in this annual report.

In addition, changes in political administrations could lead to the adoption of policies concerning competition and taxation of communications services. For example, Mexico has developed a new legal framework that aims to promote competition and investment in the telecommunications sector by imposing asymmetric regulation upon economic agents deemed “preponderant.” In other countries, we could also face policies such as preferences for local over foreign ownership of communications licenses and assets or for government over private ownership, which could make it more cumbersome or impossible for us to continue to develop our businesses. Restrictions such as those described above could result in our incurring losses of revenues and require capital investments, all of which could materially adversely affect our businesses and results of operations.

Our failure to meet or maintain quality of service goals and standards could result in fines

The terms of the concessions under which our subsidiaries operate require them to meet certain service quality goals, including, for example, minimum call completion rates, maximum busy circuits rates, operator availability and responsiveness to repair requests. Failure to meet service quality obligations in the past has resulted in the imposition of fines by regulatory entities. Our ability to comply with these obligations in the future may be affected by factors beyond our control and, accordingly, we cannot assure that we will be able to comply with them.

Dominant and related carrier regulations could adversely affect our business by limiting our ability to pursue competitive and profitable strategies

Our regulators are authorized to impose specific requirements as to rates (including mobile termination rates), service quality and information on operators that are determined to have substantial market power in a specific market. We cannot predict what steps regulatory authorities might take in response to determinations regarding substantial market power in the countries in which we operate. However, adverse determinations against our subsidiaries could result in material restrictions on our operations. We may also face additional regulatory restrictions and scrutiny as a result of our provision of combined services.

If dominant carrier regulations are imposed on our business in the future, they could likely reduce our flexibility to adopt competitive market policies and impose specific tariff requirements or other special regulations on us, such as additional requirements regarding disclosure of information or quality of service. Any such new regulation could have a material adverse effect on our operations.

Legal Framework for the Regulation of Telecommunications Services in Mexico

Mexico developed a new legal framework for the regulation of telecommunications and broadcasting services, based on a package of constitutional amendments enacted in June 2013 and implementing legislation enacted in July 2014. The new Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or the “IFT”) issued a resolution in March 2014, determining that our operating subsidiaries in Mexico are part of an “economic interest group” that is a “preponderant economic agent” in the Mexican telecommunications sector, and imposing certain asymmetric regulations on our Mexican fixed-line and wireless businesses. The July 2014 implementing legislation effecting the constitutional amendments, among other things, eliminated domestic long-distance call charges for fixed-line and wireless services provided by all carriers in Mexico and prohibited us from charging interconnection rates. These measures have taken effect and failure to comply with the new legal framework may result in material fines as well as restrictions on our operations and our ability to enter into new markets, such as broadcasting and Pay TV. The long-term effects of the IFT measures and the implementing legislation could be adverse to our interests in significant respects and could materially adversely affect our business and results of operations.

We must continue to acquire additional radio spectrum capacity and upgrade our existing networks in order to expand our customer base and maintain the quality of our wireless services

Licensed radio spectrum is essential to our growth and the quality of our wireless services, not only for our global system for mobile communications (“GSM”), universal mobile telecommunications systems (“UMTS”) and long-term evolution (“LTE”) networks, but also for the deployment of new generation networks to offer improved data and value-added services. We obtain most of our radio spectrum through auctions conducted by governments of the countries in which we operate. Participation in spectrum auctions in most of these countries requires prior government authorization, and we may be subject to caps on our ability to acquire additional spectrum. Our inability to acquire additional radio spectrum capacity could affect our ability to compete successfully because it could result in, among other things, a decrease in the quality of our network and service and in our ability to meet the demands of our customers.

In the event we are unable to acquire additional radio spectrum capacity, we can increase the density of our network by building more cell and switch sites, but such measures are costly and would be subject to local restrictions and approvals, and they would not meet our needs as effectively.

In addition, the continual maintenance and upgrading of our wireless networks is critical to expanding our coverage, increasing our capacity to absorb higher bandwidth usage and adapting to new technologies, as well as offering more specialized services to our customers.

We have concessions and licenses for fixed terms, and the government may revoke or terminate them as well as reacquire the assets under our concession under various circumstances, some of which are beyond our control

Our concessions and licenses have specified terms, ranging typically from 5 to 20 years, and are generally subject to renewal upon payment of a fee, but renewal is not assured. The loss of, or failure to renew, any one concession could have a material adverse effect on our business and results of operations. Our ability to renew concessions and the terms of renewal are subject to a number of factors beyond our control, including the prevalent regulatory and political environment at the time of renewal. Fees are typically established at the time of renewal. As a condition for renewal, we may be required to agree to new and stricter terms and service requirements. In some of the jurisdictions where we operate and under certain circumstances, we may be required to transfer certain assets covered by some of our concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. It is uncertain whether reversion would ever be applied and how reversion provisions would be interpreted in practice.

In addition, the regulations in the jurisdictions in which we operate can revoke our concessions under certain circumstances. In Mexico, for example, the Federal Law on Telecommunications and Broadcasting gives the government the right to expropriate our concessions or to take over the management of our networks, facilities and personnel in cases of imminent danger to national security, internal peace or the national economy, natural disasters and public unrest. See “Regulation” under Part VI.

We continue to look for acquisition opportunities, and any future acquisitions and related financing could have a material effect on our business, results of operations and financial condition

We continue to look for investment opportunities in telecommunications and related companies worldwide, including in markets where we are already present, and we often have several possible acquisitions under consideration. Any future acquisitions, and related financing and acquired indebtedness, could have a material effect on our business, results of operations and financial condition, but we cannot provide assurance that we will complete any of them. In addition, we may incur significant costs and expenses as we integrate these companies in our systems, controls and networks.

We are subject to significant litigation

Some of our subsidiaries are subject to significant litigation that, if determined adversely to our interests, may have a material adverse effect on our business, results of operations, financial condition or prospects. Our significant litigation is described in "Regulation" under Part VI and in Note 21 to our audited consolidated financial statements included in this annual report.

We are contesting significant tax assessments

We and some of our subsidiaries have been notified of tax assessments for significant amounts by the tax authorities of the countries in which we operate, especially in Mexico, Brazil and Ecuador. The tax assessments relate to, among other things, alleged improper deductions and underpayments. We are contesting these tax assessments in several administrative and legal proceedings, and our challenges are at various stages. If determined adversely to us, these proceedings may have a material adverse effect on our business, results of operations, financial condition or prospects. In addition, in some jurisdictions, challenges to tax assessments require the posting of a bond or security for the contested amount, which may reduce our flexibility in operating our business. Our significant tax assessments are described in Note 21 to our audited consolidated financial statements included in this annual report.

Our failure to comply with anti-corruption, anti-bribery and anti-money laundering laws could harm our reputation, subject us to substantial fines and adversely affect our business

We operate in multiple jurisdictions and are subject to complex regulatory frameworks with increased enforcement activities worldwide. Our governance and compliance processes, which includes the review of internal controls over financial reporting, may not prevent future breaches of legal, accounting or governance standards and regulations. We may be subject to breaches of our code of ethics, anti-corruption policies and business conduct protocols and to instances of fraudulent behavior, corrupt practices and dishonesty by our employees, contractors or other agents. Our failure to comply with applicable laws and other standards could harm our reputation, subject us to substantial fines, sanctions or penalties and adversely affect our business and ability to access financial markets.

A system failure could cause delays or interruptions of service, which could have an adverse effect on our operations

We need to continue to provide our subscribers with a reliable service over our network. Some of the risks to our network and infrastructure include the following:

- physical damage to access lines and fixed networks;
- power surges or outages;
- natural disasters;
- malicious actions, such as theft or misuse of customer data;
- limitations on the use of our radio bases;
- software defects;
- human error; and
- disruptions beyond our control.

In Brazil, for example, our satellite operations may be affected if we experience a delay in launching new satellites to replace those currently in use when they reach the end of their operational lives. Such delay may occur because of, among other reasons, construction delays, unavailability of launch vehicles and/or launch failures.

We have instituted measures to reduce these risks. However, there is no assurance that any measures we implement will be effective in preventing system failures under all circumstances. System failures may cause interruptions in services or reduced capacity for our customers, either of which may have an adverse effect on our operations due to, for example, increased expenses, potential legal liability, loss of existing and potential subscribers, reduced user traffic, decreased revenues and reputational harm.

Cyber-attacks or other breaches of network or information technology security could have an adverse effect on our business

Cyber-attacks or other breaches of network or information technology security may cause equipment failures or disruptions to our operations. Our inability to operate our fixed-line or wireless networks as a result of such events, even for a limited period of time, may result in significant expenses or loss of market share to other communications providers. In addition, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Cyber-attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access to companies, have increased in frequency, scope and potential harm in recent years. The preventive actions we take to reduce the risk of cyber incidents and protect our information technology and networks may be insufficient to repel a major cyber-attack in the future. The costs associated with a major cyber-attack on us could include increased expenditures on cyber security measures, litigation, damage to our reputation, lost revenues from business interruption and the loss of existing customers and business partners. In addition, if we fail to prevent the theft of valuable information such as financial data and sensitive information about us, or if we fail to protect the privacy of customer and employee confidential data against breaches of network or information technology security, it could result in damage to our reputation, which could adversely impact customer and investor confidence. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

If our churn rate increases, our business could be negatively affected

The cost of acquiring a new subscriber is much higher than the cost of maintaining an existing subscriber. Accordingly, subscriber deactivations, or “churn,” could have a material negative impact on our operating income, even if we are able to obtain one new subscriber for each lost subscriber. A substantial majority of our subscribers are prepaid, and we do not have long-term contracts with them. Our weighted monthly average churn rate on a consolidated basis was 3.8% for the year ended December 31, 2014 and 3.9% for the year ended December 31, 2015. If we experience an increase in our churn rate, our ability to achieve revenue growth could be materially impacted. In addition, a decline in general economic conditions could lead to an increase in churn, particularly among our prepaid subscribers.

We rely on key suppliers and vendors to provide equipment that we need to operate our business

We rely upon various key suppliers and vendors to provide us with handsets, network equipment or services, which we need to expand and operate our business. If these suppliers or vendors fail to provide equipment or service to us on a timely basis, we could experience disruptions, which could have an adverse effect on our revenues and results of operations. In addition, we might be unable to satisfy requirements under our concessions.

Our ability to pay dividends and repay debt depends on our subsidiaries' ability to transfer income and dividends to us

We are a holding company with no significant assets other than the shares of our subsidiaries and our holdings of cash and cash equivalents. Our ability to pay dividends and repay debt depends on the continued transfer to us of dividends and other income from our subsidiaries. The ability of our subsidiaries to pay dividends and make other transfers to us may be limited by various regulatory, contractual and legal constraints that affect them.

We may fail to realize the benefits anticipated from acquisitions, divestments and significant investments we make from time to time

The business growth opportunities, revenue benefits, cost savings and other benefits we anticipated to result from our acquisitions, divestments and significant investments may not be achieved as expected, or may be delayed. Our divestments, like the spin-off of our Mexican tower business, may also adversely affect our prospects. For example, we may be unable to fully implement our business plans and strategies for the combined businesses due to regulatory limitations, and we may face regulatory restrictions in our provision of combined services in some of the countries in which we operate. To the extent that we incur higher integration costs or achieve lower revenue benefits or fewer cost savings than expected, or if we are required to recognize impairments of acquired assets, investments or goodwill, our results of operations and financial condition may suffer.

RISKS RELATING TO THE TELECOMMUNICATIONS INDUSTRY GENERALLY

Changes in the telecommunications industry could affect our future financial performance

The telecommunications industry continues to experience significant changes as new technologies are developed that offer subscribers an array of choices for their communications needs. These changes include, among others, regulatory changes, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products, and changes in end-user needs and preferences. There is uncertainty as to the pace and extent of growth in subscriber demand, and as to the extent to which prices for airtime, broadband access, Pay TV and fixed-line rental may continue to decline. Our ability to compete in the delivery of high-quality internet and broadband services is particularly important, given the increasing contribution of revenues from data services to our overall growth. If we are unable to meet future advances in competing technologies on a timely basis or at an acceptable cost, we could lose subscribers to our competitors. In general, the development of new services in our industry requires us to anticipate and respond to the varied and continually changing demands of our subscribers. It also requires significant capital expenditure, including investment in the continual maintenance and upgrading of our networks, in order to expand coverage, increase our capacity to absorb higher bandwidth usage and adapt to new technologies. We may not be able to accurately predict technological trends or the success of new services in the market. In addition, there could be legal or regulatory restraints to our introduction of new services. If these services fail to gain acceptance in the marketplace, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract subscribers could be adversely affected. This is true across many of the services we provide, including wireless and cable technology.

The intellectual property used by us, our suppliers or service providers may infringe on intellectual property rights owned by others

Some of our products and services use intellectual property that we own or license from others. We also provide content we receive from content producers and distributors, such as ring tones, text games, video games, video, including TV programs and movies, wallpapers or screensavers, and we outsource services to service providers, including billing and customer care functions, that incorporate or utilize intellectual property. We and some of our suppliers, content distributors and service providers have received, and may receive in the future, assertions and claims from third parties that the content, products or software utilized by us or our suppliers, content producers

and distributors and service providers infringe on the patents or other intellectual property rights of these third parties. These claims could require us or an infringing supplier, content distributor or service provider to cease engaging in certain activities, including selling, offering and providing the relevant products and services. Such claims and assertions also could subject us to costly litigation and significant liabilities for damages or royalty payments, or require us to cease certain activities or to cease selling certain products and services.

Concerns about health risks relating to the use of wireless handsets and base stations may adversely affect our business

Portable communications devices have been alleged to pose health risks, including cancer, due to radio frequency emissions. Lawsuits have been filed in the United States against certain participants in the wireless industry alleging various adverse health consequences as a result of wireless phone usage, and our subsidiaries may be subject to similar litigation in the future. Research and studies are ongoing, and there can be no assurance that further research and studies will not demonstrate a link between radio frequency emissions and health concerns. Any negative findings in these studies could adversely affect the use of wireless technology and, as a result, our future financial performance.

Developments in the telecommunications sector have resulted, and may result, in substantial write-downs of the carrying value of certain of our assets

Where the circumstances require, we review the carrying value of each of our assets, subsidiaries, and investments in associates to assess whether those carrying values can be supported by the future discounted cash flows expected to be derived from such assets. Whenever we consider that due to changes in the economic, regulatory, business or political environment, our goodwill, investments in associates, intangible assets or fixed assets may be impaired, we consider the necessity of performing certain valuation tests, which may result in impairment charges. The recognition of impairments of tangible, intangible and financial assets could adversely affect our results of operations. See “Critical Accounting Policies and Estimates—Impairment of Long-Lived Assets” under Part II.

RISKS RELATING TO OUR CONTROLLING SHAREHOLDERS, CAPITAL STRUCTURE AND TRANSACTIONS WITH AFFILIATES

Members of one family may be deemed to control us

Based on reports of beneficial ownership of our shares filed with the SEC, Carlos Slim Helú, a member of our Board of Directors, together with his sons and daughters (together, the “Slim Family”), including his two sons who are co-chairs of our Board of Directors, Patrick Slim Domit and Carlos Slim Domit, may be deemed to control us. The Slim Family may be able to elect a majority of the members of our Board of Directors and to determine the outcome of other actions requiring a vote of our shareholders, except in very limited cases that require a vote of the holders of L Shares. The interests of the Slim Family may diverge from the interests of our other investors.

We have significant transactions with affiliates

We engage in various transactions with Telesites and certain subsidiaries of Grupo Carso, S.A.B. de C.V. (“Grupo Carso”) and Grupo Financiero Inbursa, S.A.B. de C.V. (“Grupo Financiero Inbursa”), all which may be deemed for certain purposes to be under common control with América Móvil. Many of these transactions occur in the ordinary course of business. Transactions with affiliates may create the potential for conflicts of interest.

We also make investments together with related parties, sell investments to related parties and buy investments from related parties. For more information about our transactions with affiliates, see “Related Party Transactions” under Part IV.

Our bylaws restrict transfers of shares in some circumstances

Our bylaws provide that any acquisition or transfer of more than 10% of our capital stock by any person or group of persons acting together requires the approval of our Board of Directors. You may not acquire or transfer more than 10% of our capital stock without the approval of our Board of Directors.

The protections afforded to minority shareholders in Mexico are different from those in the United States

Under Mexican law, the protections afforded to minority shareholders are different from those in the United States. In particular, the law concerning fiduciary duties of directors is not as fully developed as in other jurisdictions, the procedure for class actions is different, and there are different procedural requirements for bringing shareholder lawsuits. As a result, in practice it may be more difficult for minority shareholders of América Móvil to enforce their rights against us or our directors or controlling shareholders than it would be for shareholders of a company incorporated in another jurisdiction, such as the United States.

Holders of L Shares and L Share ADSs have limited voting rights

Our bylaws provide that holders of L Shares are not permitted to vote except on such limited matters as, among others, the transformation or merger of América Móvil or the cancellation of registration of the L Shares with the Mexican Securities Registry (*Registro Nacional de Valores*, or “RNV”) maintained by the CNBV or any stock exchange on which they are listed. If you hold L Shares or L Share ADSs, you will not be able to vote on most matters, including the declaration of dividends, that are subject to a shareholder vote in accordance with our bylaws.

Holders of ADSs are not entitled to attend shareholders’ meetings, and they may only vote through the depository

Under our bylaws, a shareholder is required to deposit its shares with a custodian in order to attend a shareholders’ meeting. A holder of ADSs will not be able to meet this requirement and, accordingly, is not entitled to attend shareholders’ meetings. A holder of ADSs is entitled to instruct the depository as to how to vote the shares represented by ADSs, in accordance with procedures provided for in the deposit agreements, but a holder of ADSs will not be able to vote its shares directly at a shareholders’ meeting or to appoint a proxy to do so.

Mexican law and our bylaws restrict the ability of non-Mexican shareholders to invoke the protection of their governments with respect to their rights as shareholders

As required by Mexican law, our bylaws provide that non-Mexican shareholders shall be considered as Mexicans with respect to their ownership interests in América Móvil and shall be deemed to have agreed not to invoke the protection of their governments under certain circumstances. Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government by asking such government to interpose a diplomatic claim against the Mexican government with respect to the shareholder’s rights as a shareholder, but is not deemed to have waived any other rights it may have, including any rights under U.S. federal securities laws, with respect to its investment in América Móvil. If you invoke such governmental protection in violation of this provision, your shares could be forfeited to the Mexican government.

Our bylaws may only be enforced in Mexico

Our bylaws provide that legal actions relating to the execution, interpretation or performance of the bylaws may be brought only in Mexican courts. As a result, it may be difficult for non-Mexican shareholders to enforce their shareholder rights pursuant to the bylaws.

It may be difficult to enforce civil liabilities against us or our directors, officers and controlling persons

América Móvil is organized under the laws of Mexico, with its principal place of business in Mexico City, and most of our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets and their assets are located outside of the United States. As a result, it may be difficult for

investors to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under U.S. federal securities laws. There is doubt as to the enforceability against such persons in Mexico, whether in original actions or in actions to judgments of U.S. courts, of liabilities based solely on U.S. federal securities laws.

You may not be entitled to participate in future preemptive rights offerings

Under Mexican law, if we issue new shares for cash as part of certain capital increases, we must grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage in América Móvil. Rights to purchase shares in these circumstances are known as preemptive rights. Our shareholders do not have preemptive rights in certain circumstances such as mergers, convertible debentures, public offers and placement of repurchased shares. We may not be legally permitted to allow holders of ADSs or holders of L Shares or A Shares in the United States to exercise any preemptive rights in any future capital increase unless we file a registration statement with the U.S. Securities and Exchange Commission (the “SEC”) with respect to that future issuance of shares. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC and any other factors that we consider important to determine whether we will file such a registration statement.

We cannot assure you that we will file a registration statement with the SEC to allow holders of ADSs or U.S. holders of L Shares or A Shares to participate in a preemptive rights offering. As a result, the equity interest of such holders in América Móvil may be diluted proportionately. In addition, under current Mexican law, it is not practicable for the depository to sell preemptive rights and distribute the proceeds from such sales to ADS holders.

RISKS RELATING TO DEVELOPMENTS IN MEXICO AND OTHER COUNTRIES

Economic, political and social conditions in Latin America, the United States, the Caribbean and Europe may adversely affect our business

Our financial performance may be significantly affected by general economic, political and social conditions in the markets where we operate, particularly in Mexico, Brazil, Colombia, Central America, the United States and Europe. Many countries in Latin America and the Caribbean, including Mexico, Brazil and Argentina have suffered significant economic, political and social crises in the past, and these events may occur again in the future. We cannot predict whether changes in political administrations will result in changes in governmental policy and whether such changes will affect our business. Factors related to economic, political and social conditions that could affect our performance include:

- significant governmental influence over local economies;
- substantial fluctuations in economic growth;
- high levels of inflation;
- changes in currency values;
- exchange controls or restrictions on expatriation of earnings;
- high domestic interest rates;
- price controls;
- changes in governmental economic or tax policies;
- imposition of trade barriers;

- unexpected changes in regulation; and
- overall political, social and economic instability.

Adverse economic, political and social conditions in Latin America, the United States, the Caribbean or in Europe may inhibit demand for telecommunication services and create uncertainty regarding our operating environment or may affect our ability to renew our licenses and concessions, to maintain or increase our market share or profitability and may have an adverse impact on future acquisition efforts, which could have a material adverse effect on our company.

Our business may be especially affected by conditions in Mexico and Brazil, two of our largest markets. For example, our results of operations were adversely affected by weak economic conditions in Brazil in 2015, and may be so affected again in the future.

Changes in exchange rates could adversely affect our financial condition and results of operations

We are affected by fluctuations in the value of the currencies in which we conduct operations compared to the currencies in which our indebtedness is denominated. Such changes result in exchange losses or gains on our net indebtedness and accounts payable. In 2015, we reported net foreign exchange losses of Ps.79.0 billion.

In addition, currency fluctuations between the Mexican peso and the currencies of our non-Mexican subsidiaries affect our results as reported in Mexican pesos. Currency fluctuations are expected to continue to affect our financial income and expense.

Major devaluation or depreciation of the currencies in which we conduct operations could cause governments to impose exchange controls that would interfere with or limit our ability to transfer funds between us and our subsidiaries

Major devaluation or depreciation of the currencies in which we conduct operations may result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert such currencies into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness. For example, although the Mexican government does not currently restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies out of Mexico, it could institute restrictive exchange rate policies in the future. Similarly, the Brazilian government may impose temporary restrictions on the conversion of Brazilian reais into foreign currencies and on the remittance to foreign investors of proceeds from investments in Brazil whenever there is a serious imbalance in Brazil's balance of payments or a reason to foresee a serious imbalance. The Argentine peso has experienced significant devaluation in recent years and the government has adopted restrictions on access to the foreign exchange market and the transfer of foreign currency outside Argentina. The Argentine government could impose further exchange controls or restrictions on the movement of capital and take other measures in the future in response to capital flight or a significant depreciation of the Argentine peso.

Developments in other countries may affect the market price of our securities and adversely affect our ability to raise additional financing

The market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other countries, including the United States, the European Union (the "EU") and emerging market countries. Although economic conditions in such countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. Crises in the United States, the EU and emerging market countries may diminish investor interest in securities of Mexican issuers. This could materially and adversely affect the market price of our securities, and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

PART IV: SHARE OWNERSHIP AND TRADING

MAJOR SHAREHOLDERS

The following table sets forth our capital structure as of March 31, 2016.

Series	Number of Shares (millions)	Percent of Capital	Combined A Shares and AA Shares ⁽¹⁾
L Shares (no par value)	42,532	64.6%	—
AA Shares (no par value)	22,684	34.5%	97.4%
A Shares (no par value)	607	0.9%	2.6%
Total	65,823	100.0%	100.0%

- (1) The AA Shares and A Shares of AMX, together, are entitled to elect a majority of our directors. Holders of L Shares are entitled to limited voting rights under our bylaws. See “Bylaws—Voting Rights” under this Part IV.

According to reports of beneficial ownership of our shares filed with the SEC, Carlos Slim Helú, together with his sons and daughters (together, the “Slim Family”) may be deemed to control us through their interests in a Mexican trust that holds AA Shares and L Shares for their benefit (the “Family Trust”), their interest in Inversora Carso, S.A. de C.V., including its subsidiary Control Empresarial de Capitales, S.A. de C.V. (CEC), and their direct ownership of our shares. See “Management—Directors” and “Management—Executive Committee” under Part V and “Related Party Transactions” under this Part IV.

The following table identifies owners of more than 5.0% of any series of our shares as of March 31, 2016. Except as described in the table below and the accompanying notes, we are not aware of any holder of more than 5.0% of any series of our shares. Figures below do not include L Shares that would be held by each shareholder upon conversion of AA Shares or A Shares, as provided for under our bylaws. See “Bylaws—Share Capital” under this Part IV.

Shareholder	Shares Owned (millions)	Percent of Class ⁽¹⁾
AA Shares:		
Family Trust ⁽²⁾	10,894	48.0%
Inversora Carso ⁽³⁾	6,431	28.3%
Carlos Slim Helú ⁽²⁾	1,879	8.2%
L Shares:		
Family Trust ⁽²⁾	5,998	14.3%
Inversora Carso ⁽³⁾	3,886	9.1%
Carlos Slim Helú ⁽²⁾	3,072	7.3%

- (1) Percentage figures are based on the number of shares outstanding as of March 31, 2016.
- (2) The Family Trust is a Mexican trust that holds AA Shares and L Shares for the benefit of members of the Slim Family. In addition to shares held by the Family Trust, members of the Slim Family, including Carlos Slim Helú, directly own an aggregate of 3,558 million AA Shares and 9,570 million L Shares representing 15.6% and 22.5%, respectively, of each series. According to beneficial ownership reports filed with the SEC, none of these members of the Slim Family, other than Carlos Slim Helú, individually directly own more than 5.0% of any class of our shares.

- (3) Formerly known as Inmobiliaria Carso. Includes shares owned by subsidiaries of Inversora Carso. Based on beneficial ownership reports filed with the SEC, Inversora Carso is a Mexican *sociedad anónima de capital variable* and may be deemed to be controlled by the Slim Family.

As of March 31, 2016, 15.3% of the outstanding L Shares were represented by L Share ADSs, each representing the right to receive 20 L Shares, and 99.3% of the L Share ADSs were held by 8,428 registered holders with addresses in the United States. As of such date, 29.1% of the A Shares were held in the form of A Share ADSs, each representing the right to receive 20 A Shares, and 99.5% of the A Share ADSs were held by 3,749 registered holders with addresses in the United States. Each A Share may be exchanged at the option of the holder for one L Share.

We have no information concerning the number of holdings or holders with registered addresses in the United States that hold:

- AA Shares;
- A Shares not represented by ADSs; or
- L Shares not represented by ADSs.

RELATED PARTY TRANSACTIONS

Our subsidiaries purchase materials or services from a variety of companies that may be deemed for certain purposes to be under common control with us, including Telesites, Grupo Carso and Grupo Financiero Inbursa and their respective subsidiaries. These services include insurance and banking services provided by Grupo Financiero Inbursa and its subsidiaries. In addition, we sell products in Mexico through the Sanborns and Sears Operadora México, S.A. de C.V. (“Sears”) store chains. Some of our subsidiaries also purchase network construction services and materials from subsidiaries of Grupo Carso. Our subsidiaries purchase these materials and services on terms no less favorable than they could obtain from unaffiliated parties, and would have access to other sources if our related parties ceased to provide them on competitive terms.

We lease space on telecommunications towers owed by Telesites, which we spun off in December 2015. We and Telesites have entered into an agreement providing for site usage fees, annual price escalations and fixed annual charges that permit us to install a pre-determined amount of equipment at the sites and provide for incremental fee payments if capacity use is exceeded. The principal economic terms of the agreement conform to the reference terms published by Telesites and approved by IFT.

Note 7 to our audited consolidated financial statements included in this annual report provides additional information about our related party transactions.

DIVIDENDS

We regularly pay cash dividends on our shares. The table below sets forth the nominal amount of dividends paid per share on each date indicated, in pesos and translated into U.S. dollars at the exchange rate on each of the respective payment dates.

Payment Date	Pesos per Share	Dollars per Share
November 13, 2015	Ps.0.13	U.S.\$0.0078
September 25, 2015	Ps.0.30	U.S.\$0.0177
July 17, 2015	Ps.0.13	U.S.\$0.0082
November 14, 2014	Ps.0.12	U.S.\$0.0082
July 18, 2014	Ps.0.12	U.S.\$0.0082
November 15, 2013	Ps.0.11	U.S.\$0.0084
July 19, 2013	Ps.0.11	U.S.\$0.0084

In April 2016, our shareholders approved a dividend of Ps.0.28 per share, payable in two equal installments in July and November 2016. The declaration, amount and payment of dividends by América Móvil is determined by majority vote of the holders of AA Shares and A Shares, generally on the recommendation of the Board of Directors, and depends on our results of operations, financial condition, cash requirements, future prospects and other factors considered relevant by the holders of AA Shares and A Shares.

Our bylaws provide that holders of AA Shares, A Shares and L Shares participate equally on a per-share basis in dividend payments and other distributions, subject to certain preferential dividend rights of holders of L Shares. See “Bylaws—Dividend Rights” and “Bylaws—Preferential Rights of L Shares” under this Part IV.

TRADING MARKETS

Our shares and ADSs are listed or quoted on the following markets:

L Shares	Mexican Stock Exchange—Mexico City, Mercado de Valores Latinoamericanos en Euros (Latibex)—Madrid
L Share ADSs	New York Stock Exchange—New York
A Shares	Mexican Stock Exchange—Mexico City
A Share ADSs	NASDAQ National Market—New York

The following table sets forth reported high and low sales prices for the L Shares on the Mexican Stock Exchange and the reported high and low sales prices for the L Share ADSs on the NYSE. Prices for 2011 have been adjusted to reflect the two-for-one stock split effected in June 2011.

	Mexican Stock Exchange				NYSE				
	High		Low		High		Low		
	(pesos per L Share)				(U.S. dollars per L Share ADS)				
Annual highs and lows									
2011	Ps.	19.09	Ps.	13.67	U.S.\$	26.42	U.S.\$	21.10	
2012		18.35		14.79		28.28		22.19	
2013		16.19		11.60		25.62		18.47	
2014		17.51		12.43		26.38		19.17	
2015		16.44		11.96		23.58		14.06	
Quarterly highs and lows									
2014:									
First quarter	Ps.	15.22	Ps.	12.65	U.S.\$	23.37	U.S.\$	19.17	
Second quarter		13.52		12.43		20.80		19.33	
Third quarter		17.51		13.43		26.38		20.72	
Fourth quarter		16.83		15.05		25.04		20.39	
2015:									
First quarter	Ps.	16.37	Ps.	15.20	U.S.\$	23.58	U.S.\$	19.52	
Second quarter		16.25		14.70		22.27		20.10	
Third quarter		15.86		13.31		21.11		16.43	
Fourth quarter		14.09		11.96		17.92		14.06	
2016:									
First quarter	Ps.	13.53	Ps.	10.92	U.S.\$	15.55	U.S.\$	12.16	

Share Ownership and Trading

	Mexican Stock Exchange		NYSE	
	High (pesos per L Share)	Low	High (U.S. dollars per L Share ADS)	Low
Monthly highs and lows				
2015:				
October	Ps. 14.09	Ps. 13.32	U.S.\$ 17.92	U.S.\$ 16.80
November	13.81	12.72	17.76	15.95
December	13.05	11.96	16.57	14.06
2016:				
January	Ps. 12.79	Ps. 10.92	U.S.\$ 14.14	U.S.\$ 12.16
February	13.19	11.82	14.45	12.25
March	13.53	12.57	15.55	14.06
April (through April 15)	13.73	13.33	15.70	14.91

Source: Bloomberg

The table below sets forth reported high and low sales prices for the A Shares on the Mexican Stock Exchange and the high and low bid prices for A Share ADSs published by NASDAQ. Bid prices published by NASDAQ for the A Share ADSs are inter-dealer quotations and may not reflect actual transactions. Prices for 2011 have been adjusted to reflect the two-for-one stock split effected in June 2011.

	Mexican Stock Exchange				NASDAQ			
	High (pesos per A Share)	Low	High	Low	High (U.S. dollars per A Share ADS)	Low	High	Low
Annual highs and lows								
2011	Ps. 18.03	Ps. 13.14	U.S.\$ 29.56	U.S.\$ 20.88				
2012	18.46	14.01	28.08	21.33				
2013	16.00	11.60	25.55	18.56				
2014	17.61	12.50	26.46	19.16				
2015	16.14	11.91	23.52	13.99				
Quarterly highs and lows								
2014:								
First quarter	Ps. 15.58	Ps. 12.53	U.S.\$ 23.32	U.S.\$ 19.16				
Second quarter	13.50	12.50	20.80	19.26				
Third quarter	17.61	13.40	26.46	20.61				
Fourth quarter	16.80	15.02	25.05	20.33				
2015:								
First quarter	Ps. 16.60	Ps. 15.01	U.S.\$ 23.52	U.S.\$ 19.50				
Second quarter	16.14	14.35	22.10	20.02				
Third quarter	15.78	13.30	21.08	16.36				
Fourth quarter	14.02	11.91	17.93	13.99				
2016:								
First quarter	Ps. 13.50	Ps. 11.28	U.S.\$ 15.71	U.S.\$ 12.07				
Monthly highs and lows								
2015:								
October	Ps. 14.02	Ps. 13.23	U.S.\$ 17.93	U.S.\$ 16.77				
November	13.95	12.62	17.71	16.01				
December	12.93	11.91	16.55	13.99				
2016:								
January	Ps. 12.20	Ps. 11.28	U.S.\$ 14.00	U.S.\$ 12.07				
February	12.89	11.61	14.45	12.15				
March	13.50	12.92	15.71	13.91				
April (through April 15)	13.64	13.40	15.93	14.95				

Source: Bloomberg

BYLAWS

Set forth below is a brief summary of certain significant provisions in our bylaws and Mexican law. This description does not purport to be complete and is qualified by reference to our bylaws, a translation of which has been filed with the SEC as an exhibit to this annual report. For a description of the provisions of our bylaws relating to our Board of Directors, Executive and Audit and Corporate Practices Committees and External Auditor, see “Management” under Part V.

Organization and Register

América Móvil is a *sociedad anónima bursátil de capital variable* organized in Mexico under the Mexican General Corporations Law (*Ley General de Sociedades Mercantiles*) and the Mexican Securities Market Law (*Ley del Mercado de Valores*). It was registered in the Public Registry of Commerce of Mexico City on October 13, 2000 under the number 263,770.

Corporate Purpose

Our main corporate purpose, as set out in Article Three of our bylaws, is to promote, incorporate, organize, exploit, acquire and participate in the capital stock or assets of all types of civil or commercial companies, partnerships and industrial, commercial, service or other entities, whether domestic or foreign, and to participate in the management or liquidation thereof.

Share Capital

Our capital stock comprises AA Shares, without par value, A Shares, without par value and L Shares, without par value. All of the outstanding shares are fully paid and non-assessable.

AA Shares and A Shares have full voting rights. Holders of L Shares may vote only in limited circumstances as described under “—Voting Rights” under this Part IV. The rights of holders of all series of capital stock are identical except for the voting rights and the limitations on non-Mexican ownership of AA Shares. Any changes in the rights of the holders of a series of capital stock must be approved by a majority of the holders of that series. The AA Shares, which must always represent at least 51.0% of the combined AA Shares and A Shares, may be owned only by holders that qualify as Mexican investors as defined in the Foreign Investment Law (*Ley de Inversión Extranjera*) and our bylaws. See “—Limitations on Share Ownership” under this Part IV.

Each AA Share or A Share may be exchanged at the option of the holder for one L Share, provided that the AA Shares may never represent less than 20.0% of our outstanding capital stock or less than 51.0% of our combined AA Shares and A Shares.

Voting Rights

Each AA Share and A Share entitles the holder thereof to one vote at any meeting of our shareholders. Each L Share entitles the holder to one vote at any meeting at which holders of L Shares are entitled to vote. Holders of L Shares are entitled to vote to elect only two members of the Board of Directors and the corresponding alternate directors, as well as on the following matters:

- our transformation from one type of company to another;
- any merger involving us;
- the extension of our authorized corporate life;

- our voluntary dissolution;
- any change in our corporate purpose;
- any transaction that represents 20.0% or more of the Company's consolidated assets;
- any change in our state of incorporation;
- removal of our shares from listing on the Mexican Stock Exchange or any foreign stock exchange; and
- any action that would prejudice the rights of holders of L Shares.

A resolution on any of the specified matters requires the affirmative vote of both a majority of all outstanding shares and a majority of the AA Shares and the A Shares voting together.

Under Mexican law, holders of shares of any series are also entitled to vote as a class on any action that would prejudice the rights of holders of shares of such series, and a holder of shares of such series would be entitled to judicial relief against any such action taken without such a vote. There are no other procedures for determining whether a proposed shareholder action requires a class vote, and Mexican law does not provide extensive guidance on the criteria to be applied in making such a determination.

Shareholders' Meetings

General shareholders' meetings may be ordinary meetings or extraordinary meetings. Extraordinary general meetings are those called to consider certain matters specified in Article 182 of the Mexican General Corporations Law, including, principally, amendments of the bylaws, liquidation, merger and transformation from one type of company to another, as well as to consider the removal of our shares from listing on the Mexican Stock Exchange or any foreign stock exchange. General meetings called to consider all other matters are ordinary meetings. The two directors elected by the holders of L Shares are elected at a special meeting of holders of L Shares. All other matters on which holders of L Shares are entitled to vote would be considered at an extraordinary general meeting.

A special meeting of the holders of L Shares must be held each year for the election or reelection of directors. An ordinary general meeting of the holders of AA Shares and A Shares must be held each year to consider the approval of the financial statements for the preceding fiscal year, to elect or reelect directors and to determine the allocation of the profits of the preceding year. Transactions that represent 20.0% or more of our consolidated assets in any fiscal year must be approved by an ordinary general shareholder meeting of all shareholders, including holders of L Shares.

The quorum for an ordinary general meeting of the AA Shares and A Shares is 50.0% of such shares, and action may be taken by a majority of the shares present. If a quorum is not available, a second meeting may be called at which action may be taken by a majority of the AA Shares and A Shares present, regardless of the number of such shares. Special meetings of holders of L Shares are governed by the same rules applicable to ordinary general meetings of holders of AA Shares and A Shares. The quorum for an extraordinary general meeting at which holders of L Shares may not vote is 75.0% of the AA Shares and A Shares, and the quorum for an extraordinary general meeting at which holders of L Shares are entitled to vote is 75.0% of the outstanding capital stock. If a quorum is not available in either case, a second meeting may be called and action may be taken, provided a majority of the shares entitled to vote is present. Whether on first or second call, actions at an extraordinary general meeting may be taken by a majority vote of the AA Shares and A Shares outstanding and, on matters which holders of L Shares are entitled to vote, a majority vote of all the capital stock.

Holders of 20.0% of our outstanding capital stock may have any shareholder action set aside by filing a complaint with a court of law within 15 days after the close of the meeting at which such action was taken and showing that the challenged action violates Mexican law or our bylaws. In addition, any holder of our capital stock may bring an action at any time within five years challenging any shareholder action. Relief under these provisions is only available to holders:

- who were entitled to vote on, or whose rights as shareholders were adversely affected by, the challenged shareholder action; and
- whose shares were not represented when the action was taken or, if represented, were voted against it.

Shareholders' meetings may be called by the Board of Directors, its chairman, its corporate secretary, the Chairman of the Audit and Corporate Practices Committee or a court. The Chairman of the Board of Directors or the Chairman of the Audit and Corporate Practices Committee may be required to call a meeting of shareholders by the holders of 10.0% of the outstanding capital stock. Notice of meetings must be published in the Official Gazette or a newspaper of general circulation in Mexico City at least 15 days prior to the meeting.

Under our bylaws, a shareholder is required to deposit its shares with a custodian in order to attend a shareholders' meeting. A holder of ADSs will not be able to meet this requirement, and accordingly is not entitled to attend shareholders' meetings. A holder of ADSs is entitled to instruct the depository as to how to vote the shares represented by ADSs, in accordance with procedures provided for in the deposit agreements. However, a holder of ADSs will not be able to vote its shares directly at a shareholders' meeting or to appoint a proxy to do so.

Dividend Rights

At the annual ordinary general meeting of holders of AA Shares and A Shares, the Board of Directors submits our financial statements for the previous fiscal year, together with a report thereon by the Board, to the holders of AA Shares and A Shares for approval. The holders of AA Shares and A Shares, once they have approved the financial statements, determine the allocation of our net profits for the preceding year. They are required by law to allocate 5.0% of such net profits to a legal reserve, which is not thereafter available for distribution except as a stock dividend, until the amount of the legal reserve equals 20.0% of our capital stock. The remainder of net profits is available for distribution.

All shares outstanding at the time a dividend or other distribution is declared are entitled to participate in such dividend or other distribution, subject to certain preferential rights of the L Shares. See "—Preferential Rights of L Shares" under this Part IV.

Preferential Rights of L Shares

Holders of L Shares are entitled to receive a cumulative preferred annual dividend of 0.00042 pesos per share before any dividends are payable in respect of any other class of América Móvil capital stock. If we pay dividends with respect to any fiscal year in addition to the L Share preferred dividend, such dividends must be allocated:

- first, to the payment of dividends with respect to the A Share and AA Shares, in an equal amount per share, up to the amount of the L Share preferred dividend, and
- second, to the payment of dividends with respect to all classes of América Móvil shares such that the dividend per share is equal.

Upon our liquidation, holders of L Shares will be entitled to a liquidation preference equal to:

- accrued but unpaid L Share preferred dividends, plus

- 0.00042 pesos per share (representing the capital attributable to such shares as set forth in our bylaws) before any distribution is made in respect of our other capital stock in accordance with Article 113 of the Mexican General Corporations Law.

Following payment in full of any such amount, holders of AA Shares and A Shares are entitled to receive, if available, an amount per share equal to the liquidation preference paid per L Share. Following payment in full of the foregoing amounts, all shareholders share equally, on a per-share basis, in any remaining amounts payable in respect of our capital stock.

Limitation on Capital Increases

Our bylaws require that any capital increase be represented by new shares of each series in proportion to the number of shares of each series outstanding.

Preemptive Rights

In the event of a capital increase, except in certain circumstances such as mergers, convertible debentures, public offers and placement of repurchased shares, a holder of existing shares of a given series has a preferential right to subscribe for a sufficient number of shares of the same series to maintain the holder's existing proportionate holdings of shares of that series. Preemptive rights must be exercised within the next 15 calendar days following the publication of notice of the capital increase in the Official Gazette and a newspaper of general circulation in Mexico City. Under Mexican law, preemptive rights cannot be traded separately from the corresponding shares that give rise to such rights. As a result, there is no trading market for the rights in connection with a capital increase. Holders of ADSs may exercise preemptive rights only through the depositary. We are not required to take steps that may be necessary to make this possible.

Limitations on Share Ownership

Our bylaws provide that at least 20.0% of our capital stock must consist of AA Shares. Our bylaws also provide that A Shares and L Shares together cannot represent more than 80.0% of our capital stock. AA Shares can only be held or acquired by:

- Mexican citizens;
- Mexican corporations whose capital stock is held completely by Mexican citizens;
- Mexican corporations in which at least 51.0% of the capital stock may only be held or acquired by (i) Mexican citizens or (ii) Mexican corporations;
- Mexican credit and insurance companies;
- Mexican investment companies operating under the Investment Companies Law (*Ley de Sociedades de Inversión*) and Mexican institutional investors as defined in the Mexican Securities Market Law; and
- Trusts expressly permitted to acquire AA Shares in accordance with Mexican law and in which (i) the majority of the trustee's rights are held by Mexican citizens, corporations whose capital stock is held by Mexican citizens in its majority, and Mexican credit, insurance and investment companies or (ii) the AA Shares controlled by the trust represent a minority of the outstanding AA Shares and are voted in the same manner as the majority of the outstanding AA Shares.

If a foreign government or state acquires our AA Shares, such shares would immediately be rendered without effect or value.

Non-Mexican investors cannot hold AA Shares except through trusts that effectively neutralize their votes.

Our bylaws include a provision called a foreign exclusion clause. Under the foreign exclusion clause, ownership of our shares is restricted to holders that qualify as Mexican investors under Mexican law. The foreign exclusion clause does not apply to the L Shares, and under transitional provisions adopted by our shareholders it does not limit foreign ownership of A Shares outstanding as of the date of the shareholders' meeting approving the amendment.

Restrictions on Certain Transactions

Our bylaws provide that any transfer of more than 10.0% of the combined A Shares and AA Shares, effected in one or more transactions by any person or group of persons acting in concert, requires prior approval by our Board of Directors. If the Board of Directors denies such approval, however, Mexican law and our bylaws require it to designate an alternate transferee, who must pay market price for the shares as quoted on the Mexican Stock Exchange.

Restrictions on Deregistration in Mexico

Our shares are registered with the RNV maintained by the CNBV, as required under the Mexican Securities Market Law and regulations issued by the CNBV.

If we wish to cancel our registration, or if it is cancelled by the CNBV, we are required to conduct a public offer to purchase all the outstanding shares prior to such cancellation. Such offer shall be addressed exclusively to those persons other than the members of the controlling group of shareholders, who were shareholders or holders of other securities representing such shares (i) as of the date set forth by the CNBV, if the registration is cancelled by resolution thereof or (ii) as of the date of the resolution adopted by the general extraordinary shareholders meeting, if the registration is cancelled voluntarily.

Our bylaws provide that if, after the public offer is concluded, there are still outstanding shares held by the general public, América Móvil will be required to create a trust for a period of six months, into which we will be required to contribute funds in an amount sufficient to purchase, at the same price as the offer price, the number of outstanding shares held by the general public that did not participate in the offer.

Unless the CNBV authorizes otherwise, upon the prior approval of the Board of Directors, which must take into account the opinion of the audit and corporate practices committee, the offer price will be the higher of: (i) the average of the closing price during the previous 30 days on which the shares may have been quoted or (ii) the book value of the shares in accordance with the most recent quarterly report submitted to the CNBV and to the Mexican Stock Exchange.

The voluntary cancellation of the registration shall be subject to (i) the prior authorization of the CNBV and (ii) the authorization of not less than 95.0% of the outstanding capital stock in a general extraordinary shareholders' meeting.

Tender Offer Requirement

Our bylaws provide that any purchasers or group of purchasers that obtain or increase a significant participation (i.e., 30.0% or more) in our capital stock without conducting a previous public offer in accordance with the applicable rules issued by the CNBV, will not have the right to exercise the corporate rights of their shares and we will not register such shares in the share registry book.

Other Provisions

Variable capital. We are permitted to issue shares constituting fixed capital and shares constituting variable capital. All of our outstanding shares of capital stock constitute fixed capital. The issuance of variable capital shares, unlike the issuance of fixed capital shares, does not require an amendment of the bylaws, although it does require a majority vote of the AA Shares and the A Shares.

Forfeiture of shares. As required by Mexican law, our bylaws provide that any non-Mexican person who at the time of incorporation or at any time thereafter acquires an interest or participation in our capital shall be considered, by virtue thereof, as Mexican in respect thereof and shall be deemed to have agreed not to invoke the protection of his own government, under penalty, in case of breach of such agreement, of forfeiture to the nation of such interest or participation. Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government by asking such government to interpose a diplomatic claim against the Mexican government with respect to the shareholder's rights as a shareholder, but is not deemed to have waived any other rights it may have, including any rights under U.S. federal securities laws, with respect to its investment in América Móvil. If the shareholder invokes such governmental protection in violation of this agreement, its shares could be forfeited to the Mexican government. Mexican law requires that such a provision be included in the bylaws of all Mexican corporations unless such bylaws prohibit ownership of shares by non-Mexican persons.

Exclusive jurisdiction. Our bylaws provide that legal actions relating to the execution, interpretation or performance of the bylaws shall be brought only in Mexican courts.

Duration. Our existence under the bylaws continues indefinitely.

Purchase of our own shares. According to the bylaws, we may repurchase our shares on the Mexican Stock Exchange at any time at the then-prevailing market price. Any such repurchase must conform to guidelines established by the Board of Directors, and the amount available to repurchase shares must be approved by the general ordinary shareholders' meeting. The economic and voting rights corresponding to repurchased shares may not be exercised during the period in which we own such shares, and such shares are not deemed to be outstanding for purposes of calculating any quorum or vote at any shareholders' meeting during such period.

Conflict of interest. A shareholder that votes on a business transaction in which its interest conflicts with our interests may be liable for damages, but only if the transaction would not have been approved without its vote.

Appraisal rights. Whenever shareholders approve a change of corporate purposes, change of nationality of the corporation or transformation from one type of company to another, any shareholder entitled to vote on such change that has voted against it may withdraw from América Móvil and receive the book value attributable to its shares, provided it exercises its right within 15 days following the adjournment of the meeting at which the change was approved.

Rights of Shareholders

The protections afforded to minority shareholders under Mexican law are different from those in the United States and many other jurisdictions. The substantive law concerning fiduciary duties of directors has not been the subject of extensive judicial interpretation in Mexico, unlike states in the United States where duties of care and loyalty elaborated by judicial decisions help to shape the rights of minority shareholders. Mexican civil procedure does not contemplate class actions, which in U.S. courts permit shareholders to bring actions on behalf of other shareholders. Shareholders cannot challenge corporate action taken at a shareholders' meeting unless they meet certain procedural requirements, as described above under "Shareholders' Meetings."

As a result of these factors, in practice it may be more difficult for our minority shareholders to enforce rights against us or our directors or controlling shareholders than it would be for shareholders of a U.S. company.

In addition, under U.S. federal securities laws, as a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers with equity securities registered under the Exchange Act, including the proxy solicitation rules and the rules requiring disclosure of share ownership by directors, officers and certain shareholders. We are also exempt from many corporate governance requirements of the NYSE and NASDAQ. For a comparison of our corporate governance policies and the corporate governance requirements of the NYSE and NASDAQ, see "Corporate Governance" under Part V.

Enforceability of Civil Liabilities

We are organized under the laws of Mexico, and most of our directors, officers and controlling persons reside outside the United States. In addition, all or a substantial portion of our assets and their assets are located in Mexico. As a result, it may be difficult for investors to effect service of process within the United States on such persons. It may also be difficult to enforce against them, either inside or outside the United States, judgments obtained against them in U.S. courts, or to enforce in U.S. courts judgments obtained against them in courts in jurisdictions outside the United States, in any action based on civil liabilities under U.S. federal securities laws. There is doubt as to the enforceability against such persons in Mexico, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on U.S. federal securities laws.

DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon (“the Depositary”) serves as the depositary for our ADSs. ADS holders are required to pay various fees to the Depositary, and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADS holders are required to pay the Depositary amounts in respect of expenses incurred by the Depositary or its agents on behalf of ADS holders, including expenses arising from (i) taxes or other governmental charges, (ii) registration fees payable to us that may be applicable to the transfer of shares upon deposits to or withdrawals from the ADS program, (iii) cable, telex, and facsimile transmission, (iv) conversion of foreign currency into U.S. dollars or (v) servicing of the ADSs or the shares underlying ADSs. The Depositary may decide in its sole discretion to seek payment either by billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADS holders are also required to pay additional fees for certain services provided by the Depositary, as set forth in the table below.

Depositary service	Fee payable by ADS holders
Issuance and delivery of ADSs, including in connection with share distributions, rights, sales and stock splits	Up to U.S.\$5.00 per 100 ADSs (or portion thereof)
Cash distributions	U.S.\$0.02 or less per ADS
Surrender, withdrawal or cancellation	Up to U.S.\$5.00 per 100 ADSs (or portion thereof)

Payments by the Depositary

The Depositary reimburses us for certain expenses we incur in connection with the ADR program, subject to a ceiling agreed between us and the Depositary from time to time. These reimbursable expenses currently include legal and accounting fees, listing fees, investor relations expenses and fees payable to service providers for the distribution of material to ADR holders. During the year ended December 31, 2015, the Depositary did not pay us for any reimbursable expenses.

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We periodically repurchase our L Shares and A Shares on the open market using funds authorized by our shareholders specifically for the repurchase of L Shares and A Shares by us at our discretion. In the annual ordinary shareholders' meeting held on April 18, 2016, our shareholders authorized an allocation of Ps.12 billion to repurchase L Shares and A Shares from April 2016 to April 2017.

The following tables set out information concerning purchases of our L Shares and A Shares by us and our affiliated purchasers in 2015. We did not repurchase our L Shares or A Shares other than through the share repurchase program.

Period	Total Number of L Shares Purchased ⁽¹⁾	Average Price Paid per L Share	Total Number of L Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Mexican peso Value of L Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 2015	207,500,000	16.56	207,500,000	13,512,427,602
February 2015	185,253,074	16.18	185,253,074	10,528,006,074
March 2015	231,000,000	15.69	231,000,000	6,924,801,687
April 2015	324,435,451	15.91	324,435,451	36,537,271,471
May 2015	193,780,272	15.91	193,780,272	33,470,881,476
June 2015	225,000,100	16.28	225,000,100	29,828,168,918
July 2015	304,038,044	15.98	245,538,044	25,870,474,718
August 2015	259,061,139	15.47	227,300,000	22,362,075,998
September 2015	182,712,209	14.74	97,376,690	20,924,421,154
October 2015	221,152,665	14.31	76,200,000	19,828,555,845
November 2015	450,547,335	13.91	116,000,000	18,216,547,915
December 2015	167,111,128	12.91	18,000,000	17,977,133,129
Total	2,951,591,417		2,147,383,631	

(1) This includes purchases by us and our affiliated purchasers in 2015.

(2) This is the approximate peso amount available at the end of the period for purchases of both L Shares and A Shares pursuant to our share repurchase program.

Share Ownership and Trading

Period	Total Number of A Shares Purchased ⁽¹⁾	Average Price Paid per A Share	Total Number of A Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Mexican peso Value of A Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 2015	—	—	—	13,512,427,602
February 2015	246,926	16.33	246,926	10,528,006,074
March 2015	—	—	—	6,924,801,687
April 2015	1,564,549	16.95	1,564,549	36,537,271,471
May 2015	19,728	16.20	19,728	33,470,881,476
June 2015	—	—	—	29,828,168,918
July 2015	661,856	16.50	661,856	25,870,474,718
August 2015	—	—	—	22,362,075,998
September 2015	123,310	15.02	123,310	20,924,421,154
October 2015	—	—	—	19,828,555,845
November 2015	23,475	13.70	—	18,216,574,915
December 2015	3	13.40	—	17,977,133,129
Total	2,639,847		2,616,369	

(1) This includes purchases by us and our affiliated purchasers in 2015.

(2) This is the approximate peso amount available at the end of the period for purchases of both L Shares and A Shares pursuant to our share repurchase program.

TAXATION OF SHARES AND ADSs

The following summary contains a description of certain Mexican federal and U.S. federal income tax consequences of the acquisition, ownership and disposition of L Shares, A Shares, L Share ADSs or A Share ADSs, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, hold or sell shares or ADSs.

The Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion and the protocols thereto between the United States and Mexico currently in force (together, the "Tax Treaty"). The United States and Mexico have also entered into an agreement concerning the exchange of information with respect to tax matters.

This discussion does not constitute, and should not be considered as, legal or tax advice to holders. The discussion is for general information purposes only and is based upon the federal tax laws of Mexico (including the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*, or the "Mexican Income Tax Law") and the Mexican Federal Tax Code) and the United States as in effect on the date of this annual report (including the Tax Treaty), which are subject to change, and such changes may have retroactive effects. Holders of shares or ADSs should consult their own tax advisors as to the Mexican, U.S. or other tax consequences of the purchase, ownership and disposition of shares or ADSs, including, in particular, the effect of any foreign, state or local tax laws.

MEXICAN TAX CONSIDERATIONS

The following is a general summary of the principal consequences under the Mexican Income Tax Law and the rules and regulations thereunder, as currently in effect, of an investment in shares or ADSs by a holder that is not a resident of Mexico and that will not hold shares or ADSs or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Mexico (a "nonresident holder").

For purposes of Mexican taxation, the definition of residence is highly technical and residence arises in several situations. Generally, an individual is a resident of Mexico if he or she has established his or her home or center of vital interests in Mexico, and a corporation is considered a resident if it has its place of effective management in Mexico. However, any determination of residence should take into account the particular situation of each person or legal entity.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, all income attributable to that permanent establishment will be subject to Mexican income taxes, in accordance with applicable tax laws.

This summary does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the shares. In particular, this summary (i) does not describe any tax consequences arising under the laws of any state, locality, municipality or taxing jurisdiction other than certain federal laws of Mexico and (ii) does not address all of the Mexican tax consequences that may be applicable to specific holders of the shares, including a holder:

- a. whose shares were not acquired through the Mexican Stock Exchange or other markets authorized by the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público) or the Mexican Federal Tax Code;
- b. of shares or ADSs that control us;
- c. that holds 10% or more of our shares;

- d. that is part of a group of persons for purposes of Mexican law that controls us (or holds 10% or more of our shares); or
- e. that is a resident of Mexico or is a corporation resident in a tax haven (as defined by the Mexican Income Tax Law).

Tax Treaties

Provisions of the Tax Treaty that may affect the taxation of certain U.S. holders (as defined below) are summarized below.

The Mexican Income Tax Law has established procedural requirements for a nonresident holder to be entitled to benefits under any of the tax treaties to which Mexico is a party, including on dispositions and dividends. These procedural requirements include, among others, the obligation to (i) prove tax treaty residence, (ii) file tax calculations made by an authorized certified public accountant or an informational tax statement, as the case may be, and (iii) appoint representatives in Mexico for taxation purposes. Parties related to the issuer may be subject to additional procedural requirements.

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the L Shares, A Shares, L Share ADSs or A Share ADSs will generally be subject to a 10% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2014). Nonresident holders could be subject to a lower tax rate, to the extent that they are eligible for benefits under an income tax treaty to which Mexico is a party.

Taxation of Dispositions

The tax rate on income realized by a nonresident holder from a disposition of shares through the Mexican Stock Exchange is generally 10%, which is applied to the net gain realized on the disposition. This tax is payable through withholding made by intermediaries. However, such withholding does not apply to a nonresident holder who certifies that the holder is resident in a country with which Mexico has entered into an income tax treaty.

The sale or other transfer or disposition of shares not carried out through the Mexican Stock Exchange and not held in the form of ADSs will be subject to a 25% tax rate in Mexico, which is applicable to the gross proceeds realized from the sale. Alternatively, a nonresident holder may, subject to certain requirements, elect to pay taxes on the net gain realized from the sale of shares at a rate of 35%.

The sale or disposition of ADSs through securities exchanges or markets recognized under the Mexican federal tax code (which includes the NYSE, NASDAQ and Latibex) by non-residents who are residents of a country with which Mexico has entered into an income tax treaty is not subject to income tax in Mexico under the current tax rules. The tax treatment of such transfer of ADSs by non-residents who are also not residents of a country with which Mexico has entered into an income tax treaty is not clear under the current Mexican tax rules.

Pursuant to the Tax Treaty, gains realized by a U.S. resident that is eligible to receive benefits pursuant to the Tax Treaty from the sale or other disposition of shares or ADSs, even if the sale or disposition is not carried out under the circumstances described in the preceding paragraphs, will not be subject to Mexican income tax, provided that the gains are not attributable to a permanent establishment or a fixed base in Mexico, and further provided that such U.S. holder owned less than 25% of the shares representing our capital stock (including ADSs), directly or indirectly, during the 12-month period preceding such disposition. U.S. residents should consult their own tax advisors as to their possible eligibility under the Tax Treaty.

Gains and gross proceeds realized by other nonresident holders that are eligible to receive benefits pursuant to other income tax treaties to which Mexico is a party may be exempt from Mexican income tax, in whole or in part. Non-U.S. holders should consult their own tax advisors as to their possible eligibility under such treaties.

Other Mexican Taxes

A nonresident holder generally will not be liable for estate, inheritance or similar taxes with respect to its holdings of shares or ADSs; provided, however, that gratuitous transfers of shares or ADSs may in certain circumstances result in the imposition of a Mexican tax upon the recipient. There are no Mexican stamp, issue registration or similar taxes payable by a nonresident holder with respect to shares or ADSs.

U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences to U.S. holders (as defined below) of the acquisition, ownership and disposition of shares or ADSs. The summary does not purport to be a comprehensive description of all of the tax consequences of the acquisition, ownership or disposition of shares or ADSs. The summary applies only to U.S. holders that will hold their shares or ADSs as capital assets and does not apply to special classes of U.S. holders such as dealers in securities or currencies, holders with a functional currency other than the U.S. dollar, holders of 10% or more of our voting shares (whether held directly or through ADSs or both), tax-exempt organizations, banks, insurance companies, or other financial institutions, holders liable for the alternative minimum tax, securities traders electing to account for their investment in their shares or ADSs on a mark-to-market basis, entities that are treated for U.S. federal income tax purposes as partnerships or other pass-through entities or equity holders therein and persons holding their shares or ADSs in a hedging transaction or as part of a straddle or conversion transaction.

For purposes of this discussion, a "U.S. holder" is a holder of shares or ADSs that is:

- a citizen or resident of the United States of America,
- a corporation (or other entity taxable as a corporation) organized under the laws of the United States of America or any state thereof, or
- otherwise subject to U.S. federal income taxation on a net income basis with respect to the shares or ADSs.

Each U.S. holder should consult such holder's own tax advisor concerning the overall tax consequences to it of the ownership or disposition of shares or ADSs that may arise under foreign, state and local laws.

Treatment of ADSs

In general, a U.S. holder of ADSs will be treated as the owner of the shares represented by those ADSs for U.S. federal income tax purposes. Deposits or withdrawals of shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. U.S. holders that withdraw any shares should consult their own tax advisors regarding the treatment of any foreign currency gain or loss on any pesos received in respect of such shares.

Taxation of Distributions

In general, a U.S. holder will treat the gross amount of distributions we pay, without reduction for Mexican withholding tax, as dividend income for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits. Because we do not expect to maintain calculations of our earnings and profits

under U.S. federal income tax principles, it is expected that distributions paid to U.S. holders generally will be reported as dividends. In general, the gross amount of any dividends will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder, in the case of shares, or by the depositary, in the case of ADSs. Dividends will be paid in pesos and will be includible in the income of a U.S. holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date that they are received by the U.S. holder, in the case of shares, or by the depositary, in the case of ADSs (regardless of whether such pesos are in fact converted into U.S. dollars on such date). If such dividends are converted into U.S. dollars on the date of such receipt, a U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the dividends. U.S. holders should consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any pesos received by a U.S. holder or depositary that are converted into U.S. dollars on a date subsequent to receipt. Dividends paid by us will not be eligible for the dividends-received deduction allowed to corporations under the U.S. Internal Revenue Code of 1986, as amended (the "Code").

The amount of Mexican tax withheld generally will give rise to a foreign tax credit or deduction for U.S. federal income tax purposes. Dividends generally will constitute "passive category income" for purposes of the foreign tax credit (or in the case of certain U.S. holders, "general category income"). The foreign tax credit rules are complex. U.S. holders should consult their own tax advisors with respect to the implications of those rules for their investments in our shares or ADSs.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual with respect to the shares or ADSs will be subject to taxation at reduced rates if the dividends are "qualified dividends." Dividends paid on the shares or ADSs will be treated as qualified dividends if (i) (A) the shares or ADSs are readily tradable on an established securities market in the United States or (B) we are eligible for the benefits of a comprehensive tax treaty with the United States which the U.S. Treasury determines is satisfactory for purposes of this provision and which includes an exchange of information program, and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company ("PFIC"). The ADSs are listed on the NYSE and the NASDAQ, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. In addition, the U.S. Treasury has determined that the Tax Treaty meets the requirements for reduced rates of taxation, and we believe we are eligible for the benefits of the Tax Treaty. Based on our audited consolidated financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to the 2014 or 2015 taxable year. In addition, based on our audited consolidated financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2016 taxable year. Holders of shares or ADSs should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Distributions of additional shares or ADSs to U.S. holders with respect to their shares or ADSs that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax.

Taxation of Dispositions

A U.S. holder generally will recognize capital gain or loss on the sale or other disposition of the shares or ADSs in an amount equal to the difference between the U.S. holder's basis in such shares or ADSs (in U.S. dollars) and the amount realized on the disposition (in U.S. dollars, determined at the spot rate on the date of disposition if the amount realized is denominated in a foreign currency). Gain or loss recognized by a U.S. holder on such sale or other disposition generally will be long-term capital gain or loss if, at the time of disposition, the shares or ADSs

have been held for more than one year. Long-term capital gain recognized by a U.S. holder that is an individual is taxable at reduced rates. The deductibility of a capital loss is subject to limitations.

Gain, if any, realized by a U.S. holder on the sale or other disposition of the shares or ADSs generally will be treated as U.S. source income for U.S. foreign tax credit purposes. Consequently, if a Mexican withholding tax is imposed on the sale or disposition of the shares, a U.S. holder that does not receive significant foreign source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of such Mexican taxes. U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, the shares or ADSs.

Information Reporting and Backup Withholding

Dividends on, and proceeds from the sale or other disposition of, the shares or ADSs paid to a U.S. holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the holder:

- establishes that it is an exempt recipient, if required, or
- provides an accurate taxpayer identification number on a properly completed Internal Revenue Service Form W-9 and certifies that no loss of exemption from backup withholding has occurred.

The amount of any backup withholding from a payment to a holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the Internal Revenue Service.

U.S. Tax Consequences for Non-U.S. holders

Distributions. A holder of shares or ADSs that is, with respect to the United States, a foreign corporation or a non-resident alien individual (a "non-U.S. holder") generally will not be subject to U.S. federal income or withholding tax on dividends received on shares or ADSs, unless such income is effectively connected with the conduct by the holder of a U.S. trade or business.

Dispositions. A non-U.S. holder of shares or ADSs will not be subject to U.S. federal income or withholding tax on gain realized on the sale of shares or ADSs, unless:

- such gain is effectively connected with the conduct by the holder of a U.S. trade or business, or
- in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Information Reporting and Backup Withholding. Although non-U.S. holders generally are exempt from backup withholding, a non-U.S. holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

PART V: CORPORATE GOVERNANCE

MANAGEMENT

DIRECTORS

Our Board of Directors has broad authority to manage our company. Our bylaws provide for the Board of Directors to consist of between five and twenty-one directors and allow for the election of an equal number of alternate directors. Directors need not be shareholders. A majority of our directors and a majority of the alternate directors must be Mexican citizens and elected by Mexican shareholders. A majority of the holders of the AA Shares and A Shares voting together elect a majority of the directors and alternate directors, provided that any holder or group of holders of at least 10.0% of the total AA Shares and A Shares is entitled to name one director and one alternate director. Two directors and two alternate directors, if any, are elected by a majority vote of the holders of L Shares. Each alternate director may attend meetings of the Board of Directors and vote in the absence of the corresponding director. Directors and alternate directors are elected or reelected at each annual general meeting of shareholders and each annual ordinary special meeting of holders of L Shares, and each serves until a successor is elected and takes office. In accordance with the Mexican Securities Market Law (Ley del Mercado de Valores), the determination as to the independence of our directors is made by our shareholders, though the CNBV may challenge this determination. Pursuant to our bylaws and the Mexican Securities Market Law, at least 25.0% of our directors must be independent. In order to have a quorum for a meeting of the Board of Directors, a majority of those present must be Mexican nationals.

All of the current members of the Board of Directors, the Executive Committee and the Audit and Corporate Practices Committee were reelected, and the Corporate Secretary and the Corporate Pro-Secretary were reappointed, at the annual general shareholders' meeting held on April 18, 2016, with fourteen directors elected by the AA Shares and A Shares voting together and two directors elected by the L Shares. The only alternate director was also reelected.

Our bylaws provide that the members of the Board of Directors are elected for a term of one year. Pursuant to Mexican law, members of the Board continue in their positions after the expiration of their terms for up to an additional thirty-day period if new members are not elected. Furthermore, in certain circumstances provided under the Mexican Securities Law, the Board of Directors may elect temporary directors who then may be elected or replaced at the shareholders' meetings. The names and positions of the members of the Board reelected at the annual general shareholders' meeting held on April 18, 2016, their year of birth, and information concerning their committee membership and principal business activities outside América Móvil are set forth below:

Directors elected by holders of Series AA and Series A Shares:

Carlos Slim Domit	Born:	1967
Chairman of the Board and the Executive Committee	First elected:	2011
	Term expires:	2017
	Principal occupation:	Chairman of the Board of Telmex
	Other directorships:	Chairman of the Board of Grupo Carso, Grupo Sanborns, S.A.B. de C.V. ("Grupo Sanborns") and U.S. Commercial Corp, S.A. de C.V.
	Business experience:	Chief Executive Officer of Sanborn Hermanos, S.A. de C.V. ("Sanborn Hermanos")

Patrick Slim Domit Vice Chairman and Member of the Executive Committee	Born: First elected: Term expires: Principal occupation: Other directorships:	1969 2004 2017 Vice Chairman of our Board of Directors Director of Grupo Carso, Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. ("IDEAL") and Telmex Chief Executive Officer of Grupo Carso and Vice President of Commercial Markets of Telmex
Daniel Hajj Aboumrad Director and Member of the Executive Committee	Born: First elected: Term expires: Principal occupation: Other directorships: Business experience:	1966 2000 2017 Chief Executive Officer of América Móvil Director of Grupo Carso and Telmex Chief Executive Officer of Compañía Hulera Euzkadi, S.A. de C.V.
Carlos Slim Helú Director	Born: First elected: Term expires: Principal occupation and Business experience:	1940 2015 2017 Chairman of the Board of Minera Frisco, S.A.B. de C.V. and Carso Infraestructura y Construcción, S.A. de C.V.; Director of IDEAL, Grupo Sanborns and Inmuebles Carso, S.A.B. de C.V. ("Inmuebles Carso")
Luis Alejandro Soberón Kuri Director	Born: First elected: Term expires: Principal occupation: Other directorships: Business experience:	1960 2000 2017 Chief Executive Officer and Chairman of the Board of Servicios Corporativos CIE, S.A. de C.V. (a subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V. ("CIE")) Director of CIE; Director of Banco Nacional de México, S.A. Various positions at CIE

Carlos Bremer Gutiérrez Director and Member of the Audit and Corporate Practices Committee	Born:	1960
	First elected:	2004
	Term expires:	2017
	Principal occupation:	Chief Executive Officer of Value Grupo Financiero, S.A.B. de C.V. and Value S.A. de C.V., Casa de Bolsa
	Other directorships:	Chairman of Value Grupo Financiero, S.A.B. de C.V.
Business experience:	Chief Operating Officer of Abaco Casa de Bolsa, S.A. de C.V.	

Juan Antonio Pérez Simón Director	Born:	1941
	First elected:	2012
	Term expires:	2017
	Principal occupation:	Chairman of the Board and Member of the Executive Committee of Sanborn Hermanos
	Other directorships:	Director of Grupo Carso, Grupo Financiero Inbursa, Sears and Elementia, S.A.
Business experience:	Various positions at Grupo Carso	

Ernesto Vega Velasco Director, Chairman of the Audit and Corporate Practices Committee	Born:	1937
	First elected:	2007
	Term expires:	2017
	Principal occupation:	Retired. Member of the board of directors and audit and corporate practices, planning and finance and evaluation and compensation committees of certain companies.
	Other directorships:	Director of Kuo, S.A.B. de C.V., Dine, S.A.B. de C.V., Inmuebles Carso, IDEAL; Alternate Director of Industrias Peñoles, S.A.B. de C.V.
Business experience:	Various positions in Desc Group, including Corporate Vice-President	

Rafael Moisés Kalach Mizrahi Director and Member of the Audit and Corporate Practices Committee	Born:	1946
	First elected:	2012
	Term expires:	2017
	Principal occupation:	Chairman and Chief Executive Officer of Grupo Kaltex, S.A. de C.V. ("Grupo Kaltex")
	Other directorships:	Director of Telmex, Grupo Carso and Sears Roebuck, S.A. de C.V.
Business experience:	Various positions in Grupo Kaltex	

Antonio Cosío Pando Director	Born: First elected: Term expires:	1968 2015 2017
	Principal occupation:	Vice President of Grupo Hotelero las Brisas, S.A. de C.V. ("Grupo Brisas"), Compañía Industrial Tepeji del Río, S.A. de C.V., and Bodegas de Santo Tomás, S.A. de C.V.
	Other directorships:	Director of Grupo Financiero Inbursa, Grupo Carso, Grupo Sanborns, Corporación Actinver S.A.B. de C.V., Corporación Moctezuma S.A.B. de C.V., certain subsidiaries of Kimberly Clark de México, S.A.B. de C.V. ("Kimberly Clark de México"); Alternate Director of Telmex
	Business experience:	Various positions in Grupo Brisas and Compañía Industrial Tepeji del Río, S.A. de C.V.
Arturo Elías Ayub Director	Born: First elected: Term expires:	1966 2011 2017
	Principal occupation:	Head of Strategic Alliances, Communications and Institutional Relations of Telmex; Chief Executive Officer of Fundación Telmex
	Other directorships:	Chairman of the Board of Publicidad y Contenido Editorial, S.A. de C.V.; Director of Grupo Sanborns, Grupo Carso, Sears and TM&MS LLC
	Business experience:	Chief Executive Officer of Sociedad Comercial Cadena, President of Pastelería Francesa (El Globo) and President of Club Universidad Nacional, A.C.
Oscar Von Hauske Solís Director	Born: First elected: Term expires:	1957 2011 2017
	Principal occupation:	Chief Fixed-line Operations Officer of América Móvil
	Other directorships:	Director of Telmex, Telmex Internacional, Claro Brasil; Member of Telekom Austria's Supervisory Board
	Business experience:	Chief Executive Officer of Telmex Internacional and Chief Systems and Telecommunications Operators Officer of Telmex
Louis C. Camilleri Director	Born: First elected: Term expires:	1955 2011 2017
	Principal occupation:	Chairman of Philip Morris International
	Other directorships:	Director of Ferrari N.V.
	Business experience:	Chairman and Chief Executive Officer of Altria and various positions in Philip Morris International

Directors elected by holders of Series L Shares:

Pablo Roberto González Guajardo Director and Member of the Audit and Corporate Practices Committee	Born:	1967
	First elected:	2007
	Term expires:	2017
	Principal occupation:	Chief Executive Officer of Kimberly Clark de México
	Other directorships:	Director of Kimberly Clark de México, GE International México, S. de R. L. de C. V., Sistema Integral de Abasto Rural, S.A.P.I de C.V., Grupo Sanborns, and Grupo Lala, S.A.B. de C.V.
Business experience:	Various positions in the Kimberly Clark Corporation and Kimberly Clark de México	
David Ibarra Muñoz Director	Born:	1930
	First elected:	2000
	Term expires:	2017
	Principal occupation:	Retired
	Other directorships:	Director of Grupo Financiero Inbursa, IDEAL, and Grupo Carso
Business experience:	Chief Executive Officer of Nacional Financiera, S.N.C., served in the Mexican Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público)	

The annual ordinary general shareholders' meeting held on April 18, 2016, determined that the following directors are independent: Messrs. Ernesto Vega Velasco, Carlos Bremer Gutiérrez, Pablo Roberto González Guajardo, David Ibarra Muñoz, Antonio Cosío Pando, Louis C. Camilleri and Rafael Moisés Kalach Mizrahi.

María José Pérez Simón Carrera serves as alternate director for Juan Antonio Pérez Simón and was reelected for a one-year term at the annual ordinary general shareholders' meeting held on April 18, 2016.

Alejandro Cantú Jiménez, our General Counsel, serves as Corporate Secretary and Rafael Robles Miaja as Corporate Pro-Secretary.

Daniel Hajj Aboumrad and Arturo Elías Ayub are sons-in-law of Carlos Slim Helú and brothers-in-law of Patrick Slim Domit and Carlos Slim Domit. Patrick Slim Domit and Carlos Slim Domit are sons of Carlos Slim Helú. María José Pérez Simón Carrera is the daughter of Juan Antonio Pérez Simón.

EXECUTIVE COMMITTEE

Our bylaws provide that the Executive Committee may generally exercise the powers of the Board of Directors, with certain exceptions. In addition, the Board of Directors is required to consult the Executive Committee before deciding on certain matters set forth in the bylaws, and the Executive Committee must provide its views within ten calendar days following a request from the Board of Directors, the Chief Executive Officer or the Chairman of the

Board of Directors. If the Executive Committee is unable to make a recommendation within ten calendar days, or if a majority of the Board of Directors or any other corporate body duly acting within its mandate determines in good faith that action cannot be deferred until the Executive Committee makes a recommendation, the Board of Directors is authorized to act without such recommendation. The Executive Committee may not delegate its powers to special delegates or attorneys-in-fact.

The Executive Committee is elected from among the directors and alternate directors by a majority vote of the holders of common shares (AA Shares and A Shares). The Executive Committee currently has three members. The majority of its members must be Mexican citizens and elected by Mexican shareholders. Three members of the Executive Committee were appointed by our Mexican controlling shareholders. See "Major Shareholders" under Part IV. The current members of the Executive Committee are Messrs. Carlos Slim Domit, Patrick Slim Domit and Daniel Hajj Aboumrad, appointed by the Mexican controlling shareholders.

AUDIT AND CORPORATE PRACTICES COMMITTEE

Our Audit and Corporate Practices Committee is comprised of independent members of the Board of Directors. The Audit and Corporate Practices Committee consists of Messrs. Ernesto Vega Velasco (Chairman), Rafael Moisés Kalach Mizrahi, Pablo Roberto González Guajardo and Carlos Bremer Gutiérrez. The mandate of the Audit and Corporate Practices Committee is to assist our Board of Directors in overseeing our operations, establish and monitor procedures and controls in order to ensure that the financial information we distribute is useful, appropriate and reliable and accurately reflects our financial position. In particular, the Audit and Corporate Practices Committee is required to, among other things:

- provide opinions to the Board of Directors on certain matters as provided by the Mexican Securities Market Law;
- call shareholders meetings and recommend inclusion of matters it deems appropriate on the agenda;
- inform the Board of Directors of our internal controls and their adequacy;
- select our auditors, review and pre-approve the scope and terms of their engagement, and determine their compensation;
- monitor the performance of our auditors and re-evaluate the terms of their engagement;
- recommend procedures for preparing financial statements and internal controls;
- monitor internal controls and accounting for specified types of matters;
- propose procedures for the preparation of financial statements for internal use that are consistent with the published financial statements;
- assist the Board of Directors in preparing reports as provided by the Mexican Securities Market Law;
- discuss with our auditors the annual financial statements and the accounting principles being applied in the annual and the interim financial statements and, based on such discussions, recommend their approval to the Board of Directors;

- resolve disagreements between our management and auditors relating to our financial statements;
- request the opinion of independent experts, when deemed appropriate or when required by law;
- approve services to be provided by our auditors or establish policies and procedures for the pre-approval of services by our auditors;
- obtain from our auditors a report that includes a discussion of critical accounting policies used by us, any alternative accounting treatments for material items that have been discussed by management with our auditor, and any other written communications between our auditors and management;
- report to the Board of Directors on its activities;
- develop procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including for the confidential submission of concerns regarding such matters by employees;
- evaluate the performance of the external auditors;
- review and discuss our financial statements and advise the Board of Directors of the committee's recommendations for approval of such financial statements;
- receive and analyze recommendations and observations to its functions from shareholders, members of the Board of Directors and senior management, and the authority to act upon such recommendations and observations;
- recommend to the Board of Directors procedures for the selection and succession of our Chief Executive Officer and our other principal executives;
- propose criteria for evaluating executive performance;
- analyze the proposals of the Chief Executive Officer concerning the structure and amount of compensation for our senior executives and raise them with the Board of Directors;
- review new executive compensation programs and the operations of existing programs;
- establish contracting practices to avoid excessive payments to executives;
- assist the Board of Directors in developing appropriate personnel policies;
- participate with the Board of Directors in developing a plan for employees to invest in our L Shares and review the implementation of such plan; and
- perform any other functions the Board of Directors may delegate to the Audit and Corporate Practices Committee.

Under certain circumstances specified in our bylaws, the Audit and Corporate Practices Committee is required to provide its opinion to the Board of Directors. The Company is required to make public disclosure of any Board action that is inconsistent with the opinion of the Audit and Corporate Practices Committee.

In addition, pursuant to our bylaws, the Audit and Corporate Practices Committee is in charge of our corporate governance functions under the Mexican securities laws and regulations and is required to submit an annual report to the Board of Directors with respect to our corporate and audit practices. The Audit and Corporate Practices Committee must request the opinions of our executive officers for purposes of preparing this annual report. The Board of Directors must seek the opinion of the Audit and Corporate Practices Committee regarding any transaction with a related party that is outside the ordinary course of our business as defined under the Mexican Securities Market Law. Each member of the Audit and Corporate Practices Committee is independent, as determined by our shareholders pursuant to the Mexican Securities Market Law and as defined under Rule 10A-3 under the Exchange Act.

SENIOR MANAGEMENT

The names, responsibilities and prior business experience of our senior officers are as follows:

Daniel Hajj Aboumrad Chief Executive Officer	Appointed: Business experience:	2000 Director of Telmex; Chief Executive Officer of Compañía Hulera Euzkadi, S.A. de C.V.
Carlos José García Moreno Elizondo Chief Financial Officer	Appointed: Business experience:	2001 General Director of Public Credit at the Secretaría de Hacienda y Crédito Público; Managing Director of UBS Warburg; Associate Director of Financing at Petróleos Mexicanos (Pemex); Member of Telekom Austria's Supervisory Board; Member of KPN Supervisory Board
Alejandro Cantú Jiménez General Counsel	Appointed: Business experience:	2001 Member of Telekom Austria's Supervisory Board; Attorney at Mijares, Angoitia, Cortés y Fuentes, S.C.
Oscar Von Hauske Solís Chief Fixed-line Operations Officer	Appointed: Business experience:	2010 Chief Executive Officer of Telmex Internacional; Chief Systems and Telecommunications Officer of Telmex; Head of Finance at Grupo Condumex, S.A. de C.V.; Director of Telmex, Telmex Internacional, Empresa Brasileira de Telecomunicações S.A. ("Embratel"), and Net Serviços de Comunicação S.A. ("Net Serviços"); Member of Telekom Austria's Supervisory Board
Angel Alija Guerrero Chief Wireless Operations Officer	Appointed: Business experience:	2012 Various positions in América Móvil

AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Ernesto Vega Velasco qualifies as an "audit committee financial expert," and Mr. Vega Velasco is independent under the definition of independence applicable to us under the rules of the NYSE.

MANAGEMENT COMPENSATION

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate compensation paid to our directors (including compensation paid to members of our Audit and Corporate Practices Committee) and senior management in 2015 was approximately Ps.4.3 million and Ps.60.5 million, respectively. None of our directors is a party to any contract with us or any of our subsidiaries that provides for benefits upon termination of employment. We do not provide pension, retirement or similar benefits to our directors in their capacity as directors. Our executive officers are eligible for retirement and severance benefits required by Mexican law on the same terms as all other employees, and we do not separately set aside, accrue or determine the amount of our costs that is attributable to executive officers.

SHARE OWNERSHIP OF DIRECTORS AND SENIOR MANAGEMENT

Carlos Slim Domit, Chairman of our Board of Directors, holds 647 million (or 2.8%) of our AA Shares and 1,567 million (or 3.7%) of our L Shares directly. Patrick Slim Domit, Vice Chairman of our Board of Directors, holds 323 million (or 1.4%) of our AA Shares and 859 million (or 2.0%) of our L Shares directly. Carlos Slim Helú, member of our Board of Directors, holds 1,879 (or 8.2%) of our AA Shares and 3,072 million (or 7.2%) of our L shares directly. In addition, according to beneficial ownership reports filed with the SEC, Patrick Slim Domit and Carlos Slim Domit are beneficiaries of a trust that owns shares of the Company. See “Major Shareholders” under Part IV and “Bylaws—Share Capital” under Part IV.

Except as described above, according to information provided to us by our directors and members of senior management, none of our directors or executive officers is the beneficial owner of more than 1.0% of any class of our capital stock.

CORPORATE GOVERNANCE

Our corporate governance practices are governed by our bylaws, the Mexican Securities Market Law and the regulations issued by the CNBV. We also comply with the Mexican Code of Best Corporate Practices (*Código de Mejores Prácticas Corporativas*), which was created in January 2001 by a group of Mexican business leaders and was endorsed by both the CNBV and the Mexican Stock Exchange.

The table below discloses the significant differences between our corporate governance practices and those required for U.S. Companies under the NYSE and NASDAQ listing standards.

NYSE Standards	NASDAQ Standards	Our Corporate Governance Practices
<p>Director Independence. Majority of board of directors must be independent. §303A.01. "Controlled companies" are exempt from this requirement. A controlled company is one in which more than 50% of the voting power is held by an individual, group or another company, rather than the public. §303A.00.</p> <p>As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.</p>	<p>Director Independence. Majority of board of directors must be independent and directors deemed independent must be identified in a listed company's proxy statement (or annual report on Form 10-K or 20-F if the issuer does not file a proxy statement). "Controlled companies" are exempt from this requirement. A controlled company is one in which more than 50% of the voting power for the election of directors is held by an individual, group or another company, rather than the public. Rules 5605(b)(1), 5615(c)(1) and (c)(2).</p> <p>As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.</p>	<p>Director Independence. Pursuant to the Mexican Securities Market Law, our shareholders are required to appoint a board of directors of no more than 21 members, 25% of whom must be independent. Certain persons are per se non-independent, including insiders, control persons, major suppliers and any relatives of such persons. In accordance with the Mexican Securities Market Law, our shareholders' meeting is required to make a determination as to the independence of our directors, though such determination may be challenged by the CNBV.</p> <p>There is no exemption from the independence requirement for controlled companies.</p>
<p>Executive Sessions. Non-management directors must meet at regularly scheduled executive sessions without management. Independent directors should meet alone in an executive session at least once a year. §303A.03.</p>	<p>Executive Sessions. Independent directors must have regularly scheduled executive sessions at which only independent directors are present. Rule 5605(b)(2).</p>	<p>Executive Sessions. Our non-management directors have not held executive sessions without management in the past, and they are not required to do so.</p>
<p>Nominating/Corporate Governance Committee. Nominating/corporate governance committee composed entirely of independent directors is required. The committee must</p>	<p>Nominating Committee. Director nominees must be selected, or recommended for the board's selection, either by a nominating committee comprised solely of</p>	<p>Nominating Committee. We currently do not have a nominating committee or a corporate governance committee. We are not required to have a nominating committee. However, Mexican law requires us to</p>

NYSE Standards	NASDAQ Standards	Our Corporate Governance Practices
<p>have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.04.</p>	<p>independent directors or by a majority of independent directors. Each listed company also must certify that it has adopted a formal charter or board resolution addressing the nominations process. “Controlled companies” are exempt from this requirement. Rules 5605(e) and 5615(c)(2).</p>	<p>have one or more committees that oversee certain corporate practices, including appointment of directors and executives. Under the Mexican Securities Market Law, committees overseeing certain corporate practices must be composed of independent directors. However, in the case of controlled companies, such as ours, only a majority of the committee members must be independent.</p>
<p>“Controlled companies” are exempt from these requirements. §303A.00.</p>	<p>As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.</p>	<p>Under the Mexican Securities Market Law, certain corporate governance functions must be delegated to one or more committees. Under our bylaws, the Audit and Corporate Practices Committee performs our corporate governance functions. See “Management” under Part V.</p>
<p>Compensation Committee. Compensation committee composed entirely of independent directors is required, which must evaluate and approve executive officer compensation. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.02(a)(ii) and §303A.05. “Controlled companies” are exempt from this requirement. §303A.00.</p>	<p>Compensation Committee. Compensation committee consisting of at least two members, each of whom is an independent director. The committee must have a charter specifying the scope of its responsibilities, its method for determining or recommending to the Board for determination the compensation of the CEO and all other executive officers, and that the CEO may not be present during voting or deliberations. “Controlled companies” are exempt from this requirement. Rules 5605(a)(2), 5605(d) and 5615(c)(2).</p>	<p>Compensation Committee. We currently do not have a compensation committee. We are not required to have a compensation committee since our Audit and Corporate Practices Committee, which is comprised solely of independent directors, evaluates and approves management’s (including our CEO) and directors’ compensation.</p>
<p>As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.</p>	<p>As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.</p>	

NYSE Standards	NASDAQ Standards	Our Corporate Governance Practices
<p>Audit Committee. Audit committee satisfying the independence and other requirements of Rule 10A-3 under the Exchange Act and the more stringent requirements under the NYSE standards is required. §§303A.06, 303A.07.</p>	<p>Audit Committee. Audit committee satisfying the independence and other requirements of Rule 10A-3 under the Exchange Act and the more stringent requirements under the NASDAQ standards is required. Rule 5605(c).</p>	<p>Audit Committee. We have an audit and corporate practices committee of four members. Each member of the audit and corporate practices committee is independent, as independence is defined under the Mexican Securities Market Law, and also meets the independence requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. Our audit and corporate practices committee operates primarily pursuant to (1) a written charter adopted by our board of directors, which assigns to the committee responsibility over those matters required by Rule 10A-3 (2) our bylaws and (3) Mexican law. For a more detailed description of the duties of our audit and corporate practices committee, see “Management” under Part V.</p>
<p>Equity Compensation Plans. Equity compensation plans and all material revisions thereto require shareholder approval, subject to limited exemptions. §§303A.08 and 312.03.</p>	<p>Equity Compensation Plans. Equity compensation plans or material amendments thereto require shareholder approval, subject to limited exemptions. Rule 5635(c).</p>	<p>Equity Compensation Plans. Shareholder approval is expressly required under Mexican law for the adoption and amendment of an equity compensation plan. Such plans must provide for similar treatment of executives in comparable positions.</p>
<p>Shareholder Approval for Issuance of Securities. Issuances of securities (1) that will result in a change of control of the issuer, (2) that are to a related party or someone closely related to a related party, (3) that have voting power equal to at least 20% of the outstanding common stock voting power before such issuance or (4) that will increase the number of shares of common stock by at least 20% of the number of outstanding shares before such issuance require shareholder approval. §§312.03(b)-(d).</p>	<p>Shareholder Approval for Issuance of Securities. Issuances of securities (1) that will result in a change of control of the issuer, (2) in connection with certain acquisitions of the stock or assets of another company or (3) in connection with certain transactions other than public offerings require shareholder approval. Rules 5635(a), (b) and (d).</p>	<p>Shareholder Approval for Issuance of Securities. Mexican law requires us to obtain shareholder approval of the issuance of equity securities. Under certain circumstances, however, treasury stock may be sold by the board of directors without shareholder approval.</p>

NYSE Standards	NASDAQ Standards	Our Corporate Governance Practices
<p><i>Code of Business Conduct and Ethics.</i> Corporate governance guidelines and a code of business conduct and ethics is required, with disclosure of any waiver for directors or executive officers. The code must contain compliance standards and procedures that will facilitate the effective operation of the code. §303A.10.</p>	<p><i>Code of Business Conduct and Ethics.</i> Corporate governance guidelines and a code of business conduct and ethics is required, with disclosure of any waiver and the reasons for such waiver for directors or executive officers. The code must include an enforcement mechanism. Rule 5610.</p>	<p><i>Code of Business Conduct and Ethics.</i> We have adopted a code of ethics, which has been accepted by all of our directors and executive officers and other personnel.</p>
<p><i>Conflicts of Interest.</i> Determination of how to review and oversee related party transactions is left to the listed company. The audit committee or comparable body, however, could be considered the forum for such review and oversight. §314.00. Certain issuances of common stock to a related party require shareholder approval. §312.03(b).</p>	<p><i>Conflicts of Interest.</i> Appropriate review of all related party transactions for potential conflict of interest situations and approval by an audit committee or another independent body of the board of directors of such transactions is required. Rule 5630.</p>	<p><i>Conflicts of Interest.</i> In accordance with Mexican law, an independent audit committee must provide an opinion to the board of directors regarding any transaction with a related party that is outside of the ordinary course of business, which must be approved by the board of directors. Pursuant to the Mexican Securities Market Law, our board of directors may establish certain guidelines regarding related party transactions that do not require specific board approval.</p>
<p><i>Solicitation of Proxies.</i> Solicitation of proxies and provision of proxy materials is required for all meetings of shareholders. Copies of such proxy solicitations are to be provided to NYSE. §§402.01 and 402.04.</p>	<p><i>Solicitation of Proxies.</i> Solicitation of proxies and provision of proxy materials is required for all meetings of shareholders. Copies of such proxy solicitations are to be provided to NASDAQ. Rule 5620(b).</p>	<p><i>Solicitation of Proxies.</i> We are not required to solicit proxies from our shareholders. In accordance with Mexican law and our bylaws, we inform shareholders of all meetings by public notice, which states the requirements for admission to the meeting. Under the deposit agreement relating to our ADSs, holders of our ADSs receive notices of shareholders' meetings and, where applicable, instructions on how to instruct the depositary to vote at the meeting. Under the deposit agreement relating to our ADS, we may direct the voting of any ADS as to which no voting instructions are received by the depositary, except with respect to any matter where substantial opposition exists or that materially and adversely affects the rights of holders.</p>

NYSE Standards	NASDAQ Standards	Our Corporate Governance Practices
	<p><i>Auditor Registration.</i> A listed company must be audited by an independent public accountant that is registered as a public accounting firm with the Public Company Accounting Oversight Board. Rule 5250(c)(3).</p>	<p><i>Auditor Registration.</i> Under Mexican law, we must be audited by an independent public accountant that has received a “quality control review” as defined by the CNBV.</p> <p>Mancera, a member practice of Ernst & Young Global Limited, a public registered firm, our independent auditor, is registered as a public accounting firm with the Public Company Accounting Oversight Board.</p>

CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures. We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2015. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's annual report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and other personnel, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of the inherent limitations in all control systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our evaluation under the framework in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Mancera, S.C. ("Mancera"), a member practice of Ernst & Young Global Limited, an independent registered public accounting firm, our independent auditor, issued an attestation report on our internal control over financial reporting on April 18, 2016.

(c) Attestation Report of the registered public accounting firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We have audited América Móvil, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the 2013 Framework) (the "COSO criteria"). América Móvil, S.A.B. de C.V. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, América Móvil, S.A.B. de C.V. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2014 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2015, and our report dated April 18, 2016, expressed an unqualified opinion thereon.

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

/s/ Carlos Carrillo Contreras

Carlos Carrillo Contreras

Mexico City, Mexico

April 18, 2016

(d) *Changes in internal control over financial reporting.* There has been no change in our internal control over financial reporting during 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

CODE OF ETHICS

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act. Our code of ethics applies to, among others, our Chief Executive Officer, Chief Financial Officer and Comptroller, and persons performing similar functions. Our code of ethics is available on our web site at www.americamovil.com. If we amend any provisions of our code of ethics that apply to our Chief Executive Officer, Chief Financial Officer, Comptroller and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our web site at the same address.

PART VI: REGULATION

REGULATION

MEXICO

Legal Framework

Over the last three years, Mexico has developed a new legal framework for the regulation of telecommunications and broadcasting services. This legal framework is based on constitutional amendments passed in June 2013 and implementing legislation enacted in July 2014, which established the Federal Law on Telecommunications and Broadcasting (*Ley Federal de Telecomunicaciones y Radiodifusión*) and the Law for the Public Broadcasting System of the Mexican State (*Ley del Sistema Público de Radiodifusión del Estado Mexicano*) to replace the prior statutory framework. The prior General Communications Law (*Ley de Vías Generales de Comunicación*) and regulations adopted thereunder remain effective under the new legal framework, except where they conflict with the new legal framework or where they have been superseded by subsequent regulation.

Under this legal framework, the IFT determines whether there is a “preponderant economic agent” in the telecommunications sector, based on number of customers, traffic or network capacity. In March 2014, the IFT determined that an “economic interest group” consisting of us and our operating subsidiaries Telcel, Telmex and Telnor, as well as Grupo Carso and Grupo Financiero Inbursa, constitutes the “preponderant economic agent” in the telecommunications sector, based on a finding that we serve more than half of the customers in Mexico as measured by the IFT on a national basis.

The 2013 constitutional amendments authorize the IFT to impose on a preponderant economic agent a special regulatory regime, as supplemented by the 2014 implementing legislation. The special regime is referred to as “asymmetric” regulation, because it applies to one market participant and not to the others. Pursuant to the IFT’s determination that we are part of a group constituting a preponderant economic agent, we are subject to extensive asymmetric regulations in our Mexican fixed-line and wireless businesses. See “—Asymmetric Regulation of the Preponderant Economic Agent” under this Part VI.

We have filed judicial proceedings to challenge the determination that we are a preponderant economic agent and the related measures imposed under the legal framework, but the 2013 constitutional amendments do not provide for interim relief from the regulations pending judicial consideration of our challenges. See Note 21 to our audited consolidated financial statements included in this annual report.

This legal framework has had a substantial impact on our business and operations in Mexico. The long-term effects will depend on further regulations and other actions by the IFT, how we and our competitors adapt, how customers behave in response and how the telecommunications and media markets develop.

Principal Regulatory Authorities

The IFT is an autonomous authority that regulates telecommunications and broadcasting. It is headed by seven commissioners appointed by the President, and ratified by the Senate, from among candidates nominated by an evaluation committee.

The IFT has authority over the application of legislation specific to telecommunications and broadcasting, and also over competition legislation as it applies to those sectors. While most of the powers previously exercised by the Mexican Ministry of Communications and Transportation (*Secretaría de Comunicaciones y Transportes*) were transferred to the IFT, there are a few specific public policy matters over which it retains authority.

The Mexican government has certain powers in its relations with concessionaires, including the right to take over the management of an operator's networks, facilities and personnel in cases of imminent danger to national security, public order or the national economy, natural disasters and public unrest as well as to ensure continuity of public services.

Telecommunications operators are also subject to regulation by the Federal Consumer Bureau (*Procuraduría Federal del Consumidor*) under the Federal Consumer Protection Law (*Ley Federal de Protección al Consumidor*), which regulates publicity, quality of services and information required to be provided to consumers.

Asymmetric Regulation of the Preponderant Economic Agent

Based on the IFT's determination that we, our Mexican operating subsidiaries (Telmex, Telnor and Telcel) and certain affiliates constitute a preponderant economic agent in the telecommunications sector, we are subject to extensive specific asymmetric measures. We summarize what we believe are the most important measures below.

- *Interconnection.* The 2014 legislation eliminated termination rates for the preponderant economic agent as of August 13, 2014, such that Telcel, Telmex and Telnor may not charge other operators for the termination services they provide in their networks, while continuing to pay such operators for their interconnection services.
- *Sharing of Infrastructure and Services.* We must provide other carriers access to (i) passive infrastructure, including towers, sites, ducts and rights of way; (ii) elements of our network that allow other carriers and MVNOs to offer those services we provide to our fixed-line and mobile customers; (iii) our dedicated circuits and (iv) domestic roaming services, in each case, pursuant to IFT pre-approved reference terms (*ofertas públicas de referencia*). We negotiate access rates with other carriers and, if we cannot reach agreement, rates may be determined by the IFT using, as applicable, a long-run average incremental costs methodology or a "retail minus" methodology.
- *Local Loop Unbundling.* We must offer other operators access to elements of our local network separately. In December 2015, the IFT notified Telmex of a resolution authorizing the modified terms and conditions of Telmex's proposed Reference Terms for Local Loop Unbundling (*Oferta de Desagregación Efectiva de la Red Local*). Telmex has challenged this resolution and a decision is pending.
- *Elimination of Customer's Domestic Roaming Fees.* As of April 2014, we may no longer charge our customers roaming fees within Mexico.
- *Certain Obligations on the Provision of Retail Services.* Certain rates for the provision of telecommunications services to our customers are subject to the IFT's prior authorization, in the case of fixed-line and wireless services, and to rate controls, in the case of fixed-line services only, using methodologies related to maximum prices and replicability tests that are currently under analysis by us and the IFT. We are also subject to various obligations relating to the sale of services and products, including the obligation to offer individually all services that we previously offered under a bundle scheme, the limitations on exclusivity and the obligation to unlock handsets and tablets.
- *Content.* We are subject to specific limitations on acquisitions of exclusive transmission rights to "relevant" content (*contenidos audiovisuales relevantes*), as determined from time to time by the IFT, including but not limited to the national soccer play-offs (*liguilla*), the FIFA world cup soccer finals and any other event where large audiences are expected at a national or regional level.

- *Reporting of Service Obligations.* We are subject to obligations related to reporting of service, including the publication of reference terms for wholesale and interconnection services that are subject to asymmetric regulation.

The measures expressly provide that they are transitory and may be terminated if the IFT declares that effective competition conditions exist in the telecommunications sector or if we cease to be considered a preponderant economic agent. Our status as a preponderant economic agent is reviewed for this purpose every two years. As a result of such review, the IFT may modify or eliminate measures or set forth new measures, including the structural or functional separation or divestiture of assets of the preponderant economic agent. During 2016, the IFT is expected to review our preponderant economic agent status.

Concessions

Under Mexico's legal framework, an operator of public telecommunications networks, such as Telcel or Telmex, must operate under a concession. The IFT is the government authority that grants concessions, which may only be granted to a Mexican citizen or corporation and may not be transferred or assigned without the approval of the IFT. There are two types of concessions:

- *Network concessions.* Telcel, Telmex and its subsidiary Telnor hold network concessions, granted under the previous regulatory framework, to provide specified types of services. Their ability to migrate to the new regime of unified concessions and, consequently, to provide any and all telecommunications and broadcasting services, is subject to conditions, as described under "Migration of Concessions" below.
- *Spectrum concessions.* Telcel holds multiple concessions, granted under the previous regulatory framework, to provide wireless services that utilize frequencies of radio-electric spectrum. These concessions have terms of 15 to 20 years and may be extended for an additional term.

A public telecommunications concessionaire is required by law to establish an open-network architecture that permits interconnection and interoperability.

Termination of Concessions

Mexican legislation provides that under certain circumstances, some assets of a concessionaire may be acquired by the federal government upon termination of the concession. There is no specific guidance or precedent for applying these provisions, so the scope of assets covered, the compensation to the concessionaire and the procedures to be followed would depend on the type of concession, the type of assets and the interpretation of applicable legislation by the competent authorities at the time.

Migration of Concessions and Additional Services

The new legislative framework established the unified concession (*concesión única*), which allows the holder to provide all types of telecommunications and broadcasting services, and a regime under which an existing concession can be migrated to the new unified concession at the end of its term or upon request by the concession holder. A unified concession has a term of up to 30 years, extendable for up to an equal term. Also, under this new framework a current concession may be modified to add services not previously contemplated therein.

However, as a result of our preponderant economic agent status, we are subject to additional conditions for the migration to a unified concession or the addition of a service, such as Pay TV, to a current concession, including: (i) payment of any new concession fee to be determined by the IFT, (ii) compliance with current requirements under the network concession, the 2013 constitutional amendments, the 2014 legislation and any additional measures

imposed by the IFT on the preponderant economic agent and (iii) such other requirements, terms and conditions as the IFT may establish in the concession itself. We expect the process of migration or additional services to be lengthy and complex. Consequently, we may not be able to provide additional services, such as broadcasting, in the near term.

Telcel's Concessions

Telcel operates under several different network and spectrum concessions covering particular frequencies and regions, holding an average of 72.8 MHz of capacity in Mexico's nine regions in the 850 MHz, 1900 MHz and 1.7/2.1 GHz spectrum. The following tables summarize Telcel's concessions.

Frequency	Region in Mexico	Initial Date	Termination Date	Fee Structure
Band A (1900 MHz)	Nationwide	Sept. 1999	Sept. 2019	Upfront
Band B (850 MHz)	Regions 1, 2, 3	Aug. 2011	Aug. 2026	Annual
Band B (850 MHz)	Regions 4, 8	Aug. 2010	Aug. 2025	Annual
Band B (850 MHz)	Regions 5, 6, 7	Oct. 2011	Oct. 2026	Annual
Band B (850 MHz)	Region 9	Oct. 2015	Oct. 2030	Upfront
Band D (1900MHz)	Nationwide	Oct. 1998	Oct. 2018	Upfront
Band F (1900 MHz)	Nationwide	Apr. 2005	Apr. 2025	Annual
Bands B2, C, D (1.7/2.1 GHz)	B2: All AWS Regions; Band C: Nationwide; Band D: Regions 1, 5, 8	Oct. 2010	Oct. 2030	Annual

In February 2016, the IFT announced that Telcel had won in a recent spectrum auction a total of 20 MHz nationwide in the AWS-1 band and 40 MHz nationwide in the AWS-3 band, which will each expire in October 2030. We expect these new concessions to be granted to Telcel during the second quarter of 2016.

Renewal

The Band B concessions covering eight regions outside the Mexico City area were renewed in 2010 and 2011, with certain additional conditions imposed on Telcel. All of these concessions provide for a renewal for additional 15-year terms.

In October 2015, Telcel obtained the renewal of the Band B concession covering the Mexico City area (Region 9) that will now expire in October 2030.

Concession Fees

In addition to the upfront payment applicable to all of the 1900 MHz (A, D and F Bands) concessions, all 1.7/2.1 GHz (B2, C and D Bands) concessions and 850 MHz concessions (Regions 1 to 8), owners of concessions granted or renewed on or after January 1, 2003 are also required to pay annual fees (*derechos*) for the use and exploitation of radio spectrum bands. The amounts payable are set forth by the annual Federal Fees Law (*Ley Federal de Derechos*) and vary depending on the relevant region and radio spectrum band. Currently, Telcel is not required to pay these fees for its Bands A and D 1900 MHz concessions since they were awarded prior to 2003, but it is required to pay them for additional 10 MHz of capacity in the 1900 MHz spectrum (Band F) acquired in 2005.

Service Quality Requirements

The concessions set forth requirements for the quality and continuity of Telcel's services, including, in some cases, maximum rates of incomplete and dropped calls and connection time. Additionally, we are subject to the Quality of

Local Wireless Services (*Plan Técnico Fundamental de Calidad del Servicio Local Móvil*, or the “2011 Technical Plan”), which imposes extensive additional service quality requirements for voice, SMS and internet services and fines for non-compliance with voice-quality requirements. Telcel has been notified of a number of proceedings seeking to impose penalties on the basis of alleged non-compliance with service quality requirements. See Note 21 to our audited consolidated financial statements included in this annual report.

Telmex’s Concessions

Telmex’s concession was granted in 1976 and amended in August 1990. Currently set to expire in 2026, Telmex’s concession may be extended for an additional 15-year term subject to additional requirements or fees that the IFT may impose. We submitted a request for the maximum allowable renewable period in March 2016. Telmex’s subsidiary, Telnor, holds a separate concession in a region located in two states in northwestern Mexico that will expire in 2026 and may be extended for an additional 15-year term thereafter. The material terms of the Telnor concession are similar to those of the Telmex concession.

In addition, Telmex currently holds concessions for the use of frequencies to provide wireless local access and point-to-point and point-to-multipoint transmission. Telmex obtained these concessions from the Federal Commission of Telecommunications (*Comisión Federal de Telecomunicaciones*, or “Cofetel”) through a competitive bidding process for a term of up to 20 years that may be extended for additional 20-year terms.

Wireless Rates

Wireless services concessionaires are generally free to establish the prices they charge customers for telecommunications services. Wireless rates are not subject to a price cap or any other form of price regulation. The interconnection rates concessionaires charge other operators are also generally established by agreement between the parties and, if the parties cannot agree, may be imposed by the IFT, subject to certain guidelines, cost models and criteria. The establishment of interconnection rates has resulted, and may in the future result, in disputes between operators and with the IFT.

As a result of the preponderance determination, Telcel’s retail prices are subject to pre-approval by the IFT before they can take effect. In addition, the 2014 legislation established that preponderant agents may not charge termination rates. Therefore, Telcel may not charge other operators for the termination services it provides, while it continues to pay for the termination services provided to it by other operators. See “—Asymmetric Regulation of the Preponderant Economic Agent” under this Part VI.

The IFT is also authorized to impose specific rate requirements on any operator that is determined by the IFT to have substantial market power under the Federal Antitrust Law (*Ley Federal de Competencia Económica*) and the 2014 legislation. For more information on litigation related to the Federal Antitrust Law and the 2014 legislation, see Note 21 to our audited consolidated financial statements included in this annual report.

Fixed Rates

Telmex’s concessions subject its rates for basic telephone services in any period, including installation, monthly rent, measured local-service and long-distance service, to a ceiling on the price of a “basket” of such services, weighted to reflect the volume of each service provided by Telmex during the preceding period. Telmex is required to file a model with the IFT every four years with its projections of units of operation for basic services, costs and prices. Telmex is free to determine the structure of its own rates, with the exception of domestic long-distance rates, which were abolished under the 2014 legislation, and of the residential line rate, which has a cap based on the long run incremental cost. As a result of the preponderance determination, Telmex’s retail prices are subject to pre-approval by the IFT before they can take effect.

The price ceiling varies directly with the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), allowing Telmex to raise nominal rates to keep pace with inflation (minus a productivity factor set for the telecommunications industry), subject to consultation with the IFT. Telmex has not raised its nominal rates since March 2001, for local services, and since March 1999, for international long-distance services. Under Telmex's concession, the price ceiling is also adjusted downward periodically to pass on the benefits of Telmex's increased productivity to its customers. The IFT sets a periodic adjustment for every four-year period to permit Telmex to maintain an internal rate of return equal to its weighted average cost of capital. For services extending beyond basic telephone service, Telmex is free to set its rates.

As discussed above, under the 2014 legislation the preponderant agent may not charge interconnection rates. Therefore, Telmex may not charge other operators for the termination services it provides, while it continues to pay for the termination services provided to it by other operators.

BRAZIL

Legal Framework and Principal Regulatory Authorities

The Brazilian Telecommunications Law (*Lei Geral das Telecomunicações Brasileiras*) provides a framework for telecommunications regulation. The primary telecommunications regulator in Brazil is the Telecommunications Agency (*Agência Nacional de Telecomunicações*, or "Anatel"), which has the authority to grant concessions and licenses for all telecommunications services, except broadcasting, and to adopt regulations that are legally binding on telecommunications services providers. Additionally, Claro Brasil is subject to regulation by the Brazilian National Cinema Agency (*Agência Nacional do Cinema*).

Licenses

In December 2014, we simplified our corporate structure, and our subsidiaries Embratel, Embratel Participações S.A. ("Embrapar") and Net Serviços were merged into Claro Brasil. As a result, all licenses previously granted to Embratel and Net Serviços were transferred to Claro Brasil.

Our Brazilian subsidiaries hold licenses for the telecommunications services listed below:

Company	License	Termination Date
Claro Brasil	Fixed Local Voice Services	Indefinite
	Domestic and International Long Distance Voice Services	2025
	Personal Communication Services	Indefinite
	Data Services	Indefinite
	Cable TV Services	Indefinite
	Mobile Maritime Services	Indefinite
	Global Mobile Satellite Services	Indefinite
Claro TV	DTH TV Services	Indefinite
	Data Services	Indefinite
Americel	Data Services	Indefinite
Star One	Data Services	Indefinite
	Satellite Exploitation	See table below
Primesys	Data Services	Indefinite
Telmex do Brasil	Data Services	Indefinite

Our Brazilian subsidiary Star One has the following authorizations for satellite exploitation:

Type	Number	Orbital Position	Issue Date	Expiration Date (15 years)
Extension (renewal)	PVSS/SPV 007/2006	63°W, 65°W, 68°W, 70°W, 84°W and 92°W – C Band	Jan. 2006	Jan. 2021
Orbital Position	PVSS/SPV 001/2003	65°W – Ku Band	Feb. 2003	Feb. 2018
Orbital Position	PVSS/SPV 12/2007	92°W – C and Ku Band	Nov. 2007	Nov. 2022
Orbital Position	PVSS/SPV 002/2003	70°W – Ku Band	Oct. 2003	Oct. 2018
Orbital Position	PVSS/SPV 001/2007	75°W – C and Ku Band	Feb. 2007	Feb. 2022
Orbital Position	PVSS/SPV 156/2012	70°W – Ka and Ku (Planned) Band	Mar. 2012	Mar. 2027
Orbital Position	PVSS/SPV 076/2012	84°W – Ka and Ku Band	Feb. 2012	Feb. 2027
Landing Rights	PVSS/SPV 002/2009	37.9°W – C Band	May 2009	May 2019 ⁽¹⁾

(1) The C12 Satellite (AMC-12) expiration date corresponds to the end of its lifetime.

Claro Brasil holds licenses to provide services under the PCS regime in the 450 MHz, 700 MHz, 850 MHz, 900 MHz, 1800 MHz, 1900 MHz, 2100 MHz and 2500 MHz spectrum bands. Our subsidiaries expect to continue acquiring spectrum in the event Anatel conducts additional public auctions, although Claro Brasil, like many of its competitors, may be subject to a cap on the additional spectrum it may acquire.

Claro Brasil participated in the most recent auction for spectrum in December 2015. The final results from the auction have not been made public by Anatel as of the date of this report.

The following table sets forth the regions in Brazil in which our subsidiaries hold licenses to provide wireless services, as well as the termination dates of such licenses:

Frequency and Geographical Coverage	Termination Date
4G/2500 MHz: Nationwide ⁽¹⁾	Oct. 2027
4G/700 MHz: Nationwide	Dec. 2029
3G/1900-2100 MHz: Nationwide	Mar. 2023
GSM/1800 MHz: Santa Catarina, Acre, Rondônia, Tocantins, Distrito Federal, Mato Grosso, Mato Grosso do Sul, Goiás, Minas Gerais, Paraná, Rio de Janeiro, Espírito Santo, Rio Grande do Sul	Mar. 2023
Acre, Rondônia, Tocantins, Distrito Federal, Mato Grosso, Mato Grosso do Sul, Goiás	July 2027

Alagoas, Ceará, Paraíba, Piauí, Pernambuco, Rio Grande do Norte, São Paulo (Capital)	Aug. 2027
Rio de Janeiro, Espírito Santo, Rio Grande do Sul	Apr. 2028
São Paulo (Interior)	Mar. 2028
Amazonas, Maranhão, Roraima, Amapá, Pará	Dec. 2022
Bahia, Sergipe, Paraná, Santa Catarina	Dec. 2017
GSM/900 MHz:	
Minas Gerais	Apr. 2020
Paraná (Norte)	Dec. 2022
Bahia, Paraná, Santa Catarina, Sergipe	Dec. 2017
Acre, Distrito Federal, Goiás, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins	July 2027
Alagoas, Ceará, Paraíba, Piauí, Pernambuco, Rio Grande do Norte, São Paulo (Capital)	Aug. 2027
Espírito Santo, Rio de Janeiro, Rio Grande do Sul	Apr. 2028
São Paulo (Interior)	Mar. 2028
GSM/850 MHz:	
Acre, Distrito Federal, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Tocantins	July 2027
Alagoas, Ceará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, São Paulo (Capital)	Aug. 2027
Espírito Santo, Rio de Janeiro, Rio Grande do Sul	Apr. 2028
São Paulo (Interior)	Mar. 2028
Amazonas, Maranhão, Roraima, Amapá, Pará	Mar. 2023
GSM/450MHz: Acre, Amapá, Amazonas, Bahia, Maranhão, Pará, Rondônia, Roraima, Tocantins, São Paulo (Capital)	Oct. 2027

(1) In addition to the nationwide block (20+20 MHz), Claro Brasil also has four regional complementary blocks (10+10 MHz - Band P), as of December 31, 2015.

Concessions

Claro Brasil holds two fixed-line concessions to provide domestic and international long-distance telephone services. The remaining telecommunications services provided by Claro Brasil are governed by a system of licenses instead of concession arrangements.

Concession Fees

Claro Brasil is required to pay a biannual fee equal to 2.0% of net revenues, except for the final year of the 15-year term of its PCS authorizations, in which the fee equals 1.0% of net revenues.

Claro Brasil is also required to pay a fee every two years during the term of its domestic and international long-distance concessions equal to 2.0% of the revenues from long-distance telephone services, net of taxes and social contributions, for the year preceding the payment.

Termination of Concessions

Our domestic and international long-distance fixed-line concessions provide that under certain circumstances, certain of our assets are indispensable to the provision of services under those concessions will revert to the Brazilian state upon termination of the concession. Compensation for those assets would be their depreciated cost. See Note 21 to our audited consolidated financial statements included in this annual report.

Regulation of Rates

Anatel regulates rates (tariffs and prices) for all telecommunications services, except for fixed-line broadband services, Pay TV and satellite capacity rates, which are not regulated. In general, PCS license-holders and fixed local voice services license-holders are authorized to increase basic plan rates annually. Domestic long-distance concession-holders may adjust annually only for inflation (less a factor determined by Anatel based on the productivity of each operator during the year). Claro Brasil may set international long-distance rates freely, provided it gives Anatel and the public advance notice.

Regulation of Wholesale Market Competition

In November 2012, Anatel approved the General Competition Plan (*Plano Geral de Metas da Competição*, or "PGMC"), a comprehensive regulatory framework aimed at increasing competition in the telecommunications sector. The PGMC imposes asymmetric measures upon economic groups determined by Anatel to have significant market power in any of five wholesale markets in the telecommunications sector, on the basis of several criteria, including having over 20% of market share in the applicable market.

As a wireless operator, Claro Brasil, as well as three of its primary competitors, were determined to have significant market power in the wireless termination and national roaming markets. As a result, Claro Brasil was required to reduce wireless termination rates to 75% of the 2013 rates by February 2014, and to 50% of the 2013 rates by February 2015. In July 2014, Anatel established termination rates for wireless services applicable to operators with significant market power through 2019. Claro Brasil is also required to publish, and Anatel must approve, its reference roaming prices for voice, data and SMS on a semi-annual basis, among other measures.

In addition, Embratel was determined to have significant market power in the market for long-distance leased lines, Claro Brasil and Embratel were determined to have significant market power in the telecommunications infrastructure market and Net Serviços was determined to have significant market power in the local coaxial transmissions market, together with several of their wireless and fixed-line competitors. Following the merger of Embratel and Net Serviços into Claro Brasil, Claro Brasil is required to publish and Anatel must approve its reference offers in each such market. Moreover, wholesale contracts entered into by operators determined to have significant market power, for the sale of such operators' services, are overseen by independent third-party companies.

In 2015, Anatel approved Claro Brasil's wholesale reference offers with respect to national roaming, telecommunications infrastructure, long-distance leased lines, wireless termination rates, internet network interconnection and internet links.

In light of evolving market conditions, Anatel will review its determination of which operators have significant market power on a biannual basis. Anatel began its first review in November 2014, and it has not been completed. Anatel may also propose modifications to the asymmetric measures applicable under the PGMC, which would be subject to public comment. Anatel has not disclosed when this review will be completed or when its findings will become available as of the date of this annual report.

Network Usage Fees and Fixed-Line Interconnection Rates

In July 2014, Anatel approved a resolution establishing the reference terms for fees charged in connection with wireless network and leased lines usage, and setting a price cap on fees charged for fixed network usage economic groups deemed to have significant market power. Such values, developed based on Anatel's cost model studies, will be applicable beginning February 2016.

Fixed-line operators determined by Anatel to have significant market power in the local fixed-line market may freely negotiate interconnection rates, subject to a price cap established by Anatel. Other carriers, including Claro Brasil, may set interconnection rates up to 20.0% higher than such cap.

Other Obligations

Under applicable law and our concessions, Claro Brasil has an obligation to: (i) comply with certain coverage obligations to ensure universal access to its fixed-line voice services, (ii) contribute to the funding of transitioning from analogue to digital TV, (iii) meet quality-of-service targets and (iv) comply with applicable telecommunications services consumer rights.

COLOMBIA

Legal Framework and Principal Regulatory Authorities

The Information and Communications Ministry (*Ministerio de Tecnologías de la Información y las Comunicaciones*, or "ICT Ministry") and the Communications Regulatory Commission (*Comisión de Regulación de Comunicaciones*, or "CRC") are responsible for overseeing and regulating the telecommunications sector, including wireless operations. The main audiovisual regulatory authority in Colombia with respect to Pay TV is the National Television Authority (*Autoridad Nacional de Televisión*, or "ANTV"). We are also subject to supervision by other government entities responsible for enforcing other regulations, such as antitrust rules or those protecting consumer rights.

Concessions

In November 2013, Comcel qualified for the general authorization for the provision of wireless services and was included in the register of networks and services administered by the ICT Ministry. Such general authorization superseded all of Comcel's former concession contracts and, consequently, such former concessions were terminated.

As a result of the termination of Comcel's former concessions, the ICT Ministry and Comcel began discussions with respect to the liquidation (*liquidación*) of the agreements governing those concessions. In light of the decision from the Colombian Constitutional Court (*Corte Constitucional de Colombia*) holding that certain laws limiting the reversion of assets of telecommunications providers did not apply to concessions granted prior to 1998 and, consequently, that reversion of assets under those earlier concessions would be governed by their contractual terms, the ICT Ministry took the position that assets under Comcel's earlier concessions should revert to the Colombian government. Comcel disputes the ICT Ministry's interpretation of that decision. In February 2016, the ICT Ministry issued a press release announcing that it will summon an arbitration panel to decide the applicability and scope of the reversion clauses in Comcel's former concessions. Comcel has not been served with the announced arbitration lawsuit.

On March 11, 2016, the Company notified the Trade, Industry and Tourism Ministry of Colombia (*Ministerio de Comercio, Industria y Turismo*) of its intention to submit an arbitration claim pursuant to the Free Trade Agreement between Mexico and Colombia (the “FTA Mexico – Colombia”). The purpose of the arbitration is the intended reversion of certain wireless telecommunications assets operated by Comcel. The Company will request compensation relating to breaches of the FTA Mexico – Colombia and international law provisions. This proceeding is independent of any rights that Comcel has to exercise any and all applicable legal actions against the ICT Ministry’s proceeding.

Licenses and Permits

Comcel holds licenses to provide wireless services in the spectrum frequency bands shown in the table below.

Frequency	Termination Date
2G/850 Mhz	Mar. 2024
3G/1900 Mhz	
Bandwidth:	
10 Mhz	Dec. 2019
5 Mhz	Sept. 2021
15 Mhz	Mar. 2024
5 Mhz	June 2016
4G/2600 Mhz	
Bandwidth:	
30 Mhz	Aug. 2023

In October 2013, Telmex Colombia obtained permission to provide Pay TV services under any available technology, pursuant to ANTV’s unified licensing system.

Asymmetric Charges

In 2012, the CRC issued resolutions seeking to correct an alleged market failure and imposing the following measures on Comcel: (i) asymmetric charges for call termination on Comcel’s network, with access rates lower than the rates we pay our competitors; and (ii) restrictions on the rates we charge our users for calls outside our network (off-net calls), which must not exceed the rates we charge for calls within our network (on-net calls). Asymmetric access charges were expected to end by January 1, 2015.

In 2014, the CRC updated the access charges scheme applicable to all operators. While it remains unclear whether this new scheme of general applicability also has the effect of extending the specific asymmetric charges applicable to Comcel beyond January 1, 2015, the CRC has responded to Comcel’s requests for clarification by confirming that such scheme is general in nature and not targeted at Comcel.

Our competitors claim that the new scheme has the effect of extending asymmetric access charges until December 2016. Movistar and Tigo filed a claim before the Superintendency of Industry and Commerce (*Superintendencia de Industria y Comercio*, or “SIC”), which issued a preliminary injunction ordering Comcel to continue to apply asymmetric charges with respect to Movistar and Tigo, pending a decision on the merits of the underlying claim. In July 2015, Comcel filed challenges (*demandas de nulidad*) against the relevant CRC resolutions before the administrative courts. Comcel contested the preliminary injunction and vigorously defended its position that asymmetric access charges should not apply after January 1, 2015.

SOUTHERN CONE

Argentina

Following the election of a new president in 2015, the Argentine government issued an Emergency Decree (*Decretos de Necesidad y Urgencia*, or “DNU”) to create a new communications ministry and regulator to oversee the telecommunications and media sectors. The National Communications Agency (*Ente Nacional de Comunicaciones*, or “Enacom”) is now the main telecommunications regulatory authority in Argentina and became operational in January 2016.

As part of the measures passed under the DNU, fixed and wireless services providers are prohibited from providing DTH technology. The measures also prohibit their provision of Pay TV services through any other technology as of January 2016 and for a two-year period, which may be extended by a further year.

AMX Argentina holds licenses in the 700 MHz, 900 MHz, 1700/2100 MHz (AWS) and 1900 MHz frequency bands, some of which expire in 15 years and some which have no expiration date. Each license also contains certain coverage, reporting and service requirements as well as provides Enacom a revocation right upon a material breach of the license terms.

All telecommunications providers in Argentina must contribute approximately 1.0% of their monthly revenues to finance the provision of telecommunications services in underserved areas and to underserved persons. All providers must also meet certain quality-of-service requirements.

Chile

The General Telecommunications Law established the legal framework for telecommunications services in Chile, including the regulation of concessions, permits, rates and interconnection. The main regulatory agency of the telecommunications sector is the Chilean Transportation and Communications Ministry (*Ministerio de Transportes y Telecomunicaciones*), which acts primarily through the Undersecretary of Telecommunications (*Subsecretaría de Telecomunicaciones*).

Claro Chile holds concessions or licenses for wireless voice and data transmission in the 850 MHz and 1900 MHz frequency bands. Additionally, Claro Chile holds concessions for wireless and fixed-line data transmissions in the 700 MHz, 2.6 GHz, 3.4 GHz and 3.6 GHz bands.

Certain of Claro Chile’s concessions impose additional requirements such as coverage, reporting and service quality requirements. The Chilean Transportation and Communications Ministry is authorized to terminate any concession in the event of specified breaches under the terms of such concessions. Additionally Claro Chile’s concession in the 700 MHz band imposes certain obligations to expand mobile and data services in rural areas.

Paraguay

The National Telecommunications Commission of Paraguay (*Comisión Nacional de Telecomunicaciones de Paraguay*) is in charge of supervising the telecommunications industry in Paraguay. It is authorized to cancel licenses in case of specified breaches of the terms of a license.

AMX Paraguay holds licenses to operate in the 1900 MHz and the 1700/2100 MHz bands. AMX Paraguay also holds a nationwide internet access and data transmission license. In addition, AMX Paraguay holds licenses to provide DTH services and cable TV services. These licenses are renewable, subject to regulatory approval, and contain coverage, reporting and service requirements.

Uruguay

The Regulatory Unit of Communications Services (*Unidad Reguladora de Servicios de Comunicaciones*) is in charge of the regulation of the telecommunications industry in Uruguay.

We hold three licenses for the provision of PCS and wireless data services in Uruguay as well as additional concessions in the 1900 MHz and the 1700/2100 MHz bands. The concessions in the 1900 MHz band expire in 2024 (40 MHz) and in 2033 (10 MHz) and the concessions in the 1700/2100 MHz bands expire in 2033.

In February 2013, the Court of Administrative Disputes (*Tribunal de lo Contencioso Administrativo*, or "TCA") notified Flimay that the license granted to provide DTH services was again in force, following an initial revocation. In May 2013, the administrative authorities revoked that license for a second time. Flimay filed a lawsuit against that administrative decision and in December 2014 was notified by the TCA that Flimay's DTH license was provisionally valid. A final resolution of the trial is pending.

ANDEAN REGION

Ecuador

The primary regulatory authorities for our wireless and fixed-line operations are the National Telecommunications, Regulation and Control Agency (*Agencia de Regulación y Control de las Telecomunicaciones*, or "Arcotel") and the Telecommunications and Information Society Ministry (*Ministerio de Telecomunicaciones y Sociedad de la Información*, or "Mintel"). Arcotel is responsible for licensing and oversight of radio-electric spectrum use and telecommunications services provisions. Mintel is responsible for the promotion of equal access to telecommunications services.

In February 2015, a new Telecommunications Law (Ley Orgánica de Telecomunicaciones) went into effect. It established new regulations for operators with significant market power and fines based on operators' incomes, as well as additional fees to be paid by operators based on the number of users. These payments are being paid quarterly on the dates established by Arcotel. For fiscal year 2015, Conecel had to pay the Ecuadorian state Ps. 967 million (U.S.\$56.2 million), an amount under protest and subject to dispute, in connection with these fees, which represented approximately 5.0% of its total revenues of advanced mobile services during fiscal year 2015.

Conecel holds concessions to operate in the 850MHz, 1900 MHz and AWS bands, which include concessions for PCS services that expire in 2023. The PCS concession contains quality-of-service requirements for successful call completions, SMS delivery times, customer service, geographic coverage and other service conditions. Conecel also holds licenses to provide internet value-added services, wholesale services and Pay TV Services (though DTH), expiring in 2021, 2017 and 2023, respectively.

Ecuador Telecom holds a concession to offer wireless voice and fixed-line voice, public telephony and domestic and international long-distance wholesale services, as well as a license to use the 3.5 GHz frequency band that expires in 2017 and a Pay TV license that expires in 2018. In 2015, Arcotel authorized the transfer to Conecel of Ecuador Telecom's concessions for fixed-line voice, public telephony and domestic and international long-distance wholesale services, as well as a Pay TV license. The transfer of these concessions could occur in 2016.

Peru

Claro Perú holds nationwide concessions to provide wireless, PCS, fixed-line, local wholesale, domestic and international long-distance, Pay TV services (through DTH and HFC technologies), public telephony and value-added services (including internet access). The concessions allow Claro Perú to operate on the 450 MHz, 850 MHz, 1900 MHz, 3.5 GHz, and 10.5 GHz band. Claro Perú is also awaiting final government authorization of its acquisition of 10 MHz in the 1700/2100 frequency band from a third-party operator.

Each of the concessions was awarded by the MTC and covers a 20-year period. The concessions contain coverage, reporting, service requirement and spectral efficiency goals. The MTC is authorized to cancel any of the concessions in the case of specified breaches of its terms. Claro Perú may participate in the upcoming auction for spectrum in the 700 MHz band in 2016.

In April 2015, new mobile termination rates were issued for 2015 through 2017, establishing two different rates, one for Claro Perú and Telefónica del Perú and a different one for Entel and Viettel.

Europe

Regulation

The telecommunications regulatory framework in the EU is comprised of a set of directives and regulations that apply to all EU member countries and cover fixed and wireless services, internet, broadcasting and transmission services. Austria, Bulgaria, Croatia and Slovenia are EU member countries. Macedonia and Serbia, candidates for accession to the EU, are expected to gradually harmonize their regulatory frameworks with the EU's framework.

In 2015, the EU enacted Regulation (EU) 2015/2120 concerning roaming charges and net neutrality, which will come into effect on April 30, 2016 and implemented new regulations regarding roaming and net neutrality. The new regulation foresees (i) the end of roaming charges in June 2017 and (ii) net neutrality rules protecting the right of every European to non-discriminatory access to the internet. Prior to the elimination of roaming charges under this regulation, roaming charges will be reduced in April 2016; operators will only be able to charge a small additional amount to domestic prices (up to €0.05 per minute of calls made, €0.02 per SMS sent, and €0.05 per MB of data). The net neutrality rules in the EU are similar to those in the United States with all traffic treated equally, subject to strict and clearly-identified exceptions. Telecommunications providers will still be able to offer specialized services, so long as these services are not supplied at the expense of the quality of the open internet.

Additionally, in each country where we operate, we are subject to a domestic telecommunications regulatory framework and to oversight by one or more local regulators.

Licenses

Country	Frequency	Termination date
Austria	800 MHz	Dec. 2029
	900 MHz	Dec. 2034
	1800 MHz	Dec. 2034
	2100 MHz	Dec. 2020
	2600 MHz	Dec. 2026
Bulgaria	900 MHz	June 2024
	1800 MHz	June 2024
	2100 MHz	Apr. 2025
Croatia	800 MHz	Oct. 2024
	900 MHz	Oct. 2024
	1800 MHz	Oct. 2024
	2100 MHz	Oct. 2024

Country	Frequency	Termination date
Belarus	900 MHz	Indefinite
	1800 MHz	Indefinite
	2100 MHz	Indefinite
Slovenia	800 MHz	May 2029
	900 MHz	Jan. 2031
	1800 MHz	Jan. 2031
	2600 MHz	May 2029
	2100 MHz	Sept. 2021
Serbia	800 MHz	Nov. 2026
	900 MHz	Nov. 2026
	1800 MHz	Nov. 2026
	2100 MHz	Nov. 2026
Macedonia	2100 MHz	Feb. 2018
	900 MHz	Sept. 2023
	2100 MHz	Mar. 2017

Other Jurisdictions

	Regulators	Concession and Licenses
Costa Rica	<ul style="list-style-type: none"> • Superintendency of Telecommunications (<i>Superintendencia de Telecomunicaciones</i>) • Ministry of Science, Technology and Telecommunications (<i>Ministerio de Ciencia, Tecnología y Telecomunicaciones</i>) 	<ul style="list-style-type: none"> • Concessions in the 1800 MHz and 2100 MHz bands for a 15-year term since 2011 • License to operate Pay TV services for a 15-year term since December 2012, in the case of DTH technology
El Salvador	Electricity and Telecommunications Superintendency (<i>Superintendencia General de Electricidad y Telecomunicaciones</i>)	Concession of 50 MHz in the 1900 MHz band of which 30 MHz will expire in 2017, 10 MHz will expire in 2021, and 10 MHz will expire in 2028
Guatemala	Guatemalan Telecommunications Agency (<i>Superintendencia de Telecomunicaciones</i>)	Licenses in the 900 MHz and 1900 MHz bands for a 20-year term that expires in 2033
Nicaragua	Nicaraguan Telecommunications and Mailing Institute (<i>Instituto Nicaragüense de Telecomunicaciones y Correos</i>)	<ul style="list-style-type: none"> • Concessions in the 700 MHz, 850 MHz, 1900 MHz and 1700/2100 MHz bands that will expire in 2022 • Concession of 50 MHz in the 3.5 GHz band that will expire in 2022 • License to provide Pay TV services and DTH granted in 2007 and 2008, respectively

	Regulators	Concession and Licenses
Honduras	Honduran National Telecommunications Commission (<i>Comisión Nacional de Telecomunicaciones</i>)	<ul style="list-style-type: none"> • Concession to use 80 MHz in the 1900 MHz PCS band and 40 MHz on the LTE-4G 1700/2100 MHz band that expires in 2033 • License to operate Pay TV through HFC and DTH for 10-year periods since 2007 and 2010, respectively
Panama	National Authority of Public Services (<i>Autoridad Nacional de los Servicios Públicos</i>)	<ul style="list-style-type: none"> • License to use 40 MHz in the 1900 MHz and 20 MHz in the 700 MHz bands for a 20-year period that will expire in 2028 • License to provide Pay TV, international long-distance and value-added services
United States (TracFone)	The Federal Communications Commission ("FCC")	Not required to hold wireless licenses to carry out its business
Dominican Republic	Dominican Institute of Telecommunications (<i>Instituto Dominicano de las Telecomunicaciones</i>)	Concessions to use 26 MHz in the 800 MHz band, 30 MHz in the 1900 MHz band, 30 MHz in the 3.5 GHz band and 40 MHz in the 1700/2100 (AWS) band that all expire in 2030
Puerto Rico	FCC and the Telecommunications Regulatory Board of Puerto Rico	Concession in the 700 MHz, 800 MHz and 1.7/2.1 GHz (AWS) bands, including 20 additional MHz won in 2015

PART VII: ADDITIONAL INFORMATION

EMPLOYEES

The following table sets forth the number of employees and a breakdown of employees by main category of activity and geographic location as of the end of each year in the three-year period ended December 31, 2015.

	December 31,		
	2013	2014	2015
Number of employees	173,174	191,156	195,475
Category of activity:			
Wireless	58,416	75,846	77,701
Fixed	104,848	103,577	101,077
Other	9,910	11,733	16,697
Geographic location:			
Mexico	82,245	83,484	88,446
South America	71,137	71,596	69,269
Central America	9,233	9,319	9,581
United States	804	849	902
Caribbean	9,755	9,666	9,605
Europe	—	16,242 ⁽¹⁾	17,672

(1) We began consolidating Telekom Austria from July 1, 2014.

Many of our employees are members of labor unions with which we conduct collective negotiations on wages, benefits and working conditions. We believe that we have good current relations with our workforce.

LEGAL PROCEEDINGS

In each of the countries in which we operate, we are party to various legal proceedings in the ordinary course of business. These proceedings include tax, labor, antitrust, contractual matters and administrative and judicial proceedings concerning regulatory matters such as interconnection and tariffs. We are party to a number of proceedings regarding our compliance with administrative rules and regulations and concession standards.

Our material legal proceedings are described in Note 21 to our audited consolidated financial statements included in this annual report and in "Regulation" under Part VI.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT AND NON-AUDIT FEES

The following table sets forth the fees billed to us and our subsidiaries by our independent registered public accounting firm, Mancera S.C., during the fiscal years ended December 31, 2014 and 2015:

	Year ended December 31,			
	2014		2015	
	<i>(in millions of Mexican pesos)</i>			
Audit fees	Ps.	203	Ps.	207
Audit-related fees		1		14
Tax fees		20		10
Total fees	Ps.	224	Ps.	231

Audit fees in the above table are the aggregate fees billed by Mancera and its Ernst & Young Global affiliated firms in connection with the audit of our annual financial statements and statutory and regulatory audits.

Audit-related fees in the above table are the aggregate fees billed by Mancera and its Ernst & Young Global affiliated firms for the review of reports on our operations submitted to IFT and attestation services that are not required by statute or regulation.

Tax fees in the above table are fees billed by Mancera and its affiliates for tax compliance services, tax planning services and tax advice services.

AUDIT AND CORPORATE PRACTICES COMMITTEE APPROVAL POLICIES AND PROCEDURES

Our audit and corporate practices committee has established policies and procedures for the engagement of our independent auditors for services. Our audit and corporate practices committee expressly approves any engagement of our independent auditors for audit or non-audit services provided to us or our subsidiaries. Prior to providing any service that requires specific pre-approval, our independent auditor and our Chief Financial Officer present to the audit committee a request for approval of services in which they confirm that the request complies with the applicable rules.

EXCHANGE RATES

Mexico has had a free market for foreign exchange since 1991, and the government has allowed the peso to float freely against the U.S. dollar since December 1994.

The following table sets forth, for the periods indicated, the high, low, average and period-end rate reported by Banco de México for December 31, 2015 as published in the Official Gazette, expressed in pesos per U.S. dollar.

Period	High	Low	Average ⁽¹⁾	Period End
2011	14.2443	11.5023	12.4918	13.9787
2012	14.3949	12.6299	13.1670	13.0101
2013	13.4394	11.9807	12.8210	13.0765
2014	14.7853	12.8462	13.3580	14.7180
2015	17.3776	14.5559	16.0379	17.2065
October	17.0771	16.3959	16.5993	16.6219
November	16.8700	14.4196	16.6322	16.5492
December	17.3776	16.5104	17.0128	17.2065
2016				
January	18.6080	17.2487	17.9456	18.2906
February	19.1754	18.0568	18.4592	18.1680
March	18.1706	17.2995	17.6721	17.4015
April (through April 15)	17.8930	17.2370	17.5549	17.4900

(1) Average of month-end rates.

On April 15, 2016, the rate published by the Official Gazette was Ps.17.4900 to U.S.\$1.00.

ADDITIONAL INFORMATION

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its public reference rooms in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Any filings we make electronically will be available to the public over the internet at the SEC's web site at <http://www.sec.gov> and at our website at <http://www.americamovil.com>. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this annual report.)

The following documents have been filed with the SEC as exhibits to this annual report:

- 1.1 Amended and Restated Bylaws (*estatutos sociales*) of América Móvil, S.A.B. de C.V., dated as of January 13, 2016 (together with an English translation).
- 7.1 Calculation of Ratios of Earnings to Fixed Charges.
- 8.1 List of principal subsidiaries of América Móvil, S.A.B. de C.V.
- 12.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 15.1 Consent of Mancera, S.C.

FORWARD-LOOKING STATEMENTS

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

- projections of our commercial, operating or financial performance, our financing, our capital structure or our other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to acquisitions, competition and rates;
- statements concerning regulation or regulatory developments;
- statements about our future economic performance or that of Mexico or other countries in which we operate;
- competitive developments in the telecommunications sector;
- other factors and trends affecting the telecommunications industry generally and our financial condition in particular; and
- statements of assumptions underlying the foregoing statements.

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under “Risk Factors,” include economic and political conditions and government policies in Mexico, Brazil, Colombia, Europe and elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors.

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

GLOSSARY

Term	Definition
Broadband	High-speed data transmission in which a single cable (coaxial cable or optical fiber) can carry a large amount of data at once.
Bundle	The marketing of different services as one combined service.
Churn	Disconnection rate. The ratio of wireless subscribers disconnected during a given period to the number of subscribers at the beginning of that period.
Covered population	Population covered by our wireless networks, expressed as the population count or as a percentage of the total population.
Cloud	Cloud services are internet-based services providing users with on-demand access to resources, data and information.
Data administration	Services that plan, organize and control data resources for customers according to their needs.
Data center	A facility used to house computer systems and associated components. We use our data centers to manage a number of cloud solutions.
DTH	Direct-to-home broadcasting is a method for transmitting satellite signals directly to the subscriber's home.
Fixed-line	Telephone services requiring the use of a metal wire or fiber optic telephone line for transmission.
Fixed RGUs	RGUs from fixed voice, fixed data and Pay TV services.
GSM	Global System for Mobile Communications. A standard used to describe the protocols for certain digital cellular networks.
GSM EDGE	Enhanced Data Rates for GSM Evolution is a 3rd generation ("3G") standard for wireless communication of data for mobile phones and data terminals.
HFC	Hybrid fiber-coaxial is a broadband network that combines optical fiber and coaxial cable.
Hosting services	Services allowing customers to provide content on the internet, either through maintaining a webpage, an email address or other services.
IAAS	Infrastructure as a service is a cloud-service model offering virtual machines and other resources.
Interconnection rates	The charges that one telecommunications network operator charges another network operator for allowing customers to access its network.
Licensed population	Population covered by the licenses that each of our subsidiaries manages.
Long-distance	Long-distance calls are calls made outside a defined area and may incur additional charges or be subject to specific regulations.

LTE/4G	Long-term evolution is a 4th generation (“4G”) standard for wireless communication of high-speed data for mobile phones and data terminals.
Machine-to-machine services	Services allowing direct communication between devices over a network, including fixed and wireless devices.
Market share	A company’s subscriber base in a given country divided by the total number of subscribers in that country.
Mobile payment	Refers to payment services and applications operated and performed on a mobile device.
MHz	Megahertz. The unit of frequency to measure one thousand cycles per second that is used to determine radio frequencies.
MVNO	Mobile Virtual Network Operator. A wireless communications services provider that does not own the wireless network infrastructure but enters into agreements with other mobile service providers for the use of their networks.
Net debt	Total debt minus cash and cash equivalents, minus marketable securities or other short-term investments.
On-demand	Describes services providing customers the ability to stream content over our network immediately upon their request.
OTT services	Over-the-top Services. The provision of content, including videos, television and other information, directly from the content provider to the viewer or end user.
Pay TV	Pay Television. This refers to television services we offer to subscribers through cable and satellite networks.
PCS	Personal Communications Service is a set of wireless communications systems providing cellular, mobile or paging services.
Prepaid subscriber	A subscriber who does not hold a contract with the company for voice and data services but pays in advance for specific use of services.
Postpaid subscriber	A subscriber who has a contract with the company for voice and data services and is billed recurrently for use of services.
RGU	Revenue Generating Unit. This is an individual subscriber who provides recurring revenue.
Roaming	Allows wireless subscribers to access networks other than our own, enabling them to use their devices, including for voice and data transmission. Typically refers to using accessing a network while abroad.
SMS	Short Message Service. A text messaging service component of a fixed or wireless communication systems.
SAAS	Software as a service is a cloud-service model offering users access to software applications and databases.

Subscriber acquisition cost	The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is the difference between equipment cost and equipment revenues.
Total RGUs	Fixed RGUs and wireless subscribers.
UMTS	Universal Mobile Telecommunications System is a 3rd Generation mobile cellular system for networks based on the GSM standard.
VPN	Virtual private network grants users access to a private network virtually across a public network.
Wireless penetration	Total wireless subscribers in a given country divided by the total population in that country.

FORM 20-F CROSS REFERENCE GUIDE

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5	Operating and financial review and prospects		
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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Dated: April 26, 2016

AMÉRICA MÓVIL, S.A.B. DE C.V.

By: /s/ Carlos José García Moreno Elizondo

Name: Carlos José García Moreno Elizondo

Title: Chief Financial Officer

By: /s/ Alejandro Cantú Jiménez

Name: Alejandro Cantú Jiménez

Title: General Counsel

PART VIII: CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidated Financial Statements

Years Ended December 31, 2015, 2014 and 2013
with Report of Independent Registered Public Accounting Firm

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

Consolidated Financial Statements

For the years ended December 31, 2013, 2014 and 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2014 and 2015 and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2014 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), América Móvil, S.A.B. de C.V. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated April 18, 2016, expressed an unqualified opinion thereon.

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

/s/ Carlos Carrillo Contreras

C.P.C. Carlos Carrillo Contreras

Mexico City, Mexico
April 18, 2016

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

Consolidated Statements of Financial Position

(In thousands of Mexican pesos)

	At December 31,		
	2014	2015	Millions of U.S. dollars 2015
Assets			
Current assets:			
Cash and cash equivalents (Note 4)	Ps. 66,473,703	Ps. 45,160,032	US\$ 2,625
Marketable securities and other short-term investments (Note 5)	—	56,347,469	3,275
Accounts receivable:			
Subscribers, distributors, recoverable taxes and other, net (Note 6) . .	145,584,407	155,241,127	9,022
Related parties (Note 7)	1,320,107	845,633	49
Derivative financial instruments (Note 8)	22,536,056	40,882,008	2,376
Inventories, net (Note 9)	35,930,282	35,577,472	2,068
Other assets, net (Note 10)	16,563,602	17,277,913	1,004
Total current assets	288,408,157	351,331,654	20,419
Non-current assets:			
Property, plant and equipment, net (Note 11)	588,106,180	573,528,878	33,332
Intangibles, net (Note 12)	117,319,788	124,745,040	7,250
Goodwill (Note 12)	140,903,391	137,113,716	7,969
Investments in associated companies (Note 13)	49,262,581	3,110,570	181
Deferred income taxes (Note 14)	66,500,539	81,407,012	4,731
Other assets, net (Note 10)	27,856,033	25,249,943	1,467
Total assets	Ps. 1,278,356,669	Ps. 1,296,486,813	US\$ 75,349
Liabilities and equity			
Current liabilities:			
Short-term debt and current portion of long-term debt (Note 15a)	Ps. 57,805,517	Ps. 119,589,786	US\$ 6,950
Accounts payable (Note 16a)	191,503,362	189,938,381	11,039
Accrued liabilities (Note 16b)	53,968,679	52,243,228	3,036
Income tax and other taxes payable	35,834,083	20,666,548	1,201
Derivative financial instruments (Note 8)	8,527,812	7,450,790	433
Related parties (Note 7)	3,087,292	2,246,834	131
Deferred revenues (Note 17)	31,464,235	33,399,892	1,941
Total current liabilities	382,190,980	425,535,459	24,731
Non-current-liabilities:			
Long-term debt (Note 15a)	545,949,470	563,626,958	32,757
Deferred income taxes (Note 14)	14,190,442	11,589,865	674
Deferred revenues (Note 17)	1,330,757	1,052,940	61
Derivative financial instruments (Note 8)	—	3,314,146	193
Asset retirement obligations (Note 16c)	13,451,407	11,569,897	672
Employee benefits (Note 18)	86,604,565	118,943,362	6,913
Total non-current liabilities	661,526,641	710,097,168	41,270
Total liabilities	1,043,717,621	1,135,632,627	66,001
Equity (Note 19):			
Capital stock	96,382,631	96,338,477	5,599
Retained earnings:			
Prior years	146,188,038	137,276,667	7,976
Profit for the year	46,146,370	35,054,772	2,039
Total retained earnings	192,334,408	172,331,439	10,015
Other comprehensive loss items	(104,332,763)	(156,391,921)	(9,089)
Equity attributable to equity holders of the parent	184,384,276	112,277,995	6,525
Non-controlling interests	50,254,772	48,576,191	2,823
Total equity	234,639,048	160,854,186	9,348
Total liabilities and equity	Ps. 1,278,356,669	Ps. 1,296,486,813	US\$ 75,349

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

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

Consolidated Statements of Comprehensive Income

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

	For the year ended December 31,			2015 Millions of U.S. dollars, except for earnings per share
	2013	2014	2015	
Operating revenues:				
Mobile voice services	Ps. 265,039,903	Ps. 255,606,335	Ps. 243,576,248	US\$ 14,156
Fixed voice services	111,785,611	114,687,475	104,754,844	6,088
Mobile data services	159,589,580	194,882,905	235,087,506	13,663
Fixed data services	85,039,329	97,533,378	104,853,471	6,094
Paid television	60,829,310	68,378,623	65,259,697	3,793
Sales of equipment, accessories and computers	84,544,261	95,632,868	115,557,754	6,716
Other related services	19,273,027	21,540,236	25,127,107	1,460
	786,101,021	848,261,820	894,216,627	51,970
Operating costs and expenses:				
Cost of sales and services	358,291,177	386,102,139	418,061,856	24,297
Commercial, administrative and general expenses	167,184,570	185,683,205	203,524,778	11,828
Other expenses	4,832,685	4,928,675	5,440,338	316
Depreciation and amortization (Notes 10, 11 and 12)	101,534,833	114,993,551	125,735,395	7,307
	631,843,265	691,707,570	752,762,367	43,748
Operating income	154,257,756	156,554,250	141,454,260	8,222
Interest income (Note 15b)	2,925,834	7,052,271	4,774,894	278
Interest expense (Note 15c)	(23,950,653)	(31,522,523)	(31,200,286)	(1,813)
Foreign currency exchange loss, net	(19,610,465)	(28,615,459)	(78,997,898)	(4,591)
Valuation of derivatives, interest cost from labor obligations and other financial items, net (Note 15d)	(8,291,535)	(10,190,261)	21,536,159	1,252
Equity interest in net income (loss) of associated companies (Note 13)	36,282	(6,073,009)	(1,426,696)	(83)
Profit before income tax	105,367,219	87,205,269	56,140,433	3,265
Income tax (Note 14)	30,392,731	39,707,549	19,179,651	1,115
Net profit for the year	Ps. 74,974,488	Ps. 47,497,720	Ps. 36,960,782	US\$ 2,150
Net profit for the year attributable to:				
Equity holders of the parent	Ps. 74,624,979	Ps. 46,146,370	Ps. 35,054,772	US\$ 2,039
Non-controlling interests	349,509	1,351,350	1,906,010	111
	Ps. 74,974,488	Ps. 47,497,720	Ps. 36,960,782	US\$ 2,150
Basic and diluted earnings per share attributable to equity holders of the parent from continuing operations	Ps. 1.02	Ps. 0.67	Ps. 0.52	US\$ 0.03
Other comprehensive loss items:				
Net other comprehensive loss that may be reclassified to profit or loss in subsequent years:				
Effect of translation of foreign entities and affiliates	Ps. (26,888,282)	Ps. (6,255,715)	Ps. (35,606,320)	US\$ (2,069)
Effect of fair value of derivatives, net of deferred taxes	(740,740)	(313,572)	37,495	2
Unrealized gain on available for sale securities, net of deferred taxes	—	—	4,011	—
Items that will not be reclassified to profit or loss in subsequent years:				
Re-measurement of defined benefit plan, net of deferred taxes	(2,438,039)	(6,807,975)	(17,980,418)	(1,045)
Total other comprehensive loss items for the year, net of deferred taxes	(30,067,061)	(13,377,262)	(53,545,232)	(3,112)
Total comprehensive income (loss) for the year	Ps. 44,907,427	Ps. 34,120,458	Ps. (16,584,450)	US\$ (962)
Comprehensive income (loss) for the year attributable to:				
Equity holders of the parent	Ps. 45,108,504	Ps. 33,404,912	Ps. (16,750,963)	US\$ (972)
Non-controlling interests	(201,077)	715,546	166,513	10
	Ps. 44,907,427	Ps. 34,120,458	Ps. (16,584,450)	US\$ (962)

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

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

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2013, 2014 and 2015

(In thousands of Mexican pesos)

	Capital stock	Legal reserve	Retained earnings	Effect of derivative financial instruments acquired for hedging purposes	Unrealized gain on available securities	Re-measurement of defined benefit plans	Cumulative Translation adjustment	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Ps. 96,414,841	Ps. 358,440	Ps. 210,598,355 74,624,979	Ps. (496,011)		Ps. (54,077,454)	Ps. (7,220,700)	Ps. 245,577,471 74,624,979	Ps. 9,270,775 349,509	Ps. 254,848,246 74,974,488
Balance at December 31, 2012						(2,289,811)		(2,289,811)	(148,228)	(2,438,039)
Net profit for the year			74,624,979	(741,321)		(2,289,811)	(26,485,343)	(741,321)	581	(740,740)
Re-measurement of defined benefit plan, net of deferred taxes			(15,872,327)					(26,485,343)	(402,939)	(26,888,282)
Effect of fair value of derivatives, net of deferred taxes			(70,923,493)						(201,077)	44,907,437
Effect of translation of foreign entities			(1,466,842)						(68,465)	(15,94,992)
Comprehensive income for the year			196,960,472	(1,237,332)		(56,367,265)	(33,706,043)	202,400,611	(1,100,767)	(15,94,992)
Dividends declared			46,146,370	(329,112)				46,146,370	1,351,350	47,497,720
Repurchase of shares	(22,502)									
Other acquisitions of non-controlling interests										
Balance at December 31, 2013	96,392,339	358,440	196,960,472	(1,237,332)		(56,367,265)	(33,706,043)	202,400,611	1,351,350	210,301,077
Net profit for the year			46,146,370	(329,112)		(6,625,463)	(5,786,883)	(6,625,463)	15,540	(313,572)
Re-measurement of defined benefit plan, net of deferred taxes										
Effect of translation of foreign entities										
Comprehensive income for the year			46,146,370	(329,112)		(6,625,463)	(5,786,883)	(6,625,463)	(468,832)	(6,807,975)
Dividends declared			(16,539,294)					(5,786,883)		(6,255,715)
Repurchase of shares	(9,708)		(34,646,254)							
Acquisition of non-controlling interests arising on business combination of Telekom Austria (Note 13)										
Capital stock increase in Telekom Austria (Note 13)				9,751						
Other acquisitions of non-controlling interests and others						45	(290,461)	(280,665)	39,239,141	38,958,476
Balance at December 31, 2014	96,382,631	358,440	191,975,968 35,054,772	(1,556,693)		(62,992,683)	(39,783,387)	184,384,276 35,054,772	7,181,894	234,639,048 36,960,782
Net profit for the year										
Effect of fair value of derivatives, net of deferred taxes				37,011						
Unrealized gain on available for sale securities, net of deferred taxes					4,011					
Re-measurement of defined benefit plan, net of deferred taxes						(17,791,354)				
Effect of translation of foreign entities										
Comprehensive income (loss) for the year			35,054,772	37,011	4,011	(17,791,354)	(34,055,403)	(16,750,963)	166,513	34,120,458
Dividends declared			(37,192,594)					(37,192,594)		(16,584,450)
Repurchase of shares	(9,154)		(33,942,627)					(33,951,781)		(37,639,679)
Effect of spin-off (Note 13)	(35,000)		16,193,640					16,158,640		(33,951,781)
Derecognition of the equity method investment in KominKlijke KPN, with retained available for sale financial interest (Note 13)										
Other acquisitions of non-controlling interests and others				1,458,894		(2,060,910)	348,593	(253,423)		(253,423)
Balance at December 31, 2015	Ps. 96,338,477	Ps. 358,440	Ps. 171,972,999	Ps. (60,788)	Ps. 4,011	Ps. (82,844,947)	Ps. (73,490,197)	Ps. 112,277,995	Ps. 48,576,191	Ps. 160,854,186

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

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

Consolidated Statements of Cash Flows

(In thousands of Mexican pesos)

	For the year ended December 31,			
	2013	2014	2015	2015 Millions of U.S. dollars
Operating activities				
Profit before income tax	Ps. 105,367,219	Ps. 87,205,269	Ps. 56,140,433	US\$ 3,265
Items not requiring the use of cash:				
Depreciation (Note 11)	94,893,801	106,386,514	110,177,127	6,403
Amortization of intangible and other assets (Note 10 and 12)	6,641,032	8,607,037	15,558,268	904
Equity interest in net (income) loss of associated companies (Note 13)	(36,282)	6,073,009	1,426,696	83
Loss (gain) on derecognition of equity method investment (Note 13)	—	3,172,218	(11,988,038)	(697)
Loss on sale of property, plant and equipment	546,939	297,609	127,379	7
Net period cost of labor obligations (Note 18)	7,292,839	7,855,714	9,278,081	539
Foreign currency exchange (gain) loss, net	10,120,083	36,559,881	59,251,396	3,444
Interest income	(2,925,834)	(7,052,271)	(4,774,894)	(278)
Interest expense	23,950,653	31,522,523	31,200,286	1,813
Employee profit sharing	4,648,304	4,058,158	3,311,887	192
Loss on partial sales of shares of associated company (Note 15d)	896,956	5,554,612	545	—
Gain in valuation of derivative financial instruments, capitalized interest expense and other, net	(5,844,528)	(3,410,626)	(18,274,034)	(1,062)
Working capital changes:				
Accounts receivable from subscribers, distributors and other	(12,386,088)	(11,791,213)	(17,641,833)	(1,026)
Prepaid expenses	(1,596,241)	7,469,217	(1,765,071)	(103)
Related parties	(628,029)	470,719	113,662	7
Inventories	(9,564,979)	2,470,754	(83,902)	(5)
Other assets	(3,081,649)	(7,996,680)	(8,378,977)	(487)
Employee benefits	(13,524,328)	(14,916,385)	(3,058,536)	(178)
Accounts payable and accrued liabilities	37,754,976	14,260,208	(6,410,783)	(372)
Employee profit sharing paid	(4,013,320)	(4,737,467)	(4,055,711)	(236)
Financial instruments and other	(1,194,640)	(3,984,891)	(1,882,540)	(109)
Deferred revenues	2,541,976	1,356,453	782,803	45
Interest received	2,944,399	4,722,621	5,275,303	307
Income taxes paid	(55,013,967)	(33,542,469)	(50,602,556)	(2,943)
Net cash flows provided by operating activities	187,789,292	240,610,514	163,726,991	9,513
Investing activities				
Purchase of property, plant and equipment (Note 11)	(118,416,286)	(126,265,297)	(128,039,913)	(7,441)
Acquisition of intangibles (Note 12)	(3,334,464)	(19,319,656)	(23,532,826)	(1,367)
Dividends received from associates (Note 13)	212,394	359,413	1,645,712	96
Proceeds from sale of plant, property and equipment	44,045	96,781	27,329	2
Acquisition of businesses, net of cash acquired (Note 13)	(1,730,588)	(11,910,582)	(3,457,153)	(201)
Partial sale of shares of associated company (Note 13)	4,299,360	12,066,037	633,270	37
Proceeds from repayment of related party loan (Note 13)	—	—	21,000,000	1,220
Investments in associate companies (Note 13)	(15,366,062)	(2,654,342)	(177,965)	(9)
Net cash flows used in investing activities	(134,291,601)	(147,627,646)	(131,901,546)	(7,663)
Financing activities				
Loans obtained	126,301,382	44,174,698	189,073,791	10,989
Repayment of loans	(60,710,863)	(36,683,909)	(133,110,776)	(7,736)
Interest paid	(22,654,119)	(33,283,418)	(32,830,432)	(1,908)
Repurchase of shares	(70,745,785)	(35,049,327)	(34,443,084)	(2,002)
Dividends paid (Note 19)	(15,722,576)	(17,054,829)	(37,359,600)	(2,171)
Derivative financial instruments	(546,770)	653,116	(503,444)	(29)
Capital stock increase in Telekom Austria (Note 13)	—	7,181,894	—	—
Acquisition of non-controlling interests	(2,567,609)	(4,696,245)	(1,031,049)	(60)
Net cash flows used in financing activities	(46,646,340)	(74,758,020)	(50,204,594)	(2,917)
Net increase (decrease) in cash and cash equivalents	6,851,351	18,224,848	(18,379,149)	(1,067)
Adjustment to cash flows due to exchange rate fluctuations, net	(4,175,001)	85,305	(2,934,522)	(171)
Cash and cash equivalents at beginning of the year	45,487,200	48,163,550	66,473,703	3,863
Cash and cash equivalents at end of the year	Ps. 48,163,550	Ps. 66,473,703	Ps. 45,160,032	US\$ 2,625
Non-cash transactions related to:				
Acquisitions of property, plant and equipment in accounts payable at end of year	Ps. 15,146,947	Ps. 16,771,745	Ps. 12,785,347	US\$ 743

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

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

Notes to Consolidated Financial Statements

Years ended December 31, 2013, 2014 and 2015

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

1. Description of the business and Relevant Events

I. Corporate Information

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

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

In order to provide these services, América Móvil has licenses, permits and concessions (collectively referred to herein as “licenses”) to build, install, operate and exploit public and/or private telecommunications networks and provide miscellaneous telecommunications services (mostly mobile and fixed telephony services), as well as to operate frequency bands in the radio-electric spectrum to be able to provide fixed wireless telephony and to operate frequency bands in the radio-electric spectrum for point-to-point and point-to-multipoint microwave links. The Company holds licenses in the 24 countries where it has a presence, and such licenses have different dates of expiration through 2046.

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

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

The accompanying consolidated financial statements were approved for their issuance by the Company’s Chief Financial Officer on April 18, 2016, and subsequent events have been considered through that date. They will then be presented for approval by the Company’s shareholders on April 18, 2016. Those shareholders have the authority to approve and or otherwise modify the consolidated financial statements.

Relevant events in 2015

i) In March 2015, the Company announced the signing of an agreement with the telephone company Axtel in México, to settle all disputes relating to the call termination rates and issues related to interconnection, initiated

in 2005. Additionally, the amounts disputed and pending relating to mobile termination services for the period 2005-2014 were settled. As consideration for the conclusion of such agreement; the signing of the interconnection agreements with Telcel for the period 2005-2015; the completion of various controversies between Axtel, Telcel, Telmex and Telnor (Telefonos del Noroeste, S.A. de C.V.), and the transfer of various litigations rights in favor of América Móvil derived administrative and judicial proceedings existing between the parties, the Company paid to Axtel the amount of Ps. 950,000. The provision for this contingency had already been recorded as an expense in prior years.

ii) On May 20, 2015 the Company placed bonds for an amount of EUR 3,000,000 thousand which may be settled in cash at the Company's option or exchangeable into ordinary shares of KPN. The bonds have a maturity of five years and pay no interest. An exchange premium agreed for the issue was set at 45 % of the closing price, which was at a value of EUR 3.38 per share. The underlying shares of KPN are approximately 612.2 million, representing approximately 14.3% of the shares of KPN. At maturity or at maturity that investors exercise their options, AMX can choose to pay in cash, pay the underlying shares or a combination of both. (See Note 15).

iii) On July 20, 2015, anew Company owned satellite Star one C-4 was launched, which took place at the Kourou Space Center in French Guiana. This is the eighth satellite that is in orbit and has 49 KU-band transponders to provide TV services and other telecommunications services. The satellite covers the Americas from the United States of America to Tierra de Fuego in Argentina.

iv) On September 9, 2015, the Company completed the placement of EUR 750,000 thousand principal amount of mandatory exchangeable bonds. The Bonds have a maturity of 3 years and will pay a coupon of 5.5% per year payable quarterly in arrears. At maturity, the bonds will be mandatory converted into ordinary shares of KPN (AMX may do a physical or cash settlement at their option), at a price of 3.34 Euros per share. The Company will have the benefit of any price increase up to 27.5% of the aforementioned price that is 4.26 Euros per share (See Note 15).

v) On September 27 and October 13, 2015, all necessary approvals from the Instituto Federal de Telecomunicaciones "IFT" and Mexican Tax Authorities were obtained for the spin-off of Telesites, S.A.B. de C.V. ("Telesites") from América Móvil. The issuance and exchange of the shares was made in December 2015. The effects of such spin-off are described in Note 13.

vi) During 2015, there was currency depreciation mainly in the Mexican peso against the US dollar and the euro, and the Brazilian reals against the US dollar, euro and the Mexican peso. Because a significant portion of the Company debt is denominated in US dollar and euro, as well as the fact that a significant portion of the Company's subsidiary operations have the Brazilian reals functional currency, the currency depreciation adversely affected the results of the Company as part of the foreign exchange loss of the period.

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

a) Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB") (hereafter referred to as IFRS).

The consolidated financial statements have been prepared on the historical cost basis, except for the derivative financial instruments (assets and liabilities), the trust assets of post-employment and other employee benefit plans and the investments in available for sale securities.

The preparation of these consolidated financial statements under IFRS requires the use of critical estimates and assumptions that affect the amounts reported for certain assets and liabilities, as well as certain income and

expenses. It also requires that management exercise judgment in the application of the Company's accounting policies. Actual results could differ from these estimates and assumptions.

The Mexican peso is the functional currency of the Company's Mexican operations and the consolidated reporting currency of the Company.

i) Basis of consolidation

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

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee, if and only if, the Company has:

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

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

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual arrangements; and
- (c) The Company's voting rights and potential voting rights.

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;

- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

The financial statements for the subsidiaries were prepared for the same period as the holding company, applying consistent accounting policies.

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

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

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

Associates:

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

The Company's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

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

The results of operations of the subsidiaries and associates are included in the Company's consolidated financial statements beginning as of the month following their acquisition and its share of other comprehensive income after acquisition is recognized directly in other comprehensive income.

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

The equity interest in the most significant subsidiaries and associated companies at December 31, 2014 and 2015, is as follows:

<u>Company name</u>	<u>Country</u>	<u>Equity interest at December 31</u>	
		<u>2014</u>	<u>2015</u>
Subsidiaries:			
AMX Tenedora, S.A. de C.V. (a)	Mexico	100.0%	100.0%
América Móvil B.V. (f.k.a. Carso Telecom B.V.) (a)	Netherlands	100.0%	100.0%
AMOV Canadá, S.A. (a)	Mexico	100.0%	100.0%
Compañía Dominicana de Teléfonos, S.A. (“Codetel”) (b)	Dominican Republic	100.0%	100.0%
Sercotel, S.A. de C.V. (a)	Mexico	100.0%	100.0%
Radiomóvil Dipsa, S.A. de C.V. y subsidiarias (“Telcel”) (b)	Mexico	100.0%	100.0%
Telecomunicaciones de Puerto Rico, Inc. (b)	Puerto Rico	100.0%	100.0%
Puerto Rico Telephone Company, Inc. (b)	Puerto Rico	100.0%	100.0%
Servicios de Comunicaciones de Honduras, S.A. de C.V. (“Sercom Honduras”) (b)	Honduras	100.0%	100.0%
AMX USA Holding, S.A. de C.V. (a)	Mexico	100.0%	100.0%
TracFone Wireless, Inc. (“TracFone”) (b)	USA	98.2%	98.2%
Claro Telecom Participacoes, S.A. (Claro Brasil) (a)	Brazil	100.0%	100.0%
Americel, S.A. (b)	Brazil	100.0%	99.9%
Claro S.A. (b)	Brazil	96.2%	96.4%
América Central Tel, S.A. de C.V. (“ACT”) (b)	Mexico	100.0%	100.0%
Telecomunicaciones de Guatemala, S.A. (“Telgua”) (b)	Guatemala	99.3%	99.3%
Empresa Nicaragüense de Telecomunicaciones, S.A. (“Enitel”) (b)	Nicaragua	99.6%	99.6%
Estesa Holding Corp. (a)	Panama	100.0%	100.0%
Cablenet, S.A. (b)	Nicaragua	100.0%	100.0%
Estaciones Terrenas de Satélite, S.A. (“Estesa”) (b)	Nicaragua	100.0%	100.0%
AMX El Salvador, S.A. de C.V. (b)	Mexico	100.0%	100.0%
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (“CTE”) (b)	El Salvador	95.8%	95.8%
Cablenet, S.A. (“Cablenet”) (b)	Guatemala	95.8%	95.8%
Telecomoda, S.A. de C.V. (“Telecomoda”) (b)	El Salvador	95.8%	95.8%
Telecom Publicar Directorios, S.A. de C.V. (“Publicom”) (c)	El Salvador	48.8%	48.8%
CTE Telecom Personal, S.A. de C.V. (“Personal”) (b)	El Salvador	95.8%	95.8%
Comunicación Celular, S.A. (“Comcel”) (b)	Colombia	99.4%	99.4%
Telmex Colombia, S.A. (b)	Colombia	99.3%	99.3%
Consortio Ecuatoriano de Telecomunicaciones, S.A. (“Conecel”) (b)	Ecuador	100.0%	100.0%
AMX Argentina, S.A. (b)	Argentina	100.0%	100.0%
AMX Wellington Gardens, S.A. de C.V. (a)	Mexico	100.0%	100.0%
Widcombe, S.A. de C.V. (a)	Mexico	100.0%	100.0%
AMX Paraguay, S.A. (b)	Paraguay	100.0%	100.0%
AM Wireless Uruguay, S.A. (b)	Uruguay	100.0%	100.0%
Claro Chile, S.A. (b)	Chile	100.0%	100.0%
América Móvil Perú, S.A.C (b)	Peru	100.0%	100.0%
Claro Panamá, S.A. (b)	Panama	100.0%	100.0%
Carso Global Telecom, S.A. de C.V. (a)	Mexico	99.9%	99.9%
Empresas y Controles en Comunicaciones, S.A. de C.V. (a)	Mexico	99.9%	99.9%
Teléfonos de México, S.A.B. de C.V. (b) (1)	Mexico	97.8%	98.7%
Telmex Internacional, S.A. de C.V. (b)	Mexico	97.8%	97.8%

<u>Company name</u>	<u>Country</u>	<u>Equity interest at December 31</u>	
		<u>2014</u>	<u>2015</u>
Controladora de Servicios de Telecomunicaciones, S.A. de C.V. (Consertel) (b)	Mexico	98.4%	98.4%
Telmex Argentina, S.A. (b)	Argentina	99.7%	99.7%
Ertach, S.A. (b)	Argentina	99.8%	99.8%
Telstar, S.A. (b)	Uruguay	99.9%	99.9%
Ecuador Telecom, S.A. (b)	Ecuador	98.4%	98.4%
Claro 110, S.A. (c)	Chile	99.9%	99.9%
Sección Amarilla USA, LLC. (c)	USA	98.4%	98.4%
Publicidad y Contenido Editorial, S.A. de C.V. (c)	Mexico	98.4%	98.4%
Editorial Contenido, S.A. de C.V. (c)	Mexico	98.4%	98.4%
Plaza VIP COM, S.A.P.I. de C.V. (c)	Mexico	98.4%	100.0%
Grupo Telvista, S.A. de C.V. (c)	Mexico	89.4%	89.4%
Telekom Austria AG (b)	Austria	59.7%	59.7%
Hitss Solutions, S.A. de C.V. (f.k.a. Hildebrando Internacional, S.A. de C.V.) (c) (1)	Mexico	35.0%	68.9%
Associates:			
Koninklijke KPN B.V. (“KPN”) (b) (2)	Netherlands	21.1%	N/A

(a) Holding companies

(b) Operating companies of mobile and fixed services

(c) Advertising media, content companies and/or other businesses

(1) See Note 13 for further details on its consolidation.

(2) See Note 13 for further details on its recognition as investment available for sale.

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

The operating revenues of foreign subsidiaries (those outside of Mexico) jointly represent approximately 65%, 66% and 69% of operating revenues of 2013, 2014 and 2015, respectively, and their total assets jointly represent approximately 78% and 73% of total assets at December 31, 2014 and 2015, respectively.

The financial statements have been translated to IFRS in the respective local currency and translated into the reporting currency.

The translation of financial statements of foreign subsidiaries prepared under IFRS and denominated in their respective local currencies, are translated as follows:

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

The Company’s consolidated statements of cash flows are presented using the indirect method.

The difference resulting from the translation process is recognized in equity in the caption "Effect of translation". At December 31, 2014 and 2015, the cumulative translation loss was Ps. (39,783,387) and Ps. (73,490,197), respectively.

b) Revenue recognition

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

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

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

- Mobile voice
- Mobile data
- Fixed voice
- Fixed data
- Pay TV
- Sales of equipment, accessories and computers
- Other related services

The Company accounts separately for multiple elements. To recognize the multi-elements or multiple services at its fair value, the Company assigns its fair value to each type of element. In multi-elements plans, the Company considers the price offered in each package, offered minutes and data plans offered to the subscribers.

Voice services

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

Data

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

Pay television

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

Sales of equipment, accessories and computers

- Sales of mobile phone equipment, accessories and computers, which are made to authorized distributors and the general public, are recognized as revenue when the risks as rewards of ownership has passed, which is considered the time the products are delivered and accepted by the customer (distributors and general public) and the recovery of the amounts is probable. The distributors and general public do not have the right to return the products.

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

Other related services**Transmission rights**

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

Marketing revenues

- Advertising revenues earned through the publication of the telephone directory are recognized in straight line over the period of use of the directories.

Loyalty programs

Some subsidiaries have loyalty programs where the Company awards credits customer credit awards referred as “points”. The customer can redeem accrued “points” for awards such as devices, accessories or air time. All awards are provided by the Company.

The consideration allocated to the award credits is identified as a separate identifiable component; the corresponding liability of the award credits is measured at its fair value. The consideration allocated to award credits amount is deferred recognized as revenue at the time that such points are redeemed and the Company has fulfill its obligations to supply awards.

c) Cost of mobile equipment and computers

The cost of mobile equipment and computers is recognized at the time the client receives the device. The costs relating to the sale of such equipment is recognized in "cost of sales and services" line in the consolidated statements of comprehensive income.

d) Cost of services

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

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

e) Commissions to distributors

The Company's distribution agreements have three types of commissions related to postpaid plans.

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

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

f) Cash and cash equivalents

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

The Company also maintains restricted cash held as collateral to meet certain contractual obligations (see Note 10). Restricted cash is presented as part of "Other assets" within other non-current financial assets given that the restrictions are long-term in nature (See Note 10).

g) Marketable securities and other short term investments

Marketable securities and other short term investments are primarily composed of investment securities available for sale, although this line item also includes other short-term financial investments. Amounts are initially recorded at cost and adjusted to their estimated fair value. Fair value adjustments for available for sale securities are recorded through other comprehensive income, while fair value adjustments for other short-term investments are recorded in the income statement as they occur. Short term investments are those that may be liquidated between three months and one year, should the Company decide to do so.

h) Allowance for bad debts

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

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

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

Cash collateral that clients in time left as default and according to business policies that operated the company is deducted from the account balance to be impaired once the deposit has been identified.

i) Inventories

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

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

The difference between the sales price to the end user and the subsidized cost of equipment is recognized as an expense in the "cost of sales and service" line in the consolidated statements of comprehensive income, at the time of delivery, consequently, the cost of equipment includes the corresponding adjustments of its net realizable value.

The cost of the equipment sold in installments is recognized when charged in each of the quotas.

j) Business combinations and goodwill

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

- (i) Identify the acquirer
- (ii) Determine the acquisition date
- (iii) Value the acquired identifiable assets and assumed liabilities
- (iv) Recognize the goodwill or a bargain purchase gain

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

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

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstance and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss in the "Other expenses" caption in the consolidated statements of comprehensive income.

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

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

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

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

For the years ended December 31, 2013, 2014 and 2015, no impairment losses were recognized for the goodwill shown in the Company's consolidated statements of financial position.

k) Property, plant and equipment

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

Borrowing costs that are incurred for general financing for construction in progress for periods exceeding six months are capitalized as part of the cost of the asset. During 2013, 2014 and 2015 the borrowing costs that were capitalized amounted to Ps. 3,002,576, Ps. 3,258,928 and Ps. 3,524,841, respectively.

In addition to the purchase price and costs directly attributable to preparing an asset in terms of its physical location and condition for use as intended by management, when required, the cost also includes the estimated costs for the dismantlement and removal of the asset, and for restoration of the site where it is located (See Note 15c).

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

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

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

Annual depreciation rates are as follows:

Telephone plant in operation and equipment:

Monitoring equipment and network performance	20%-33%
Base stations	5%-33%
Switching and telephone exchanges	2%-20%
Towers, antennas and engineering works	10%-13%
Measuring equipment	2%-17%
Buildings and leasehold improvements	2%-33%
Submarine cable	5%
Other assets	10%-50%

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

During the years ended December 31, 2013, 2014 and 2015, no impairment losses were recognized.

v) Inventories for operation of the plant

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

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

l) Intangibles

i) Licenses

Licenses to operate wireless telecommunications networks are recorded for at acquisition cost or at fair value at its acquisition date, net of accumulated amortization.

The licenses that in accordance with government requirements are categorized as automatically renewable, for a nominal cost and with substantially consistent terms, are considered by the Company as intangible assets with an indefinite useful life. Accordingly, they are not amortized. Licenses are amortized when the Company does not have a basis to conclude that they are indefinite lived. Licenses are amortized using the straight-line method over a period ranging from 3 to 30 years, which represents the usage period of the assets. The payments to the governments are recognized in the cost of service and equipment.

ii) Concessions

The Company has concessions for telecommunications services granted by the governments of the countries in which it operates.

The Company has conducted an internal analysis on the applicability of IFRIC No. 12 (Service Concession Agreements) and has concluded that its concessions are outside the scope of IFRIC 12. To determine the applicability of IFRIC 12, the Company analyzes each concession or group of similar concessions in a given jurisdiction. As a threshold matter, the Company identifies those government concessions that provide for the development, financing, operation or maintenance of infrastructure used to provide a public service, and that set out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes.

With respect to those services, the Company evaluates whether the grantor controls or regulates (i) what services the operator must provide, (ii) to whom it must provide them and (iii) the applicable price (the “Services Criterion”). In evaluating whether the applicable government, as grantor, controls the price at which the Company provides its services, the Company looks at the terms of the concession agreement, in light of all applicable regulations. If the Company determines that the concession under analysis meets the Services Criterion, then the Company evaluates whether the grantor would hold a significant residual interest in the concession’s infrastructure at the end of the term of the arrangement.

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of its concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. In Brazil, for example, Claro Brasil is required to maintain and file before the Brazilian Agency of Telecommunications (*Agência Nacional de Telecomunicações*, or “Anatel”) a list of assets potentially subject to reversion. The most recent publically available filing, published by Anatel in 2014, lists potentially reversible assets for an estimated book value of Ps. 13,880,479 (3,150,000 thousand Brazilian reals). The Company believes that this list significantly overstates the extent of assets that would as a legal matter be subject to reversion, but there is no regulatory requirement or legal basis for a more refined analysis. See also Notes 11 and 21.

iii) Trademarks

Trademarks are recorded at their fair value at the valuation date when acquired. The useful lives of trademarks are assessed as either finite or indefinite. Trademarks with finite useful lives are amortized using the straight-line method over a period ranging from 1 to 10 years. Trademarks with indefinite useful lives are not amortized, but are tested for impairment annually at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, if not, the change in useful life from indefinite to finite is made on a prospective basis.

iv) Rights of use

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

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

v) Customer relationships

The value of customer relations are determined and valued at the time that a new subsidiary is acquired, as determined by the Company with the assistance of independent appraisers, and is amortized over the useful life of the customer relationship on a five years.

During the years ended December 31, 2013, 2014 and 2015, no impairment losses were recognized for licenses, trademarks, rights of use or customer relationships.

m) Impairment in the value of long-lived assets

The Company has a policy in place for evaluating the existence of indicators of impairment in the carrying value of long-lived assets, investments in associates, goodwill and intangible assets. When there are such indicators, or in the case of assets whose nature requires an annual impairment analysis (goodwill and intangible assets with

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

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

Key assumptions used in value in use calculations

The forecasts were performed by the Company's management in real terms (net of inflation) and in the functional currency of the subsidiary as of December 31, 2015.

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

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

The assumptions used to develop the financial forecasts were validated by the Company's management for each of the cash generating unit ("CGUs"), taking into consideration the following:

- Current subscribers and expected growth.
- Type of subscribers (prepaid, postpaid, fixed line, multiple services)
- Market situation and penetration expectations
- New products and services
- Economic situation of each country
- Investments in maintenance of the current assets
- Investments in technology for expanding the current assets
- Market consolidation and synergies

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

The recoverable amounts are based on value in use. The value in use was determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are:

- Margin on EBITDA is determined by dividing EBITDA (operating income plus depreciation and amortization) by total revenue.
- Margin on CAPEX is determined by dividing capital expenditures ("CAPEX") by total revenue.
- Pre-tax weighted average cost of capital ("WACC") used to discount the projected cash flows.

To determine the discount rate, the Company uses the WACC which was determined for each of the cash generating units and is described in following paragraphs.

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

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

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

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

The most significant forward looking estimates used for the 2014 and 2015 impairment evaluations are shown below:

	<u>Average margin on EBIDTA</u>	<u>Average margin on CAPEX</u>	<u>Average pre-tax discount rate (WACC)</u>
2014:			
Europe (7 countries)	22.99% - 77.4%	3.36% - 15.38%	6.44 - 12.66%
Brazil (fixed line, wireless and TV)	30.22%	22.66%	11.87%
Puerto Rico	29.05%	6.38%	10.88%
Dominican Republic	44.57%	11.78%	20.46%
Mexico (fixed line and wireless) . . .	43.35%	7.43%	12.80%
Ecuador	49.81%	7.91%	20.30%
Peru	39.17%	17.22%	18.50%
El Salvador	41.60%	13.55%	14.18%
Chile	19.91%	9.10%	8.09%
Colombia	39.57%	16.64%	13.81%
Other countries	9.49% - 44.20%	0.6% - 20.91%	10.71% - 22.62%
2015:			
Europe (7 countries)	24.50% - 49.46%	13.88% - 22.8%	5.19% - 15.34%
Brazil (fixed line, wireless and TV)	29.82%	19.01%	8.89%
Puerto Rico	18.97%	5.28%	5.26%
Dominican Republic	45.32%	10.90%	18.98%
Mexico (fixed line and wireless) . . .	34.26%	10.97%	13.22%
Ecuador	32.37%	9.70%	22.52%
Peru	34.52%	14.60%	15.34%
El Salvador	41.45%	16.43%	13.30%
Chile	44.58%	33.14%	12.26%
Colombia	41.31%	17.04%	12.85%
Other countries	7.90% - 49.25%	0.5% - 17.39%	8.48% - 22.10%

Sensitivity to changes in assumptions:

The implications of the key assumptions for the recoverable amount are discussed below:

Margin on CAPEX- The Company performed a sensitivity analysis by increasing its CAPEX in 5% and maintaining all other assumptions the same. The sensitivity analysis would not require to the Company to additionally adjust the CGUs carrying amount long-life assets or its intangibles for impairment.

WACC- Additionally, should the Company increase by 100 basis points the WACC and maintain all other assumptions the same, the carrying amount of the long-life assets in the Central America would be impair for approximately of Ps. 200,000.

n) Leases

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

Operating leases

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

Finance leases

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

o) Financial assets and liabilities

Financial assets

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

– Initial recognition and measurement

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

– Subsequent measurement

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables with a relevant period (including accounts receivable to subscribers, distributors and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for accounts receivable from subscribers, distributors and other in the short term when the recognition of interest would be immaterial.

This category generally applies to accounts receivable from subscribers, distributors and other receivables.

– Derecognition

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

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

– Impairment of financial assets

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

Financial assets carried at amortized cost

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

Financial liabilities

Financial liabilities are classified into the following categories based on the nature of the financial instruments contracted or issued: (i) financial liabilities measured at fair value, and (ii) financial liabilities measured at amortized cost. The Company's financial liabilities include accounts payable to suppliers, deferred revenues, other accounts payable, loans and derivative financial instruments. Derivative financial instruments are measured at fair value; short- and long-term debt and accounts payable, are accounted for as financial liabilities and measured at amortized cost.

– Initial recognition

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

– Subsequent measurement

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

– Financial liabilities at fair value through profit or loss

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

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

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

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

Loans and borrowings

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

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

This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 15.

When a financial liability includes an embedded derivative and there are bases and foundations for segregation, the Company proceed to its separation from the main financial instrument, making removal by any statistical and econometric valuation method accepted by the International Financial Reporting Standards, and are valued periodically through profit each having a value change (see Note 8).

– Derecognition

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

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

– Offsetting of financial instruments

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

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

– Fair value of financial instruments

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

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

Notes 8 and 20 provides an analysis of the fair values of the Company’s financial instruments.

p) Transactions in foreign currency

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

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

Country or Zone	Currency	Average exchange rate			Closing exchange rate at December 31,	
		2013	2014	2015	2014	2015
Argentina ⁽¹⁾	Argentine Peso	2.3410	1.6405	1.7152	1.7212	1.3195
Brazil	Real	5.9334	5.6574	4.8068	5.5410	4.4065
Colombia	Colombian Peso	0.0068	0.0067	0.0058	0.0062	0.0055
Guatemala	Quetzal	1.6244	1.7195	2.0704	1.9374	2.2544
U.S.A. ⁽²⁾	US Dollar	12.7660	13.2969	15.8504	14.7180	17.2065
Uruguay	Uruguay Peso	0.6249	0.5726	0.5810	0.6040	0.5745
Nicaragua	Cordobas	0.5164	0.5122	0.5813	0.5533	0.6161
Honduras	Lempiras	0.6228	0.6291	0.7171	0.6794	0.7639
Chile	Chilean Peso	0.0258	0.0233	0.0243	0.0243	0.0242
Paraguay	Guaraní	0.0030	0.0030	0.0031	0.0032	0.0030
Peru	Soles	4.7271	4.6830	4.9746	4.9241	5.0415
Dominican Republic	Dominican Peso	0.3052	0.3050	0.3515	0.3313	0.3776
Costa Rica	Colon	0.0253	0.0244	0.0293	0.0270	0.0316
European Union	Euro	16.9693	17.6507	17.3886	17.8058	18.6828
Bulgaria	Lev		8.8045	9.3785	8.9984	9.5527
Belarus ⁽³⁾	Belarusian Roble		0.0012	0.0009	0.0012	0.0009
Croacia	Croatian Kuna		2.2508	2.4096	2.3051	2.4452
Macedonia	Macedonian Denar		0.2805	0.2984	0.2860	0.3037
Serbia	Serbian Denar		0.1449	0.1517	0.1500	0.1537

- (1) Official exchange rate published by the Argentine Central Bank. During 2015, the Argentine peso depreciated against the US dollar by 52.5%, considering the quotation of its foreign currency in the single and free exchange market (“M.U.L.C.”). This depreciation was mainly due to the structural changes introduced by the new government on December 17, 2015, resulting in a sharp devaluation of 40%.
- (2) Includes U.S.A., Ecuador, El Salvador, Puerto Rico and Panama.
- (3) Year-end rates were used for the translation of revenues and expenses as IAS 29 ‘Financial Reporting in Hyperinflationary Economies’ was applied in 2014. In January 2015, hyperinflation accounting has been discontinued, as the characteristics indicating hyperinflation have no longer been met.
- (4) On the disposal of a foreign operation (i.e. a disposal of the Company’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the owners of the Company are recognized in the consolidated statements of comprehensive income.
- (5) As of April 18, 2016 (the date of the approval of these consolidated financial statements), the exchange rate between the US dollar and the Mexican Peso was 17.3880.

q) Accounts payable, accrued liabilities and provisions

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

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

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

r) Employee benefits

The Company has defined benefit pension plans in place in its subsidiaries Radiomóvil Dipsa, S.A. de C.V., Telecomunicaciones de Puerto Rico, S.A., Teléfonos de México, Claro Brasil and Telekom Austria. Claro Brasil also has medical plans and defined contribution plans and Telekom Austria provides retirement benefits to its employees under a defined contribution plan. The Company recognizes the costs of these plans based upon independent actuarial computations, and are determined using the projected unit credit method. The latest actuarial computations were prepared as of December 31, 2015.

Mexico

The Mexican subsidiaries have the obligation to pay seniority premiums to personnel based on the Mexican Federal labor law which also establishes the obligation to make certain payments to personnel who cease to provide services under certain circumstances. Pensions and seniority premiums are determined based on the salary of employees in their final year of service, the number of years worked at Telmex and their age at retirements.

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

Telmex has established an irrevocable trust fund and makes annual contributions to that fund.

Puerto Rico

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

The pension benefit is composed of two elements:

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

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

Brazil

In Brazil, the Company provides a defined benefit plan and post-retirement medical assistance plan, and a defined contribution plan, through a pension fund that supplements the government retirement benefit, for certain employees.

Under the defined benefit plan, the Company makes monthly contributions to the pension fund equal to 17.5% of the employee's aggregate salary. In addition, the Company contributes a percentage of the aggregate salary base for funding the post-retirement medical assistance plan for the employees who remain in the defined benefit plan. Each employee makes contributions to the pension fund based on age and salary. All newly hired employees automatically adhere to the defined contribution plan and no further admittance to the defined benefit plan is allowed. For the defined contribution plan, see Note 18.

Austria

In Austria, the Company provides retirement benefits to its employees under defined contribution and defined benefit plans.

The Company pays contributions to publicly or privately administered pension or severance insurance plans on mandatory or contractual basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions are recognized as employee expenses in the year in which they are due.

All other employee benefit obligations provided in Austria are unfunded defined benefit plans for which the Company records provisions which are calculated using the projected unit credit method. The future benefit obligations are measured using actuarial methods on the basis of an appropriate assessment of the discount rate, rate of employee turnover, rate of compensation increase and rate of increase in pensions.

For severance and pensions, Austria recognizes actuarial gains and losses in other comprehensive income. The re-measurement of defined benefit plans relates to actuarial gains and losses only as Austria holds no plan assets. Interest expense related to employee benefit obligations is reported in the Valuation of derivatives, interests cost from labor obligation and other financial item, net.

Ecuador

The subsidiary Consorcio Ecuatoriano de Telecomunicaciones, S.A. has a pension plan in which employees who for twenty five years or more have rendered continued uninterrupted service are entitled to retirement benefits from their employer. In addition, employees who on the date of his dismissal had fulfilled twenty years or more and less than twenty-five years of continuous or uninterrupted work shall be entitled to a proportionate share of such retirement. In addition, the Company will have to pay certain benefits to employees as a result of the termination of employment by the Company or as a result of the employee leaving the Company. These benefits are approximately 25% of the last monthly payment made for each of the years of service by the employee to the Company. These plans are classified as defined benefit plans.

Other subsidiaries

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

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

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

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

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

Paid absences

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

s) Employee profit sharing

Employee profit sharing is paid by certain subsidiaries of the Company to its eligible employees. The Company has employee profit sharing in Mexico, Ecuador and Peru. In Mexico, until December 31, 2013, employee profit sharing was computed at the rate of 10% of the individual company taxable income, except for depreciation of historical rather than restated values, foreign exchange gains and losses, which are not included until the asset is disposed of or the liability is due and other effects of inflation are also excluded. Effective January 1, 2014, employee profit sharing in Mexico is calculated using the same taxable income for income tax, except for the following:

- i) Neither tax losses from prior years nor the employee profit sharing paid during year are deductible.
- ii) Payments exempt from taxes for the employees are fully deductible in the employee profit sharing computation.

Employee profit sharing is presented as an operating expense in the consolidated statements of comprehensive income.

t) Taxes

– Income taxes

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

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

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

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

Deferred tax consequences on unremitted foreign earnings are accounted for as temporary differences, except to the extent that the Company is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future. Taxes paid on remitted foreign earnings are able to be offset against Mexican taxes, thus to the extent that a remittance is to be made, the deferred tax would be limited to the incremental difference between the Mexican tax rate and the rate of the remitting country. As of December 31, 2014 and 2015, the Company has not provided for any deferred taxes related to unremitted foreign earnings.

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

– Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the current receivables or payables in the consolidated statements of financial position unless they are due in more than a year in which case they are classified as non-current.

u) Advertising

Advertising expenses are expensed as incurred. For the years ended December 31, 2013, 2014 and 2015, advertising expenses were Ps. 19,699,228, Ps.21,772,454 and Ps.24,673,557, respectively, and are recorded in the consolidated statements of comprehensive income in the caption “Commercial, administrative and general expenses”.

v) Earnings per share

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

w) Financial risks

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

i) Liquidity risk

Liquidity risk is the risk that the Company may not meet its financial obligations associated with financial instruments when they are due. The Company’s financial obligations and commitments are included in Notes 15 and 21.

ii) Market risk

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

Additionally, the Company occasionally uses interest rate swaps to adjust its exposure to the variability of the interest rates or to reduce their financing costs. The Company's practices vary from time to time depending on their judgments about the level of risk, expectations of change in the movements of interest rates and the costs of using derivatives. The Company may terminate or modify a derivative financial instrument at any time. See Note 8 for disclosure of the fair value of derivatives as of December 31, 2014 and 2015.

iii) Credit risk

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

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

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

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

iv) Sensitivity analysis for market risks

The Company uses sensitivity analyses to measure the potential losses based on a theoretical increase of 100 basis points in interest rates and a 5% fluctuation in exchange rates:

– Exchange rate fluctuations

Should the Company's debt at December 31, 2015 of Ps. 683,576,015, suffer a 5% increase/(decrease) in exchange rates, the debt would increase/(decrease) by Ps.42,969,519 and Ps.(26,225,294) respectively.

– Interest rate

In the event that the Company's agreed-upon interest rates at December 31, 2015 increased/(decreased) by 100 basis points, the increase in net interest expense would increase/(decrease) by Ps. 10,208,661 and Ps. (6,480,266), respectively.

v) Concentration of risk

The Company depends on several key suppliers and sellers. During the years ended December 31, 2013, 2014 and 2015, approximately 64%, 55% and 67%, respectively, of the total cost of the cellular equipment of América

Móvil represented purchases made from three suppliers, and approximately 21%, 19% and 17%, respectively, of the telephony plant equipment was purchased from two suppliers. If any of these suppliers were to cease to provide equipment and services to the Company, or to provide them in a timely manner and at a reasonable cost, the Company's business and results of operations might be adversely affected.

vi) Capital management

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

x) Derivative financial instruments

The Company is exposed to interest rate and foreign currency risks, which it tries to mitigate through a controlled risk management program that includes the use of derivative financial instruments. The Company principally uses cross-currency swaps and foreign currency forwards to offset the risk of exchange rate fluctuations. For purposes of reducing the risks from changes in interest rates, the Company utilizes interest rate swaps through which it pays or receives the net amount resulting from paying or receiving a fixed rate, and from receiving or paying cash based on a variable rate. For the years ended December 31, 2013, 2014 and 2015, some of the Company's derivative financial instruments have been designated, and have qualified, as cash flow hedges.

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

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

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

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

y) Current versus non-current classification

The Company presents assets and liabilities in its consolidated statements of financial position based on current/non-current classification. An asset is current when it is either:

- (i) Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- (ii) Held primarily for the purpose of trading.

- (iii) Expected to be realized within twelve months after the reporting period.
- (iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

y.1) Presentation of consolidated statement of comprehensive income

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

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

The employee benefits expense recognized in 2013, 2014 and 2015 of Ps. 33,768,356, Ps. 36,939,601 and Ps.41,366,183 recognized as "Cost of sales and services", respectively and Ps.46,164,732, Ps.53,938,718 and Ps.58,977,212 recognized in "Commercial, administrative and general expenses", respectively.

y.2) Operating Segments

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

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

Intersegment revenues and costs, intercompany balances as well as investments in shares in consolidated entities are eliminated upon consolidation and reflected in the "eliminations" column.

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

y.3) Convenience Translation

At December 31, 2015, amounts in U.S. dollars have been included in the financial statements solely for the convenience of the reader and have been translated to Mexican pesos at December 31, 2015 at an exchange rate

of Ps.17.2065 pesos per U.S. dollar, which was the exchange rate at that date. Such translation should not be construed as a representation that the Mexican peso can be converted to U.S. dollars at the exchange rate in effect on December 31, 2015 or any other exchange rate.

As disclosed in Note 2(P), as of April 18, 2016 (the approval date for these consolidated financial statements), such exchange rate was Ps. 17.3880 peso per U.S. dollar, reflecting an 1.05% decline since December 31, 2015.

y.4) Significant Accounting Judgments, Estimates and Assumptions

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

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

Fair Value of Financial Assets and Liabilities

América Móvil has substantial financial assets and liabilities that it recognizes at their fair value, which is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties. The methodologies and assumptions América Móvil uses to estimate an instrument's fair value depend on the type of instrument and include (i) recognizing cash and cash equivalents and trade receivables and trade payables and other current liabilities at close to their carrying amount, (ii) recognizing quoted instruments at their price quotations on the reporting date, (iii) recognizing unquoted instruments, such as loans from banks and obligations under financial leases, by discounting future cash flows using rates for similar instruments and (iv) applying various valuation techniques, such as present value calculations, to derivative instruments. Using different methodologies or assumptions to estimate the fair value of America Movil's financial assets and liabilities could materially impact the reported financial results. See Note 20.

Estimated useful lives of plant, property and equipment

América Móvil estimates the useful lives of particular classes of plant, property and equipment in order to determine the amount of depreciation expense to be recorded in each period. América Móvil currently depreciates most of its telephone plant and equipment based on an estimated useful life determined upon the expected particular conditions of operations and maintenance in each of the countries in which it operates. The estimates are based on AMX's historical experience with similar assets, anticipated technological changes and other factors, taking into account the practices of other telecommunications companies. América Móvil reviews estimated useful lives each year to determine whether they should be changed, and at times, it changes them for particular classes of assets. América Móvil may shorten the estimated useful life of an asset class in response to technological changes, changes in the market or other developments. This results in increased depreciation expense. See Notes 2i) and 11.

Impairment of Long-Lived Assets

América Móvil has large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in affiliates and goodwill, on its consolidated statement of financial position. América Móvil is required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in

some cases, at least on an annual basis. The impairment analysis for long-lived assets requires the Company to estimate the recovery value of the asset, which is the higher of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, América Móvil typically takes into account recent market transactions or, if no such transactions can be identified, América Móvil uses a valuation model that requires the making of certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, América Móvil typically makes various assumptions about the future prospects for the business to which the asset relates, consider market factors specific to that business and estimate future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets, América Móvil determines whether it needs to take an impairment charge to reduce the net carrying value of the asset as stated on its consolidated statement of financial position. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in the Company's business strategy and its internal forecasts. Different assumptions and estimates could materially impact the Company's reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on the consolidated statement of financial position. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. The key assumptions used to determine the recoverable amount for the Company's CGUs, are further explained in Notes 2m) and Note 11 and Note 12.

Deferred Income Taxes

América Móvil is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the jurisdiction-by-jurisdiction estimation of actual current tax exposure and the assessment of temporary differences resulting from the differing treatment of certain items, such as accruals and amortization, for tax and financial reporting purposes, as well as net operating loss carry-forwards and other tax credits. These items result in deferred tax assets and liabilities, which are included in the América Móvil's consolidated statement of financial position. América Móvil assesses in the course of its tax planning procedures the fiscal year of the reversal of its deferred tax assets and liabilities, and if there will be future taxable profits in those periods to support the recognition of the deferred tax assets. Significant management judgment is required in determining the Company's provisions for income taxes, deferred tax assets and liabilities. The analysis is based on estimates of taxable income in the jurisdictions in which América Móvil operates and the period over which the deferred tax assets and liabilities will be recoverable or settled. If actual results differ from these estimates, or América Móvil adjusts these estimates in future periods, its financial position and results of operations may be materially affected.

América Móvil records deferred tax assets based on the amount that it believes is probable to be realized. In assessing the future realization of deferred tax assets, the Company considers future taxable income and ongoing tax planning strategies. In the event that the estimates of projected future taxable income and benefits from tax planning strategies are lowered, or changes in current tax regulations are enacted that would impose restrictions on the timing or extent of the ability to utilize the tax benefits of net operating loss carry-forwards in the future, an adjustment to the recorded amount of deferred tax assets would be made, with a related charge to income. See Note 14.

Accruals

Accruals are recorded when, at the end of the period, the Company has a present obligation as a result of past events, whose settlement requires an outflow of resources that is considered probable and can be measured reliably. This obligation may be legal or constructive, arising from, but not limited to, regulation, contracts, common practice or public commitments, which have created a valid expectation for third parties that the Company will assume certain responsibilities. The amount recorded is the best estimation performed by the Company's management in respect of the expenditure that will be required to settle the obligations, considering

all the information available at the date of the financial statements, including the opinion of external experts, such as legal advisors or consultants. Accruals are adjusted to account for changes in circumstances for ongoing matters and the establishment of additional accruals for new matters.

If América Móvil is unable to reliably measure the obligation, no accrual is recorded and information is then presented in the notes to its consolidated financial statements. Because of the inherent uncertainties in this estimation, actual expenditures may be different from the originally estimated amount recognized. See Note 16.

América Móvil is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 21.

Labor Obligations

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

América Móvil uses estimates in four specific areas that have a significant effect on these amounts: (i) the rate of return América Móvil assumes its pension plan will achieve on its investments, (ii) the rate of increase in salaries that the Company assumes it will observe in future years, (iii) the discount rates that the Company uses to calculate the present value of its future obligations and (iv) the expected rate of inflation. The assumptions América Móvil has applied are further disclosed in Note 18. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

Allowance for Bad Debts

América Móvil maintains an allowance for bad debts for estimated losses resulting from the failure of its customers, distributors and cellular operators to make required payments. The Company bases these estimates on the individual conditions of each of the markets in which it operates that may impact the collectability of accounts. In particular, in making these estimates the Company takes into account with respect to accounts (i) with customers, the number of days since the calls were made, (ii) with distributors, the number of days invoices are overdue and (iii) with cellular operators, both the number of days since the calls were made and any disputes with respect to such calls. The amount of loss, if any, that América Móvil actually experiences with respect to these accounts may differ from the amount of the allowance maintained in connection with them. See Note 6.

y.5) Retrospective adjustments

The following amounts in consolidated statements of financial position and cash flows as of December 31, 2014 have been retrospectively adjusted to conform to the presentation for the year ended December 31, 2015:

	<u>As previously reported</u>	<u>Retrospective adjustments</u>	<u>2014, As adjusted</u>
<u>In the Consolidated Statements of</u>			
<u>Financial Position:</u>			
Assets:			
Property, plant and equipment, net	Ps. 595,596,318	Ps. (7,490,138)	Ps. 588,106,180
Intangibles, net	109,829,650	7,490,138	117,319,788
Liabilities:			
Taxes payable	Ps. 32,554,727	Ps. 3,279,356	Ps. 35,834,083
Deferred income taxes	17,469,798	(3,279,356)	14,190,442

<u>In the Consolidated Statements of</u>	<u>As previously</u> <u>Reported</u>	<u>Reclassification</u>	<u>2014,</u> <u>As reclassified</u>
<u>Cash Flows:</u>			
Depreciation	Ps. 107,909,169	Ps. (1,522,655)	Ps. 106,386,514
Amortization of intangibles and other assets	7,084,382	1,522,655	8,607,037

Retrospective adjustments to the December 31, 2014 consolidated statement of financial position and cash flows reflect the reclassification of certain licenses and computer software and its related amortization that were included as part of property, plant and equipment that are more appropriately presented as intangible assets. Also, the reclassification of the taxes payable relates to the deconsolidation tax in Mexico originally presented as part of deferred taxes.

3. New standards, interpretations and amendments thereof

The Company applied for the first time certain standards and amendments, which were effective for annual periods beginnings on or after January 1, 2015. However, the adoption of those IFRS standards and amendments did not have a significant impact on the consolidated financial statements of América Móvil.

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment was effective for annual periods beginning on or after July 1, 2014. This amendment is not relevant to the Company due to the structure of its benefit plans.

Annual Improvements 2010-2012 Cycle

These improvements are effective from July 1, 2014 and the Company has applied these amendments for the first time in the consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

This improvement was not relevant to the Company due to it does not have share-base payments.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This improvement was not relevant to the Company as its business combinations contracts do not contain contingent consideration.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The Company adopted this amendment in its financial statements as of December 31, 2015. The Company does not present a reconciliation of segment assets to total assets as they are the same as shown on the face of the statement of financial position.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This improvement was not relevant to the Company as it did not record any revaluation adjustments during the current year.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any services from management entities.

Annual Improvements IFRS 2011 – 2013 cycle

These improvements are effective from July 1, 2014 and the Company has applied these amendments for the first time in the consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that joint arrangements, not just joint ventures, are outside the scope of IFRS 3. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. America Movil, S.A.B. de C.V. is not a joint arrangement, and thus this amendment is not relevant to the Company or its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Company has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Company.

Standards issued but not yet effective and annual improvements

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are as describe below. The Company is in process of analyzing its impact in its financial statement and the relative notes.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, and financial liabilities, which is still in process of being determined.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company has yet to quantify the impact these amendments will have on its financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company has yet to quantify the impact these amendments will have on its financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company has yet to evaluate the impact these amendments will have on its financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016 and requires to the entities to recognize most leases on their balance sheets. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. IFRS 16 does not require a company to recognize assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less), and (b) leases of low-value assets. The new standard will be effective from January 1, 2019, with limited early application permitted if IFRS 15 is also applied at the same time. The Company has yet to quantify the impact these amendments will have on its consolidated financial statements.

4. Cash and Cash Equivalents

Cash and cash equivalents are comprised of short-term deposits with different financial institutions across the globe. Cash equivalents only include instruments with purchased maturity of less than three months. The amount includes the amount deposited, plus any interest earned.

5. Marketable securities and other short-term investments

As of December 31, 2015, marketable securities and other short-term investments includes an available for sale investments in KPN for Ps. 44,089,801, and other short-term investments for Ps.12,257,668.

As explained in Note 13, the investment in KPN is carried at fair value with changes in fair value being recognized through other comprehensive income (equity) in the Company's consolidated financial statements.

When the Company changed the classification of its KPN investment the Company recorded a pre-tax gain of approximately Ps. 11,988,038, in its 2015 consolidated comprehensive income statement. The Company has since recognized changes in fair value of the investment of Ps. 4,011, net of deferred taxes through other comprehensive income (equity) in its 2015 consolidated financial statements.

The other short-term investments of Ps.12,257,668 represents a cash deposits used to guarantee a short term obligations for one of the Company's foreign subsidiaries and are presented at their carrying value which approximates fair value.

6. Accounts receivable from subscribers, distributors, recoverable taxes and other, net

a) An analysis of accounts receivable by component at December 31, 2014 and 2015 is as follows:

	<u>At December31,</u>	
	<u>2014</u>	<u>2015</u>
Subscribers and distributors	Ps. 121,490,248	Ps. 131,592,906
Mobile phone carriers for network interconnection and other services including calling party pays	7,181,554	6,898,229
Recoverable taxes	23,556,336	26,042,534
Sundry debtors	19,041,797	18,202,616
	<u>171,269,935</u>	<u>182,736,285</u>
Less: Allowance for bad debts	(25,685,528)	(27,495,158)
Net	<u>Ps. 145,584,407</u>	<u>Ps. 155,241,127</u>

b) Changes in the allowance for bad debts were as follows:

	<u>For the years ended December31,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Balance at beginning of year	Ps. (22,438,144)	Ps. (20,292,099)	Ps. (25,685,528)
Increases recorded in expenses . . .	(10,417,235)	(11,770,721)	(13,171,120)
Charges against the allowance	14,405,151	4,978,376	9,555,734
Translation effect	(1,841,871)	1,398,916	1,805,756
Balance at end of year	<u>Ps. (20,292,099)</u>	<u>Ps. (25,685,528)</u>	<u>Ps. (27,495,158)</u>

c) The following table shows the aging of accounts receivable at December 31, 2014 and 2015, for subscribers and distributors:

	<u>Past due</u>					
	<u>Total</u>	<u>Unbilled services provided</u>	<u>1- 30 days</u>	<u>30-60 days</u>	<u>61-90 days</u>	<u>Greater than 90 days</u>
December 31, 2014	Ps. 121,490,248	Ps. 59,703,005	Ps. 25,946,186	Ps. 3,908,512	Ps. 2,551,247	Ps. 29,381,298
December 31, 2015	Ps. 131,592,906	Ps. 78,181,506	Ps. 16,372,947	Ps. 3,766,200	Ps. 2,693,750	Ps. 30,578,503

In accordance with the Company's accounting policy for the allowance for bad debts, as of December 31, 2014 and 2015, there are certain accounts receivable greater than 90 days that are not impaired as they are primarily due from governmental institutions and distributors on which the Company has collaterals. To estimate the

recoverability of accounts receivable, the Company considers any change in the credit quality of the subscribers and distributors from the date the credit was granted until the end of period.

d) The following table shows the accounts receivable from subscribers and distributors included in the allowance for doubtful accounts, as of December 31, 2014 and 2015:

	<u>Total</u>	<u>61-90 days</u>	<u>Greater than 90 days</u>
December 31, 2014	Ps. 25,685,528	Ps. 1,026,898	Ps. 24,658,630
December 31, 2015	Ps. 27,495,158	Ps. 1,442,029	Ps. 26,053,129

7. Related Parties

a) The following is an analysis of the balances with related parties as of December 31, 2014 and 2015. All of the companies were considered affiliates of América Móvil since the Company or the Company's principal shareholders are also direct or indirect shareholders in the related parties.

	<u>2014</u>	<u>2015</u>
Accounts receivable:		
Sanborns Hermanos, S.A.	Ps. 254,423	Ps. 140,058
Sears Roebuck de México, S.A. de C.V.	220,501	219,338
Patrimonial Inbursa, S.A.	182,753	8,399
Other	<u>662,430</u>	<u>477,838</u>
Total	<u>Ps. 1,320,107</u>	<u>Ps. 845,633</u>
	<u>2014</u>	<u>2015</u>
Accounts payable:		
Fianzas Guardiania Inbursa, S.A. de C.V.	Ps. 452,333	Ps. 506,658
Operadora Cicsa, S.A. de C.V.	667,358	435,875
PC Industrial, S.A. de C.V.	180,560	136,212
Microm, S.A. de C.V.	29,710	33,583
Grupo Financiero Inbursa, S.A.B. de C.V.	35,678	34,622
Acer Computec México, S.A. de C.V.	29,612	86
Sinergia Soluciones Integrales de Energía, S.A. de C.V.	61,098	496
Eidon Software, S.A. de C.V.	69,911	—
Other	<u>1,561,032</u>	<u>1,099,302</u>
Total	<u>Ps. 3,087,292</u>	<u>Ps. 2,246,834</u>

For the years ended December 31, 2013, 2014 and 2015, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

b) For the years ended December 31, 2013, 2014 and 2015, the Company conducted the following transactions with related parties:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Investments and expenses:			
Construction services, purchases of materials, inventories and property, plant and equipment (i)	Ps. 4,631,435	Ps. 5,424,826	Ps. 5,975,677
Insurance premiums, fees paid for administrative and operating services, brokerage services and others (ii) . . .	2,349,494	2,188,261	4,332,331
Call termination costs (iii)	14,470,985	6,141,063	353,937
Interconnection cost	308,483	120,119	—
Other services	1,142,771	955,833	1,953,010
	<u>Ps. 22,903,168</u>	<u>Ps. 14,830,102</u>	<u>Ps. 12,614,955</u>
Revenues:			
Sale of long-distance services and other telecommunications services	Ps. 277,522	Ps. 291,038	Ps. 271,196
Sale of materials and other services (iv)	439,091	506,100	2,397,520
Call termination revenues	617,058	201,990	1,474
	<u>Ps. 1,333,671</u>	<u>Ps. 999,128</u>	<u>Ps. 2,670,190</u>

- i) In 2015, this amount includes Ps.5,823,537 (Ps. 5,330,989 in 2014 and Ps. 4,441,279 in 2013, respectively) for network construction services and construction materials purchased from subsidiaries of Grupo Carso, S.A.B. de C.V. (Grupo Carso).
 - ii) In 2015, this amount includes Ps.721,416 (Ps. 537,904 in 2014 and Ps. 765,097 in 2013) for network maintenance services performed by Grupo Carso subsidiaries; Ps.216,910 in 2015 (Ps. 634,368 and Ps.555,984, in 2014 and 2013, respectively) for software services provided by an associate; Ps.2,635,342 in 2015 (Ps. 676,335 and Ps. 627,945 in 2014 and 2013, respectively) for insurance premiums with Seguros Inbursa S.A. and Fianzas Guardiania Inbursa, S.A., which, in turn, places most of such insurance with reinsurers.
 - iii) Includes the cost of buying airtime, long-distance services and megabytes navigation for value added services of Ps. 6,008,380 in 2014 and Ps. 14,326,300 in 2013 from AT&T subsidiaries.
 - iv) In 2015, this amount includes Ps. 1,560,204 for the sale of inventories for distribution to Sanborns Hermanos, S.A. and Sears Operadora de México, S.A. de C.V.; also includes operation for the rent of towers with Telesites.
- c) During 2015, the Company paid Ps. 915,135 (Ps. 1,037,513 and Ps. 920,244 in 2014 and 2013, respectively) for short-term direct benefits to its executives.

The aggregate compensation paid to the Company's directors (including compensation paid to members of the Audit and Corporate Practices Committee) and senior management in 2015 was approximately Ps. 4,300 and Ps. 60,500, respectively. None of the Company's directors is a party to any contract with the Company or any of its subsidiaries that provides for benefits upon termination of employment. The Company does not provide pension, retirement or similar benefits to its directors in their capacity as directors. The Company's executive officers are eligible for retirement and severance benefits required by Mexican law on the same terms as all other employees, and the Company does not separately set aside, accrue or determine the amount of our costs that is attributable to executive officers.

d) On June 27, 2014, Inmobiliaria Carso, S.A. de C.V. and Control Empresarial de Capitales, S.A. de C.V. acquired AT&T's ownership interest in the Company. Therefore, since such date, AT&T is no longer considered a related party and is thus not included in the December 31, 2014 and 2015 related party disclosures with respect to the analysis of the balances with related parties. AT&T is included as a related party in the 2013 disclosures above and in the 2014 disclosures up for to the period ended June 27, 2014.

e) ÖBIB is considered a related party due to it is a significant non-controlling shareholder in Telekom Austria. Through Telekom Austria, America Móvil is related to the Republic of Austria and its subsidiaries, which are mainly ÖBB Group, ASFINAG Group and Post Group as well as Rundfunk und Telekom Regulierungs-GmbH, all of which these are related parties. In 2015 and 2014, none of the individual transactions associated with government agencies or government-owned entities are considering significant to America Movil.

8. Derivative Financial Instruments

To mitigate the risks of future increases in interest rates for the servicing of its debt, the Company has entered into interest-rate swap contracts in over-the-counter transactions carried out with financial institutions from which the Company has obtained the loans. No collateral is given as security in connection with these transactions. The weighted-average interest rate of the total debt is 3.9%.

An analysis of the derivative financial instruments contracted by the Company at December 31, 2014 and 2015 is as follows:

Instrument	At December 31,			
	2014		2015	
	Notional amount in millions	Fair value	Notional amount in millions	Fair value
Swaps US Dollar-Mexican peso	US\$ 4,725	Ps. 12,628,794	US\$ 2,550	Ps. 16,657,149
Swaps Euro-Mexican peso	€ 142	232,904	€ 100	395,571
Swap US Dollar-Euro ...			€ 4,505	22,200,837
Swap Euro-US Dollar ...	€ 4,505	6,526,253		
Swap GBP-Eur			£ 740	836,665
Swaps CNY-US Dollar ..	CNY 1,000	65,921		
Forwards US Dollar-Mexican peso			US\$ 390	130,121
Forwards Euro-US Dollar			€ 535	661,665
Forwards Euro-Mexican peso	€ 200	3,082,184		
Total Assets		<u>Ps. 22,536,056</u>		<u>Ps. 40,882,008</u>

Instrument	At December 31,			
	2014		2015	
	Notional amount in millions	Fair value	Notional amount in millions	Fair value
Interest rate swaps in Mexican peso	Ps. 23,640	Ps. (1,690,560)	Ps. 19,800	Ps. (1,053,397)
Forwards US Dollar-Mexican Peso	US\$ 2,215	(4,523,389)	US\$ 946	(465,905)
Forwards Euro-US Dollar	€ 2,165	(1,148,832)	€ 1,575	(2,304,322)
Swaps Euro-US Dollar	€ 510	(391,604)	€ 505	(1,335,040)
Swaps Yen-US Dollar	¥ 5,100	(355,962)	¥ 18,100	(347,776)
Swaps CHF-Euro	CHF 270	(77,760)		
Swaps CHF-US Dollar	CHF 230	(298,753)	CHF 745	(405,213)
Swaps Sterling pound-Euro	£ 1,770	(40,952)		
Swap GBP-US Dollar			£ 1,510	(1,179,866)
Call option			€ 3,000	(3,673,417)
Total liability		Ps. (8,527,812)		Ps. (10,764,936)
Non current liability		Ps. —		Ps. (3,314,146)
Total current liability		Ps. (8,527,812)		Ps. (7,450,790)

The changes in the fair value of these derivative financial instruments for the years ended December 31, 2013, 2014 and 2015 amounted to a gain of Ps. 2,841,952, Ps. 7,397,142 and Ps. 15,128,269, respectively, and such amounts are included in the consolidated statements of comprehensive income as part of the caption “Valuation of derivatives interest cost from labor obligations and other financial items, net” and Ps. (741,321), Ps.(329,112) and Ps.37,011, net of tax, that are accounted for as “Effect of derivative financial instruments acquired for hedging purposes” in equity.

The maturities of the notional amount of the derivatives are as follows:

Instrument	Notional amount in millions	2016	2017	2018	2019	2020	Thereafter
Assets							
Swaps US Dollar-Mexican peso	US\$ 2,550	350			350		1,850
Swaps Euro-Mexican peso	€ 100	30	70				
Swaps Euro-US Dollar	€ 4,505						4,505
Swaps Sterling pound-Euro	£ 740						740
Forward US Dollar-Mexican Peso	US\$ 390	183	207				
Forwards Euro-US Dollar	€ 535	315	190	30			
Liabilities							
Interest rate swaps in Mexican peso	Ps. 19,800	4,050	15,350		400		
Swaps Yen-US Dollar	¥ 18,100	5,100					13,000
Swaps CHF-US Dollar	CHF 745		270	475			
Swaps Euro-US Dollar	€ 505	5	500				
Swaps Sterling pound-US Dollar	£ 1,510					350	1,160
Forwards US Dollar-Mexican Peso	US\$ 946	946					
Forwards Euro-US Dollar	€ 1,575	1,335	240				
Call Option	€ 3,000					3,000	

9. Inventories, Net

An analysis of inventories at December 31, 2014 and 2015 is as follows:

	<u>2014</u>	<u>2015</u>
Mobile phones, accessories, computers, TVs, cards and other materials	Ps. 38,946,979	Ps. 39,076,612
Less: Reserve for obsolete and slow-moving inventories	<u>(3,016,697)</u>	<u>(3,499,140)</u>
Total	<u>Ps. 35,930,282</u>	<u>Ps. 35,577,472</u>

For the years ended December 31, 2013, 2014 and 2015, the cost of inventories recognized in cost of sales was Ps. 121,994,900, Ps. 129,634,613 and Ps.145,758,333, respectively.

10. Other assets, net

a) An analysis of other assets at December 31, 2014 and 2015 is as follows:

	<u>2014</u>	<u>2015</u>
Current portion:		
Advances to suppliers (different from PP&E and inventories)	Ps. 8,808,396	Ps. 9,557,420
Costs of mobile equipment and computers associated with deferred revenues	5,061,591	6,270,374
Prepaid insurance	1,423,889	697,211
Other	<u>1,269,726</u>	<u>752,908</u>
	<u>Ps. 16,563,602</u>	<u>Ps. 17,277,913</u>
Non-current portion:		
Recoverable taxes	Ps. 7,162,377	Ps. 5,137,336
Prepayments for the use of fiber optics	2,851,089	2,890,010
Prepaid expenses and judicial deposits (1)	<u>17,842,567</u>	<u>17,222,597</u>
Total	<u>Ps. 27,856,033</u>	<u>Ps. 25,249,943</u>

For the years ended December 31, 2013, 2014 and 2015, the amortization expense for other assets was Ps. 127,058, Ps. 284,088 and Ps.557,393, respectively.

- (1) Judicial deposits represent cash and cash equivalents pledged in order to fulfill the collateral requirements for tax contingencies in Brazil. At December 31, 2014 and 2015, the amount for these deposits is Ps. 13,874,471 and Ps.12,426,915, respectively. Based on its evaluation of the underlying contingencies, the Company believes that such amounts are recoverable.

11. Property, Plant and Equipment, Net

a) An analysis of property, plant and equipment, net at December 31, 2013, 2014 and 2015 is as follows:

	At December 31, 2012	Additions	Retirements	Business combinations	Effect of translation	Hyperinflation restatement	Depreciation of the year	At December 31, 2013
Cost:								
Telephonic plant in operation and equipment	Ps. 467,496,768	Ps. 116,170,134	Ps. (17,995,021)	Ps. 310	Ps. (55,763,545)	Ps.	Ps.	Ps. 509,908,646
Land and buildings	52,538,431	2,567,068	(3,298,197)		(3,579,859)			48,227,443
Other assets	67,987,905	22,957,505	(8,367,342)	87,122	(4,654,256)			78,010,934
Construction in process and advances plant suppliers ⁽¹⁾	45,946,235	13,085,094	(15,326,412)	1,268	(3,874,210)			39,831,975
Inventories for operation of the plant	16,025,105	12,458,316	(10,142,059)		(975,281)			17,366,081
Total	649,994,444	167,238,117	(55,129,031)	88,700	(68,847,151)	Ps.		693,345,079
Accumulated depreciation								
Telephonic plant in operation and equipment	125,710,640		(11,006,444)		(33,975,506)		80,867,568	161,596,258
Land and buildings	986,948		(31,133)		(1,322,209)		1,973,707	1,607,313
Other assets	22,932,310		(3,380,289)		(2,485,845)		11,994,657	29,060,833
Inventories for operation of the plant	(69,726)		(11,121)		(3,298)		57,869	(26,276)
Total	149,560,172		(14,428,987)		(37,786,858)		94,893,801	192,238,128
Net Cost	Ps. 500,434,272	Ps. 167,238,117	Ps. (40,700,044)	Ps. 88,700	Ps. (31,060,293)		Ps. (94,893,801)	Ps. 501,106,951
At December 31, 2013								
	At December 31, 2013	Additions	Retirements	Business combinations	Effect of translation	Hyperinflation restatement	Depreciation of the year	At December 31, 2014
Cost								
Telephonic plant in operation and equipment	Ps. 509,908,646	Ps. 108,661,794	Ps. (30,933,135)	Ps. 54,202,020	Ps. 634,026	Ps. 143,886	Ps.	Ps. 642,617,237
Land and buildings	48,227,443	3,650,705	(823,850)	5,271,503	124,621	13,114		56,463,536
Other assets	78,010,934	30,940,997	(11,426,188)	5,417,138	2,586,726	21,200		105,550,807
Construction in process and advances plant suppliers ⁽¹⁾	39,831,975	13,543,305	(16,386,806)	2,600,498	(491,799)	10,012		39,107,185
Inventories for operation of the plant	17,366,081	15,580,184	(12,958,645)	962,017	(100,923)	—		20,848,714
Total	693,345,079	172,376,985	(72,528,624)	68,453,176	2,752,651	188,212	—	864,587,479
Accumulated depreciation								
Telephonic plant in operation and equipment	161,596,258		(16,618,742)		(2,950,031)	98,918	92,400,728	234,527,131
Land and buildings	1,607,313		(185,421)		125,881	1,364	2,179,268	3,728,405
Other assets	29,060,833		(3,596,940)		981,659	18,933	11,811,543	38,276,028
Inventories for operation of the plant	(26,276)		(29,199)		10,235	—	(5,025)	(50,265)
Total	192,238,128		(20,430,302)		(1,832,256)	119,215	106,386,514	276,481,299
Net Cost	Ps. 501,106,951	Ps. 172,376,985	Ps. (52,098,322)	Ps. 68,453,176	Ps. 4,584,907	Ps. 68,997	Ps. (106,386,514)	Ps. 588,106,180

	At December 31, 2014	Additions	Retirements	Business combinations	Spin-off effects (Note 13)	Effect of translation	Depreciation of the year	At December 31, 2015
Cost								
Telephonic plant in operation and equipment	Ps. 642,617,237	Ps. 78,632,899	Ps. (16,061,956)	Ps. 4,293,671		Ps. (68,097,149)	Ps.	Ps. 641,384,702
Land and buildings	56,463,536	2,559,088	(2,492,288)	54,902		(1,790,852)		54,794,386
Other assets	105,550,807	27,711,493	(10,169,829)	820,329	(12,643,381)	(4,800,817)		106,468,602
Construction in process and advances plant suppliers ⁽¹⁾	39,107,185	72,899,705	(68,666,020)	160,311	(348,395)	(4,302,010)		38,850,776
Inventories for operation of the plant	20,848,714	44,423,898	(43,911,307)			(1,018,916)		20,342,389
Total	864,587,479	226,227,083	(141,301,400)	5,329,213	(12,991,776)	(80,009,744)		861,840,855
Accumulated depreciation								
Telephonic plant in operation and equipment	234,527,131		(31,529,529)		(7,403,656)	(51,103,926)	92,241,708	236,731,728
Land and buildings	3,728,405		(433,368)			(1,334,962)	2,607,513	4,567,588
Other assets	38,276,028		(4,533,893)			(1,995,119)	15,310,068	47,057,084
Inventories for operation of the plant	(50,265)		(13,405)			1,409	17,838	(44,423)
Total	276,481,299		(36,510,195)		(7,403,656)	(54,432,598)	110,177,127	288,311,977
Net Cost	Ps. 588,106,180	Ps. 226,227,083	Ps. (104,791,205)	Ps. 5,329,213	Ps. (5,588,120)	Ps. (25,577,146)	Ps. (110,177,127)	Ps. 573,528,878

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

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

b) At December 31, 2014 and 2015, property, plant and equipment include the following assets under capital leases:

	2014	2015
Assets under capital leases	Ps. 6,551,792	Ps. 6,707,087
Accumulated depreciation	(2,082,997)	(2,379,602)
	Ps. 4,468,795	Ps. 4,327,485

c) On September 30, 2014, the Company completed the process for capitalizing the submarine cable system. The cable extends from the U.S. to Central America and Brazil, which provides international connectivity to all the Company subsidiaries in these geographic areas. The total investment capitalized at December 31, 2014 is Ps.4,275,682 (US\$ 290,507).

d) At December 31, 2015, Claro Brasil has land and buildings and other equipment that is pledged in guarantee of legal proceedings in the amount of Ps. 6,206,771 (Ps. 4,012,658 as of December 31, 2014).

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

	Years ended December 31,		
	2013	2014	2015
Amount invested in the acquisition of qualifying assets	Ps. 46,686,790	Ps. 47,332,317	Ps. 52,922,105
Capitalized interest	3,002,756	3,258,928	3,524,841
Capitalization rate	6.4%	6.9%	6.7%

Capitalized interest is being amortized over a period of seven years, which is the estimated useful life of the related assets.

f) On July 9, 2013, Star One signed an agreement denominated in US dollars with a manufacturer for construction and launching of the Star One D1 satellite, which will be equipped with transponders in Bands C, Ku and Ka. The cost of this project is estimated to be approximately Ps. 5,946,072 (US\$ 404,000). The Star One D1 will replace the satellite Brazilsat B4. At December 31, 2015, the amount recorded in Construction in progress amounts to Ps 4,553,633.

g) The Company's concessions in Brazil establish certain conditions under which assets may be reverted to the government, as discussed in Note 21.

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of their concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. It is uncertain whether reversion would ever be applied and how reversion provisions would be interpreted in practice.

In addition, the regulations in the jurisdictions in which the company operates can revoke their concessions under certain circumstances. In Mexico, for example, the Federal Law on Telecommunications and Broadcasting gives the government the right to expropriate our concessions or to take over the management of their networks, facilities and personnel in cases of imminent danger to national security, internal peace or the national economy, natural disasters and public unrest.

12. Intangible assets, net and goodwill

a) An analysis of intangible assets at December 31, 2013, 2014 and 2015 is as follows:

	For the year ended December 31, 2013						
	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
Licenses and rights of use	Ps.133,760,960	Ps.3,334,464	Ps.	Ps.(2,158,796)		Ps.(11,853,114)	Ps.123,083,514
Accumulated amortization	(89,708,530)				Ps.(6,271,998)	9,950,846	(86,029,682)
Net	44,052,430	3,334,464		(2,158,796)	(6,271,998)	(1,902,268)	37,053,832
Trademarks	11,598,559			387,926		(285,879)	11,700,606
Accumulated amortization	(10,455,244)				(241,976)	162,920	(10,534,300)
Net	1,143,315			387,926	(241,976)	(122,959)	1,166,306
Total of Intangibles, net	Ps. 45,195,745	Ps.3,334,464	Ps.	Ps.(1,770,870)	Ps.(6,513,974)	Ps. (2,025,227)	Ps. 38,220,138
Goodwill	Ps. 99,705,859	Ps. —	Ps.1,200,061	Ps.(3,655,164)	Ps. —	Ps. (4,764,472)	Ps. 92,486,284

For the year ended December 31, 2014

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
Licenses and rights of use	Ps.123,083,514	Ps.24,946,015	Ps.27,504,303	Ps.		Ps. (738,738)	Ps.174,795,094
Accumulated amortization	(86,029,682)				Ps.(6,013,565)	811,998	(91,231,249)
Net	37,053,832	24,946,015	27,504,303		(6,013,565)	73,260	83,563,845
Trademarks	11,700,606	1,584,189	8,930,690			59,506	22,274,991
Accumulated amortization	(10,534,300)				(300,778)	5,676	(10,829,402)
Net	1,166,306	1,584,189	8,930,690		(300,778)	65,182	11,445,589
Customer relationships	—		15,249,879			56,288	15,306,167
Accumulated amortization	—				(485,951)		(485,951)
Net			15,249,879		(485,951)	56,288	14,820,216
Software licenses	—	1,169,260	5,455,642	641,280		30,995	7,297,177
Accumulated amortization					(1,521,693)	11,179	(1,510,514)
Net		1,169,260	5,455,642	641,280	(1,521,693)	42,174	5,786,663
Content rights	—	2,303,675		(770,486)		328,841	1,862,030
Accumulated amortization					(962)	(157,593)	(158,555)
Net		2,303,675		(770,486)	(962)	171,248	1,703,475
Total of Intangibles, net	Ps. 38,220,138	Ps.30,003,139	Ps.57,140,514	Ps. (129,206)	Ps (8,322,949)	Ps. 408,152	Ps.117,319,788
Goodwill	Ps. 92,486,284	Ps. —	Ps.51,316,970	Ps.(1,642,939)	Ps. —	Ps.(1,256,924)	Ps.140,903,391

For the year ended December 31, 2015

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
Licenses and rights of use	Ps.174,795,094	Ps.19,507,462	Ps. 448,364	Ps.1,109,172		Ps.(20,564,317)	Ps.175,295,775
Accumulated amortization	(91,231,249)			(25,976)	Ps. (7,419,551)	13,830,252	(84,846,524)
Net	83,563,845	19,507,462	448,364	1,083,196	(7,419,551)	(6,734,065)	90,449,251
Trademarks	Ps. 22,274,991		Ps. 252,728	Ps. 207,251		Ps. 89,043	Ps. 22,824,013
Accumulated amortization	(10,829,402)				Ps. (936,606)	242,301	(11,523,707)
Net	11,445,589		252,728	207,251	(936,606)	331,344	11,300,306
Customer relationships	Ps. 15,306,167		Ps. 949,915	791,548		1,346,777	18,394,407
Accumulated amortization	(485,951)				(3,452,760)	(24,164)	(3,962,875)
Net	14,820,216		949,915	791,548	(3,452,760)	1,322,613	14,431,532
Software licenses	Ps. 7,297,177	2,245,027	42,760	(307,955)		(494,241)	8,782,768
Accumulated amortization	(1,510,514)			1,434,129	(2,921,767)	573,554	(2,424,598)
Net	5,786,663	2,245,027	42,760	1,126,174	(2,921,767)	79,313	6,358,170
Content Rights	Ps. 1,862,030	768,888				3,609	2,634,527
Accumulated amortization	(158,555)				(270,191)		(428,746)
Net	1,703,475	768,888			(270,191)	3,609	2,205,781
Total of Intangibles, net	Ps.117,319,788	Ps.22,521,377	Ps.1,693,767	Ps.3,208,169	Ps(15,000,875)	Ps. (4,997,186)	Ps.124,745,040
Goodwill	Ps.140,903,391	Ps. 220,124	Ps. 711,723	Ps. —	Ps. —	Ps. (4,721,522)	Ps.137,113,716

b) The aggregate carrying amount of goodwill is allocated as follows:

	<u>2014</u>	<u>2015</u>
Europe (7 countries)	Ps.50,955,499	Ps.51,737,157
Brazil (Fixed, wireless and TV)	22,338,319	17,931,543
Puerto Rico	17,463,393	17,463,393
Dominican Republic	14,186,724	14,186,724
Mexico (includes Telmex)	9,734,666	10,114,275
Ecuador	2,155,385	2,155,385
Peru	2,230,651	2,240,706
El Salvador	2,510,596	2,510,596
Chile	2,308,587	2,306,705
Colombia	13,063,780	11,612,051
Other countries	3,955,791	4,855,181
	<u>Ps.140,903,391</u>	<u>Ps.137,113,716</u>

c) The following is a description of the major changes in the “Licenses and rights of use” caption during the years ended December 31, 2013, 2014 and 2015:

2013 Acquisitions

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

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

2014 Acquisitions

i) In March 2014, Claro Colombia renewed a license for the use of the radio spectrum granted to Comunicación Celular, S.A. (Claro) in the 824.040 Mhz to 891.480 Mhz and 1.877 Mhz to 1,965 Mhz bands for a period that ends in March 2024. The amount paid was Ps.1,018,190.

ii) On September 30, 2014, Claro Brasil obtained a license to provide cellular service in the 700 national MHz frequency band. On December 8, 2015, Anatel assigned formally to Claro Brasil the frequency band. The total consideration for the acquisition of this band was Ps.15,588,866. Claro Brasil paid Ps.9,662,144 in 2015 and the remaining amount will be paid in four equal annual installments. The frequency band expires in 2029.

iii) As a part of the business combination of Telekom Austria, the Company recognized licenses for amount of Ps.27,504,380. Telekom Austria holds mobile telecommunication licenses provided by regulatory authorities in Austria, Croatia, Slovenia, Serbia, Bulgaria, Belarus and Macedonia. These licenses are estimated to have a remaining useful life of 10 years.

iv) In 2014, Argentina paid Ps.4,151,753 (AR\$ 2,385,379 thousands) for the acquisition of 4G licenses to increase the service in all the country.

v) Additionally, the Company acquired other licenses in the Dominican Republic, Brazil and others in the amount of Ps.4,174,614.

2015 Acquisitions

i) In October 2015, Radio Móvil Dipsa renewed a license to provide cellular service in the 800 MHz frequency band. The frequency band expires in 2030. The amount paid was Ps.1,007,410.

ii) In May 2015, Claro Ecuador acquired licenses related to 4G/LTE services. The frequency band expires in 2023. The amount paid was Ps. 2,861,060

iii) In 2015, Claro Brasil obtained renewals related with the frequency bands of national 700Mhz, auction conducted by Anatel on September 30, 2014. Funding for these procedures must be transmitted by operators in four annual installments adjusted by the IGP-ID of Ps.4,412,730 (R\$ 1,001,414 thousands) for which the corresponding renewal was performed.

iv) In November 2015, Vipnet located in Croatia acquired 2 x 3 MHz and 2 x 4.8 MHz in the 1.800 MHz spectrum for EUR 18,513 thousands. Vipnet already holds 2 x 29.4 MHz in the lower frequency band (below 1 GHz), 2 x 25.0 in the higher frequency band (above 1 GHz) as well as 5.0 MHz TDD spectrum. The amount paid was Ps.321,915.

v) In November 2015, Vip mobile, the Serbian subsidiary acquired 2 x 5 MHz of the 800 MHz spectrum. The new spectrum will be used by VIP mobile for the LTE rollout and will enhance the high-speed data service in rural areas as well as data usage in connection with smartphones. Vip mobile already holds a 2 x 4.2 MHz in the lower frequency band (below 1 GHz) as well as 2 x 45.0 MHz in the higher frequency band (above 1 GHz). The amount paid was Ps. 1,129,988 (EUR 60,942 thousands)

As a part of the business combinations, the Company recognized licenses for an amount of Ps. 448,364. The Company holds licenses provided by the regulatory authorities in those jurisdictions. These licenses are estimated to have a remaining useful life of 10 years.

vi) In 2015, Argentina paid Ps.5,599,745 (AR\$ 3,269,312 thousands) for the acquisition of 4G licenses to increase the service throughout the country.

vii) Additionally, the Company acquired other licenses in Puerto Rico, Panama and others countries in the amount of Ps. 4,174,614.

Amortization of intangibles for the years ended December 31, 2013, 2014 and 2015 amounted to Ps.6,513,974, Ps. 8,322,949 and Ps. 15,000,875, respectively.

13. Investments in associated companies, business combinations and spin-offs

a) The following is a summary of changes in the investment in the Company's associates during the years ended December 31, 2013, 2014 and 2015:

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

	<u>Balance at December 31, 2013</u>	<u>Acquisition</u>	<u>Acquisition in business combinations</u>	<u>Disposals / Other</u>	<u>Equity interest in net income (loss) of associate</u>	<u>Equity interest in OCI and effect of translation</u>	<u>Balance at December 31, 2014</u>
KPN	Ps. 69,232,297	Ps.	Ps.	Ps. (17,620,649)	Ps.(5,232,635)	Ps. 36,896	Ps.46,415,909
Telekom Austria	17,649,975	1,770,112		(18,553,725)	(819,000)	(47,362)	—
Other	2,004,752	884,230	180,900	(358,316)	(21,374)	156,480	2,846,672
Total	Ps. 88,887,024	Ps. 2,654,342	Ps.180,900	Ps.(36,532,690)	Ps.(6,073,009)	Ps. 146,014	Ps.49,262,581

	<u>Balance at December 31, 2014</u>	<u>Acquisition</u>	<u>Acquisition in business combinations</u>	<u>Disposals / Other</u>	<u>Equity interest in net income (loss) of associate</u>	<u>Equity interest in OCI and effect of translation</u>	<u>Balance at December 31, 2015</u>
KPN	Ps. 46,415,909	Ps.	Ps.	Ps. (40,358,975)	Ps.(1,522,529)	Ps.(4,534,405)	Ps. —
Other	2,846,672	212,612		(48,227)	95,830	3,683	3,110,570
Total	Ps. 49,262,581	Ps. 212,612	Ps.	Ps. (40,407,202)	Ps.(1,426,699)	Ps.(4,530,722)	Ps. 3,110,570

During 2013, 2014 and 2015, the Company received dividends for an amount of Ps. 212,393, Ps. 359,413 and Ps. 1,645,712, respectively.

b) The following is a description of the major acquisitions of investments in associates and subsidiaries during the years ended December 31, 2013, 2014 and 2015:

During 2014, América Móvil's interest in KPN was accounted for using the equity method in the consolidated financial statements because although the voting rights of the Company were reduced to 14.9% at December 31, 2013, its economic interests remained at 29.70% and the Company kept its two seats on the Supervisory Board which is greater than 20% of Board representation, and which is the ultimately responsible for all decision-making. After the cancellation of the preferred shares held by the KPN Preferred Shares B Foundation, the voting rights of AMX became equal to its economic interest which as of December 31, 2014 was 21.4%.

Summarized financial information of the associate, based on its IFRS financial information (adjusted for the Company's basis in such investee) is set out below:

	<u>December 31, 2014</u>	<u>June 30, 2015</u>
Current assets	Ps. 60,272,768	Ps. 40,120,598
Non current assets	308,341,906	308,590,078
Current liabilities	86,287,101	74,115,517
Non current liabilities	222,483,131	207,651,014
Equity	59,844,442	66,944,145
Non-controlling interests	(1,014,933)	(1,006,485)
Total equity	Ps. 58,829,509	Ps. 65,937,660

	<u>2013 (1)</u>	<u>2014</u>	<u>2015(2)</u>
Revenues	Ps. 143,714,146	Ps. 142,670,935	Ps.59,076,136
Operative expenses and other costs	<u>144,547,525</u>	<u>156,404,795</u>	<u>57,408,711</u>
Net income (loss)	(833,379)	(13,733,860)	1,667,425
Other comprehensive income (loss) items	<u>2,798,965</u>	<u>1,394,408</u>	<u>8,712,000</u>
Net comprehensive income for the year	<u>Ps. 1,965,586</u>	<u>Ps. (12,339,452)</u>	<u>Ps. 10,379,425</u>
Net income (loss) attributable to equity holders of the parent ..	(952,123)	(13,980,970)	1,515,472
Non-controlling interest	<u>118,744</u>	<u>247,110</u>	<u>151,953</u>
	<u>Ps. (833,379)</u>	<u>Ps. (13,733,860)</u>	<u>Ps. 1,667,425</u>
	<u>2013(1)</u>	<u>2014</u>	<u>2015</u>
Net comprehensive income (loss) attributable to equity holders of the parent	1,846,843	(12,586,562)	10,227,472
Non-controlling interest	<u>118,744</u>	<u>247,110</u>	<u>151,953</u>
	<u>Ps. 1,965,587</u>	<u>Ps. (12,339,452)</u>	<u>Ps. 10,379,425</u>

(1) AMX acquired its equity interest in KPN during the second quarter of 2013, and the equity method results for 2013 were not material to its consolidated financial statements. This summarized financial information represents amounts for the entire year ended December 31, 2013.

(2) For the six months ended June 30, 2015.

Below is a reconciliation of the equity attributable to the KPN's shareholders in the table above with the equity method investment as of December 31, 2014 and June 30, 2015:

	<u>2014</u>	<u>2015</u>
Equity attributable to the KPN's shareholders	Ps.58,844,442	Ps.66,944,145
AMX ownership	21.40%	21.09%
	<u>12,592,711</u>	<u>14,118,520</u>
Goodwill	<u>33,823,198</u>	<u>25,607,185</u>
Total investment in KPN	<u>Ps.46,415,909</u>	<u>Ps.39,725,705</u>

In 2015, the Company evaluated several mechanisms for the disposal of the investment in KPN shares, including but not limited to potential: (i) accelerated market sales, (ii) direct sale options in the market, and (iii) open offers to operators. During this process, AMX received various credible offers and, eventually, initiated a scheme of issuing two exchangeable bonds (at the Company's option) with KPN shares in amounts of EUR 3 billion and EUR 750 million which approximates 19.55% of the outstanding shares of KPN (See Note 15).

The Company also reached a conclusion that it no longer exercised significant influence over KPN and thus discontinued the use of equity method accounting. This conclusion was due to both past and current events, including the Company's publicly announcing to make its shares available for sale. Following this the Company issued exchangeable bonds and decreased its representation on KPN's Board of Supervisors. In June 30, 2015, the Company derecognized its equity method investment (Ps.39,725,705), and thereafter recorded its financial

interest in KPN at its Level 1 fair market value with prospective changes in fair market value being recorded through other comprehensive income. The Company has also de-recognized amounts previously recorded in accumulated other comprehensive income. These events resulted in a gain of Ps. 11,988,038 being recorded in the financial statement line item “Valuation of derivatives interest cost from labor obligations, loss or gain on derecognition of equity method investments and other financial items, net” of the consolidated statements of comprehensive income. As of December 31, 2015, the fair value of the net investment in shares of KPN is Ps.44,089,801 which is included as marketable securities in the accompanying consolidated statement of financial position (See Note 5). Because the underlying KPN shares are available for sale on an internationally recognized exchange, and may be readily sold to other parties if the Company so decides they are classified them as a current asset.

Acquisitions — 2013

i) Corporación Interamericana de Entretenimiento, S.A.B. de C.V. (“CIE”)

On April 30, 2013, América Móvil, entered into an agreement with Corporación Interamericana de Entretenimiento, S.A.B. de C.V. (“CIE”), to acquire 100% shares of Corporación de Medios Integrales, S.A. de C.V. (“CMI”) for an amount of Ps.1,668,000 (US\$131,300). CMI holds the media and advertising business within the commercial segment at CIE. The goodwill is Ps.1,200,061.

ii) Shazam Entertainment Limited (“Shazam”)

On July 8, 2013, América Móvil acquired 10.8% of shares representing the capital stock of Shazam Entertainment Limited (“Shazam”), and entered into a strategic agreement for a business development in the Americas. The amount paid was Ps.527,536.

Acquisitions — 2014

i) Telekom Austria

On July 10, 2014, the Company through share acquisition and a Shareholders’ Agreement obtained control of the telecommunications company Telekom Austria, acquiring an additional 22.79% of the outstanding shares to reach share ownership of 50.81%. The main goal for the Company was the further development of Telekom Austria. This acquisition was measured at its fair value at the purchase date. The total purchase price was Ps.28,637,635. Acquisition costs were expensed by the Company as incurred and recorded as a part of “Other expenses” in the consolidated statement of comprehensive income for an immaterial amount. Telekom Austria was included in operating results from July 1, 2014.

As a result the Company derecognized the investment in the associate Telekom Austria upon consolidation. As part of the recognition of its previous equity investment in Telekom Austria, the Company recognized a loss of Ps.3,172,218 recognized in the “Valuation of derivatives, interest cost from” caption on the consolidated statement of comprehensive income. See Note 15 d.

The Company’s purchase price was based upon a valuation and the Company’s estimates and assumptions.

The Company's fair values of the net identifiable assets and liabilities as at the date of the transaction are as follows:

Cash and cash equivalents	Ps. 2,180,899
Trade receivables	12,023,422
Other current assets	4,745,510
Property and equipment	68,453,157
Licenses and rights of use	27,504,303
Trademarks	8,930,690
Customer relationships	14,184,227
Investments in shares	180,900
Deferred tax asset	2,146,300
Total assets acquired	140,349,408
Liabilities and account payable short-term	34,041,011
Liabilities and account payable long-term	18,560,409
Deferred tax liability	8,518,783
Long term debt	62,307,922
Total liabilities assumed	123,428,125
Total identified net assets at fair value	Ps. 16,921,283
Non-controlling interest measured at fair value (49.19% of net assets)	(39,239,141)
Goodwill arising on acquisition	50,955,493
Fair value of the investment in Telekom Austria at the acquisition date	Ps. 28,637,635
Consideration transferred:	
Fair value of the prior equity method investment	Ps. 15,381,507
Cash paid	13,256,128
Total consideration transferred	Ps. 28,637,635
Analysis of cash flows for acquisition:	
	Cash-flow for acquisition
Cash paid	Ps.(13,256,128)
Cash acquired with the subsidiary	2,180,899
Net cash flow on acquisition	Ps. (11,075,229)
Goodwill at the date of the consolidation:	
	Goodwill
Controlling interest	Ps. 25,890,485
Non-controlling interest	25,065,008
Total	Ps. 50,955,493

The fair value of the trade receivables which approximates its book value amounted to Ps.12,023,422. However, none of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the European segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

During the period from July 1, 2014 through December 31, 2014, the Company acquired an additional 38.4 million shares of Telekom Austria, which equates to an additional shareholding of approximately 8.68%. The Company paid Ps. 4,796,332 for these shares, and now owns 59.70% of Telekom Austria as of December 31, 2014. This additional acquisition of shares was accounted as equity transactions as the Company has control over this subsidiary.

ii) Unaudited pro forma financial data

The following pro forma consolidated financial data for the years ended December 31, 2014, is based on the consolidated financial statements of the Company adjusted to give effect to (i) the acquisition of Telekom Austria; and (ii) certain accounting adjustments of the assets and liabilities of the acquired company.

The pro forma results of operations assume that the acquisition was completed at the beginning of the acquisition year and are based on the information available and some assumptions that the management believes are reasonable. The pro forma financial data not intended to indicate what the operations of the Company had been if the operations were occur at that date, or predict the results of the operations of the Company.

	<u>2014</u>
Operating revenues	Ps. 883,831,810
Profit before income taxes	85,047,796
Net income	45,713,130

The pro-forma financial data does not reflect the other 2014 acquisitions discussed below as they were not material to the Company’s financial position or results of operations.

iii) Page Plus

On January 16, 2014, Tracfone Wireless Inc. (subsidiary of the Company) acquired Start Wireless Group for the brand known as Page Plus. This business was acquired in order to expand the Company’s distribution channels, add an incremental revenue stream, and assist in the growth of subscribers. The purchase price of the acquisition was Ps.1,583,773 (US\$120,000). The cash used in the acquisition was approximately Ps.835,353 (US\$63,900). The results of operations of Page Plus are included in the results of operations from January 16, 2014. The goodwill recorded as part of this acquisition is Ps.277,911.

iv) V-Sys

On April 9, 2014, Telmex acquired 100% of the shares of V-sys, company that offers value added services of unified companies and information technologies for an amount of Ps.174,182. The goodwill recognized amounted to Ps. 83,559.

Acquisitions — 2015

- 1) In February 2015, the Company acquired throughout its Telmex and Consertel subsidiaries an additional 35% of Hitss Solutions, S. A. de C.V. (Hitss) increasing its equity interest in this entity to 68.9%. Hitss offers information technology service. This acquisition was valued at its fair value at the purchase date. The Company started consolidating this subsidiary beginning March, 2015. The amount paid for the additional equity interest was Ps. 472,481, net of cash, and the goodwill recorded as part of this acquisition is Ps. 205,141. The identified goodwill has been allocated to the Mexico segment. The goodwill recognized is not deductible for income tax purposes.

- 2) The following entities were acquired by Telekom Austria:
- i) In June 2015, acquired 100% of eight cable operators in the Republic of Macedonia through its subsidiary Blizoo.
 - ii) In September 2015, acquired 100% of Amisco NV ('Amis'), the holding entity of Amis Slovenia and Amis Croatia. Amis operates as a fixed-line reseller in Slovenia and owns a fiber network in Croatia. The companies offer internet, IPTV and telephone services to approximately 66,000 customers in Slovenia and approximately 24,000 customers in Croatia as of year-end 2015.
 - iii) In September 2015, acquired 100% of Bultel Cable Bulgaria EAD ('Blizoo Bulgaria'). Blizoo Bulgaria is the second largest fixed-line operator in Bulgaria and holds an 8% share in the fixed broadband market and an 11% share in the TV market. The company currently has approximately 378,000 subscribers, which obtain fixed voice, broadband and TV products via DOCSIS 3 technology. In total Blizoo Bulgaria has network coverage of 1.3 million households.

The acquired companies were consolidated beginning October 2015. The amount paid was Ps. 2,864,968, net of cash, and the goodwill recognized as part of these acquisitions was Ps. 711,723. The identified goodwill has been allocated to the Europe segment. The goodwill recognized is not deductible for income tax purposes.

During 2015, the Company acquired throughout its Mexican and Brazil subsidiaries other entities for which paid Ps.119,704, net of cash.

The Company acquired an additional non-controlling interest in its Mexican and Brazil entities for an amount of Ps.1,031,049.

c) Consolidated subsidiaries with non-controlling interests

The subsidiary that has a material non-controlling interest is Telekom Austria. Set out below is summarized financial information as of December 31, 2014 and 2015 for the non-controlling interests of the TKA's consolidated financial statements. The amounts disclosed for this subsidiary are before inter-company eliminations and using the same accounting policies of America Movil.

Summarized statements of financial position

	<u>2014</u>	<u>2015</u>
Assets:		
Current assets	Ps. 35,584,231	Ps. 34,621,840
Non-Current assets	112,526,514	127,544,176
Total assets	<u>Ps.148,110,745</u>	<u>Ps.162,166,016</u>
Liabilities and equity:		
Current liabilities	Ps. 27,377,325	Ps. 43,643,550
Non-current liabilities	81,209,684	78,038,244
Total liabilities	108,587,009	121,681,794
Equity attributable to equity holders of the parent	13,954,424	17,113,774
Non-controlling interest (1)	25,569,312	23,370,448
Total equity	<u>39,523,736</u>	<u>40,484,222</u>
Total liabilities and equity	<u>Ps.148,110,745</u>	<u>Ps.162,166,016</u>

(1) Include Ps. 11,752,826 related to the undated subordinated fixed rate bond. See Note 19.

Summarized statements of comprehensive income

	2014	2015
Operating revenues	Ps. 37,392,067	Ps. 73,159,960
Operating costs and expenses	33,526,607	66,913,434
Operating income	3,865,460	6,246,526
Net income	2,358,676	6,157,758
Total comprehensive income	Ps. 1,747,203	Ps. 4,968,909
Net income attributable to:		
Equity holders of the parent	Ps. 1,246,451	Ps. 3,674,886
Non-controlling interest	1,112,225	2,482,872
	Ps. 2,358,676	Ps. 6,157,758
Comprehensive income attributable to:		
Equity holders of the parent	Ps. 1,043,080	Ps. 2,967,698
Non-controlling interest	704,123	2,001,211
	Ps. 1,747,203	Ps. 4,968,909

Tower operations and other passive infrastructure in Mexico spin-off

In October 2015, following the approval of the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or “IFT”) and confirmation by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) of its tax implications. The Company completed the spin-off process of Telesites, S.A.B. de C.V. (“Telesites”), its telecom towers located in Mexico, which had been approved by an extraordinary meeting of shareholders held in April 2015. The National Securities and Banking Commission (Comisión Nacional Bancaria y de Valores) authorized the registration of the shares of Telesites in December 2015, and the Company concluded the listing process on December 21, 2015.

As of the date of the spin-off, the assets and liabilities of Telesites no longer appear on the Company’s consolidated statement of financial position, and the Company transferred to Telesites as part of the spin-off Ps. 4,937,752 in property, plant and equipment, Ps. 21,000,000 in debt and other net liabilities of Ps. 96,392 resulting in a net gain of Ps. 16,158,640 recognized directly in equity. In December, 2015 Telesites repaid to the Company the debt amounting Ps. 21,000,000.

The Company has entered into lease agreements for the use of tower space from Telesites, a related party. Lease terms are for ten years, with options for renewal.

14. Income Taxes

As explained previously in these consolidated financial statements, the Company is a Mexican corporation which has numerous consolidated subsidiaries operating throughout the world. Presented below is a discussion of income tax matters that relates to the Company’s consolidated operations, its Mexican operations and significant foreign operations.

a) Consolidated income tax matters

The composition of income tax expense for the years ended December 31, 2013, 2014 and 2015 is as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
In Mexico:			
Current year income tax	Ps.17,392,197	Ps.26,891,333	Ps. 17,156,638
Deferred income tax	(2,932,028)	304,231	(4,095,128)
Effect of changes in tax rate	138,849	—	—
Foreign:			
Current year income tax	17,955,532	18,212,915	17,775,360
Deferred income tax	(2,161,819)	(5,700,930)	(11,657,219)
	<u>Ps.30,392,731</u>	<u>Ps.39,707,549</u>	<u>Ps. 19,179,651</u>

Deferred tax related to items recognized in OCI during the year:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Remeasurement of defined benefit plans	Ps. 73,620	Ps.(1,650,959)	Ps.7,786,292
Effect of financial instruments acquired for hedging purposes	(43,499)	23,267	(16,069)
Other	555,879	278,776	165,510
Deferred tax charged to OCI	<u>Ps.586,000</u>	<u>Ps.(1,348,916)</u>	<u>Ps.7,935,733</u>

A reconciliation of the statutory income tax rate in Mexico to the consolidated effective income tax rate recognized by the Company is as follows:

	Year ended December 31,		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Statutory income tax rate in Mexico	30.0%	30.0%	30.0%
Impact of non-deductible and non-taxable items:			
Tax inflation effects	5.7%	6.0%	6.2%
Operations of foreign subsidiaries	(0.7%)	(0.9%)	—
Tax loss on sale of financial asset restructuring	(8.3%)	—	—
Other	(4.6%)	0.7%	2.1%
Effective tax rate on Mexican operations	22.1%	35.8%	38.3%
Change in estimated realization of deferred tax assets in			
Brazil	0.9%	0.2%	0.4%
Use of tax credits in Brazil	(0.3%)	(0.1%)	—
Equity interest in net loss of associated companies	—	2.1%	0.8%
Loss (gain) on derecognition of equity method investment	—	1.1%	(6.4%)
Loss on partial sale of investment in associated Company	—	1.9%	—
Foreign subsidiaries other items, net	6.1%	4.5%	1.1%
Effective tax rate	<u>28.8%</u>	<u>45.5%</u>	<u>34.2%</u>

An analysis of temporary differences giving rise to the net deferred tax liability is as follows:

	Consolidated statement of financial position		Consolidated statement of comprehensive income		
	2014	2015	2013	2014	2015
Provisions	Ps. 19,600,222	Ps. 19,637,868	Ps. 1,015,977	Ps.(2,556,720)	Ps. (126,330)
Deferred revenues	7,153,093	8,234,540	1,356,538	1,146,039	1,065,242
Tax losses carry forward ...	16,242,979	19,271,677	(3,840,565)	1,378,615	(1,222,172)
Property, plant and equipment	(19,190,057)	(12,302,621)	(1,545,322)	2,805,277	7,110,085
Inventories	3,279,763	1,752,310	1,310,739	(769,095)	(1,527,453)
Licenses and rights of use ..	(5,062,334)	(2,525,550)	914,062	136,034	2,548,353
Employee benefits	19,720,588	30,612,286	2,596,157	3,263,517	2,614,932
Other	10,565,843	5,136,637	3,147,412	(6,967)	5,289,690
Net deferred tax assets/ (liabilities)	Ps. 52,310,097	Ps. 69,817,147			
Deferred tax expense/(benefit) in net profit for the year			Ps. 4,954,998	Ps. 5,396,700	Ps.15,752,347

Reconciliation of deferred tax assets and liabilities, net:

	2013	2014	2015
Opening balance as of January 1,	Ps.42,266,215	Ps. 52,504,635	Ps. 52,310,097
Deferred tax benefit and effect of changes in tax rate recognized in profit or loss	4,954,998	5,396,700	15,752,347
Effect of translation	1,341,774	(95,599)	(6,259,252)
Benefit for tax credits in Brazil		1,138,742	
Deferred tax benefit (expense) recognized in OCI	586,000	(1,348,916)	7,935,732
Deferred taxes acquired in business combinations	3,355,648	(5,285,465)	78,223
Closing balance as of December 31,	Ps.52,504,635	Ps. 52,310,097	Ps. 69,817,147
Presented in the consolidated statements of financial position as follows:			
Deferred income tax assets	Ps.50,853,686	Ps. 66,500,539	Ps. 81,407,012
Deferred income tax liabilities	1,650,949	(14,190,442)	(11,589,865)
	Ps.52,504,635	Ps. 52,310,097	Ps. 69,817,147

The deferred tax assets are in tax jurisdictions in which the Company considers that based on financial projections of its cash flows, results of operations and synergies between subsidiaries, will generate taxable income in subsequent periods.

The Company does not recognize a deferred tax liability related to the undistributed earnings of its subsidiaries, because it currently does not expect these earnings to be taxable or to be repatriated in the near future. The Company's policy has been to distribute the profits when it has paid the corresponding taxes in its home jurisdiction and the tax can be accredited in Mexico.

At December 31, 2014 and 2015, the balance of the contributed capital account ("CUCA") is Ps. 442,103,804 and Ps.460,432,409, respectively. On January 1, 2014, the CUFIN is computed on an America Móvil's stand-alone basis. The balance of the America Movil's stand-alone basis amounted to Ps. 100,511,666 and Ps. 200,300,352 as of December 31, 2014 and 2015, respectively.

b) Mexican income tax matters

Through December 31, 2013, América Móvil, S.A.B. de C.V. was the controlling company in the tax consolidation in accordance with previously existing corporate and tax law. Through 2013, the Company determined its income tax for each year on a consolidated basis with its Mexican subsidiaries, which in simple terms consisted of including the taxable income or tax loss of each Mexican subsidiary in AMX's tax results, in proportion to a given percentage of América Móvil's equity interest in each subsidiary.

As a result of the Tax Reform issued on December 11, 2013, a new income tax law was passed and the Business Flat Tax was repealed.

Prior Tax Consolidation Regime

In 2010, Mexico's tax consolidation regime was significantly amended to establish a maximum deferral period for current year income tax of five years while requiring previously applied tax consolidation benefits to be reversed (commonly referred to as "recaptured") and remitted to the tax authorities in installments over the sixth to tenth years subsequent to the year in which the benefits were taken.

Therefore, in 2010, the Company calculated the income tax it had deferred through 2004. From 2011 through 2013, it calculated its income tax corresponding to 2005 through 2007. Similarly, these taxes must be remitted in 5 annual installments.

Tax consolidation benefits resulted from:

- i) Tax losses applied in the tax consolidation that would not have otherwise been carried forward individually by the entity that generated them; and
- ii) Other items (apart from tax losses) that give rise to tax consolidation benefits, including losses on sales of shares not deducted individually by the entity that generated them; special consolidation items related to transactions carried out between consolidating entities; and dividends declared by consolidated subsidiaries as of 1999 that were not paid from the balance of their CUFIN or the Net reinvested taxed profits account ("CUFINRE").

The individual CUFIN and CUFINRE balances of the group's entities can result in taxable profits in conformity with the Mexican Income Tax Law ("MITL"). These amounts are referred to as "CUFIN differences." As a result of these changes, in 2014 América Móvil released provisions related to prior year tax losses used in tax consolidation and payment of differences on CUFINRE for an amount of Ps. 2,601,000, which represents a benefit in the effective tax rate calculation above.

As of December 31, 2015, the deconsolidation tax payable effects with respect to tax losses that were carried forward under the consolidation regime amount to Ps.3,591,667 (Ps. 3,279,356 as of December 31, 2014), which is being paid by the Company in the amounts and terms set forth in the law. This amount is included as part of the "taxes payable" line of the consolidated statements of financial position.

Optional Regime

The new Income Tax Law establishes the optional regime for corporate groups to defer the remittance of the deferred income tax of the group's subsidiaries, under the terms and conditions established in Articles 59 to 71 of the MITL. In addition to the above, the Company meets the requirements for adopting this regime in conformity with Article 60 of the MITL and accordingly, the Company filed its notice of incorporation into the optional regime under the terms and conditions published by the tax authority on February 17, 2014. Also, in conformity with rule 1.3.22.8 of the Miscellaneous Tax Rules, the Company has declared its intention to take the option contained in such rule, which allows companies with unused tax losses at December 31, 2013 to carry forward these losses under the new regime.

Corporate tax rate

The income tax rate applicable in Mexico from 2013 through 2015 was 30%.

c) Significant foreign income tax matters

Results of operations

The foreign subsidiaries determine their taxes on profits based on their individual taxable income, in accordance with the specific tax regimes of each country. The combined income before taxes and the combined provision for taxes of such subsidiaries in 2013, 2014 and 2015 are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Combined income before taxes	Ps.29,270,337	Ps.13,256,266	Ps.27,933,182
Combined tax provision differences not deductible-not cumulative in the Foreign Subsidiaries	15,793,713	12,511,984	6,118,142

The effective income tax rate for the Company's foreign jurisdiction was 54% in 2013, 94% in 2014 and 22% in 2015 as shown in the table above. The statutory tax rates in these jurisdictions vary, although many approximate 22% to 39%. The primary difference between the expected statutory rates and the effective rates in 2013 was attributable to loss in partial sales of shares (KPN) and the change in the realization of deferred tax in Brazil. The primary difference between the expected statutory rates and the effective rates in 2014 was attributable to the loss on derecognition of the equity method of Telekom Austria, the loss in partial sales of KPN shares and equity method recognized on KPN. The primary difference between the expected statutory rates and the effective rates in 2015 was attributable to the gain on derecognition of the equity method investment in KPN.

d) Tax losses

i) At December 31, 2015, the available tax loss carryforwards recorded in deferred tax assets are as follows on a country by country basis:

<u>Country</u>	<u>Balance of available tax loss carryforwards at December 31, 2015</u>	<u>Tax loss carryforward benefit</u>
Brazil	Ps.46,809,376	Ps.15,687,138
Mexico	7,071,802	2,121,540
Colombia	122,225	36,667
Peru	272,306	81,692
Austria	5,378,559	1,344,640
Total	<u>Ps.59,654,268</u>	<u>Ps.19,271,677</u>

ii) The tax loss carryforwards in the different countries in which the Company operates have the following terms and characteristics:

A) The Company has accumulated Ps.46,809,376 in net operating loss carry-forwards ("NOL's") in Brazil as of December 31, 2015. In Brazil there is no expiration of the NOL's. However, the NOL amount used against taxable income in each year may not exceed 30% of the taxable income for such year. Consequently, in the year in which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate tax rate.

Through December 31, 2013, separate legal entities in Brazil did not file tax returns on a consolidated basis. On December 31, 2014, several of the Company's subsidiaries in Brazil were merged increasing the probability that the recorded NOL's will be ultimately recovered.

The Company believes that it is more likely than not that the accumulated balances of its net deferred tax assets are recoverable, based on the positive evidence of the Company to generate taxable temporary differences related

to the same taxation authority which will result in taxable amounts against which the available tax losses can be utilized before they expire. Positive evidence includes the Company's recent merger of its operations in Brazil, resulting in an organizational structure that is anticipated to be more efficient and profitable.

B) In Mexico the tax loss carryforwards expire in ten years on a stand-alone basis.

C) In Austria, the loss carryforwards have no expiration, but its annual usage is limited to 75% of the taxable income of the year.

15. Debt

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

At December 31, 2014				
Currency	Loan	Interest rate	Maturity	Total
U.S. dollars	Fixed-rate Senior notes (i)	2.375% - 7.5%	2042	Ps. 210,126,663
	Floating rates Senior notes (i)	L + 1.0%	2016	11,038,500
	Financial Leases	3.75%	2015	106,862
	Lines of credit (iii)	4.00% - 7.70% & L + 2.10%	2024	14,600,011
	Subtotal U.S. dollars			235,872,036
Mexican pesos	Fixed-rate Senior notes (i) (ii)	6.00% - 9.00%	2037	78,200,265
	Floating rate Senior notes (i) (ii)	TIE + 0.40% - 1.25%	2016	6,600,000
	Lines of credit (iii)	TIE + 0.05% - 1.00%	2015	311,048
	Subtotal Mexican pesos			85,111,313
Euros	Fixed-rate Senior notes (i)	1.00% - 6.375%	2073	177,127,119
	Lines of credit (iii)	3.10% - 5.41%	2019	11,903,748
	Subtotal Euros			189,030,867
Sterling Pounds	Fixed-rate Senior notes (i)	4.375% - 6.375%	2073	63,047,129
	Subtotal Sterling pounds			63,047,129
Swiss francs	Fixed-rate Senior notes (i)	1.125% - 2.25%	2018	15,542,492
	Subtotal Swiss francs			15,542,492
Brazilian reais	Lines of credit (iii)	3.0% - 6.00%	2019	4,435,774
	Subtotal Brazilian reais			4,435,774
Colombian pesos	Fixed-rate Senior notes (i)	7.59%	2016	2,768,322
	Subtotal Colombian pesos			2,768,322
Other currencies	Fixed-rate Senior notes (i)	1.53% - 3.96%	2039	7,582,720
	Financial Leases	5.05% - 8.97%	2027	364,334
	Subtotal other currencies			7,947,054
	Total debt			603,754,987
	Less: Short-term debt and current portion of long-term debt			57,805,517
	Long-term debt			Ps. 545,949,470

At December 31, 2015

Currency	Loan	Interest rate	Maturity	Total
U.S. dollars	Fixed-rate Senior notes (i)	2.375% - 6.375%	2042	Ps.205,099,106
	Floating rates Senior notes (i)	L + 1.0%	2016	12,904,875
	Lines of credit (iii)	1.5% - 8.0% & L + 0.20% - 0.28%	2024	39,488,198
	Subtotal U.S. dollars			257,492,179
Mexican pesos	Fixed-rate Senior notes (i) (ii)	6.00% - 9.00%	2037	81,782,648
	Floating rate Senior notes (i) (ii)	TIIE + 1.25%%	2016	2,000,000
	Lines of credit (iii)	TIIE + 0.05% - 1.00%	2016	2,632,549
	Subtotal Mexican pesos			86,415,197
Euros	Fixed-rate Senior notes (i)	1.00% - 6.375%	2073	237,077,578
	Lines of credit (iii)	3.10% - 5.41%	2019	7,316,507
	Subtotal Euros			244,394,085
Sterling Pounds	Fixed-rate Senior notes (i)	4.375% - 6.375%	2073	69,689,766
	Subtotal Sterling pounds			69,689,766
Swiss francs	Fixed-rate Senior notes (i)	1.125% & 2.00%	2018	14,085,385
	Subtotal Swiss francs			14,085,385
Brazilian reais	Lines of credit (iii)	3.00% - 9.50%	2020	2,752,089
	Subtotal Brazilian reais			2,752,089
Colombian pesos	Fixed-rate Senior notes (i)	7.59%	2016	2,458,485
	Subtotal Colombian pesos			2,458,485
Other currencies	Fixed-rate Senior notes (i)	1.53% - 3.96%	2039	5,695,406
	Financial Leases	5.05% - 8.97%	2027	234,152
	Subtotal other currencies			5,929,558
	Total debt			683,216,744
	Less: Short-term debt and current portion of long -term debt			119,589,786
	Long-term debt			Ps.563,626,958

L = LIBOR o London Interbank Offer Rate

TIIE = Mexican Interbank Rate

Euribor = Euro Interbank Offered Rate

Except for the fixed-rate notes, interest rates on the Company's debt are subject to variances in international and local rates. The Company's weighted average cost of borrowed funds at December 31, 2014 and December 31, 2015, was approximately 4.7% and 4.2%, respectively.

Such rates do not include commissions or the reimbursements for Mexican tax withholdings (typically a tax rate of 4.5%) 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 maturities as of December 31, 2014 and December 31, 2015, is as follows:

	<u>2014</u>	<u>2015</u>
Domestic Senior Notes (<i>Certificados Bursátiles</i>)	Ps. 4,600,000	Ps. 2,000,000
International Senior Notes	35,315,148	75,878,612
Lines of credit	17,646,130	41,573,097
Financial Leases	244,239	138,077
Subtotal short-term debt	<u>Ps. 57,805,517</u>	<u>Ps. 119,589,786</u>
Weighted average interest rate	<u>4.0%</u>	<u>3.5%</u>

The Company's long-term debt maturities and amortizations are as follows:

<u>Years</u>	<u>Amount</u>
2017	Ps. 47,150,363
2018	28,399,886
2019	49,610,142
2020	100,288,898
2021 and thereafter	338,177,669
Total	<u>Ps. 563,626,958</u>

(i) Senior Notes

The outstanding Senior Notes at December 31, 2014 and December 31, 2015 are as follows:

<u>Currency*</u>	<u>2014</u>	<u>2015</u>
U.S. dollars	Ps. 221,165,164	Ps. 218,003,981
Mexican pesos	84,800,265	83,782,648
Euros	177,127,119	237,077,578
Sterling pounds	63,047,129	69,689,766
Swiss francs	15,542,492	14,085,385
Japanese yens	2,224,042	2,590,564
Chinese yuans	2,371,767	—
Colombian pesos	2,768,321	2,458,485
Chilean pesos	2,986,911	3,104,842

* Thousands of Mexican pesos

In the first quarter of 2015, the Company placed Ps. 3,500,000 under the Global Notes Program with the reopening of the bond maturing in 2024 and a coupon of 7.125%. The Global Notes Program of Mexican pesos, that was announced in November 2012 has the advantage of being registered both with the SEC in the US and with the National Banking and Securities Commission ("CNBV") in Mexico, allowing seamless operation for domestic and international investors of such Notes.

In May 2015, the Company placed 5 year bonds for an amount of EUR 3,000,000 thousands which may be exchange for ordinary shares of KPN, at an exercise price of €4.9007, 45% higher than the reference price on the date of issuance. At December 31, 2015 the closing price of the stock of KPN was €3.4920. Given the terms of the bond the Company identified an embedded option with a fair value of EUR 177,390 thousands reflected as liability within derivative financial instruments on the Consolidated Statement of Financial Position as of December 31, 2015. Under the terms of the exchangeable bond agreement, none of the exchange property (specifically, the KPN shares) has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Company's obligations. At any time the Company may or may not be the owner of the whole or any part of this property and may sell or otherwise dispose of the same or take any action or exercise any rights or options in respect of the same at any time.

In September 2015, the Company completed the placement of EUR 750,000 thousands principal amount of exchangeable bonds that will be mandatory exchangeable at maturity into ordinary shares of KPN. The bonds will have a maturity of 3 years and will pay a coupon of 5.5% per year payable quarterly in arrears, as well as corresponding cash dividends pay by KPN net of withholding taxes. The reference price of the KPN share for its exchange was set at €3.3374 but could be as high as €4.2552 (reference price plus 27.5%). As a result of the Company's mandatory exchangeable bond, the Company placed 224,726 million of ordinary shares of KPN in a trust in favor of the bond trustee and the bond holders. The aforementioned conditions allowed the Company to derecognize a portion of its investment in shares in KPN corresponding to the 224,726 million of ordinary shares of KPN of its Consolidated Statement of Financial Position as of December 31, 2015.

The exchangeable bonds described above have provisions that will allow for their settlement in cash if AMX wishes to retain ownership of the shares.

(ii) Domestic Senior Notes

At December 31, 2014 and December 31, 2015, debt under Domestic Senior Notes aggregate to Ps. 27,428,565 and Ps. 22,910,948, respectively. In general these issues bear a fixed-rate or floating rate determined as a differential on the TIIE rate.

(iii) Lines of credit

At December 31, 2014 and December 31, 2015, debt under lines of credit aggregates to Ps. 30,077,192 and Ps. 52,189,343, respectively.

Likewise, the Company has two undrawn revolving syndicated facilities – one for U.S.\$2,500,000 and one for the Euro equivalent of U.S.\$2,000,000 currently undrawn. The Euro equivalent revolving syndicated facility was amended in July 2013 to increase the amount available to U.S.\$2,100,000. Loans under the facility bear interest at variable rates based on LIBOR and EURIBOR. Telekom Austria also has an undrawn revolving syndicated facility in Euros for 1,000,000 thousands at a variable rate based on EURIBOR.

Restrictions

A portion of the debt is subject to certain restrictions with respect to maintaining certain financial ratios, as well as restrictions on selling a significant portion of groups of assets, among others. At December 31, 2015, the Company was in compliance with all these requirements.

A portion of the debt is also subject to early maturity or repurchase at the option of the holders in the event of a change in control of the Company, as so defined in each instrument. The definition of change in control varies from instrument to instrument; however, no change in control shall be considered to have occurred as long as Carso Global Telecom or its current shareholders continue to hold the majority of the Company's voting shares.

Covenants

In conformity with the credit agreements, the Company is obliged to comply with certain financial and operating commitments. Such covenants limit in certain cases, the ability of the Company or the guarantor to: pledge assets, carry out certain types of mergers, sell all or substantially all of its assets, and sell control of Telcel.

Such covenants do not restrict the ability of AMX’s subsidiaries to pay dividends or other payment distributions to AMX. The more restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA (defined as operating income plus depreciation and amortization) that does not exceed 4 to 1, and a consolidated ratio of EBITDA to interest paid that is not below 2.5 to 1 (in accordance with the clauses included in the credit agreements).

Several of the financing instruments of the Company may be accelerated, at the option of the debt holder in the case that a change in control occurs.

b) For the years ended December 31, 2013, 2014 and 2015, interest income was Ps.2,925,834, Ps. 7,052,271 and Ps. 4,774,894, respectively.

c) For the years ended December 31, 2013, 2014 and 2015, interest expense was Ps.(23,950,653), Ps.(31,522,523) and Ps.(31,200,286), respectively.

d) For the years ended December 31, 2013, 2014 and 2015, Valuation of derivatives and other financial items was as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Gain in valuation of derivatives, net . . .	Ps. 2,841,952	Ps. 7,397,142	Ps. 15,128,269
Capitalized interest expense			
(Note 11 e)	3,002,576	3,258,928	3,524,841
Commissions on debt	(1,839,467)	(1,612,395)	(1,399,479)
Interest cost of labor obligations			
(Note 18)	(4,035,359)	(4,933,083)	(5,701,622)
Interest expense on taxes	(4,228,155)	(2,115,730)	(135,569)
Loss on partial sale of shares in associated Company	(896,956)	(5,554,612)	(545)
(Loss) gain on de-recognition of equity method investment (Note 13)	—	(3,172,218)	11,988,038
Other financial cost	(3,136,126)	(3,458,293)	(1,867,774)
	<u>Ps. (8,291,535)</u>	<u>Ps. (10,190,261)</u>	<u>Ps. 21,536,159</u>

16. Accounts Payable, Accrued Liabilities and Asset Retirement Obligations

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

	<u>At December 31,</u>	
	<u>2014</u>	<u>2015</u>
Suppliers	Ps. 105,226,573	Ps. 106,399,877
Sundry creditors	71,429,525	68,700,378
Interest payable	9,418,164	9,810,698
Guarantee deposits from clients	1,974,323	1,424,428
Dividends payable	3,454,777	3,603,000
Total	<u>Ps. 191,503,362</u>	<u>Ps. 189,938,381</u>

b) The balance of accrued liabilities at December 31, 2014 and 2015 are as follows:

	<u>At December 31,</u>	
	<u>2014</u>	<u>2015</u>
Current liabilities		
Direct employee benefits payable	Ps.20,735,930	Ps.17,632,137
Contingencies	<u>33,232,749</u>	<u>34,611,091</u>
	<u>Ps.53,968,679</u>	<u>Ps.52,243,228</u>

The movements in contingencies for the years ended December 31, 2014 and 2015 are as follows:

	<u>Balance at</u>				<u>Applications</u>		<u>Balance at</u>
	<u>December 31, 2013</u>	<u>Business combination</u>	<u>Effect of translation</u>	<u>Increase of the year</u>	<u>Payments</u>	<u>Reversals</u>	<u>December 31, 2014</u>
Contingencies	<u>Ps.25,755,150</u>	<u>Ps.1,666,269</u>	<u>Ps.(240,406)</u>	<u>Ps.11,211,251</u>	<u>Ps.(4,740,828)</u>	<u>Ps.(418,687)</u>	<u>Ps.33,232,749</u>
	<u>Balance at</u>				<u>Applications</u>		<u>Balance at</u>
	<u>December 31, 2014</u>	<u>Business combination</u>	<u>Effect of translation</u>	<u>Increase of the year</u>	<u>Payments</u>	<u>Reversals</u>	<u>December 31, 2015</u>
Contingencies	<u>Ps.33,232,749</u>	<u>Ps. 68,896</u>	<u>Ps.(3,951,150)</u>	<u>Ps.11,414,777</u>	<u>Ps.(3,643,533)</u>	<u>Ps.(2,510,648)</u>	<u>Ps.34,611,091</u>

Contingencies include tax, labor, regulatory and other legal type contingencies. See Note 21 c) for detail of contingencies.

c) The movement in the asset retirement obligations for the years ended December 31, 2014 and 2015 is as follows:

	<u>Balance at</u>				<u>Applications</u>		<u>Balance at</u>
	<u>December 31, 2013</u>	<u>Business Combination</u>	<u>Effect of translation</u>	<u>Increase of the year</u>	<u>Payments</u>	<u>Reversals</u>	<u>December 31, 2014</u>
Asset retirement obligation	<u>Ps. 7,516,460</u>	<u>Ps. 3,381,898</u>	<u>Ps.(5,349)</u>	<u>Ps. 2,779,076</u>	<u>Ps.(89,895)</u>	<u>Ps.(130,783)</u>	<u>Ps.13,451,407</u>
	<u>Balance at</u>				<u>Applications</u>		<u>Balance at</u>
	<u>December 31, 2014</u>	<u>Business Combination</u>	<u>Effect of translation</u>	<u>Increase of the year</u>	<u>Payments</u>	<u>Reversals</u>	<u>December 31, 2015</u>
Asset retirement obligation	<u>Ps.13,451,407</u>		<u>Ps.(608,012)</u>	<u>Ps. 1,356,088</u>	<u>Ps.(20,219)</u>	<u>Ps.(2,609,367)</u>	<u>Ps.11,569,897</u>

The discount rates used for the asset retirement obligation are based on market rates that are expected to be undertaken by the dismantling or restoration of cell sites, and may include labor costs. Reversals for 2015 are primarily related to the Telesites spin-off, as described in further detail within Note 13.

17. Deferred Revenues

An analysis of deferred revenues at December 31, 2013, 2014 and 2015 is as follows:

	At December 31,		
	2013	2014	2015
At January 1,	Ps. 25,057,134	Ps. 28,121,634	Ps. 32,794,992
Revenue deferred during the year	151,159,144	219,043,115	241,862,349
Recognized as revenues	(147,434,552)	(218,622,000)	(241,816,698)
Business combinations	—	3,116,395	55,129
Effect of translation	(660,092)	1,135,848	1,557,060
At December 31,	<u>Ps. 28,121,634</u>	<u>Ps. 32,794,992</u>	<u>Ps. 34,452,832</u>
Presented in the consolidated statements of financial position as follows:			
Current liabilities	Ps. 27,016,340	Ps. 31,464,235	Ps. 33,399,892
Non-current liabilities	<u>1,105,294</u>	<u>1,330,757</u>	<u>1,052,940</u>
	<u>Ps. 28,121,634</u>	<u>Ps. 32,794,992</u>	<u>Ps. 34,452,832</u>

Deferred revenues consist of revenues obtained for services that will be provided to customers within a certain period. Deferred revenues are recognized in the consolidated statements of comprehensive income when they are earned, including points programs.

18. Employee Benefits

An analysis of the net liability and net period cost for employee benefits is as follows:

	At December 31,	
	2014	2015
Liability:		
Mexico	Ps. 49,935,630	Ps. 84,801,485
Puerto Rico	16,024,080	15,621,619
Brazil	4,781,286	3,534,739
Europe	15,738,304	14,788,678
Ecuador	125,265	196,841
Total	<u>Ps. 86,604,565</u>	<u>Ps. 118,943,362</u>

Net period cost (benefit)

	For the year ended December 31,		
	2013	2014	2015
Mexico	Ps. 7,602,818	Ps. 8,755,823	Ps. 8,962,953
Puerto Rico	(713,271)	(1,631,225)	(455,117)
Brazil	384,642	436,753	451,353
Austria	—	267,604	260,850
Ecuador	18,650	26,759	58,042
Total	<u>Ps. 7,292,839</u>	<u>Ps. 7,855,714</u>	<u>Ps. 9,278,081</u>

a) Defined benefit plans

The defined benefit obligation (DBO) and plan assets for the pension and other benefit obligation plans, by country, are as follows:

	At December 31							
	2014				2015			
	DBO	Plan Assets	Effect of asset ceiling	Net employee benefit liability	DBO	Plan Assets	Effect of asset ceiling	Net employee benefit liability
Mexico	Ps.260,662,704	Ps.(211,287,266)		Ps.49,375,438	Ps.266,548,490	Ps.(182,436,376)		Ps.84,112,114
Puerto Rico	31,713,023	(15,688,943)		16,024,080	32,929,155	(17,307,536)		15,621,619
Brazil	13,692,521	(15,384,120)	Ps.6,257,074	4,565,475	10,909,086	(12,490,528)	Ps.4,823,147	3,241,705
Europe	3,445,112			3,445,112	3,544,587			3,544,587
Total	Ps.309,513,360	Ps.(242,360,329)	Ps.6,257,074	Ps.73,410,105	Ps.313,931,318	Ps.(212,234,440)	Ps.4,823,147	Ps.106,520,025

Below is a summary of the actuarial results generated for the pension and retirement plans as well as the medical services in Puerto Rico and Brazil; the pension plans and seniority premiums related to Telmex; the pension plan, the service awards plan and severance in Austria corresponding to the years ended 2013, 2014 and 2015:

	At December 31, 2013			
	DBO	Plan Assets	Effect of asset ceiling	Net employee benefit liability
Balance at the beginning of the year	Ps.288,840,621	Ps.(226,108,754)	Ps.3,246,770	Ps. 65,978,637
Current service cost	4,806,316			4,806,316
Interest cost on projected benefit obligation . .	23,536,570			23,536,570
Expected return on plan assets		(19,828,034)		(19,828,034)
Changes in the asset ceiling during the period and others		70,613	256,210	326,823
Past service costs and other	(1,755,273)			(1,755,273)
Net period cost	Ps. 26,587,613	Ps. (19,757,421)	Ps. 256,210	Ps. 7,086,402
Actuarial gain for changes in experience	(1,147,669)			(1,147,669)
Actuarial loss from changes in demographic assumptions	128,641			128,641
Actuarial gain from changes in financial assumptions	(2,599,304)			(2,599,304)
Changes in the asset ceiling during the period and others			3,311,757	3,311,757
Return on plan assets greater than discount rate		6,882,581		6,882,581
Recognized in Other comprehensive income	Ps. (3,618,332)	Ps. 6,882,581	Ps.3,311,757	Ps. 6,576,006
Contributions made by plan participants	153,528			153,528
Contributions to the pension plan by the company		(2,067,882)		(2,067,882)
Benefits paid	(8,833,941)	8,833,941		
Payments to employees	(11,034,105)			(11,034,105)
Effect of translation	(1,906,531)	1,824,364	(400,092)	(482,259)
Others	Ps. (21,621,049)	Ps. 8,590,423	Ps. (400,092)	Ps.(13,430,718)
Balance at the end of the year	290,188,853	(230,393,171)	6,414,645	66,210,327
Non-current obligation	Ps.290,188,853	Ps.(230,393,171)	Ps.6,414,645	Ps. 66,210,327

At December 31, 2014

	<u>DBO</u>	<u>Plan Assets</u>	<u>Effect of asset ceiling</u>	<u>Net employee benefit liability</u>
Balance at the beginning of the year	Ps.290,188,853	Ps.(230,393,171)	Ps.6,414,645	Ps. 66,210,327
Current service cost	4,673,010			4,673,010
Interest cost on projected benefit obligation	25,052,769			25,052,769
Expected return on plan assets		(20,853,857)		(20,853,857)
Changes in the asset ceiling during the period and others			734,171	734,171
Past service costs and other	(2,530,502)	101,554		(2,428,948)
Actuarial loss for changes in experience	11,307			11,307
Actuarial gain from changes in demographic assumptions	(89)			(89)
Actuarial loss from changes in financial assumptions	132,529			132,529
Net period cost	Ps. 27,339,024	Ps. (20,752,303)	Ps. 734,171	Ps. 7,320,892
Actuarial loss for changes in experience	1,709,077			1,709,077
Actuarial loss from changes in demographic assumptions	1,295,107			1,295,107
Actuarial loss from changes in financial assumptions	3,885,510			3,885,510
Changes in the asset ceiling during the period and others			(844,575)	(844,575)
Return on plan assets greater than discount rate		4,076,445		4,076,445
Recognized in Other comprehensive income	Ps. 6,889,694	Ps. 4,076,445	Ps. (844,575)	Ps. 10,121,564
Contributions made by plan participants	191,622			191,622
Contributions to the pension plan by the company		(2,183,939)		(2,183,939)
Benefits paid	(8,523,259)	8,523,259		
Payments to employees	(12,720,278)			(12,720,278)
Acquisition of subsidiary	2,934,794			2,934,794
Effect of translation	3,339,349	(1,630,620)	(47,167)	1,661,562
Others	Ps. (14,777,772)	Ps. 4,708,700	Ps. (47,167)	Ps.(10,116,239)
Balance at the end of the year	309,639,799	(242,360,329)	6,257,074	73,536,544
Less short-term portion	(126,439)			(126,439)
Non-current obligation	<u>Ps.309,513,360</u>	<u>Ps.(242,360,329)</u>	<u>Ps.6,257,074</u>	<u>Ps. 73,410,105</u>

	At December 31, 2015			
	DBO	Plan Assets	Effect of asset ceiling	Net employee benefit liability
Balance at the beginning of the year . . .	Ps.309,639,799	Ps.(242,360,329)	Ps. 6,257,074	Ps. 73,536,544
Current service cost	4,540,925			4,540,925
Interest cost on projected benefit obligation	25,811,047			25,811,047
Expected return on plan assets		(20,710,965)		(20,710,965)
Changes in the asset ceiling during the period and others			601,540	601,540
Past service costs and other	(1,365,096)	118,725		(1,246,371)
Actuarial loss for changes in experience	(27,949)			(27,949)
Actuarial loss from changes in financial assumptions	30,285			30,285
Net period cost	Ps. 28,989,212	Ps. (20,592,240)	Ps. 601,540	Ps. 8,998,512
Actuarial loss for changes in experience	(2,021,790)			(2,021,790)
Actuarial loss from changes in demographic assumptions	(685,110)			(685,110)
Actuarial loss from changes in financial assumptions	(2,502,344)			(2,502,344)
Changes in the asset ceiling during the period and others			(754,357)	(754,357)
Return on plan assets greater than discount rate		31,026,539		31,026,539
Recognized in Other comprehensive income	Ps. (5,209,244)	Ps. 31,026,539	Ps. (754,357)	Ps. 25,062,938
Contributions made by plan participants	231,619			231,619
Contributions to the pension plan by the company		(2,954,839)		(2,954,839)
Benefits paid	(22,321,686)	22,149,262		(172,424)
Payments to employees	(19,929)			(19,929)
Effect of translation	2,739,958	497,167	(1,281,110)	1,956,015
Others	Ps. (19,370,038)	Ps. 19,691,590	Ps.(1,281,110)	Ps. (959,558)
Balance at the end of the year	314,049,729	(212,234,440)	4,823,147	106,638,436
Less short-term portion	(118,411)			(118,411)
Non-current obligation	<u>Ps.313,931,318</u>	<u>Ps.(212,234,440)</u>	<u>Ps. 4,823,147</u>	<u>Ps.106,520,025</u>

In the case of other subsidiaries in Mexico, the net period cost of other employee benefits for the years ended December 31, 2013, 2014 and 2015 was Ps.185,554, Ps. 573,733 and Ps. 160,835, respectively. The balance of other employee benefits at December 31, 2014 and 2015 was Ps. 560,192 and Ps. 689,471.

In the case of Ecuador, the net period cost of other benefits for the years ended December 31, 2013 and 2014 and 2015 was Ps.18,650, Ps. 26,759 and Ps.58,042, respectively. The balance of employee benefits at December 31, 2014 and 2015 was Ps.125,265 and Ps.196,841, respectively.

Plan assets are invested in:

	At December 31					
	2014			2015		
	Puerto Rico	Brazil	Mexico	Puerto Rico	Brazil	Mexico
Equity instruments	35%	11%	56%	35%	7%	57%
Debt instruments	64%	83%	44%	64%	88%	43%
Others	1%	6%	—	1%	5%	—
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Included in the Telmex's net pension plan liability are plan assets of Ps. 182,436,377 at December 31, 2014 and Ps 211,287,266 as of December 31, 2015, which are invested in equity and debt instruments of both America Movil and also of related parties, primarily entities that are under common control of the Company's principal shareholder. The Telmex pension plan recorded a re-measurement of its defined pension plan of Ps. 25,954,494 during 2015, attributable to a change in actuarial assumptions, and also a decline in the fair value of plan investments from December 31, 2014 to December 31, 2015. The decline in fair value of the aforementioned related party pension plan investments approximated Ps. 28,793,765 during the year ended December 31, 2015.

The assumptions used in determining the net period cost were as follows:

	2013			2014				2015			
	Puerto Rico	Brazil	Mexico	Puerto Rico	Brazil	Mexico	Europe	Puerto Rico	Brazil	Mexico	Europe
Discount rate and long-term rate return	3.95%	11.53%	9.20%	4.80%	12.09%	9.20%	2.00%	Varies	12.57%	9.20%	1.25% & 2.25%
Rate of future salary increases	4.00%	4.75%	4.50%	4.00%	5.40%	4.50%	5.5%, 3.1% & 4.5%	3.50%	5.00%	4.50%	4.9%, 3.0% & 4.5%
Percentage of increase in health care costs for the coming year	5.90%	11.90%		5.80%	11.90%			5.70%	11.50%		
Year to which this level will be maintained	2027			2027				2027			
Rate of increase of pensions							1.60%				1.60%
Employee turnover rate*							0.0%-2.01%				0.0%-2.06%

Biometric

Puerto Rico:

Mortality: RP 2014, MSS 2007 Tables.

Brazil:

Mortality: 2000 Basic AT Table for gender

Disability for assets: UP 84 modified table for gender

Disability retirement: 80 CSO Code Table

Rotation: Probability of leaving the Company other than death, Disability and retirement is zero

Austria

Life expectancy in Austria is based on “AVÖ 2008-P- Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler”.

Telmex

Mortality:	Mexican 2000 (CNSF) adjusted
Disability:	Mexican Social Security adjusted by Telmex experience
Turnover:	Telmex experience
Retirement:	Telmex experience

For the year ended December 31, 2015, the Company conducted a sensitivity analysis on the most significant variables that affect the OBD, simulating independently, reasonable changes to roughly 100 basis points in each of these variables. The increase (decrease) would have resulted in the OBD pension and other benefits at December 31, 2015 are as follows:

	<u>-100 points</u>	<u>+100 points</u>
Discount rate	Ps.30,985,633	Ps.(26,154,658)
Health care cost trend rate	Ps. 3,598,440	Ps. (2,972,902)

Telmex Plans

Part of the Telmex’s employees are covered under defined benefit pension plans and seniority premiums. Pension benefits and seniority premiums are determined on the basis of compensation received by the employees in their final year of employment, their seniority, and their age at the time of retirement. Telmex has set up an irrevocable trust fund to finance these employee benefits and has adopted the policy of making contributions to such fund when it is considered necessary.

Defined benefits plan in Austria

Telekom Austria provides defined benefits for certain former employees in Austria. All such employees are retired and were employed prior to January 1, 1975. This unfunded plan provides benefits based on a percentage of salary and years employed, not exceeding 80% of the salary before retirement, and taking into consideration the pension provided by the social security system. Telekom Austria is exposed to the risk of development of life expectancy and inflation because the benefits from pension plans are lifetime benefits.

Service awards in Austria

Civil servants and certain employees (together “employees”) are eligible to receive service awards. Under these plans, eligible employees receive a cash bonus of two months’ salary after 25 years of service and four months’ salary after 40 years of service.

Employees with at least 35 years of service when retiring (at the age of 65) or who are retiring based on a specific legal regulation are eligible to receive four monthly salaries. The compensation is accrued as earned over the period of service, taking into account the employee turnover rate.

Severance in Austria

Employees starting to work for Austria on or after January 1, 2003 are covered by a defined contribution plan. Telekom Austria paid Ps. 36,917 and Ps. 34,142 (1.53% of the salary) into this defined contribution plan (BAWAG Allianz Mitarbeitervorsorgekasse AG) in 2015 and 2014, respectively.

Severance benefit obligations for employees hired before January 1, 2003 are covered by defined benefit plans. Upon termination by Telekom Austria or retirement, eligible employees receive severance payments equal to a multiple of their monthly compensation which comprises fixed compensation plus variable elements such as overtime or bonuses. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation. Up to three months of benefits are paid upon termination, with any benefit in excess of that amount being paid in monthly instalments over a period not exceeding ten months. In case of death, the heirs of eligible employees receive 50% of the severance benefits.

b) The defined contribution plans (DCP)

Brazil

Claro makes contributions to the DCP through Embratel Social Security Fund – Telos. Contributions are computed based on the salaries of the employees, who decide on the percentage of their contributions to the plan (between 3% and 12% of their salaries). Claro contributes the same percentage as the employee, capped at 8% of the participant's balance for the employees that are eligible to participate in this plan.

The unfunded liability represents Claro's obligation for those participants that migrated from the DBP to the DCP. This liability is being paid over a term of 20 years as of January 1, 1999. Unpaid balances are adjusted monthly based on the yield of the asset portfolio at that date and is increased based on the General Price Index of Brazil plus 6 percentage points per year. At December 31, 2014 and 2015, the balance of the DCP liability was Ps. 215,811 and Ps. 293,034 respectively.

As of December 31, 2013, 2014 and 2015 the cost of labor were Ps.2,233, Ps. 38,583 and Ps. 23,319 respectively.

Austria

In Austria, pension benefits generally are provided by the social security system for employees and by the government for civil servants. Telekom Austria is required to assist in funding the Austrian government's pension and health care obligations to Telekom Austria current and former civil servants and their surviving dependents. In 2015 and 2014, the rate of contribution for active civil servants amounted to a maximum of 28.3% depending on the age of the civil servant. 15.75% are borne by Telekom Austria and the remaining portion is contributed by the civil servants. Contributions to the government, net of the share contributed by civil servants, amounted to Ps. 718,934 in 2015 and Ps. 375,831 for the period from July 1 to December 31, 2014. From January 1, 2017, the rate of contribution will be reduced to a maximum of 25.1% depending on the age of the civil servant 12.55% are borne by Telekom Austria and the remaining portion is contributed by the civil servants.

Additionally, Telekom Austria sponsors a defined contribution plan for employees of some of its Austrian subsidiaries. Telekom Austria contributions to this plan are based on a percentage of the compensation not exceeding 5%. The annual expenses for this plan amounted to Ps. 252,368 in 2015 and Ps.115,442 for the period from July 1 to December 31, 2014.

As of December 31, 2014 and 2015 the liability related to this defined contribution plan amounted to Ps 132,368 and Ps. 127,510, respectively.

Other countries

For the rest of the countries where the Company operates and that do not have defined benefit plans or defined contribution plans, the Company makes contributions to the respective governmental social security agencies which are recognized in results of operations as they are incurred.

c) Long-term direct employee benefits

	Balance at	Business	Effect of	Increase of	Applications		Balance at
	December 31, 2013				Combination	translation	the year
Long-term direct employee benefits	Ps.	Ps. 11,802,035	Ps. 68,354	Ps. 1,994,823	Ps. (773,050)	Ps. (931,338)	Ps. 12,160,824
	<u>Ps. 12,160,824</u>	<u>Ps. -</u>	<u>Ps. 569,955</u>	<u>Ps. 2,022,865</u>	<u>Ps. (1,720,080)</u>	<u>Ps. (1,916,983)</u>	<u>Ps. 11,116,581</u>

In 2008, a comprehensive restructuring program was initiated in Austria. The provision for restructuring includes future compensation for employees, who will no longer provide services for Telekom Austria but who cannot be laid off due to their status as civil servants. These employee contracts are onerous contracts under IAS 37, as the unavoidable cost related to the contractual obligation exceeds the future economic benefit. The restructuring program also includes social plans for employees whose employments will be terminated in a socially responsible way.

The expense recognized related to the increase in the provision is reported in the line item commercial, administrative and general expenses, while the accretion expense is reported in valuation of derivatives, interest cost from labor obligations and other financial items, net . A part of the provision was released since a number of employees returned to regular operations, were transferred to the government or opted for schemes such as golden handshakes, special severance packages and early retirement to an extent not foreseeable at the time of the measurement of the provision in 2014. The changes in estimate are due to adjustments of the discount rate and the rate of compensation, the change of the contribution to the defined contribution pension plan from 2017 on as well as an adjustment of the employee turnover rate from 23.4% in 2014 to 22.9% in 2015. The employee turnover rate takes into consideration employees leaving in the future as well as temporary re-employment within Telekom Austria Group and is only applicable to the provision for employees permanently leaving the service process and not to provisions for social plans.

Based on the general agreement for the transfer of personnel, which was concluded with the Austrian government in 2013, employees transferring voluntarily to the government can apply for a permanent transfer after a probation period of six months. During this probation period, Telekom Austria Group bears the salary expense. In case of a permanent transfer, Telekom Austria Group has to compensate the government for any excess expense arising due to differing professional classifications of work places. Furthermore, compensation payments have to be effected to civil servants up to the age of 62 (optionally also one-off payments).

Furthermore, restructuring includes agreements from previous years concluded with the Austrian government relating to the voluntary transfer of civil servants with tenure, whose positions are eliminated due to technological progress, to employment with the government. Civil servants of the segment of Austria can voluntarily transfer to administrative employment with the government. After a period of six to twelve months of public service and subjects to a positive performance evaluation, the civil servants have the option to apply for a permanent transfer, in which case the right to return to Telekom Austria is forfeited. Telekom Austria bears the salary expense for these civil servants up to June 30, 2016. The civil servants are compensated for any shortfall in salary or pension payments.

19. Shareholders' Equity

a) Pursuant to the Company's bylaws, the capital stock of the Company consists of a minimum fixed portion of Ps.362,873 (nominal amount), represented by a total of 95,489,724,196 shares (including treasury shares available for placement in accordance with the provisions of the *Ley del Mercado de Valores*), of which (i) 23,384,632,660 are "AA" shares (full voting rights); (ii) 642,279,095 are "A" shares (full voting rights); and (iii) 71,462,812,441 are "L" shares (limited voting rights), all of them fully subscribed and paid.

b) As of December 31, 2015 and 2014, the Company's capital stock was represented by 66,000,000,000 (23,384,632,660 "AA" shares, 625,416,402 "A" shares and 41,989,950,938 "L" shares), and 68,150,000,000 shares (23,384,632,660 "AA" shares, 648,994,284 "A" shares and 44,116,373,056 "L" shares), respectively.

c) As of December 31, 2015 and 2014, the Company's treasury held for placement in accordance with the provisions of the of the *Ley del Mercado de Valores* and the *Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes en el Mercado de valores* issued by the *Comisión Nacional Bancaria y de Valores*, a total amount of (i) 29,489,724,196 shares (29,486,009,139 "L" shares and 3,715,057 "A" shares); and (ii) 27,339,724,196 shares (27,338,625,508 "L" shares and 1,098,688 "A" shares), respectively.

d) The holders of "AA" and "A" shares are entitled to full voting rights. The holders of "L" shares may only vote in limited circumstances, and they are only entitled to appoint two members of the Board of Directors and their respective alternates. The matters in which the shareholders who are entitled to vote are the following: extension of the term of the Company, early dissolution of the Company, change of corporate purpose of the Company, change of nationality of the Company, transformation of the Company, a merger with another company, as well as the cancellation of the registration of the shares issued by the Company in the *Registro Nacional de Valores* and any other foreign stock exchanges where they may be registered, except for quotation systems or other markets not organized as stock exchanges where they may be registered. Within their respective series, all shares confer the same rights to their holders.

The Company's bylaws contain restrictions and limitations related to the subscription and acquisition of "AA" shares by non-Mexican investors.

e) Pursuant to the Company's bylaws, "AA" shares must at all times represent no less than 20% and no more than 51% of the Company's capital stock, and they also must represent at all times no less than 51% of the common shares (entitled to full voting rights, represented by "AA" and "A" shares) representing said capital stock.

"AA" shares may only be subscribed to or acquired by Mexican investors, Mexican corporations and/or trusts expressly empowered for such purposes in accordance with the applicable legislation in force. "A" shares, which may be freely subscribed, may not represent more than 19.6% of capital stock and may not exceed 49% of the common shares representing such capital. Common shares (entitled to full voting rights, represented by "AA" and "A" shares), may represent no more than 51% of the Company's capital stock.

Lastly, "L" shares which have limited voting rights and may be freely subscribed, and "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 the Company's shares outstanding.

Dividends

On April 30, 2015, the Company's shareholders approved, among others resolution, the (i) payment of a cash dividend of Ps.\$0.26 per share to each of the shares of its capital stock "AA", "A" and "L", payable in two equal installments each of Ps.\$0.13; (ii) payment of an extraordinary cash dividend of Ps.\$0.30 pesos to each of the shares of its capital stock "AA", "A" and "L", payable in a single installment; and (iii) increase the amount of funds available for the Company's buyback program by Ps.35 billion.

On April 28, 2014, the Company's shareholders approved, among others resolution, the (i) payment of a cash dividend of Ps. 0.24 per share to each of the shares of its capital stock "AA", "A" and "L", payable in two equal installments each of Ps. 0.12 pesos; and (ii) increase the amount of funds available for the Company's buyback program by Ps.30 billion.

The payment of dividends described above comes from the balance of the Company's CUFIN.

Legal Reserve

According to the *Ley General de Sociedades Mercantiles*, companies must allocate from the net profit of each year, at least 5% to increase the legal reserve until it reaches 20% of its capital stock at par value. This reserve may not be distributed to shareholders during the existence of the Company. As of December 31, 2015 and 2014, the legal reserve amounted to Ps.358,440.

Restrictions on Certain Transactions

Pursuant to the Company's bylaws any transfer of more than 10% of the full voting shares ("A" shares and "AA" shares), effected in one or more transactions by any person or group of persons acting in concert, requires prior approval by our Board of Directors. If the Board of Directors denies such approval, however, Mexican law and the Company bylaws require it to designate an alternate transferee, who must pay market price for the shares as quoted on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the "L" Shares, "A" Shares, "L" Share ADSs or "A" Share ADSs will generally be subject to a 10% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2015). Nonresident holders could be subject to a lower tax rate, to the extent that they eligible for benefits under an income tax treaty to which Mexico is a party.

Earnings per Share

The following table shows the computation of the basic and diluted earnings per share:

	For the years ended December 31,		
	2013	2014	2015
Net profit for the period attributable to equity holders of the parent	Ps.74,624,979	Ps.46,146,370	Ps.35,054,772
Weighted average shares (in millions)	72,866	69,254	66,869
Earnings per share attributable to equity holders of the parent	Ps. 1.02	Ps. 0.67	Ps. 0.52

Undated Subordinated Fixed Rate Bond

In January 2013, Telekom Austria issued an Undated Subordinated Fixed Rate Bond with a face value of 600 million euros, which is subordinated with indefinite maturity and which is, based on its conditions, classified as stockholders equity according to IFRS.

The bond pays an annual coupon of 5.625%. Telekom Austria has the right (call), to redeem the bond on February 1, 2018. Telekom Austria has an early termination right under certain conditions. After that period (2018), the bond establishes conditions and increases the coupon rate every five years. After analyzing the conditions of the issuance, Telekom Austria recognized the instrument in equity, since it does not meet the criteria for classification as financial liability, not because it does not represent an obligation to pay.

On the consolidated statements of financial position, the Company recognized this bond as a component of equity (non-controlling interest), as financial instruments issued by its subsidiary are classified as equity in the subsidiary's financial statements and are thus considered non-controlling interest in the Company's consolidated financial statements.

20. Financial Assets and Liabilities

Set out below is the categorization of the financial instruments, other those with carrying value amounts that are reasonable approximations of fair value, held by América Móvil as of December 31, 2014 and 2015:

	December 31, 2014		
	Loans and receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Accounts receivable from subscribers, distributors, and other, net	Ps. 122,028,071	Ps. —	Ps. —
Related parties	1,320,107		
Derivative financial instruments	—	22,536,056	
Total	<u>Ps. 123,348,178</u>	<u>Ps. 22,536,056</u>	<u>Ps. —</u>
Financial Liabilities:			
Debt	Ps. 603,754,987	Ps.	Ps.
Accounts payable	191,503,362		
Related parties	3,087,292		
Derivative financial instruments	—	8,373,205	154,607
Total	<u>Ps. 798,345,641</u>	<u>Ps. 8,373,205</u>	<u>Ps. 154,607</u>
	December 31, 2015		
	Loans and Receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Accounts receivable from subscribers, distributors, and other, net	Ps. 129,198,593	Ps.	Ps.
Related parties	845,633		
Derivative financial instruments		40,882,008	
Marketable securities and other short term investments		12,257,668	44,089,801
Total	<u>Ps. 130,044,226</u>	<u>Ps. 53,139,676</u>	<u>Ps. 44,089,801</u>
Financial Liabilities:			
Debt	Ps. 683,216,744	Ps.	Ps.
Accounts payable	189,938,381		
Related parties	2,246,834		
Derivative financial instruments		7,350,191	100,599
Total	<u>Ps. 875,401,959</u>	<u>Ps. 7,350,191</u>	<u>Ps. 100,599</u>
Long-term Financial Liabilities			
Derivative financial instruments		Ps. 3,314,146	
Total		<u>Ps. 3,314,146</u>	

Fair value hierarchy

The Company's valuation techniques used to determine and disclose the fair value of its financial instruments are based on the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Variables other than quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: Variables used for the asset or liability that are not based on any observable market data (non-observable variables).

The fair value for the financial assets (other those with carrying value amounts that are reasonable approximations of fair value) and financial liabilities shown in the consolidated statement of financial position at December 31, 2014 and 2015 is as follows:

Measurement of fair value at December 31, 2014				
	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives financial instruments	Ps.	Ps. 22,536,056	Ps.	Ps. 22,536,056
Pension plan assets	242,360,329			242,360,329
Total	Ps. 242,360,329	Ps. 22,536,056	Ps.	Ps. 264,896,385
Liabilities:				
Debt	Ps. 411,497,065	Ps. 229,028,589	Ps.	Ps. 640,525,654
Derivatives financial instruments		8,527,812		8,527,812
Total	Ps. 411,497,065	Ps. 237,556,401	Ps.	Ps. 649,053,466
Measurement of fair value at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Assets:				
Derivatives financial instruments	Ps.	Ps. 40,882,008	Ps.	Ps. 40,882,008
Pension plan assets	212,234,440			212,234,440
Marketable securities and other short term investments	44,089,801	12,257,668		56,347,469
Total	Ps. 256,324,241	Ps. 53,139,676	Ps.	Ps. 309,463,917
Liabilities:				
Debt	Ps. 656,026,844	Ps. 59,400,873		Ps. 715,427,717
Derivatives financial instruments		7,450,790		7,450,790
Total	Ps. 656,026,844	Ps. 66,851,663		Ps. 722,878,507
Long-term Liabilities				
Derivative financial instruments		Ps. 3,314,146		Ps. 3,314,146
Total		Ps. 3,314,146		Ps. 3,314,146

Fair value of derivatives financial instruments are valued using valuation techniques with market observable inputs. To determine its Level 2 fair value, the Company applies valuation techniques including forward pricing and swaps models, using present value calculations. The models incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. Fair value of debt Level 2 has been determined using a model based on present value calculation incorporating credit quality of AMX.

For the years ended December 31, 2013, 2014 and 2015, no transfers were made between Level 1 and Level 2 fair value measurement hierarchies.

21. Commitments and Contingencies

a) Leases

At December 31, 2014 and 2015, the Company has entered into several lease agreements with related parties and third parties for the buildings where its offices are located (as a lessee), as well as with the owners of towers and or premises where the Company has installed radio bases. The lease agreements generally have terms from one to fourteen years.

An analysis of the minimum rental payments for the next five years is shown below. In some cases, rental amounts are increased each year based on the National Consumer Price Index.

The Company has the following non-cancelable commitments under finance leases:

<u>Year ended December 31</u>	<u>2014</u>	<u>2015</u>
2015	Ps.266,026	
2016	148,350	Ps. 151,091
2017	31,319	32,653
2018	31,319	32,653
2019	31,319	7,376
2020	29,994	7,376
2021 and thereafter		49,173
Total	538,327	280,322
Less: amounts representing finance charges	(67,131)	(46,170)
Present value of net minimum lease payments	471,196	234,152
Less current portion	244,240	138,077
Long-term obligations	<u>Ps.226,956</u>	<u>Ps. 96,075</u>

An analysis of non-cancellable operating leases in the next five years is as follows:

<u>Year ended December 31,</u>	
2016	Ps.10,949,839
2017	9,888,061
2018	10,144,186
2019	9,438,297
2020	9,151,395
2021 and thereafter	38,948,274
Total	<u>Ps.88,520,052</u>

Rent expense for the years ended December 31, 2013, 2014 and 2015 was Ps. 14,800,464, Ps. 18,925,361 and Ps.22,015,761, respectively.

b) Commitments

At December 31, 2015, there were commitments in certain subsidiaries for the acquisition of equipment for incorporation into their 4G networks for an amount up to approximately US\$ 951,952 (approximately Ps. 16,373,573). The completion period of these projects depends upon the type of fixed assets under construction. In the case of telephone plant (switching transmission), it takes 6 months on average; for others, it may take more than 2 years.

These commitments will be paid as follows:

Less than 1 year	Ps.14,801,710
1 to 3 years	1,571,863
Total	<u>Ps.16,373,573</u>

As of December 31, 2015, the Company has outstanding purchase commitments with telephone manufacturers for cellular phones for resale for approximately Ps.10,031,390 (US\$ 583,000), for delivery through May 2016. Additionally, the Company has a commitment to pay Ps 2,098,060 in 2016 for the concession granted to Telcel as explained in the Note 24 c).

In addition, the Company's subsidiary Tracfone has entered into long-term contracts with wireless carriers for the purchase of airtime minutes at current market prices. The purchase commitments are with three carriers, and at December 31, 2015 these commitments amounts to Ps. 53,512,215, (US\$3,110,000), through the year ending December 31, 2016.

c) Contingencies¹

I. MEXICO

a. América Móvil

Tax Assessment

In December 2014, the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or "SAT"), notified the Company of an assessment of Ps.529,700 related to the Company's tax return for the fiscal year ended December 31, 2005, and reduced the Company's consolidated tax loss from Ps.8,556,000 to zero. The Company has challenged this assessment in federal tax courts and a final decision is still pending. The Company has not established a provision in the accompanying financial statements for a loss arising from this contingency, which it does not consider probable.

Preponderant Economic Agent Determination

In March 2014, the Company, Telcel, Telmex and Telnor filed challenges (*juicios de amparo*) against the declaration by the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or "IFT") that, together with certain affiliates, they constitute an economic interest group that is a "preponderant economic agent" (*agente económico preponderante*) in the telecommunications market in Mexico and imposing certain specific asymmetrical regulations. A final resolution to these challenges is pending. However, due to the fact that the under the new regulatory framework the IFT's determinations are not suspended, the enforceability of the IFT's declaration is not subject of provisional suspension.

b. Telcel

Substantial Market Power Investigations

In 2007, the Federal Antitrust Commission (*Comisión Federal de Competencia*, or "Cofeco") initiated two substantial market power investigations against Telcel and determined that Telcel had substantial market power

¹ Amounts in thousands of Mexican pesos, thousands of U.S. dollars and thousands of Euros, unless otherwise indicated.

in the mobile termination services market and in the nationwide wireless voice and data services market. Telcel filed challenges against both decisions and a final resolution of these challenges is pending. If upheld, these decisions, would allow the IFT (who is now the entity responsible for these investigations) to impose additional requirements as to rates, quality of service and information, among other matters.

Monopolistic Practices Investigations

In June 2015, the IFT issued a resolution declaring that Telcel had complied with all of the undertakings that had been proposed by IFT's predecessor, Cofeco, in connection with its investigations into Telcel's alleged "relative monopolistic practices" and the revocation of a related fine in May 2012. Six operators challenged the revocation of the fine and the related conclusion of the investigations. All of those proceedings were resolved on terms favorable to Telcel between 2013 and 2015. One of the operators also filed a civil proceeding claiming alleged damages arising from the revocation of the fine and Telcel's undertakings. This proceeding is still pending.

On a related investigation of Telcel's alleged "relative monopolistic practices", the IFT issued a Probable Cause Finding (*Oficio de Probable Responsabilidad*) in September 2015, which Telcel has challenged. In March 2016, the IFT resolved this proceeding on terms favorable to Telcel, due to the fact that the alleged practices have been previously taken into consideration by Cofeco in connection with previous investigations proceedings. Even though this decision may be challenged, as of the date of this report we have not been notified of such circumstance.

Mobile Termination Rates

The mobile termination rates between Telcel and other operators have been the subject of various legal proceedings, including the following:

- In March 2015, the Company's subsidiaries Telcel, Telmex and Telnor reached a settlement agreement with Axtel, S.A.B. de C.V. and Avantel, S. de R.L. de C.V. (collectively, "Axtel") to settle all disputes regarding wireless termination rates and other related interconnection matters. The Company made a net payment of Ps.950,000 to Axtel as part of the settlement.
- As a result of certain unresolved proceedings (*desacuerdos de interconexión*) for the years 2009 and 2010 filed by several operators, a resolution by the IFT is still pending.
- In connection with certain proceedings (*desacuerdos de interconexión*) filed with the Cofetel by several operators, including Telcel, requesting that it set mobile termination rates and other interconnection conditions for the years 2011 through 2016, the IFT determined the applicable rates for 2012 through 2016, while those for 2011 had been previously determined by Cofetel. These determinations have been challenged by several operators, including Telcel, and are pending for final resolution. However, because under the new regulatory framework the IFT's determinations are not suspended pending legal resolution, Telcel has applied the rates determined by IFT.
- Telcel has challenged all resolutions under the new regulatory framework imposing asymmetric interconnection rates. These challenges are still pending for final resolution.

In addition, the Company expects that mobile termination rates as well as other rates applicable to mobile interconnection (such as transit), will continue to be the subject of litigation and administrative proceedings in Mexico. The Company cannot predict when or how these matters will be resolved or the financial effects of any resolution. As of December 31, 2015, the Company established a provision in the accompanying financial statements for the losses considered probable and estimable for approximately Ps.1,100,000.

Tax Assessment for Short Message Services Revenues

The SAT has notified Telcel of tax assessments totaling Ps.320,000 for alleged nonpayment of revenues generated by SMS during 2004 and 2005. The SAT claims that Telcel owes such amounts because SMS

constitute services under concession. Telcel has challenged the SAT's claim on the grounds that SMS are value-added services which are not under concession. Both claims were unfavorably solved recently by the Judicial Authorities. Telcel paid the 2005 assessment in January 2016 and expects to pay the 2004 assessment in the first half of 2016. The Company established a provision in the accompanying financial statements for the corresponding contingencies totaling an amount of Ps.811,000 as of December 31, 2015.

Class Action Lawsuits

The Federal Consumer Bureau (*Procuraduría Federal del Consumidor*, or "Profeco") initiated proceedings before Mexican courts in 2011 on behalf of customers who alleged deficiencies in the quality of Telcel's network in 2010 and breach of customer agreements. This proceeding is pending, and if it is resolved in favor of Profeco, Telcel's customers would be entitled to compensation for damages.

Telcel is also subject to four class actions initiated by the alleged affected groups with respect to quality of service and wireless and broadband rates.

The Company does not currently have enough information on these proceedings to determine whether any of these class actions could have an adverse effect on the Company's business and results of operations if they are resolved against Telcel. Consequently, the Company has not established a provision in the accompanying financial statements for a loss arising from these contingencies.

In July 2015, a fifth class action related to a technical malfunction in Telcel's network was concluded pursuant to a settlement with Profeco that recognized past compensations by Telcel to its customers in connection with this malfunction.

c. Telmex and Telnor

Substantial Market Power Investigations

In 2007, Cofeco initiated various investigations to evaluate whether Telmex and its subsidiary Telnor have substantial power in the markets for termination, origination, transit and wholesale dedicated-link leasing. Cofeco issued final resolutions concluding that Telmex and Telnor have substantial power in all four markets, a determination that Telmex and Telnor have challenged. The challenges related to the market for origination and transit have been denied, effectively upholding Cofeco's findings. Consequently, the IFT may impose specific tariff requirements or other special regulations with respect to the matters for which the challenges were denied, such as additional requirements regarding disclosure of information or quality of service.

With respect to Telmex and Telnor's challenges against Cofeco's findings in the termination market, these challenges are pending final resolution. In the case of the market for wholesale dedicated-link leasing, the IFT's predecessor, Cofetel, published an agreement in the Official Gazette, establishing requirements regarding tariffs, quality of service, and information for dedicated-link leasing. Telmex and Telnor have filed petitions for relief against such resolutions, which are still pending. However, an adverse resolution could have an impact on the Company's future revenues in this market.

Monopolistic Practices Investigations

Telmex and Telnor are the targets of three investigations into alleged monopolistic practices originally commenced by Cofeco. For two of these investigations, it was determined that Telmex and Telnor engaged in monopolistic practices in the fixed-network interconnection services market. Telmex and Telnor have filed legal proceedings, including an appeal for relief, against these rulings and their cases are pending final resolution. In the opinion of the Company's outside counsel on these matters, the outcome of these proceedings remains uncertain. However, an adverse resolution could have an impact on the Company's future revenues in this market.

In the third investigation, Cofeco determined in February 2013 that Telmex and Telnor engaged in monopolistic practices in the wholesale market for dedicated-link leasing. Telmex and Telnor challenged such resolution, and in November 2015, the Supreme Court of Mexico upheld Cofeco's decision and its fine to Telmex of Ps.638,130. In December 2015, Telmex paid the fine, plus interests, in an amount of Ps.698,562.

IFT Proceedings Against Telmex

In November 2008, Telmex entered into certain commercial agreements with Dish México Holdings, S. de R.L. de C.V. and its related companies ("Dish"), involving billing, collection services, distribution and equipment leasing. In addition, Telmex had an option that allowed it to purchase 51% of shares representing the capital stock of Dish México, S. de R.L. de C.V. ("Dish México"). In July 2014, Telmex waived its rights under such option.

In January 2015, the IFT imposed a fine on Telmex for an amount of Ps.14,414 on the grounds that an alleged merger (*concentración*) between Telmex and Dish was not notified in November 2008. Telmex filed an appeal for relief against this resolution and the case is pending. The Company cannot predict the outcome of such proceedings.

In August 2015, the IFT initiated several proceedings in order to determine potential violations to: (i) Telmex's concession, with respect to an alleged direct or indirect exploitation of a public television services concession in the country and (ii) certain provisions of the Mexican Constitution (*Constitución Política de los Estados Unidos Mexicanos*) and the Federal Telecommunications and Broadcasting Law (*Ley Federal de Telecomunicaciones y Radiodifusión*), regarding the cost-free rule of retransmission of television broadcast signals (commonly known as "must offer"), through other operators.

The administrative proceedings initiated by the IFT are related to the commercial agreements with Dish México, consisting of billing and collection services, distribution and equipment leases, as well as the internet service known as "Uno TV". The Company and Telmex are currently analyzing the scope and legal grounds of the alleged violations in order to participate in these proceedings and, as the case maybe, exercise applicable legal remedies.

The Company has not established a provision in the accompanying financial statements for a loss arising from these contingencies, which are not considered probable.

d. Carso Global Telecom

Tax Assessment

In November 2010, the SAT notified our subsidiary, Carso Global Telecom, S.A. de C.V. ("CGT"), of a tax assessment of Ps.3,392,000 related to the change in the scope of the tax consolidation for the fiscal year ended December 31, 2005. The SAT alleges that this change generated a reduction in the participation of CGT in its subsidiaries, resulting in increased income taxes. CGT has challenged this assessment in federal tax court, and this challenge is pending. The Company has not established a provision in the accompanying financial statements for a loss arising from this contingency, which it does not consider probable.

e. Sercotel

Tax Assessment

In March 2012, the SAT notified our subsidiary, Sercotel, S.A. de C.V. ("Sercotel"), and the Company of a fine of approximately Ps.1,400,000 for alleged tax improprieties arising from the transfer of certain accounts receivable from one of the Company's other subsidiaries to Sercotel. The Company challenged the fine by filing an administrative appeal with the tax authority, which is still pending. The Company also expects the SAT to issue an additional tax assessment of Ps.2,750,000 in connection with this matter. The Company has not established a provision in the accompanying financial statements for a loss arising from this contingency, which it does not consider probable.

II. BRAZIL

Following the merger in 2014 of the Company's subsidiaries Empresa Brasileira de Telecomunicações S.A. ("Embratel"), Embratel Participações S.A. ("Embrapar") and Net Serviços de Comunicação S.A. ("Net Serviços") into Claro S.A. ("Claro Brasil"), Claro Brasil is the legal successor of Embrapar, Embratel and Net Serviços.

a. Tax Matters

Tax charges and contributions calculated and collected by the Company's Brazilian subsidiaries, their income tax returns and their tax and finance records are subject to examination by Brazilian tax authorities for varying periods under applicable legislation.

The principal tax imposed on telecommunications services is a state-level value-added tax (*Imposto sobre Operações relativas à Circulação de Mercadorias e sobre Prestações de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação*, or "ICMS"). Each Brazilian state imposes its own tax rate on gross revenues derived from telecommunications services, which varies from state to state and averages 26% nationwide.

Corporate income tax (*Imposto Sobre Renda de Pessoa Jurídica*, or "IRPJ"), is applied at a rate of 25%. The social contribution on net income (*Contribuição Social Sobre o Lucro Líquido*, or "CSLL") is applied at a rate of 9% and subject to calculation and payment rules similar to those applicable to IRPJ.

Withholding tax (*Imposto de Renda Retido na Fonte*, or "IRRF"), is a modality of federal tax over taxable income that applies, among other types of income, to labor and capital income, remittances abroad and remuneration of services provided by legal entities. There are several IRRF rates, each according to the specific activity which generated the earnings.

The principal federal taxes collected on gross revenues include:

- The social integration program (*Programa de Integração Social*, or "PIS"). PIS contributions are applied at a rate of 0.65% on gross revenues derived from telecommunications services in the cumulative method and at a rate of 1.65% in the non-cumulative method.
- The contribution for social security financing (*Contribuição para Financiamento da Seguridade Social*, or "COFINS"). COFINS contributions are applied at a rate of 3.0% on gross revenues derived from telecommunications services in the cumulative method and at a rate of 7.60% in the non-cumulative method.

The principal taxes collected on net revenues include:

- The universalization fund of telecommunications services (*Fundo de Universalização dos Serviços de Telecomunicações*, or "FUST"), and the telecommunications technologic development fund (*Fundo para o Desenvolvimento Tecnológico das Telecomunicações*, or "FUNTTEL"). These taxes are applied at a rate of 1% and 0.5%, respectively.
- The telecommunications inspection fund (*Fundo de Fiscalização das Telecomunicações*, or "FISTEL"). The taxes charged to raise this fund aim to provide resources to cover inspection expenditures of telecommunication equipment.

ICMS

The Company's subsidiaries Claro Brasil, Star One S.A. ("Star One"), Primesys Soluções Empresariais S.A. ("Primesys"), Telmex Do Brasil Ltda. ("TdB"), Americel S.A. ("Americel") and TVSAT Telecomunicações S.A. ("TV SAT"), have tax contingencies related to ICMS in the amount of Ps.37,115,947 (R\$8,423 million) as of

December 31, 2015. The Company has established a provision of Ps.2,172,404 (R\$493 million) in the accompanying financial statements for the losses arising from these contingencies that the Company considers probable. Such ICMS contingencies include:

- Tax assessments against Star One in the amount of Ps.12,518,866 (R\$2,841 million) mainly based on the allegation that the provision of satellite capacity is subject to ICMS. The Company is contesting these tax assessments in separate proceedings at different litigation stages and has obtained favorable judicial decisions in two proceedings. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.
- Tax assessments against Claro and Americel in the amount of Ps.4,084,825 (R\$927 million), due to the declaration of unconstitutionality of certain benefits granted by the Brazilian states. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.
- A tax assessment against Primesys in the amount of Ps.2,943,542 (R\$668 million), related to ICMS over certain activities not deemed as part of data communication services. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.

Corporate Income Taxes and Social Contribution on Net Income (CSLL/IRPJ)

As of December 31, 2015, Claro Brasil, Americel and Star One had tax contingencies related to IRPJ and CSLL in an amount of Ps.13,809,970 (R\$3,134 million). The Company has established a provision of Ps.2,137,152 (R\$485 million) in the accompanying financial statements for the losses arising from these contingencies, which the Company considers probable.

These CSLL/IRPJ contingencies include a tax assessment against Claro Brasil in the amount of Ps.7,275,131 (R\$1,651 million) alleging the undue amortization of goodwill amounts between 2009 and 2012, and charging CSLL, IRPJ and penalties due to the late payment of taxes. Claro Brasil has challenged this assessment at the administrative level. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.

PIS/COFINS

As of December 31, 2015, Claro Brasil, Americel, Star One, TdB and Brasil Center Comunicações Ltda. (“Brasil Center”) have received tax assessments in connection with PIS and COFINS in the amount of Ps.19,080,144 (R\$4,330 million). The Company has established a provision of Ps.11,293,859 (R\$2,563 million) in the accompanying financial statements for the losses arising from these contingencies that the Company considers probable. Such PIS/COFINS contingencies include:

- The lawsuits commenced by Claro Brasil and Americel against the Brazilian Federal Revenue Service seeking a ruling on constitutional grounds to exclude state value added tax (ICMS) payments and interconnection fees from the base used to calculate PIS and COFINS tax obligations. Pending a final ruling and pursuant to applicable Brazilian procedure, the companies have paid the tax based on their position in the lawsuits, and have established a provision for the disputed amounts. As of December 31, 2015, the total amount in dispute was approximately Ps.11,192,509 (R\$2,540 million).
- Tax assessments against Claro Brasil and Americel related to the offset of PIS and COFINS credits recorded in the non-cumulative, in an amount of Ps.5,278,987 (approximately R\$1,198 million) as of December 31, 2015. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.

FUST/FUNTTEL

Anatel has initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One and TVSAT a total of Ps.10,566,786 (R\$2,398 million) based on an alleged improper exclusion of interconnection revenues and costs from the basis used to calculate its obligations to the universalization fund of telecommunications services (Fundo de Universalização dos Serviços de Telecomunicações, or “FUST”). The companies are contesting these assessments. The Company has not established a provision in the accompanying financial statements to cover the losses arising from this contingency, which the Company considers possible.

Also, Anatel and the Brazilian Ministry of Communications (*Ministério das Comunicações*) have also initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One and TVSAT totaling an amount of Ps.3,459,102 (R\$785 million) as of December 31, 2015, due to an alleged underpayment of their obligations to FUST and FUNTTEL. The companies have challenged the assessments and a final resolution is still pending. The Company has not established a provision in the accompanying financial statements to cover losses arising from these contingencies, which the Company considers possible.

ISS

The Municipal Revenue Services have issued tax assessments against Claro Brasil, Brasil Center and Primesys, totaling Ps.6,023,685 (R\$1,367 million) due to the alleged nonpayment of ISS over several telecommunication services, including Pay TV services, considered as taxable for ISS by these authorities. The companies have challenged the tax assessments on the grounds that the services cited are not subject to ISS tax, and final resolutions to these challenges are pending. The Company has established a provision of Ps.30,845 (R\$7 million) in the accompanying financial statements for the losses arising from these contingencies, which the Company considers probable.

TFI

Anatel fined Claro Brasil and Americel a total of Ps.8,799,780 (R\$1,997 million) as of December 31, 2015, related to the installation inspection fee (*Taxa de Fiscalização de Instalação*, or “TFI”) allegedly due for the renewal of radio base stations. Claro Brasil and Americel have challenged the fine, arguing that there was no new equipment installation that could lead to this charge, and the challenges are still pending. The Company has not established a provision in the accompanying financial statements to cover losses arising from these contingencies, which the Company does not consider probable.

Other Tax Contingencies

There are several other tax contingencies involving Claro Brasil, Americel, Star One, TdB and Primesys in an amount of Ps.10,342,055 (R\$2,347 million), mainly related to telecommunication taxes, the funding of the Brazilian Communication Company (*Empresa Brasileira de Comunicação*, or “EBC”), IRPJ, CSLL, social security taxes (*Instituto Nacional do Seguro Social*, or “INSS”), taxes on industrial products (*Imposto Sobre Produtos Industrializados*, or “IPI”), tax on financial transactions (*Contribuição Provisória sobre Movimentações Financeiras*, or “CPMF”), the offsetting of IRPJ, COFINS, CSLL and IRRF against allegedly improper IRPJ credits, and for not making certain filings in the correct form from 2002 through 2005, the allegedly nonpayment of the IRRF and the economic domain intervention contribution (*Contribuição de Intervenção no Domínio Econômico*, or “CIDE”), overpayments related to outbound traffic, the public price concerning the administration of numbering resources (*Preço Público Relativo à Administração dos Recursos de Numeração*, or “PPNUM”) and import taxes (*Imposto de Importação*, or “II”). The Company has established a provision of Ps.2,727,623 (R\$619 million) in the accompanying financial statements for the losses arising from these contingencies, which the Company considers probable.

b. Regulatory Matters

Inflation-Related Adjustments

Anatel has challenged the calculation of inflation-related adjustments due under the concession agreements it had with Tess S.A. (“Tess”), and Algar Telecom Leste S.A. (“ATL”), two of the Company’s subsidiaries that were previously merged into Claro Brasil. Anatel rejected Tess and ATL’s calculation of the inflation-related adjustments applicable to the 60% of the concessions price (which was due in three equal annual installments, subject to inflation-related adjustments and interest), claiming that the companies’ calculation of the inflation-related adjustments resulted in a shortfall of the installment payments.

The companies have filed declaratory and consignment actions seeking resolution of the disputes. In October 2001 and in September 2002, the court of first instance ruled against ATL’s declaratory and consignment actions, respectively. ATL have challenged the court’s resolutions and the challenged are still pending. Similarly, in June 2003, a court of first instance ruled against Tess’ consignment action and against Tess’ declaratory action in February 2009. Tess has also filed appeals, which are still pending.

In December 2008, Anatel charged Tess approximately Ps.1,185,348 (R\$269 million). Tess obtained an injunction from a federal appeals court suspending payment until the pending appeal is resolved. Similarly, in March 2009, Anatel charged ATL approximately Ps.841,641 (R\$191 million). ATL also obtained an injunction from a federal appeals court suspending payment until the pending appeal is resolved.

The amount of the alleged shortfall as well as the method used to calculate monetary correction are subject to judicial disputes. If other methods or assumptions are used, the amount of damages may increase. In December 2015, Anatel calculated monetary correction in a total amount of Ps.10,787,111 (R\$2,448 million). The Company has established a provision of Ps.2,732,030 (R\$620 million) in the accompanying financial statements for losses arising from these contingencies which the Company considers probable.

Reversible Assets

Claro Brasil’s long-distance fixed-line concessions provide that the concessionaire’s assets that are “indispensable” for the provision of domestic and international long-distance fixed-line services cannot be disconnected, replaced or sold without the prior regulatory approval of Anatel. Upon expiration of these concessions, those assets that are “indispensable” to provide domestic and international long distance services will revert to the Brazilian government, in which case any compensation for investments made in those assets would be the depreciated cost of such assets. Brazilian law does not provide any guidance as to which assets would be subject to reversion under these concessions, and there is no precedent establishing (i) which assets are “indispensable” under these concessions at the time of their expiration, or (ii) the treatment of assets that are also used for telecommunications services not regulated by the concessions. Those assets Claro Brasil uses exclusively in the provision of wireless and Pay TV services are not subject to reversion. See Note 2.

In the second half of 2015, Anatel fined Claro Brasil approximately Ps.44,065 (R\$10 million) and imposed the obligations listed below on Claro Brasil in connection with its alleged non-compliance with requirements set out in the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*). Claro Brasil has appealed the decision, with suspensive effect.

- To make a deposit within 180 days of approximately Ps.3,833,655 (R\$870 million) in an escrow account to buy other assets which would be subject to reversion and thereby replace the assets allegedly removed from the list. However, if the assets were replaced, Claro Brasil may instead deposit the difference between their sale price and the price of assets purchase to replace them. According to Anatel, such amount represents the value of the assets that were being allegedly removed from the assets list reported to Anatel without a justification for the alleged removal;

- Within 180 days following Anatel’s decision, the inclusion in all agreements relating to third-party assets or services executed after the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*) came into effect, of mandatory provisions related, among others, to the indispensability of those assets for the provision of the services under the concessions, Anatel’s subrogation rights under those agreements and the obligation of their counterparty not to encumber the assets used by Claro Brasil thereunder; and
- To seek in any of Claro Brasil’s ongoing litigation to replace any reversible assets subject to a lien within 30 days from the date Claro Brasil received notice of the decision.

Other regulatory disputes

Claro Brasil is party to other judicial disputes with Anatel in an aggregate amount of Ps.3,573,671 (R\$811 million). The Company has established a provision of Ps.127,788 (R\$29 million) in the accompanying financial statements for the losses arising from those contingencies that the Company considers probable.

c. Other Civil, Environmental and Labor Contingencies

Claro Brasil and its subsidiaries are party to other civil, environmental and labor claims, as described below. In each case, the Company is contesting the claims at different stages. The Company has established a provision and has established a provision for the losses arising from those contingencies that it considers probable.

- *Civil*: Claims for Ps.17,612,779 (R\$3,997 million), including those filed by its Pay TV, internet access and telephone service customers and a provision of Ps.669,788 (R\$152 million) in the accompanying financial statements.
- *Environmental*: Claims for Ps.6,437,896 (R\$1,461 million) and a provision of Ps.30,845 (R\$7 million) in the accompanying financial statements.
- *Labor*: Claims for Ps.22,860,920 (R\$5,188 million) filed by current and former employees and a provision of Ps.1,894,795 (R\$430 million) in the accompanying financial statements.

d. Third-Party Disputes

Claro Brasil, Americel, TdB, Primesys, Brasil Center and their subsidiaries are parties to certain disputes with third parties in connection with former sales agents, outsourced companies contract cancellation, increase in monthly subscription rates and channel transmission, class actions, real estate issues, disputes with former employees regarding health care payments and other matters. The cases, which are in advanced stages of the litigation, are for claims in an aggregate amount of Ps.14,206,555 (R\$3,224 million). The Company has established a provision of Ps.1,321,950 (R\$300 million) in the accompanying financial statements for the losses arising from these contingencies that the Company considers probable.

III. ECUADOR

a. Conecel

Tax Assessments

In 2011 and 2012, the Ecuadorian Internal Revenue Services (*Servicios de Rentas Internas del Ecuador*, or “SRI”) notified Consorcio Ecuatoriano de Telecomunicaciones S.A. (“Conecel”) of tax assessments for Ps.2,047,574 (US\$119,000), relating to income tax for fiscal years 2007 through 2009. Conecel initiated judicial proceedings to challenge these tax assessments. However, in May 2015, the National Assembly (*Asamblea Nacional*) enacted an amnesty law that granted the remission of interests and penalties from tax obligations. In July 2015, Conecel applied for amnesty pursuant this new law in connection with the tax assessments for the 2007 and 2009 fiscal years and paid a total amount of Ps.1,111,540 (US\$64,600). In October 2015, the National Court of Justice (*Corte Nacional de Justicia*) ruled in favor of the Internal Revenue Service (*Servicio de Rentas Internas*, or “SRI”) on appeal with respect to the tax assessment for fiscal year 2008. Consequently, Conecel will be required to pay an amount of Ps.879,252 (US\$51,100) within 12 months.

In December, 2015, Conecel made a first payment in the amount of Ps.182,389 (US\$10,600) and filed an extraordinary protection action before the Constitutional Court. However such action does not suspend the enforcement of the National Court of Justice's decision. As of December 31, 2015, Conecel has established a provision of Ps.734,718 (US\$42,700), the remaining amount of the 2008 tax assessment, in the accompanying financial statements for the losses arising from this contingency, which the Company considers probable.

Monopolistic Practices Fine

In February 2014, following a regulatory claim filed in 2012 filed by state-owned operator, *Corporación Nacional de Telecomunicaciones* ("CNT"), the Superintendency of Control of Market Power (*Superintendencia de Control del Poder del Mercado*, or "SCPM") imposed a fine on Conecel of Ps.2,381,380 (US\$138,400) for alleged monopolistic practices related. CNT argued that Conecel has exclusive rights to deploy its network in five locations and is thereby preventing CNT from deploying its own network in the same locations. In March 2014, Conecel challenged the fine and posted a guarantee for 50% of its value. Through a judicial order issued on the same month, the fine was suspended in March 2014 while a final resolution is pending. Conecel denies any wrong doing and alleges that CNT had other alternative sites in the same locations where it could have deployed its network. The Company has not established a provision in the accompanying financial statements to cover losses arising from this contingency, which the Company considers possible.

Conecel is also subject to one proceeding initiated by the SCPM to assess Conecel's compliance with the administrative injunction issued by the SCPM as part of its decision that admitted CNT's claim. If this investigation is resolved against Conecel, the SCPM could impose a material fine on Conecel.

Rounded Rates

In February 2015, the National Assembly enacted a new telecommunications law (*Ley Orgánica de Telecomunicaciones*), which included a provision requiring Conecel to pay the Telecommunication Regulatory Agency (*Agencia de Regulación y Control de las Telecomunicaciones*, or "Arcotel") any amounts rounded per minute charged to the users between 1999 and 2000. Charging rates on a per minute basis (and rounding up to the next full minute for any fractions of a minute) was a practice used by mobile telephony operators until 2000. Until 2000, there was no prohibition on applying this pricing scheme.

In October 2015, Arcotel required Conecel to pay Ps.1,059,920 (US\$61,600), which includes of Ps.464,576 (US\$27,000) as principal and Ps.590,183 (US\$34,300) in interests calculated at a rate applicable for consumer credits. Conecel challenged this requirement and filed a petition for relief to suspend such payment. In November 2015, the suspension of payment was denied by the District Court of Administrative Proceeding (*Tribunal Distrital de lo Contencioso Administrativo*). However, a final resolution with respect to Conecel's challenge of the requirement is pending.

As of December 31, 2015, Ps.509,312 (US\$29,600) have been paid to Arcotel pursuant to a collection process against Conecel. Conecel had established a provision of Ps.280,466 (US\$16,300) in the accompanying financial statements for the losses arising from this contingency that the Company considers probable. Conecel has requested Arcotel to calculate interests at the legal rate, and a ruling from the Ecuadorian state attorney on the applicable rate is still pending

IV. BULGARIA

a. Mobiltel

Tax Assessments

In June 2014, the Bulgarian tax authorities issued a tax assessment regarding the accounting of brand name and customer base amortized by Mobiltel EAD ("Mobiltel") for fiscal year 2007, in an amount of approximately

Ps.399,812 (€21.4 million) including interest as of December 31, 2015. Mobiltel challenged this assessment and in October 2015, the Administrative Court decided in favor of Mobiltel. Following an appeal by the tax authorities, the case will be forwarded to the Supreme Administrative Court, as final instance. Mobiltel issued bank guarantees covering up to Ps.414,759 (€22.2 million).

In September 2015, the tax authorities issued a second tax assessment with respect to Mobiltel's accounting of brand name and customer base for fiscal year 2008, in an amount of approximately Ps.368,052 (€19.7 million) including interest as of December 31, 2015. Mobiltel challenged this assessment and obtained the suspension of the administrative proceeding until the challenge of the 2007 tax assessment is resolved. Three further bank guarantees were issued to secure the tax liability related to 2008, totaling an amount of Ps.382,998 (€20.5 million). In case of an unfavorable decision by the competent courts, Mobiltel might face a further potential additional claim for the years 2009 to 2012 in the amount of up to Ps.1,102,286 (€59 million) including interest as of December 31, 2015.

22. Segments

América Móvil operates in different countries. As mentioned in Note 1, the Company has operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Costa Rica, Brazil, Argentina, Colombia, United States, Honduras, Chile, Peru, Paraguay, Uruguay, Dominican Republic, Puerto Rico, Panama, Austria, Croatia, Bulgaria, Belarus, Macedonian, Serbia and Slovenia. The accounting policies for the segments are the same as those described in Note 2.

The Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), analyzes the financial and operating information by operating segment. All operating segments that (i) represent more than 10% of consolidated revenues, (ii) more than the absolute amount of its reported 10% of profits or loss or (iii) more than 10% of consolidated assets, are presented separately.

The Company presents the following reportable segments for the purposes of its consolidated financial statements: (i) Mexico (includes Telcel and Corporate operations and Assets), Telmex (Mexico), Brazil, Southern Cone (includes Argentina Chile, Paraguay and Uruguay), Colombia, Andean (includes Ecuador and Perú), Central-América (which aggregates the operating segments of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama), U.S.A. (excludes Puerto Rico), Caribbean (which aggregates the operating segments of Dominican Republic and Puerto Rico), and Europe (includes Austria, Bulgaria, Croatia, Belarus, Slovenia, Macedonia and Serbia).

The Company considers that the quantitative and qualitative aspects of any aggregated operating segments (that is, Central America and Caribbean reportable segments) are similar in nature for all periods presented. In evaluating the appropriateness of aggregating operating segments, the key indicators considered included but were not limited to: (i) the similarity of key financial statement measures and trends, (ii) all entities provide telecommunications services, (iii) similarities of customer base and services, (iv) the methods to distribute services are the same, based on telephone plant in both cases, wireless and fixed lines, (v) similarities of governments and regulatory entities that oversee the activities and services that telecom companies, (vi) inflation trends and, and (vii) currency trends.

	Mexico	Telmex	Brazil	Southern Cone	Colombia	Andean	Central America	U.S.A.	Caribbean	Europe	Eliminations	Consolidated total
At December 31, 2013 (in Ps.):												
External revenues	183,016,890	99,445,347	196,705,316	61,246,969	73,963,729	44,943,680	24,106,372	77,166,979	25,505,739			786,101,021
Intersegment revenues	10,160,630	6,423,735	3,181,271	273,581	246,404	169,338	112,813		2,815		(20,570,587)	
Total revenues	193,177,520	105,869,082	199,886,587	61,520,550	74,210,133	45,113,018	24,219,185	77,166,979	25,508,554		(20,570,587)	786,101,021
Depreciation and amortization	11,405,254	16,645,362	38,247,324	7,241,569	9,248,385	5,035,188	8,377,356	509,104	4,825,291			101,534,833
Operating income (loss)	78,761,006	20,038,136	11,101,318	11,101,318	21,351,301	11,910,251	(1,129,337)	938,885	4,478,012		634,450	154,257,756
Interest income	8,739,161	166,672	1,655,190	2,948,225	897,567	766,272	154,830	130,229	300,688		(12,833,000)	2,925,834
Interest expense	23,388,422	2,988,604	7,517,536	1,222,657	476,135	232,765	148,356	121	43,194		(12,067,137)	23,950,653
Income tax	9,510,280	6,010,974	(816,879)	3,317,959	6,461,978	4,592,131	(115,610)	39,182	1,392,731			30,392,731
Equity interest in net income (loss) of associated companies	39,085	(11,029)	(4,122)	12,806					(458)			36,282
Net profit attributable to parent	48,128,000	7,872,632	(4,677,533)	964,798	12,630,598	7,826,900	(1,132,279)	1,192,188	1,520,279		299,396	74,624,979
Assets by segment	848,465,485	139,142,892	307,736,000	89,424,062	104,248,636	73,556,522	52,129,267	23,343,580	65,984,117		(678,438,128)	1,025,592,433
Plant, property and equipment, net	60,814,974	96,194,388	163,202,395	49,863,386	44,167,846	24,348,547	34,133,513	1,831,731	26,550,171			501,106,951
Goodwill, net	10,625,643	103,823	22,483,916	1,944,142	14,402,035	5,046,380	4,757,332	1,472,896	31,650,117			92,486,284
Trademarks, net	10,708	371,324	565,583	22,905	143	5			195,638			1,166,306
Licenses and rights, net	4,372,216	131,939	19,138,690	1,342,555	3,518,872	3,750,190	2,607,825		2,191,545			37,053,832
Investment in associated companies	98,594,805	1,575,687	24,566	162,562	25,276		16,651				(11,512,523)	88,887,024
Liabilities by segments	591,193,076	114,351,892	187,788,294	66,706,964	35,838,774	23,281,476	24,398,597	20,546,879	23,411,304		(272,225,900)	815,291,356
External revenues	185,131,037	100,753,221	201,346,118	56,415,660	75,749,655	47,638,268	26,911,181	91,097,363	25,827,251			848,261,820
Intersegment revenues	10,578,487	6,764,446	3,300,831	116,703	241,953	163,908	111,963		14,521		(21,292,812)	
Total revenues	195,709,524	107,517,667	204,646,949	56,532,363	75,991,608	47,802,176	27,023,144	91,097,363	25,841,772		(21,292,812)	848,261,820
Depreciation and amortization	17,656,638	15,508,063	41,054,736	6,844,209	9,636,630	5,409,431	8,497,557	564,952	4,923,004		(18,426)	114,993,551
Operating income (loss)	73,461,741	22,284,356	12,669,105	6,592,505	17,668,690	12,131,925	(212,229)	1,519,741	4,923,349		286,494	156,554,250
Interest income	9,202,336	306,061	4,580,129	2,914,330	678,055	1,118,629	182,037	162,890	459,998		(12,687,093)	7,052,271
Interest expense	25,586,733	1,930,074	12,083,113	834,485	759,198	413,769	154,958		54,609		(11,740,858)	31,522,523
Income tax	21,294,488	5,361,854	(860,825)	3,173,025	5,149,614	4,290,993	1,244,570	699,237	1,442,656			39,707,549
Equity interest in net income (loss) of associated companies	(2,641,390)	45,346	(57,246)	(4,099)							(3,415,620)	(6,073,009)
Net profit attributable to parent	23,175,798	9,359,177	(4,765,722)	(2,099,324)	9,297,693	6,994,299	(1,306,575)	1,245,720	3,505,502		(1,579,307)	46,146,370
Assets by segment	943,075,916	138,855,469	365,026,179	100,358,878	98,009,919	82,779,795	57,727,606	33,018,415	72,259,136		(800,713,080)	1,278,356,669
Plant, property and equipment, net	61,653,758	94,616,938	180,062,462	51,809,436	44,986,383	26,529,773	34,803,570	3,604,645	26,481,689			588,106,180
Goodwill	9,547,284	187,382	21,864,430	2,570,885	13,063,780	4,386,035	4,936,560	1,741,418	31,650,117			140,903,391
Trademarks, net	1,427,927	385,251	480,884	9,567	1,002	29			212,465			11,445,589
Licenses and rights, net	4,297,637	102,248	34,241,704	5,063,150	3,922,260	3,645,244	2,387,686		3,047,521			83,563,845
Investment in associated companies	50,987,952	1,876,389	592	129,431	29,314		18,737				812,895	49,262,581
Liabilities by segments	662,701,177	107,172,821	235,793,721	81,439,115	45,796,322	26,833,960	27,219,970	29,029,234	31,476,106		(326,346,064)	1,043,717,621

At December 31, 2015 (in Ps.):											
External revenues	191,750,997	93,657,944	174,722,286	68,520,541	65,871,301	51,738,731	34,515,781	110,653,812	29,625,274	73,159,960	894,216,627
Intersegment revenues	13,073,782	7,420,418	3,451,846	427,609	265,474	220,094	235,779	—	32,699	—	(25,127,701)
Total revenues	204,824,779	101,078,362	178,174,132	68,948,150	66,136,775	51,958,825	34,751,560	110,653,812	29,657,973	73,159,960	894,216,627
Depreciation and amortization	14,261,516	15,416,456	38,219,152	8,608,518	9,279,871	6,368,233	9,699,082	741,038	5,315,349	17,958,858	(132,678)
Operating income (loss)	70,726,013	15,947,164	10,878,548	9,185,471	13,361,859	7,853,311	1,750,027	1,293,706	3,891,263	6,246,525	320,373
Interest income	19,094,408	272,284	1,616,356	3,505,616	366,533	743,028	227,590	232,856	396,314	396,708	(22,076,799)
Interest expense	27,023,466	1,413,686	16,450,388	2,599,901	577,440	713,895	349,449	—	48,751	2,864,569	(20,841,259)
Income tax	7,976,111	2,896,465	(4,846,932)	2,621,598	3,997,944	2,944,548	2,257,695	605,809	1,483,187	(756,774)	—
Equity interest in net income (loss) of associated companies	(1,512,226)	65,033	(5,243)	21,856	—	—	—	—	—	3,884	(1,426,696)
Net profit attributable to parent	28,660,395	5,852,674	(12,785,017)	(6,806,573)	3,468,029	3,766,425	(680,599)	1,142,975	2,073,287	6,157,757	4,205,419
Assets by segment	955,534,316	163,955,665	311,838,555	118,217,618	81,170,568	87,619,264	68,425,540	36,072,729	76,084,634	182,087,483	(784,519,559)
Plant, property and equipment, net	57,048,006	105,177,653	147,884,562	52,735,563	44,811,656	30,254,858	37,930,783	1,783,612	29,063,549	66,838,636	—
Goodwill	27,067,441	392,523	17,931,543	2,672,724	11,612,051	4,396,090	5,213,703	1,903,762	14,186,723	51,373,156	—
Trademarks, net	826,446	346,566	341,750	—	522	—	—	686,052	242,175	8,856,795	—
Licenses and rights, net	4,395,698	72,557	28,442,759	8,318,161	3,661,838	6,256,297	3,660,240	—	6,443,439	29,198,262	—
Investment in associated companies	10,818,612	1,955,186	700	115,452	371	—	16,259	—	—	908,995	(10,705,005)
Liabilities by segments	723,559,636	139,362,960	221,907,486	101,601,641	31,254,646	33,048,503	33,514,380	31,170,822	31,727,281	121,586,194	(333,100,922)
											1,135,632,627

23. Components of other comprehensive income (loss)

The movements on the components of the other comprehensive income (loss) for the years ended December 31, 2013, 2014 and 2015 is as follows:

	2013	2014	2015
Controlling interest:			
Valuation of the derivative financial instruments, net of deferred taxes	Ps. (741,321)	Ps. (329,112)	Ps. 37,011
Available for sale, net of deferred taxes	—	—	4,011
Translation effect of foreign subsidiaries and associates	(26,485,343)	(5,786,883)	(34,055,403)
Remeasurement of defined benefit plan, net of deferred taxes	(2,289,811)	(6,625,463)	(17,791,354)
Non-controlling interest of the items above	<u>(550,586)</u>	<u>(635,804)</u>	<u>(1,739,497)</u>
Other comprehensive loss	<u>Ps.(30,067,061)</u>	<u>Ps.(13,377,262)</u>	<u>Ps.(53,545,232)</u>

24. Subsequent Events

a) In January 2016, in order to expand and strengthen its operations in Brazil, the Company acquired a controlling interest of 99.99% in Brazil Telecomunicações S.A. (“BRTel”), a company operating in the market for Pay TV, Internet and broadband services and serving various municipalities of Brazil under the BLUE brand. The amount paid for the business acquisition was Ps. 1,277,885. The operation already has necessary regulatory approvals and is under review by the Company to determine the fair value of the operation.

b) On February 9, 2016, the Company’s Board of Directors decided to submit to the Annual Ordinary General Shareholders’ Meeting to be held on or before April 30, 2016, a proposal to (i) pay a cash dividend of Ps.\$0.28 per share to each of the shares of its capital stock “AA”, “A” and “L”, payable in two installments; and (ii) allocate the amount of Ps.12,000,000 to the Company’s buyback program.

c) In 2016, the Company reported that, as a result of the spectrum auction recently carried out by IFT, its subsidiary Telcel won a bid for a total of 20 MHz nationwide in the AWS-1 band and 40 MHz nationwide in the AWS-3 band, which will be added to the current spectrum holdings in said band. The concessions obtained will expire on October 1, 2030 and Telcel will pay a total of Ps. 2,098,060 (nominal) for the rights of use of the spectrum during the term of the concessions. The concessions will be granted upon compliance of certain requirements provided under the auction rules issued by the IFT.

d) On March 11, 2016, the Company has notified the Ministerio de Comercio, Industria y Turismo of Colombia, its intention to submit a claim to arbitration pursuant to the Free Trade Agreement between Mexico and Colombia (“FTA Mexico – Colombia”). The purpose of the arbitration is the intended reversal (reversión de activos) of certain wireless telecommunications assets operated by AMX’s Colombian operating subsidiary, Comcel. AMX will request to the arbitration tribunal compensation relating to breaches to the FTA Mexico – Colombia and international law provisions. The arbitration proceeding initiated by AMX is independent from the right that COMCEL has to exercise any and all applicable legal actions against any proceeding that the Ministerio de Tecnologías de la Información y las Comunicaciones may initiate.

e) In March 2016, AMX placed an international bond for a total amount of EUR 1,500,000 thousands, divided in two tranches, the first one for EUR 850,000 thousands with a coupon of 1.5% and maturity in 2024, and a second one for EUR 650,000 thousands with a coupon of 2.125% and maturity in 2028.

25. Supplemental Guarantor Information

As mentioned in Note 16, the Company has issued senior notes in the United States of America. These notes are fully and unconditionally guaranteed by Telcel.

Consolidating Condensed Financial Information

The following consolidating information presents condensed consolidating statement of financial position as of December 31, 2014 and 2015 and condensed consolidating statements of comprehensive income and cash flows for each of the three years in the period ended December 31, 2015 of the Company and Telcel (the “wholly-owned Guarantor Subsidiary”). The unconsolidated financial statements of America Movil and Telcel reflect their investments in subsidiaries on the basis of the equity method. These unconsolidated entities are the Guarantors of most of America Movil’s consolidated obligations. The guarantees of the Guarantor are full and unconditional.

The Company’s consolidating condensed financial information for the (i) Company; (ii) its wholly-owned subsidiary Telcel (on standalone basis), which is a wholly and unconditional guarantor under the Senior Notes; (iii) the combined non-guarantor subsidiaries; iv) eliminations and v) the Company’s consolidated financial statements are as follows:

	As of December 31, 2014				
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 25,654,314	Ps. 1,394,691	Ps. 39,424,698		Ps. 66,473,703
Accounts receivable, net	77,630,240	13,395,305	77,094,918		168,120,463
Related parties	157,743,960	18,122,176	464,962,866	(639,508,895)	1,320,107
Inventories, net	230,922	17,502,817	18,223,696	(27,153)	35,930,282
Other current assets		776,380	15,787,222		16,563,602
Property, plant and equipment, net	6,346,798	31,545,761	550,213,621		588,106,180
Investments in associated companies	639,676,336	90,638,813	72,404,950	(753,457,518)	49,262,581
Intangible assets and other non-current assets, net	1,644,636	14,307,317	336,627,798		352,579,751
Total assets	Ps. 908,927,206	Ps. 187,683,260	Ps. 1,574,739,769	Ps. (1,392,993,566)	Ps. 1,278,356,669
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 31,749,264	Ps.	Ps. 26,848,979	Ps. (792,726)	Ps. 57,805,517
Current liabilities	249,303,984	164,548,238	544,469,179	(633,935,938)	324,385,463
Long-term debt	445,485,243		100,464,227		545,949,470
Other non-current liabilities	(1,995,561)	19,807	122,360,309	(4,807,384)	115,577,171
Total liabilities	724,542,930	164,568,045	794,142,694	(639,536,048)	1,043,717,621
Equity attributable to equity holders of the parent	184,384,276	23,115,215	727,990,597	(751,105,812)	184,384,276
Non-controlling interests			52,606,478	(2,351,706)	50,254,772
Total equity	184,384,276	23,115,215	780,597,075	(753,457,518)	234,639,048
Total liabilities and equity	Ps. 908,927,206	Ps. 187,683,260	Ps. 1,574,739,769	Ps. (1,392,993,566)	Ps. 1,278,356,669

As of December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 13,803,584	Ps. 1,468,036	Ps. 29,888,412	Ps.	Ps. 45,160,032
Marketable securities	10,166,096		46,181,373		56,347,469
Accounts receivable, net	95,232,364	17,019,959	83,870,812		196,123,135
Related parties	260,915,156	11,637,524	377,552,973	(649,260,020)	845,633
Inventories, net	184,451	17,555,058	18,083,328	(245,365)	35,577,472
Other current assets		742,703	16,535,210		17,277,913
Property, plant and equipment, net	4,232,704	21,604,972	547,691,202		573,528,878
Investments in associated companies	542,312,759	87,164,278	22,039,223	(648,405,690)	3,110,570
Intangible assets and other non-current assets, net	6,443,333	19,615,484	342,456,894		368,515,711
Total assets	Ps. 933,290,447	Ps. 176,808,014	Ps. 1,484,299,427	Ps. (1,297,911,075)	Ps. 1,296,486,813
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 81,442,584	Ps.	Ps. 38,147,202	Ps.	Ps. 119,589,786
Current liabilities	238,376,515	158,848,080	552,666,393	(643,945,315)	305,945,673
Long-term debt	497,879,208		65,747,750		563,626,958
Other non-current liabilities	3,314,145	701,377	149,439,489	(6,984,801)	146,470,210
Total liabilities	821,012,452	159,549,457	806,000,834	(650,930,116)	1,135,632,627
Equity attributable to equity holders of the parent	112,277,995	17,258,557	599,986,501	(617,245,058)	112,277,995
Non-controlling interests			78,312,092	(29,735,901)	48,576,191
Total equity	112,277,995	17,258,557	678,298,593	(646,980,959)	160,854,186
Total liabilities and equity	Ps. 933,290,447	Ps. 176,808,014	Ps. 1,484,299,427	Ps. (1,297,911,075)	Ps. 1,296,486,813

Condensed consolidating statements of comprehensive income

For the year ended December 31, 2013

	<u>Parent</u>	<u>Wholly-owned Guarantor Subsidiary</u>	<u>Combined non-guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Total revenues	Ps. 177,392,370	Ps. 147,484,740	Ps. 634,406,203	Ps. (173,182,292)	Ps. 786,101,021
Total cost and operating expenses	103,305,197	145,880,447	552,650,315	(169,992,694)	631,843,265
Operating income	74,087,173	1,604,293	81,755,888	(3,189,598)	154,257,756
Interest (expense) income, net ...	(19,499,075)	(10,232,219)	8,795,367	(88,892)	(21,024,819)
Foreign currency exchange (loss) gain, net	(5,715,711)	(205,605)	(13,689,149)		(19,610,465)
Other financing cost, net	4,407,649		(12,713,117)	13,933	(8,291,535)
Income tax	9,420,673	(1,473,226)	22,445,284		30,392,731
Equity interest in net income of associated companies	30,765,616	(41,170)	(7,401,474)	(23,286,690)	36,282
Net profit (loss) for year	<u>Ps. 74,624,979</u>	<u>Ps. (7,401,475)</u>	<u>Ps. 34,302,231</u>	<u>Ps. (26,551,247)</u>	<u>Ps. 74,974,488</u>
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 74,624,979	Ps. (7,401,475)	Ps. 33,737,205	Ps. (26,335,730)	Ps. 74,624,979
Non-controlling interest			565,026	(215,517)	349,509
Net profit (loss)	<u>Ps. 74,624,979</u>	<u>Ps. (7,401,475)</u>	<u>Ps. 34,302,231</u>	<u>Ps. (26,551,247)</u>	<u>Ps. 74,974,488</u>
Other comprehensive income items:					
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent years					
Effect of translation of foreign entities	Ps. (26,485,343)	Ps. (3,442,578)	Ps. (26,485,343)	Ps. 29,524,982	Ps. (26,888,282)
Effect of fair value of derivatives, net of deferred taxes	(741,321)	(658,570)	(833,613)	1,492,764	(740,740)
Items that will not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of deferred taxes	(2,289,811)		(3,874,354)	3,726,126	(2,438,039)
Total other comprehensive loss items for the year	<u>(29,516,475)</u>	<u>(4,101,148)</u>	<u>(31,193,310)</u>	<u>34,743,872</u>	<u>(30,067,061)</u>
Total comprehensive income for the year	<u>Ps. 45,108,504</u>	<u>Ps. (11,502,623)</u>	<u>Ps. 3,108,921</u>	<u>Ps. 8,192,625</u>	<u>Ps. 44,907,427</u>
Comprehensive income for the year attributable to:					
Equity holders of the parent	Ps. 45,108,504	Ps. (11,502,623)	Ps. 3,309,998	Ps. 8,192,625	Ps. 45,108,504
Non-controlling interests			(201,077)		(201,077)
	<u>Ps. 45,108,504</u>	<u>Ps. (11,502,623)</u>	<u>Ps. 3,108,921</u>	<u>Ps. 8,192,625</u>	<u>Ps. 44,907,427</u>

Condensed consolidating statements of comprehensive income

For the year ended December 31, 2014

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 177,253,309	Ps. 160,813,209	Ps. 684,868,563	Ps. (174,673,261)	Ps. 848,261,820
Total cost and operating expenses	128,116,283	141,434,298	604,910,204	(182,753,215)	691,707,570
Operating income	49,137,026	19,378,911	79,958,359	8,079,954	156,554,250
Interest (expense) income, net	(28,644,460)	(9,557,003)	13,877,738	(146,527)	(24,470,252)
Foreign currency exchange (loss) gain, net	(9,171,796)	(1,067,727)	(18,375,936)		(28,615,459)
Other financing cost, net	5,940,256		(16,135,030)	4,513	(10,190,261)
Income tax	9,988,723	4,917,194	24,801,632		39,707,549
Equity interest in net income of associated companies	38,649,910	(4,185,854)	(348,866)	(40,188,199)	(6,073,009)
Net profit (loss) for year	Ps. 45,922,213	Ps. (348,867)	Ps. 34,174,633	Ps. (32,250,259)	Ps. 47,497,720
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 45,922,213	Ps. (348,867)	Ps. 32,717,012	Ps. (32,143,988)	Ps. 46,146,370
Non-controlling interest			1,457,621	(106,271)	1,351,350
Net profit (loss)	Ps. 45,922,213	Ps. (348,867)	Ps. 34,174,633	Ps. (32,250,259)	Ps. 47,497,720
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:					
Effect of translation of foreign entities	Ps. (5,786,883)	Ps. (2,718,279)	Ps. (1,209,846)	Ps. (1,977,265)	Ps. (6,255,715)
Effect of fair value of derivatives, net of deferred taxes	(329,112)	(815,484)	(366,195)	1,197,219	(313,572)
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect . .	(6,625,463)		(6,512,408)	6,329,896	(6,807,975)
Total other comprehensive income items for the period	(12,741,458)	1,902,795	(8,088,449)	5,549,850	(13,377,262)
Total comprehensive income for the period	Ps. 33,180,755	Ps. 1,553,928	Ps. 26,086,184	Ps. (26,700,409)	Ps. 34,120,458
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. 33,180,755	Ps. 1,553,928	Ps. 25,370,638	Ps. (26,700,409)	Ps. 33,404,912
Non-controlling interests			715,546		715,546
	Ps. 33,180,755	Ps. 1,553,928	Ps. 26,086,184	Ps. (26,700,409)	Ps. 34,120,458

Condensed consolidating statements of comprehensive income

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 173,615,615	Ps. 157,930,068	Ps. 743,626,527	Ps.(180,955,583)	Ps. 894,216,627
Total cost and operating expenses	126,724,721	142,902,403	663,539,914	(180,404,671)	752,762,367
Operating income	46,890,894	15,027,665	80,086,613	(550,912)	141,454,260
Interest (expense) income, net	(16,668,472)	(9,031,432)	(953,269)	227,781	(26,425,392)
Foreign currency exchange (loss) gain, net	(51,209,235)	(2,060,917)	(25,727,746)		(78,997,898)
Other financing cost, net	14,115,563		7,420,596		21,536,159
Income tax	1,150,992	1,747,302	16,281,357		19,179,651
Equity interest in net income of associated companies	43,077,014	(4,722,363)	(2,534,350)	(37,246,997)	(1,426,696)
Net profit (loss) for year	<u>Ps. 35,054,772</u>	<u>Ps. (2,534,349)</u>	<u>Ps. 42,010,487</u>	<u>Ps. (37,570,128)</u>	<u>Ps. 36,960,782</u>
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 35,054,772	Ps. (2,534,349)	Ps. 41,711,424	Ps. (39,177,075)	Ps. 35,054,772
Non-controlling interest			299,063	1,606,947	1,906,010
Net profit (loss)	<u>Ps. 35,054,772</u>	<u>Ps. (2,534,349)</u>	<u>Ps. 42,010,487</u>	<u>Ps. (37,570,128)</u>	<u>Ps. 36,960,782</u>
Other comprehensive income items:					
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:					
Effect of translation of foreign Entities	Ps. (34,224,932)	Ps. (4,664,901)	Ps. (34,129,089)	Ps. 37,412,602	Ps. (35,606,320)
Effect of fair value of derivatives, net of deferred taxes	37,011		22,482	(21,998)	37,495
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect	(17,791,354)		(10,750,136)	10,561,072	(17,980,418)
Available for sale	173,540		(169,529)		4,011
Total other comprehensive income items for the period	<u>(51,805,735)</u>	<u>(4,664,901)</u>	<u>(45,026,272)</u>	<u>47,951,676</u>	<u>(53,545,232)</u>
Total comprehensive income for the period	<u>Ps. (16,750,963)</u>	<u>Ps. (7,199,250)</u>	<u>Ps. (3,015,785)</u>	<u>Ps. 10,381,548</u>	<u>Ps. (16,584,450)</u>
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. (16,750,963)	Ps. (7,199,250)	Ps. (10,304,830)	Ps. 17,504,080	Ps. (16,750,963)
Non-controlling interests			7,289,045	(7,122,532)	166,513
	<u>Ps. (16,750,963)</u>	<u>Ps. (7,199,250)</u>	<u>Ps. (3,015,785)</u>	<u>Ps. 10,381,548</u>	<u>Ps. (16,584,450)</u>

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2013

	<u>Parent</u>	<u>Wholly-owned Guarantor Subsidiary</u>	<u>Combined non-guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Operating activities:					
Profit before taxes	Ps. 84,045,652	Ps. (8,874,701)	Ps. 56,747,515	Ps.(26,551,247)	Ps. 105,367,219
Non-cash items	43,845,079	15,791,372	57,260,821	23,286,691	140,183,963
Changes in working capital: ..	(34,873,416)	7,885,804	(34,038,834)	3,264,556	(57,761,890)
Net cash flows (used in) provided by operating activities	<u>93,017,315</u>	<u>14,802,475</u>	<u>79,969,502</u>		<u>187,789,292</u>
Investing activities:					
Acquisition of plant, property and equipment	69,274	(16,044,251)	(102,441,309)		(118,416,286)
Acquisition of licenses			(3,334,464)		(3,334,464)
Dividends received			212,394		212,394
Acquisition of non-controlling interest	(341,966)		(1,730,588)	341,966	(1,730,588)
Fixed asset sales			44,045		44,045
Acquisition of investments in associates and business combination			(15,366,062)		(15,366,062)
Partial sale of shares of associated company			4,299,360		4,299,360
Net cash flows provided by (used in) investing activities	<u>(272,692)</u>	<u>(16,044,251)</u>	<u>(118,316,624)</u>	<u>341,966</u>	<u>(134,291,601)</u>
Financing activities:					
Bank loans, net	70,907,667		(5,317,148)		65,590,519
Acquisition of no controlling interest	(72,016,331)		69,448,722		(2,567,609)
Interest paid	(16,839,948)	1,143,831	(6,958,002)		(22,654,119)
Paid-In capital			341,966	(341,966)	
Repurchase of shares and others	(70,745,785)				(70,745,785)
Payment of dividends	(15,501,944)		(220,632)		(15,722,576)
Financial instruments			(546,770)		(546,770)
Net cash flows (used in) provided by financing activities	<u>(104,196,341)</u>	<u>1,143,831</u>	<u>56,748,136</u>	<u>(341,966)</u>	<u>(46,646,340)</u>
Net (decrease) increase in cash and cash equivalents	(11,451,717)	(97,945)	18,401,013		6,851,351
Adjustment to cash flow for exchange rate differences			(4,175,001)		(4,175,001)
Cash and cash equivalents at beginning of the period	<u>27,269,924</u>	<u>1,325,939</u>	<u>16,891,337</u>		<u>45,487,200</u>
Cash and cash equivalents at end of the period	<u>Ps. 15,818,207</u>	<u>Ps. 1,227,994</u>	<u>Ps. 31,117,349</u>	<u>Ps.</u>	<u>Ps. 48,163,550</u>

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2014

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 55,910,936	Ps. 4,568,327	Ps. 58,976,264	Ps. (32,250,258)	Ps. 87,205,269
Non-cash items	76,781,705	20,102,297	62,552,178	40,188,198	199,624,378
Changes in working capital:	(59,801,260)	(24,312,700)	45,832,767	(7,937,940)	(46,219,133)
Net cash flows (used in) provided by operating activities	<u>72,891,381</u>	<u>357,924</u>	<u>167,361,209</u>	<u></u>	<u>240,610,514</u>
Investing activities:					
Acquisition of plant, property and equipment	289,705	(8,850,170)	(117,704,832)		(126,265,297)
Acquisition of licenses		(1,225,966)	(18,093,690)		(19,319,656)
Dividends received	(6,265)	7,070,000	(1,497)	(6,702,825)	359,413
Investment in associates and business combinations	7,664,566		(19,575,148)		(11,910,582)
Acquisition of business, net of cash acquired	(10,400,293)	24,648,037	(12,582,000)	10,400,293	12,066,037
Cash acquired in business combination			(2,654,342)		(2,654,342)
Proceeds from fixed asset sales			96,781		96,781
Net cash flows provided by (used in) investing activities	(2,452,287)	21,641,901	(170,514,728)	3,697,468	(147,627,646)
Financing activities:					
Bank loans, net	11,556,519		(4,065,730)		7,490,789
Acquisition of no controlling interest			(4,696,245)		(4,696,245)
Interest paid	(20,818,380)	(21,833,128)	9,368,090		(33,283,418)
Paid-In capital			10,400,293	(10,400,293)	
Repurchase of shares and others	(35,049,327)				(35,049,327)
Increase of non-controlling interests			7,181,894		7,181,894
Payment of dividends	(16,291,799)		(7,465,855)	6,702,825	(17,054,829)
Financial instruments			653,116		653,116
Net cash flows (used in) provided by financing activities	<u>(60,602,987)</u>	<u>(21,833,128)</u>	<u>11,375,563</u>	<u>(3,697,468)</u>	<u>(74,758,020)</u>
Net (decrease) increase in cash and cash equivalents	9,836,107	166,697	8,222,044		18,224,848
Adjustment to cash flow for exchange rate differences			85,305		85,305
Cash and cash equivalents at beginning of the period	<u>15,818,207</u>	<u>1,227,994</u>	<u>31,117,349</u>	<u></u>	<u>48,163,550</u>
Cash and cash equivalents at end of the period	<u>Ps. 25,654,314</u>	<u>Ps. 1,394,691</u>	<u>Ps. 39,424,698</u>	<u>Ps.</u>	<u>Ps. 66,473,703</u>

Condensed Consolidating Statements of Cash Flows

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 36,205,763	Ps. (787,047)	Ps. 58,291,845	Ps.(37,570,128)	Ps. 56,140,433
Non-cash items	(4,256,606)	20,449,298	141,855,010	37,246,997	195,294,699
Changes in working capital: ...	(72,746,155)	(1,580,787)	(13,704,330)	323,131	(87,708,141)
Net cash flows (used in) provided by operating activities	(40,796,998)	18,081,464	186,442,525		163,726,991
Investing activities:					
Purchase of property, plant and equipment	1,498	(6,894,071)	(121,147,340)		(128,039,913)
Acquisition of intangibles		(3,292,490)	(20,240,336)		(23,532,826)
Dividends received from associates	74,901,349			(73,255,637)	1,645,712
Proceeds from sale of plant, property and equipment			27,329		27,329
Acquisition of business, net of cash acquired			(3,457,153)		(3,457,153)
Partial sale of shares of associate company			633,270		633,270
Spin of company		(216,626)	21,216,626		21,000,000
Investment in associates companies	(2,213,277)	(1,404,489)	3,439,801		(177,965)
Net cash flows provided by (used in) investing activities	72,689,570	(11,807,676)	(119,527,803)	(73,255,637)	(131,901,546)
Financing activities:					
Bank loans, net	50,879,779		5,083,236		55,963,015
Acquisition of no controlling interest	(34,970)		(996,079)		(1,031,049)
Interest paid	(23,379,273)	(6,200,848)	(3,250,311)		(32,830,432)
Paid-In capital					
Repurchase of shares and others	(34,684,520)		241,436		(34,443,084)
Increase of non-controlling interests					
Payment of dividends	(36,524,317)		(74,090,920)	73,255,637	(37,359,600)
Financial instruments			(503,444)		(503,444)
Net cash flows (used in) provided by financing activities	(43,743,301)	(6,200,848)	(73,516,082)	73,255,637	(50,204,594)
Net (decrease) increase in cash and cash equivalents	(11,850,729)	72,940	(6,601,360)		(18,379,149)
Adjustment to cash flow for exchange rate differences			(2,934,522)		(2,934,522)
Cash and cash equivalents at beginning of the period	25,654,313	1,395,096	39,424,294		66,473,703
Cash and cash equivalents at end of the period	Ps. 13,803,584	Ps. 1,468,036	Ps. 29,888,412	Ps.	Ps. 45,160,032

**UNOFFICIAL TRANSLATION | IN THE EVENT OF CONFLICT BETWEEN THE
ENGLISH AND SPANISH VERSION, THE SPANISH VERSION WILL PREVAIL**

**BYLAWS OF AMÉRICA MÓVIL, SOCIEDAD
ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE**

ARTICLES

ONE. The name of the Company shall be “AMÉRICA MÓVIL”, which shall be followed by the words “SOCIEDAD ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE” or its abbreviation, “S.A.B. DE C.V.”

TWO. The domicile of the Company is Mexico City, Federal District; provided, however, that the Company shall be authorized to establish offices, branches or agencies in any other jurisdiction within the United Mexican States and abroad; to submit itself, for purposes of any act, contract or agreement, to any foreign laws or the laws of any other State of the United Mexican States, and to the respective jurisdiction of the competent courts thereof; to submit itself, for purposes of receiving all types of notices or service of any court or out-of-court proceedings, to any contractual domicile in the United Mexican States or abroad; and to appoint, to such or any other effect, any general or special attorneys-in-fact outside the United Mexican States, without any of the foregoing being construed as a change of domicile.

THREE. The purposes of the Company are:

- (a) To promote, incorporate, organize, exploit, acquire and participate in the capital stock or assets of all types of civil or commercial companies, partnerships and industrial, commercial, service or other entities, whether domestic or foreign, and to participate in the management or liquidation thereof.
- (b) To acquire, by any legal means, any shares of stock of and rights, participations or partnership interests in, all types of civil or commercial companies, whether upon their incorporation or at any time thereafter; to sell, transfer and negotiate with such shares, participations and partnership interests, including any other negotiable instruments; and, for as long as the shares of stock of the Company are registered with the National Securities Registry, to acquire its own shares of stock in accordance with the general provisions issued by the National Banking and Securities Commission.
- (c) To build, install, maintain, operate and exploit public telecommunication networks, in order to provide any telecommunication services and any services involving the transfer of video, voice, data or any other type of content, provided that the Company has obtained the concessions and permits required to such effect pursuant to the law.

- (d) To acquire the direct ownership of any real property, subject to the provisions of Article 27 (twenty-seven) of the Political Constitution of the United Mexican States and the Foreign Investment Law and its Regulations.
- (e) To lease, whether as lessor or lessee, all types of real property and rights thereto, and to enter into all types of legal transactions to obtain or permit the use and/or enjoyment of such property.
- (f) To acquire, sell and enter into any legal transaction relating to, any personal property, personal rights, machinery, equipment and tools, as may be necessary or convenient to achieve its corporate purposes.
- (g) To carry out any legal acts with respect to any credits or rights.
- (h) To carry out any legal acts with respect to any patents, trademarks and trade names, or to any other intellectual property rights.
- (i) To provide and receive all types of advisory and technical, scientific and administrative assistance.
- (j) To issue bonds and debentures.
- (k) To establish branches, agencies and offices within the United Mexican States or abroad.
- (l) To act as agent, representative or commission agent for any Mexican or foreign individuals or entities.
- (m) To lend or borrow money.
- (n) To accept, issue, guarantee and endorse all types of credit instruments.
- (ñ) To grant all types of guaranties in respect of third party obligations, including the obligations of its subsidiaries or any unrelated domestic or foreign corporation, including through the creation of liens on real property or the pledge of any trust beneficiary rights, as may be necessary or convenient to achieve its corporate purposes.
- (o) To guarantee, by any legal means, including through the creation of liens on real property and the pledge of trust beneficiary rights, with or without consideration, the performance of the obligations of any unrelated domestic or foreign individual or entity, and to act as co-obligor of any unrelated domestic or foreign individual or entity.
- (p) To carry out any action or enter into any agreement which is related to its corporate purposes and is permitted for a limited liability company.

FOUR. The duration of the Company shall be indefinite.

FIVE. The Company is of Mexican nationality. No foreign individual or entity may hold any shares of or interest in the Company. If for any reason any such person should acquire by any means any one or more such shares or any such interest in violation of the prohibition contained in the preceding sentence, it is hereby agreed that such acquisition shall be null and void and, accordingly, the relevant interest and the certificates representing it shall be cancelled and rendered without any value, and the capital stock shall be reduced in an amount equal to that of the interest so cancelled. All the capital shall at all times be subscribed for by Mexican individuals or entities.

SIX. The capital of the Company is variable. The minimum fixed portion of the capital is \$362,873,850.45 (three hundred sixty-two million eight hundred seventy-three thousand eight hundred fifty pesos and forty-five cents), divided into 95,489,724,196 (ninety-five billion four hundred eighty-nine million two hundred twenty-four thousand one hundred ninety-six) shares, of which 23,384,632,660 (twenty-three billion three hundred eighty-four million six hundred thirty-two thousand six hundred sixty) are Series "AA" registered shares of common stock, no par value; 642,279,095 (six hundred forty-two million two hundred seventy-nine thousand ninety five) are Series "A" registered shares of common stock, no par value; and 71,462,812,441 (seventy-one billion, four hundred sixty-two million eight hundred twelve thousand four hundred forty-one) are Series "L" registered, limited-voting shares, no par value, all of which are fully paid and non-assessable.

The Series "AA" registered shares of common stock, no par value, shall represent no less than 20% (twenty-percent) and no more than 51% (fifty-one percent) of the capital stock) and may only be subscribed or acquired by Mexican nationals; and the Series "L" registered, limited-voting shares, no par value, which are subject to no ownership restrictions, shall represent no more than 80% (eighty percent) of the capital stock.

In the event of an increase in the capital stock, such increase shall be represented by Series "AA" and Series "L" shares in proportion to the number of shares of each such series then outstanding. The Company may issue unsubscribed shares of any series of stock, for their delivery upon subscription.

All of the common shares of the Company, which consist of the Series "AA" shares, must be held at all times by Mexican investors.

The Series "AA" shares may not represent more than 51% (fifty-one percent) of the capital stock.

The Series "L" shares shall have no ownership restrictions and, accordingly, may be held by Mexican investors, foreign individuals, entities or economic units, or Mexican corporations where the majority of the capital stock is held by foreign investors or in which such investors have the power, by whichever means, to direct the management of the corporation. The Series "L" shares shall be considered as a neutral investment within the meaning of Article 18 and other applicable provisions of the Foreign Investment Law and, thus, shall not be taken into account for purposes of determining the percentage of the capital stock that is held by foreign investors.

The Series "AA" shares, which may only be held by Mexican investors, must represent at all times at least 20% (twenty percent) of the capital stock. The Series "L" shares, which have no ownership restrictions, may not represent at any time more than 80% (eighty percent) of the capital stock.

The Series "AA" shares may only be subscribed or acquired by:

- (a) Mexican individuals.
- (b) Mexican corporations the bylaws of which preclude foreign investors from participating therein and in which only Mexican individuals and/or Mexican entities the bylaws of which, in turn, preclude foreign investors from participating therein, may participate as shareholders.
- (c) Trusts expressly authorized by the competent authorities to hold Series "AA" shares pursuant to the Foreign Investment Law and its Regulations, where (i) a majority of the trust beneficiary rights are held by Mexican individuals or entities that satisfy the requirements set forth in paragraphs (a), (b) and (d) above, or (ii) the Series "AA" shares held in trust represent a minority of the outstanding shares of such series and are required to be voted by the trustee in the same manner as the majority of the Series "AA" shares.

The shares of stock of the Company may not be acquired by any foreign state or government and, in the event of any such an acquisition, the relevant shares shall be rendered null and without value for the holder as of the date of acquisition.

SEVEN. Within their respective series, all shares of stock entitle their holders to the same rights. Each Series "AA" share of common stock entitles its holder to cast one vote during any general shareholders meeting. Series "L" shares shall be entitled to vote only with respect to the limited matters set forth in these bylaws and the relevant stock certificates. All stock certificates shall be manually signed by one (1) or more Directors or, if authorized by the board of directors, shall bear the facsimile signature(s) of such Director(s). In the latter event, an original of the relevant signatures shall be filed with the applicable Public Registry of Commerce. The stock certificates shall bear consecutive numbers, may represent one or more shares and shall have dividend coupons attached. The stock certificates, as well as any provisional certificates, must satisfy the requirements set forth in Article 125 (one hundred twenty five) of the General Law of Business Corporations and Article Five of these bylaws.

EIGHT. Series "L" shares, which shall be issued pursuant to Article 113 of the General Law of Business Corporations, shall have limited voting rights and shall be entitled to a preferred dividend. The Series "L" shares shall be entitled to vote only with respect to the following matters: the extension of the duration of the Company, the

early dissolution of the Company, any change in the corporate purpose of the Company, any change of nationality of the Company, the transformation of the Company, any merger with another entity and the cancellation of the registration of the shares of stock of the Company with the National Securities Registry or any foreign stock exchange, excluding any quotation system or other market not organized as a stock exchange.

Holders of a minority of limited voting shares other than those referred to in Article 113 of the General Law of Business Corporations, representing at least ten percent of one or both series of the capital stock, shall be entitled to appoint one Director and his alternate. The appointment of the directors elected by the shareholders referred to in this paragraph may be revoked only if the appointment of all other Directors is also revoked. The right set forth herein must be exercised by means of a written notice to the Chairman or the Secretary of the board of directors, at least two business days prior to the date of the ordinary shareholders meeting that will consider the election, reelection or revocation of the appointment of the members of the board of directors.

If no appointment is made by the minority referred to in the preceding paragraph, the Series "L" shares, voting as a class during a special meeting held to that effect, shall be entitled to appoint two members of the board of directors and their respective alternates; provided, that the aggregate number of directors appointed pursuant to the preceding paragraph and this paragraph may in no event exceed the aggregate percentage of the capital stock that is represented by the Series "L" shares, divided by 10. The person authorized to such effect by the special meeting, shall give to the Chairman of the ordinary shareholders meeting written notice of the names of the individuals appointed as members and alternate members of the board of directors by the holders of the Series "L" shares.

Lastly, the Series "L" shares shall be entitled to attend and cast one vote per share at any extraordinary shareholders meeting called to consider the amendment of Article Twelve of these bylaws, which refers to the cancellation of the registration of the shares of stock of the Company with the National Securities Registry.

All shares entitle their holders to the same financial rights and, accordingly, all shares shall be entitled to participate equally and without any distinction in any dividend, reimbursement, redemption or distribution of whatever nature, subject only to the following:

- (a) Pursuant to Article One Hundred Thirteen of the General Law of Business Corporations, no dividend may be paid in respect of the Series "AA" shares until after an annual dividend equal to five percent of the theoretical value of the Series "L" shares, which is \$0.00833 Mex.Cy. (eight point thirty three thousandths of one Peso) per share, or an annual dividend of \$0.00042 Mex.Cy. (four point two tenths of a thousandth of one Peso) per share, has been paid to the holders of the Series "L" limited voting shares. Such dividend shall be paid out of the retained earnings of the Company as reflected in the financial statements for its previous fiscal

years, as approved by the shareholders meeting pursuant to Article Nineteen of the General Law of Business Corporations. If no dividends are approved during a given fiscal year, or if the dividends approved during a given fiscal year are less than the aforementioned five percent, the dividend referred to herein shall be paid over subsequent fiscal years in the order set forth above.

- (b) If following the payment of the dividend referred to in subparagraph (a) above to the holders of the Series “L” shares, the general shareholders meeting approves any additional dividends, the holders of the Series “AA” shares shall be entitled to receive dividends in an amount equal to the dividends paid to the holders of the Series “L” shares pursuant to subparagraph (a) above during the current fiscal year or any previous year, so as to enable all shareholders to receive the same amount of dividends.
- (c) If following the payment of the dividend referred to in subparagraph (b) above to the holders of the Series “AA” shares, and following the receipt or scheduled receipt of dividends in the same amount by all shareholders, the Company approves any additional dividends during the then current fiscal year, then the holders of all Series “AA” and Series “L” shares shall be entitled to receive the same amount of dividends per share and, accordingly, each Series “L” shall receive additional dividends in the same terms, amounts and dates as the dividends paid in respect of the Series “AA” shares.
- (d) In the event of liquidation of the Company, the holders of the Series “L” shares shall be entitled to receive any accrued but unpaid preferred, cumulative dividends amounting to five percent of the theoretical value of such shares, as set forth in subparagraph (a) above, prior to the distribution of any available proceeds among all shares of stock. Following payment of the dividend referred to in the preceding sentence, the holders of the Series “AA” shares shall be entitled to receive a dividend per share equal to the dividend paid in respect of the Series “L” shares.
- (e) In the event of an increase in the capital stock through the issuance of new Series “L” shares for their subscription and payment in cash or kind, the holders of the outstanding Series “L” shares shall have the right to subscribe such new shares in proportion to their holdings, in accordance with the terms set forth in these bylaws.
- (f) The Series “L” shares shall be entitled to participate in any stock dividends approved by the Company on the same terms as the shares of all other series.

NINE. Subject to the provisions contained in these bylaws, the Series "A" shares may be exchanged for Series "L" shares on a one-for-one basis at the request of their holders, upon surrender of the corresponding stock certificates to the Treasurer of the Company for their cancellation.

TEN. [Reserved.]

ELEVEN. Subject to the provisions contained in these bylaws, the Series "AA" shares may be exchanged for Series "L" shares on a one-for-one basis at the request of their holders, upon surrender of the corresponding stock certificates to the Treasurer of the Company for their cancellation, provided that such exchange does not result in the Series "AA" shares representing less than 20% (twenty percent) of the capital stock.

TWELVE. The Company shall maintain a stock registry and shall recognize as shareholders only those persons registered as such therein. The Company shall record in such registry, at the request of any interested party and following any necessary verification, any transfer of shares carried out in accordance with these bylaws and the applicable laws.

Pursuant to Article 48 (forty eight) of the Securities Market Law and Article 130 (one hundred thirty) of the General Law of Business Corporations, in order to prevent the direct or indirect acquisition by any shareholder or third party, of any control shares within the meaning of the Securities Market Law, any acquisition of shares, other securities or instruments representing shares, or any rights with respect to shares of the Company, through a single transaction or a series of related transactions carried out over any period of time, shall be subject to the prior approval of the board of directors, in its sole discretion, if the number of shares or the rights subject matter of the proposed acquisition represent or involve a group of related shareholders representing 10% (ten percent) or more of the voting shares of the Company.

For purposes of the above, the person or group of persons interested in acquiring 10% (ten percent) or more of the voting stock of the Company, shall be required to submit a written request for authorization to the Chairman and the Secretary of the board of directors of the Company. Such request shall include, at least, the following information: (i) a statement as to their acceptance of and intent to abide by the bylaws of the Company and the discretionary authorization process set forth in the foregoing article; (ii) the number and class of shares currently owned by the person or group of persons intending to acquire the relevant shares; (iii) the number and class of shares subject matter of the proposed acquisition; (iv) the identity and nationality of each prospective buyer; and (v) a statement as to whether they intend to acquire a significant influence in or the control of the Company within the meaning of the Securities Market Law; provided, that the board of directors may request such additional information as it may deem necessary or convenient as a basis for any decision concerning the above.

If the board of directors denies the authorization required pursuant to the foregoing article, it shall designate one (1) or more alternative buyers and such buyers shall be required to pay to the relevant party the price quoted for the shares by the stock exchange. If the shares are not registered with the National Securities Registry, then the price shall be determined in accordance with Article 130 of the General Law of Business Corporations.

The board of directors shall issue its decision within not more than 3 (three) months from the date of receipt of the relevant request or, as the case may be, the date of receipt of any additional information, taking into consideration (i) such criteria as may be in the best interest of the Company, its business activities and its long-term prospects and those of its subsidiaries, (ii) that not one (1) or more shareholders of the Company, other than the persons who intend to acquire the control thereof, is precluded from receiving any financial benefits arising as a result of the enforcement of this article; and (iii) that the acquisition of the control of the Company is not restricted in an absolute manner.

The Company may not take any action intended to render ineffective the exercise of the financial rights of the prospective buyer or which violates the provisions contained in the Securities Market Law concerning mandatory tender offers. Notwithstanding the above, any person who acquires shares, other securities or instruments representing shares, or any rights with respect to shares of the Company in violation of the provisions contained in the preceding paragraph, will be required to pay to the Company a penalty in an amount equal to the aggregate price of all the shares or other securities or instruments representing shares of the Company owned by such person, directly or indirectly, or of all the shares subject matter of the prohibited transaction. If the transactions resulting in the acquisition of shares or other securities, instruments or rights representing more than 10% (ten percent) of the capital stock of the Company, do not provide for the payment of any consideration in exchange therefor, the amount of the penalty shall be equal to the market value of such shares or other certificates, instruments or rights if such transactions were carried out without the authorization referred to in the foregoing article.

For purposes of the requirements set forth above, for so long as the shares of stock of the Company are registered with the National Securities Registry, any transaction carried out through the stock exchange shall also be subject to the provisions contained in the Securities Market Law and the rules issued thereunder by the National Banking and Securities Commission. For clarification purposes, any transfer of shares of the Company that does not result in the acquisition of an interest equal to or greater than 10% (ten percent) of the voting stock by a single person or a group of persons acting in a concerted fashion, and which is carried out through a stock exchange, shall not be subject to the prior authorization of the board of directors of the Company.

Any person or group of persons that acquires or increases a material interest in the Company without first conducting a public offering to purchase such shares as required by the Securities Market Law, will not be entitled to exercise the corporate rights pertaining to the relevant voting shares, and the Company may refuse to register such shares in the registry referred to in articles 128 (one hundred twenty eight) and 129 (one hundred twenty nine) of the General Law of Business Corporations.

Consequently, in the event of any acquisition required to be carried out through a public tender offer pursuant to the Securities Market Law, the buyer shall be required to obtain the authorization of the board of directors prior to the commencement of the relevant offering period. In any event involving the acquisition of 10% (ten percent) or more of the shares of stock of the Company, the buyer shall be required to disclose the existence of the prior board approval process set forth herein.

In addition, any change of control of the Company shall be subject to the prior written authorization of the board of directors, as evidenced by a resolution adopted by the affirmative vote of a majority of the directors that were elected to their positions prior to the occurrence of any fact which may result in the change of control, during a board meeting held in the terms set forth in these bylaws to consider, expressly, such change.

The provisions contained in the foregoing article do not preclude, but are in addition to, any notice, communication and/or authorization required to be given, delivered or obtained by the prospective buyer pursuant to the applicable law.

For purposes of the foregoing article, the board of directors shall determine, in its own discretion, if various persons are acting as a group or in a concerted fashion. In the event of such determination, such persons shall be considered as a single person for purposes of the foregoing article.

No entity which is controlled by the Company may acquire, directly or indirectly, any shares of stock of the Company or other instruments representing such shares, unless such acquisition (i) is carried out through an investment fund, or (ii) is carried out by an entity in which the Company is the majority shareholder, for purposes of a stock option or stock purchase plan established or designed for the benefit of the officers or employees of such entity or the Company itself, provided that the number of shares so acquired may not exceed 25% (twenty five percent) of the aggregate number of shares of the Company that are then outstanding.

Pursuant to the Securities Market Law and the general rules issued by the National Banking and Securities Commission, for so long as the shares of the Company are registered with the National Securities Registry, in the event of cancellation of such registration, whether at the request of the Company or by resolution of the National Banking and Securities Commission in accordance with the law, the Company shall be required to conduct a public offer in the terms set forth in Article 108 (one hundred eight) of the Securities Market Law, to purchase all the outstanding shares of stock thereof. Such offer shall be addressed exclusively to those persons other than the members of the controlling group of shareholders, who were shareholders or holders of other securities representing such shares (i) as of the date set forth by the National Banking and Securities Commission, if the registration is cancelled by resolution thereof, or (ii) as of the date of the resolution adopted by the general extraordinary shareholders meeting, if the registration is cancelled voluntarily.

If upon completion of the public offering and prior to the cancellation of the registration of the shares of stock of the Company or other securities representing such shares with the National Securities Registry, the Company does not acquire 100% of its outstanding shares of stock, the Company shall be required to transfer to a trust, for a period of at least 6 (six) months as of the date of cancellation of the registration, such amount as may be necessary to purchase, at the same offering price, the shares held by those shareholders that did not tender their shares in connection with the offering.

The tender offer described herein shall be made for a price that is at least equal to the highest of (i) the trading price, and (ii) the book value of the shares or other securities representing such shares pursuant to the most recent quarterly report filed with the Commission and the stock exchange prior to the commencement of the offering, provided that such value may be adjusted to the extent of any changes in the criteria applicable to the calculation of the relevant information, in which case such value shall be determined based on the most recent information available to the Company, which shall be accompanied by a certificate as to the basis for the determination of the book value, issued by an authorized officer of the Company.

For purposes hereof, the trading price shall be the weighted average price per volume of all transactions carried out during the last thirty days on which the shares of the Company or other securities representing such shares were quoted prior to the commencement of the offering, within a period not to exceed 6 (six) months. If the number of days on which the shares of the Company or other securities representing such shares were quoted during such period is less than 30 (thirty), only those days on which such shares or other securities were quoted shall be taken into consideration. If no price was quoted during such period, the book value shall apply.

The National Banking and Securities Commission, taking into consideration the financial condition of the Company, may authorize the offering price to be determined pursuant to another basis, provided that such circumstance is approved by the board of directors based on an opinion issued by the corporate governance committee, which opinion shall state the reasons that justify the use of such other price and shall be supported by a report issued by an independent expert.

In any event, the voluntary cancellation of the registration of the shares with the National Securities Registry shall be subject, in addition to the requirements set forth in the Securities Market Law and other applicable laws, to (i) the prior authorization of the National Banking and Securities Commission, and (ii) the authorization of not less than 95% (ninety five percent) of the outstanding shares during a general extraordinary shareholders meeting.

THIRTEEN. Except for any increase or reduction in the capital stock as a result of any repurchase of shares conducted pursuant to the Securities Market Law, the variable portion of the capital stock may be increased or reduced without the need to amend these bylaws, provided, only, that such increase or reduction must be approved by the ordinary shareholders meeting and the minutes of such meeting must be formalized by a notary public without the need to file the relevant public instrument with the applicable Public Registry of Commerce.

The minimum fixed portion of the capital stock may not be increased or reduced except by resolution of the general extraordinary shareholders meeting, subject to the amendment of these bylaws, unless such capital increase or reduction results from the placement of any shares previously repurchased by the Company pursuant to this article. All capital increases and reductions shall be recorded in a book maintained to such effect by the Company.

In the event of a capital increase, the shareholders shall have a preemptive right to subscribe the new shares issued or placed by the Company, in proportion to the number of shares of each series held by them. The right set forth in this paragraph must be exercised within 15 (fifteen) days from the publication of the relevant resolution in the Official Gazette of the Federation and a newspaper of general circulation in Mexico City, Federal District. Such right will not be available to the shareholders in the event of a merger, a conversion of convertible debentures, a public placement pursuant to Article 53 (fifty-three) of the Securities Market Law and these bylaws, or a sale of shares previously repurchased pursuant to Article 56 (fifty-six) of the Securities Market Law.

If any shares remain unsubscribed after the expiration of the period for the exercise of the preemptive rights available to the shareholders pursuant to this article, such shares may be offered to any person for their subscription and payment in the terms and over the periods authorized by the shareholders meeting that approved the capital increase, by the board of directors or by the persons authorized to such effect by the shareholders meeting; provided, that the subscription price offered to any third party may not be lower than subscription price offered to the shareholders.

The variable portion of the capital stock may be reduced by means of a redemption of shares on a pro-rata basis among all series of shares representing such capital, a redemption of such shares as a whole, or a reimbursement of shares to the shareholders, at the price quoted by the stock exchange on the date of the capital reduction. During the shareholders meeting, the shareholders may request that the shares be redeemed on a pro-rata basis, and in the event of an impasse the shares to be redeemed shall be selected by means of a raffle conducted before a notary public or broker.

Following the selection of the shares to be redeemed, the Company will publish in the Official Gazette of the Federation and a newspaper of general circulation in Mexico City, Federal District, a notice indicating the number of shares to be redeemed, the numbers of the stock certificates that will be cancelled or exchanged as a result, and the name of the financial institution where the Company will deposit the redemption price, which shall be available to the shareholders as of the date of publication of the aforementioned notice, without interest.

Pursuant to Article 56 (fifty-six) of the Securities Market Law, the Company shall be authorized to repurchase its own shares through the stock exchange, at the then prevailing market price.

Notwithstanding the provisions contained in the General Law of Business Corporations, any repurchased shares held by the Company, as well as any treasury shares, may be publicly offered without the need, in the latter event, for the relevant capital increase to be approved by the shareholders meeting or for such placement to be authorized by the board of directors.

The Company may issue unsubscribed shares of any series of its capital stock, which shall be kept in its treasury for their delivery upon subscription.

The Company may also issue unsubscribed shares to be held in its treasury for their placement among the investing public, provided that (i) the general extraordinary shareholders meeting must determine the maximum amount of the capital increase and the conditions for the relevant issue, (ii) the shares issued pursuant hereto must be placed through a public offering, subject to the prior registration of such shares with the Public Registry of Securities, and (iii) the Company must disclose the amount of its paid-in capital together with the amount of its authorized capital that is represented by treasury shares, and provided, further, that the conditions set forth to such effect in the Securities Market Law are satisfied.

FOURTEEN. [Reserved.]

GENERAL SHAREHOLDERS MEETINGS

FIFTEEN. The general shareholders meeting shall be the supreme authority of the Company, and all other corporate bodies shall be subordinated thereto.

SIXTEEN. General shareholders meetings may be ordinary or extraordinary, and shall be held in the domicile of the Company. Extraordinary shareholders meetings shall be those called to consider any of the matters set forth in Article 182 (one hundred eighty two) of the General Law of Business Corporations or the cancellation of the registration of the shares of stock of the Company with the National Securities Registry or with any foreign stock exchange in which such shares may be listed. Shareholders meetings may consider only those matters set forth in the agenda therefor.

Each year, the board of directors shall call a special meeting of the holders of the Series "L" shares to appoint the 2 (two) members of the board of directors that such holders are entitled to appoint, which meeting shall be held prior to the general annual ordinary shareholders meeting. Special meetings of the holders of the Series "L" shares called solely to appoint the aforementioned members of the board of directors, shall be governed by the provisions applicable to general ordinary shareholders meetings held upon second notice, as set forth in Article Twenty Three of these bylaws.

SEVENTEEN. A general ordinary shareholders meeting shall be held at least once a year, on such date as the board of directors may determine but within 4 (four) months following the end of each fiscal year, to consider, in addition to the matters included in the relevant agenda, the matters set forth in Article 181 (one hundred eighty one) of the General Law of Business Corporations.

In addition, pursuant to Article 47 (forty seven) of the Securities Market Law, the ordinary shareholders meeting must approve any proposed transaction by the Company or any entity controlled thereby, involving, during any given year, 20% (twenty percent) or more of the consolidated assets of the Company based on its financial information as of the end of the most recent quarter, regardless of whether such transaction is carried out through a series of simultaneous or successive acts, if by reason of their characteristics such acts may be considered as a single transaction. Holders of the Series "L" shall be entitled to vote during such shareholders meeting.

EIGHTEEN. Shareholders meetings shall be called by the board of directors, the statutory auditors, the Chairman of the board of directors, the Secretary, the members of any committee authorized to such effect, or a competent judge. Pursuant to Article 184 (one hundred eighty four) of the General Law of Business Corporations, holders of at least 10% (ten) percent of the voting shares stock, including any limited voting shares, may request that a general shareholders meeting be called to consider the matters indicated in such request.

NINETEEN. Notices of shareholders meetings shall be published in the Official Gazette of the Federation or a newspaper of general circulation in Mexico City, Federal District, at least 15 (fifteen) days prior to the date of the meeting. All the information and documents pertaining to each of the matters included in the agenda shall be made available to the shareholders, free of charge, as of the date of publication of the notice of the meeting.

TWENTY. Notices of shareholders meetings must indicate the place, date and time of the meeting, must include the agenda therefor, which agenda may not include any item designated as "general matters" or other similar designation, and must be signed by the person or persons issuing such notice.

TWENTY-ONE. Shareholders meetings may be held without prior notice if all shares entitled to vote with respect to the matters to be discussed thereat are represented at the meeting.

TWENTY-TWO. The quorum for an ordinary shareholders meeting held upon first notice shall be one-half of the shares of common stock, and the resolutions of such meeting shall be valid if approved by a majority of the shares present.

TWENTY-THREE. If an ordinary shareholders meeting is not held on the date set therefor, a second notice disclosing such circumstance shall be published, setting a date not earlier than 7 (seven) calendar days from the date set in the first notice, and the new meeting shall take action with respect to the matters set forth in the agenda, by majority of votes, regardless of the number of common shares present.

TWENTY-FOUR. The quorum for an extraordinary shareholders meeting held upon first notice to consider any matter with respect to which the holders of the Series "L" shares are not entitled to vote, shall be three-quarters of the common shares entitled to vote with respect to such matters, and the resolutions of such meeting shall be valid if approved by a majority of the common shares present that are entitled to vote thereon.

The quorum for an extraordinary shareholders meeting held to consider any matter with respect to which the holders of the Series "L" shares are entitled to vote, shall be three-quarters of the outstanding shares of stock, and the resolutions of such meeting shall be valid if approved by a majority of the outstanding shares of stock.

The quorum for an extraordinary shareholders meeting held upon second or subsequent notice to consider any matter with respect to which the holders of the Series "L" shares are not entitled to vote, shall be a majority of the common shares entitled to vote with respect to such matters, and the resolutions of such meeting shall be valid if approved by a majority of the outstanding shares that are entitled to vote thereon.

The quorum for an extraordinary shareholders meeting held upon second or subsequent notice to consider any matter with respect to which the holders of the Series "L" shares are entitled to vote, shall be a majority of the outstanding shares of stock, and the resolutions of such meeting shall be valid if approved by a majority of the outstanding shares of stock present.

The resolutions of an extraordinary shareholders meeting held upon first or subsequent notice to consider any matter with respect to which the holders of the Series "L" shares are entitled to vote, shall be valid taken if approved by the majorities set forth in the preceding paragraphs, including a majority of the outstanding Series "AA" shares.

Subject to the terms and conditions set forth in Article 199 (one hundred ninety nine) of the General Law of Business Corporations and Article 50 (fifty) of the Securities Market Law, any holder of at least 10% of the voting shares present at a meeting, including any holder of limited voting shares, may request that voting on any matter with respect to which such shareholder does not consider himself to be sufficiently informed, be deferred.

TWENTY-FIVE. In order to be entitled to attend and vote during a shareholders meeting, shareholders shall be required to deposit with the Secretary of the Company, at least one (1) day prior to the shareholders meeting, their stock certificates or, as the case may be, any provisional certificates, and to obtain therefrom an admission pass. Stock certificates may also be deposited with a Mexican or foreign credit institution or a Mexican brokerage firm, and in such event the shareholders shall be required to submit to the Secretary of the Company, as a condition for the issuance of the admission pass, evidence of the deposit of such stock certificates with such institution and evidence of the agreement of the relevant credit institution, brokerage firm or securities depository institution to hold in deposit such stock certificates until it has received a notice from the Secretary of the board of directors to the effect that the relevant shareholders meeting has been held. The Secretary of the Company shall deliver to the relevant shareholders and admission pass stating the name of the shareholder, the number of shares deposited thereby and the number of votes that such shareholder is entitled to cast.

TWENTY-SIX. Shareholders may be represented at any meeting thereof by attorneys-in-fact appointed by proxy, provided that the members of the board of directors may not serve as attorneys-in-fact.

Pursuant to Article 49 (forty nine) of the Securities Market Law, shareholders may also be represented at any meeting thereof by holders of powers of attorney granted through the special forms prepared to such effect by the Company, which forms shall contain (i) the name of the Company and a copy of the agenda for the meeting, provided that such agenda may not include under the caption "general matters" any matter referred to in the applicable law, and (ii) a blank space for the inclusion of any instructions from the shareholder to the attorneys-in-fact.

The Secretary of the board of directors shall ensure that the provisions contained in the preceding paragraph are complied with, and shall submit to the shareholders meeting a report thereon, which circumstance shall be evidenced in the minutes of the relevant meeting.

TWENTY-SEVEN. Shareholders meetings shall be presided by the Chairman of the board of directors or, in his absence, by one (1) Vice Chairman or, in the absence of both such persons, by one (1) of the Mexican directors present or, in the absence of all such persons, by the person appointed by the attendants. The Secretary or the Alternate Secretary of the board of directors, or in the absence of such two (2) persons, the person appointed by the chairman of the meeting, shall act as secretary of the meeting.

TWENTY-EIGHT. Upon commencement of the shareholders meeting, the chairman thereof shall appoint two (2) tellers of inspection who shall determine the number of shares present and shall prepare a list of attendance containing the names of the shareholders present or represented at the meeting and the number of shares deposited by each of them prior to the meeting.

TWENTY-NINE. If the time allotted for a shareholders meeting at which a quorum is present, is not sufficient to consider all the matters for which the meeting was called, the meeting may be adjourned and continued at a later date without further notice, provided that such adjournment must be approved by the majority required to take action at such meeting.

The resolutions adopted during the continuance meeting shall be valid if approved by the majority required pursuant to these bylaws.

THIRTY. The proceedings of the shareholders meetings shall be evidenced in the minutes thereof, which shall contain the resolutions approved thereby, shall be recorded in the relevant book of minutes and shall be signed by the chairman and the secretary of the meeting.

THIRTY-ONE. Any holder of at least 20% (twenty percent) of the voting shares of stock, including any holder of limited voting shares, may have any resolution adopted by the general shareholders meeting with respect to any matter on which such holder was entitled to vote, set aside by a court through the procedures set forth in Articles 201 (two hundred one) and 202 (two hundred two) of the General Law of Business Corporations.

Pursuant to the Securities Market Law, any holder of at least 5% (five percent) of the outstanding shares of stock shall have the right to bring any directors' liability action.

MANAGEMENT

THIRTY-TWO. The management of the Company shall be entrusted to a board of directors and a Chief Executive Officer, who shall have the duties set forth in the Securities Market Law.

The board of directors shall consist of not less than 5 (five) and not more than 21 (twenty-one) directors of which at least 25% (twenty five percent) shall be appointed by the ordinary shareholders meeting. The shareholders meeting may also appoint up to an identical number of alternate directors, in which case it shall establish the rules pursuant to which the alternate directors may replace the directors; provided, that if no such rules are established by the shareholders meeting, each alternate director shall be authorized to replace any director, except that the alternate directors appointed by the holders of the Series "L" shares shall be authorized to replace only any of the directors appointed by such holders, and except, further, that the alternate directors appointed by any minority shareholders shall be authorized to replace only the directors appointed by such shareholders. A majority of the directors and alternate directors must be Mexican citizens and must be appointed by Mexican shareholders. The directors and alternate directors shall be appointed by a majority of the Series "AA" shares, and the other 2 (two) directors and alternate directors shall be appointed by a majority of the Series "L" shares.

The members of the board of directors may or may not be shareholders and must satisfy the requirements set forth in the Securities Market Law. Any shareholder or group of shareholders representing at least 10% (ten percent) of the common shares shall be entitled to appoint one (1) director and one (1) alternate director, in which case such shareholder or group of shareholders shall not be entitled to vote with respect to the appointment of the directors and alternate directors required to be appointed by the majority of the shareholders. If any shareholder or group of shareholders representing at least 10% (ten percent) of the common shares, exercises the right to appoint one (1) director and his alternate, then the majority of the shareholders shall be entitled to appoint only the remaining number of directors.

The board of directors shall appoint a Secretary, who will not be a board member and will have the duties and responsibilities set forth in the Securities Market Law.

The directors shall be appointed to a one (1) year term, but shall continue in their positions for up to an additional 30 (thirty) day period following the expiration of such term if their successors have not been appointed or have not taken office, without being subject to Article 154 (one hundred fifty four) of the General Law of Business Corporations. The directors may be reelected and shall receive such compensations as the general shareholders meeting may determine.

Alternate directors shall replace the corresponding directors in the event of absence.

In the events set forth in the preceding paragraph and in Article 155 (one hundred fifty five) of the General Law of Business Corporations, the board of directors may appoint provisional directors without the need for shareholder authorization. Shareholders may ratify the appointment of any such director or appoint a replacement director during the first shareholders meeting held after such occurrence.

The Company must satisfy the requirements of the Securities Market Law as to the composition, authority, and operation of the board of directors, including, without limitation, the rules governing the appointment and certification of the independent directors.

For the performance of its duties, the board of directors shall receive support from one (1) or more committees. Pursuant to Article 25 (twenty five) of the Securities Market Law, the corporate governance and audit committee(s) shall consist of at least 3 (three) members appointed by the board of directors, all of whom must be independent directors.

The appointment of the independent directors shall be subject to Article 26 of the Securities Market Law.

THIRTY-THREE. Irrespective of the Company's obligation to comply with the provisions set forth in the preceding article, and for so long as such article remains in effect, no failure to comply with such article, for whatever reason, shall entitle any third party to challenge the validity of any legal act, contract, understanding, agreement or other transaction executed by the Company through its board of directors or other intermediate corporate body, representative or attorney-in-fact thereof, and no such provision shall be construed as constituting a requirement for the validity or legal existence of any such act.

For purposes of the Securities Market Law, and considering that the members of the board of directors are appointed by the shareholders meeting and, consequently, are deemed for all legal purposes to have obtained all requisite waivers from the Company, no such person shall be deemed to have taken advantage of or exploited a business opportunity pertaining to the Company or to any entity controlled by the Company or in which the Company exercises a significant influence, if such person, directly or indirectly, carries out any act within the ordinary course of the Company's business or the business of any entity controlled by the Company or in which the Company exercises a significant influence.

THIRTY-FOUR. Unless otherwise determined by the shareholders meeting, the directors, alternate directors, committee members, executive officers and managers shall not be required to post any guaranty in respect of the liabilities in which they may incur during the performance of their duties.

Pursuant to the Securities Market Law, the obligation of the members of the board of directors, the secretary or the alternate secretary, to indemnify the Company or any entity controlled by the Company or in which the Company exercises a significant influence, for any damages and losses suffered thereby as a result of a breach of the directors' duty of care in connection with any act carried out or any resolution adopted by the board of directors, any resolution not adopted by the board of directors due to the inability to legally hold a meeting thereof and, generally, any other breach of such duty of care, shall in no event exceed, in one or more instances, an amount equal to the aggregate net fees paid to such persons by the Company, any entity controlled by the Company or any entity in which the Company exercises a significant influence, during the previous 12 (twelve) month period; provided, that the limit set forth herein with respect to such liability shall not be applicable in the event of any act involving bad faith or which violates the provisions of the Securities Market Law and other applicable laws. The Company shall indemnify and hold its executive officers, directors, secretary and alternate secretary free and harmless from any liability in which they may incur with third parties as a result of the performance of their duties, and shall pay the amount of any indemnification for any damages suffered by any third party as a result of such performance, except in the event of any act involving bad faith or which violates the provisions of the Securities Market Law of other applicable laws.

THIRTY-FIVE. The board of directors shall meet at least every 3 (three) months, either in Mexico City or in such other jurisdiction within the United Mexican States as may be designated for such purpose, on such dates as the board of directors itself may determine. Meetings of the board of directors may be called by at least 25% (twenty five percent) of the members of the board of directors or of any committee thereof, by the chairmen thereof, or by the secretary or the alternate secretary.

In addition to the regular meetings of the board of directors referred to above, the chairman or at least 25% (twenty five percent) of the members of the board of directors or any committee thereof, the secretary or the alternate secretary, may at any time call a meeting of the board of directors by written notice to its members at least 5 (five) days prior to the date of the meeting.

Notices of the meetings of the board of directors shall contain the agenda for the relevant meeting. The quorum for any meeting of the board of directors shall be a majority of the directors, provided that the majority of the directors present must be Mexican citizens, and action shall be validly taken by a majority of the directors present. In the event of a tie, the chairman of the board of directors shall cast the deciding vote.

Any action with respect to any of the matters set forth in paragraphs (1) through (12) of Article Forty One of these bylaws shall be subject to the favorable opinion of the executive committee. To such effect, the executive committee shall be required to issue its opinion within 10 (ten) days following the request of the board of directors, the chairman of the board or the chief executive officer of the Company. If the executive committee does not issue an opinion within the aforementioned term, or if the members thereof are unable to reach an agreement with respect to the relevant matter during a meeting of such committee, then the board of directors shall take action on such matter without the opinion of the executive committee.

Notwithstanding the above, if a majority of the members of the board of directors or any other corporate body, or the chief executive officer of the Company, determines in good faith that action on a matter subject to the favorable opinion of the executive committee is of the essence and cannot wait until the next scheduled meeting thereof, then action on the specific matter may be taken by the board or directors or any other corporate body, or by the chief executive officer of the Company, without the opinion of the executive committee.

THIRTY-SIX. The proceedings of the meetings of the board of directors shall be evidenced in the minutes thereof, which shall contain the resolutions approved thereby, shall be recorded in the relevant book of minutes and shall be signed by the chairman and the secretary of the meeting.

Pursuant to the last paragraph of Article 143 (one hundred forty three) of the General Law of Business Corporations, action by the board of directors or any committee thereof may be taken without a meeting. Any resolution adopted without a meeting must be unanimously approved by all members of the relevant corporate body or, in the event of permanent absence or incapacitation of any such member, with the consent of the relevant alternate member, and shall be further subject to the following provisions:

- I. The chairman, acting either in his own discretion or at the request of any 2 (two) members of the board of directors or any committee thereof, shall give to all the members and alternate members of the relevant corporate body notice, by oral or written communication or by such other means as he may deem convenient, of any action proposed to be taken without a meeting, explaining the reasons thereof. The chairman shall deliver to all such members, upon their request, all such documents and notes as such members may require. In giving the notices referred to herein, the chairman may seek the assistance of any 1 (one) or more members of the board of directors or the relevant committee, or of the secretary or the alternate secretary.
- II. If all members of the board of directors or relevant committee, or, as the case may be, all the alternate members whose vote is required, give to the chairman or his assistants oral notice their consent for the adoption of the resolutions submitted to their consideration, such persons shall be

required to confirm such consent in writing within 2 (two) business days from the date on which they gave oral notice of their consent, in the manner set forth in the following subparagraph. Such written confirmation shall be delivered to the chairman and the secretary by mail, telex, facsimile, telegram, courier service or any other means that ensures its delivery within the next 2 (two) business days.

- III. For purposes of the preceding subparagraph, the chairman, either directly or through his assistants, shall deliver to each member of the relevant corporate body an official draft of the minutes containing the resolutions to be adopted without a meeting, together with such other documents as he may deem convenient, and following any necessary revisions such official draft, duly signed by each member of the board of directors or, as the case may be, the relevant committee, shall be returned to the chairman and the secretary.
- IV. Upon receipt by the chairman and the secretary of the written confirmations of all the members of the relevant corporate body, the chairman and the secretary shall immediately record in the corresponding book of minutes the minutes containing all the relevant resolutions, and shall both sign such minutes. The minutes shall be dated as of the date on which the oral or written consent of all the members was obtained, regardless of whether or not all such consents had been confirmed in writing as of such date; provided, that upon their receipt all such written confirmations shall be filed in the records maintained by the secretary of the Company. Such records shall also include the written comments to the draft minutes by the audit committee, if any.

THIRTY-SEVEN. Unless the shareholders meeting that appointed the members of the board of directors shall have also appointed the persons referred to herein, the board of directors, at its first meeting following such shareholders meeting or at any subsequent meeting, shall designate from among its members a chairman, who must be a Mexican citizen, and may also designate one or more vice chairmen, a secretary and an alternate secretary, provided that the secretary and the alternate secretary may not be members of the board of directors. Except for the positions of chairman, vice chairman, secretary and alternate secretary, all positions may be held by the same person. In the event of temporary or permanent absence of the chairman, such person shall be replaced by one (1) vice chairman who is a Mexican citizen, and in the event of temporary or permanent absence of the secretary, such person shall be replaced by the alternate secretary or, if no person has been appointed to such position, by such person as the board of directors may determine.

POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS

THIRTY-EIGHT. The board of directors shall have the broadest authority to manage the affairs of the Company, with general powers of attorney for lawsuits and collections, for administration matters and for acts of domain, without any limitation and with all the general powers and those special powers required to be expressly contained in a special clause pursuant to the first 3 (three) paragraphs of Article 2,554 (two thousand five hundred fifty four) of the Civil Code for the Federal District, including the powers referred to in Article 2,587 (two thousand five hundred eighty seven) thereof. Such powers shall include, but not be limited to, the following:

- I. Power to represent the Company before all types of federal, state or municipal authorities; to represent the Company before all types of individuals or entities; to represent the Company before any federal or local labor board and labor arbitration board, with express powers for purposes of Sections II and III of Article 692 (six hundred ninety two) and articles 786 (seven hundred eighty six) and 876 (eight hundred seventy six) of the Federal Labor Law, with power to file and argue any motion in the name and on behalf of the Company; to submit to arbitration; to agree to settlements; to enter into any agreements; to file criminal claims and complaints; to file and withdraw from any action or recourse, including *amparo* proceedings; to represent the Company before all types of judicial, administrative or other authorities having jurisdiction over labor and employment matters; to file and withdraw from any *amparo* proceedings; to file criminal claims and, if applicable, grant pardons in connection therewith; to file criminal complaints and cooperate with the Attorney General's office; to withdraw from any proceedings; to agree to any settlement; to submit to arbitration; to file and argue all types of motions; to file petitions for the recusation of judges; and to receive any payments.
- II. Power to issue, subscribe, endorse and guarantee all types of credit instruments.
- III. Power to appoint the officers, employees, managers and attorneys-in-fact of the Company, and to determine the duties, obligations and compensations thereof.
- IV. Power to establish or close any offices, branches or agencies.
- V. Power to acquire any shares, partnership interests or securities issued by third parties, and to exercise the voting rights pertaining thereto.
- VI. Power to enter into, amend, terminate and rescind all types of agreements.
- VII. Power to accept, on behalf of the Company, any mandate from any Mexican or foreign individuals or corporations.
- VIII. Power to open bank accounts and withdraw deposits therefrom, appoint authorized signatories therefor, make deposit therein and withdraw funds therefrom, subject to such limitations as the board of directors may determine.

- IX. Power to grant all types of real, personal and trust guaranties in respect of the obligations of the Company; to act as co-obligor, guarantor and generally, obligor in respect of the obligations of any third party; and to encumber real property and convey in trust any assets as security for such obligations.
- X. Power to grant, substitute and delegate general and special powers of attorney for acts of domain, provided that such powers shall in all events be exercised jointly by at least two individuals; to grant, substitute and delegate general and special powers of attorney for administration matters and for lawsuits and collections, provided that such powers shall not supersede the powers of the board of directors; and to revoke any powers of attorney.
- XI. Power to grant powers of attorney to issue, subscribe, endorse and guarantee all types of credit instruments; provided, that the power to guarantee credit instruments shall in all events be exercised jointly by at least two individuals.
- XII. Power to call shareholders meetings and enforce the resolutions thereof.
- XIII. Powers pursuant to the Securities Market Law.
- XIV. Power to carry out any legal acts and take such other action as may be necessary or convenient in the pursuit of the corporate purposes.

CHAIRMAN AND VICE CHAIRMEN

THIRTY-NINE. The chairman, who must be a Mexican citizen, shall preside over all shareholders meetings and meetings of the board of directors; shall represent the board of directors; shall enforce the resolutions adopted by the shareholders meeting and the board of directors, unless such bodies shall have appointed one (1) or more special delegates for such purpose; and shall oversee the affairs of the Company and ensure the compliance of the provisions contained in these bylaws, in any applicable regulations, in the resolutions adopted by the shareholders meeting and the board of directors or in the law, and shall, together with the secretary, sign the minutes of all shareholders meetings and meetings of the board of directors. In the event of temporary or permanent absence of the chairman, the duties thereof shall be fulfilled by 1 (one) of the vice chairmen or, in the event of absence of a vice chairman, by such person as the board of directors may appoint to temporarily replace the chairman, provided that such person must be a Mexican citizen and must have been appointed by the holders of a majority of the common shares.

SECRETARY

FORTY. The secretary shall have such powers and authority as the board of directors may determine, and shall keep the books of minutes and record in such books the minutes of all shareholders meetings and meetings of the board of directors, which shall be signed by such secretary and the chairman. In the event of his absence, the secretary shall be replaced by the alternate secretary or, in the event of absence of an alternate secretary, by such person as the chairman may appoint to such effect.

EXECUTIVE COMMITTEE

FORTY-ONE. The shareholders meeting, by the affirmative vote of a majority of the common shares, shall appoint from among the members of the board of directors an executive committee formed by such number of members and their alternates as the shareholders meeting may determine. A majority of the members of the executive committee must be Mexican citizens and must be appointed by the holders of a majority of the common shares.

The executive committee shall be subordinated to the board of directors and shall have the powers and authority set forth in Article Thirty Six of these bylaws, except for the powers set forth in Section XIII thereof; provided, that the powers and authority of the executive committee shall not include those powers and authority expressly reserved to any other corporate body pursuant to the law of these bylaws. The executive committee shall not be authorized to delegate in full to any 1 (one) or more attorneys-in-fact, the powers and authority vested therein. Subject to the provisions contained in these bylaws, the executive committee shall review and approve or, as the case may be, submit to the board of directors for its approval, any proposed action with respect to the following matters:

1. Any amendment, change or other modification in full of these bylaws;
2. Any issuance, authorization, cancellation, amendment, modification, reclassification and redemption of or change in any securities of the capital stock of the Company or any of its subsidiaries;
3. Any sale or other transfer (other than any sale or transfer of inventories or obsolete assets, or any transfer made in the ordinary course of business of the Company or any of its subsidiaries) of, or the creation of any lien (other than any lien mandated by law) on, any asset of the Company or its subsidiaries with a value in excess of \$175 (one hundred seventy five) million U.S. dollars or its equivalent in Mexican pesos;
4. Any new line of business, or any acquisition by the Company or any of its subsidiaries of any interest in any other entity or corporation, with a value in excess of \$100 (one hundred) million U.S. dollars or its equivalent in Mexican pesos;
5. The annual budget for capital expenditures of the Company;
6. Any transaction with respect to any additional net debt of or any new loan or financing to the Company or its subsidiaries in excess of \$150 (one hundred fifty) million U.S. dollars or its equivalent in Mexican pesos; or any new revolving credit facility which enables the Company or its subsidiaries to borrow, through a single disposition, an aggregate amount of funds in excess of \$150 (one hundred fifty) million U.S. dollars or its equivalent in Mexican pesos;

7. The annual business plan or budget of the Company;
8. The appointment of the chief executive officer of the Company;
9. Any merger or similar transaction involving the Company or its subsidiaries;
10. The execution of any agreement or transaction with or for the benefit of any holder of Series "AA" shares or any Affiliate thereof, which is not included in the policies issued by the executive committee;
11. The dividend policy of the Company; and
12. Any transfer of any material trade name or trademark, or of the goodwill attributable thereto.

Action with respect to the aforementioned matters may be taken either by the board of directors or by the executive committee.

The quorum for a meeting of the executive committee shall be a majority of its members, provided that such majority includes a majority of the members appointed by the Mexican shareholders, and action shall be validly taken by a majority of the members present. The members of the executive committee shall make their best efforts to reach a consensus on the matters submitted to such committee for its consideration.

In the event of a tie, the chairman of the committee shall cast the deciding vote.

The executive committee shall meet as frequently as necessary to be constantly involved in the matters entrusted thereto. The executive committee shall meet whenever it may deem convenient, but shall always meet prior to each meeting of the board of directors. Notice of the meetings of the executive committee shall be given (by facsimile and courier service) to all members thereof at least 5 (five) days prior to the date set for the meeting; provided, that such period may be reduced or the notice requirement waived with the consent of all such members. Such notice shall include, among other things, the agenda for the meeting, with reasonable detail of all the matters to be considered, and shall be accompanied by copies of the documents to be discussed at the meeting. In the event that a matter not included in the relevant agenda is brought before the executive committee, and that the members of the committee have not received all the necessary documents pertaining to such matter, if such members are unable to reach a consensus with respect to such matter, then action on such matter shall be postponed until the next scheduled meeting of the committee, or until approved by the unanimous consent of all the members, or until all of the aforementioned requirements have been satisfied.

Notwithstanding the above, if a majority of the members of the executive committee determines in good faith that action on a matter submitted thereto is of the essence and cannot wait until the next scheduled meeting thereof, then action on the specific matter may be taken by simple majority of the members present and shall be discussed with all other members prior to any formal action, and the opinion of each member shall be included in the minutes of the next scheduled meeting of the executive committee.

The executive committee shall issue its own operating rules based upon these bylaws, and such rules shall be subject to the approval of the board of directors.

AUDIT COMMITTEE

FORTY-TWO. The oversight of the performance, conduction and execution of the Company's business shall be entrusted to the board of directors, which for such purposes shall act through an audit committee and an external auditor. The Company shall not be subject to Section V of Article 91 (ninety-one), Article 164 (one hundred sixty four), Article 171 (one hundred seventy one), to the last paragraph of Article 172 (one hundred seventy two), Article 173 (one hundred seventy three), and Article 176 (one hundred seventy six) of the General Law of Business Corporations.

The chairman of the audit committee shall be appointed and/or removed exclusively by the general shareholders meeting, shall not be authorized to also act as chairman of the board of directors, shall be selected based on his experience, recognized ability and professional reputation, and shall prepare and submit to the board of directors an annual report with respect to the activities of such committee. Such report shall include, at least, the following information: (i) with respect to the Company's corporate practices, (a) any observations concerning the performance of the executive officers, (b) any related party transactions carried out during the year, including a detailed description of the most relevant such transactions, (c) the compensation and overall benefits package of the chief executive officer, and (d) any waiver granted by the board of directors pursuant to Section III (f) of Article 28 (twenty eight) of the Securities Market Law, in order for any director, executive officer or other person in a commanding position to take advantage of a business opportunity for his own benefit or the benefit of third parties; (ii) with respect to the Company's audit practices, (a) the status of the internal control and internal audit systems of the Company and any entity controlled thereby, including, if applicable, a description of any deficiency therein, any deviation therefrom, and any aspect thereof that requires improvement, taking into consideration the opinions, reports, communications and certifications issued by the external auditor, and the reports issued by any independent expert who may have rendered services during the year, (b) a description of and progress report on the preventive and corrective measures implemented as a result of any investigation concerning the violation of the operating and accounting guidelines and policies of the Company or any entity controlled thereby, (c) an evaluation of the performance of the entity responsible for the external audit services, and of the external auditor in charge thereof, (d) a description of and the amount represented by any additional or supplemental services provided by the entity responsible for the external

audit duties and by any independent experts, (e) the principal results of the review of the financial statements of the Company and all entities controlled thereby, (f) a description and the effects of any change in the accounting policies approved during the year to which the report is related, (g) any measures implemented as a result of any significant comments received from the shareholders, executive officers, employees and, generally, third parties with respect to the accounting, internal controls and other matters associated with the internal or external audit duties, or of any complaint regarding any action on the part of the management which is deemed irregular, and (h) a status report regarding the implementation of the resolutions adopted by the shareholders meeting and the board of directors.

For purposes of the preparation of the reports referred to in this article, and of the opinions referred to in Article 42 (forty two) of the Securities Market Law, the audit committee shall request the opinion of the executive officers of the Company and, in the event of a discrepancy of opinions therewith, shall include a description of such differences in the aforementioned reports and opinions.

In addition, the audit committee shall be responsible for:

- (a) Providing to the board of directors opinions with respect to the matters entrusted thereto pursuant to the Securities Market Law.
- (b) Requesting the opinion of independent experts in such instances as it may deem it convenient to adequately perform its duties or as required by the Securities Market Law and/or any general rules.
- (c) Calling shareholders meetings and requesting the inclusion in the agenda therefor, of any matter as it may deem convenient.
- (d) Providing assistance to the board of directors in connection with the preparation of the reports referred to in Section IV (e) and (f) of Article 28 (twenty-eight) of the Securities Market Law.
- (e) Evaluating the performance of the entity responsible for the external audit duties, and analyzing the reports and opinions issued and signed by the external auditor. To such effect, the committee may require the attendance of such auditor in such instances as it may deem convenient, provided that it shall meet with the external auditor at least one a year.
- (f) Discussing the Company's financial statements with the individuals responsible for their preparation and review and, based on such discussions, recommending to the board of directors their approval or rejection.
- (g) Submitting to the board of directors a report concerning the status of the internal control and internal audit systems of the Company and all entities controlled thereby, including any irregularities detected therein.

- (h) Preparing the opinion referred to in Section IV (c) of Article 28 (twenty eight) of the Securities Market Law, with respect to the contents of the report submitted by the chief executive officer, and submitting such opinion to the board of directors for its subsequent review by the shareholders meeting, taking into consideration, among others, the report of the external auditor. Such opinion shall state, at least:
 - 1. If the accounting and information policies and criteria followed by the Company are adequate and sufficient in light of its specific circumstances.
 - 2. If such policies and criteria have been applied consistently in the information submitted by the chief executive officer.
 - 3. If as a result of subparagraphs 1 (one) and 2 (two) above, the information submitted by the chief executive officer reasonably reflects the Company's financial condition and results.
- (i) Providing assistance to the board of directors in connection with the preparation of the reports referred to in Section IV (d) and (e) of Article 28 (twenty eight) of the Securities Market Law, with respect to the principal accounting and information policies and criteria, and the report with respect to the transactions and activities carried out thereby during the performance of its duties under these bylaws and the Securities Market Law.
- (j) Ensuring that the transactions referred to in Section III of Article 28 (twenty-eight) and Article 47 (forty-seven) of the Law, are carried out in accordance with the provisions contained therein and the policies derived therefrom.
- (k) Requesting the opinion of independent experts in such instances as it may deem it convenient to adequately perform its duties or as required by the Securities Market Law and/or any general rules.
- (l) Requesting from the executive officers and employees of the Company or any entity controlled thereby, any report with respect to the preparation of the financial or other information thereof as it may deem convenient for the performance of its duties.
- (m) Investigating any potential violation of the transactions, operating guidelines and policies, internal control and internal audit systems and accounting systems of the Company or any entity controlled thereby, and reviewing any documents, records and other evidence thereof to such level and extent as it may deem convenient to oversee the above.
- (n) Receiving comments from the shareholders, directors, executive offices, employees and, generally, third parties with respect to the matters referred to in the preceding paragraph, and implementing any actions as it may deem appropriate in response to such comments.

- (o) Requesting periodic meetings with the executive officers, and requesting therefrom any information with respect to the internal control and internal audit of the Company or any entity controlled thereby.
- (p) Reporting to the board of directors any significant deviation encountered thereby during the course of its duties and, if applicable, any corrective measures adopted or proposed to be adopted thereby.
- (q) Overseeing the execution by the chief executive officer, of the resolutions adopted by the shareholders meeting and the board of directors in accordance with the instructions provided thereby.
- (r) Overseeing the establishment of internal procedures and controls so as to ensure that all acts and transactions carried out by the Company and the entities controlled thereby are in compliance with the applicable laws, and implementing procedures to facilitate such oversight.
- (s) Any other duties provided for in the Securities Market Law or these bylaws.

EXTERNAL AUDITOR

FORTY-THREE. The Company shall have an external auditor who may be called to participate in and address the meetings of the board of directors, without being entitled to vote thereat, and who shall refrain from participating in any discussion regarding any item of the agenda with respect to which he may have a conflict of interest or which may affect his independent status.

The external auditor of the Company shall issue a report in connection with the financial statements prepared in accordance with generally accepted audit procedures and accounting principles.

CHIEF EXECUTIVE OFFICER

FORTY-FOUR. The performance, conduction and execution of the business activities of the Company and its controlled entities shall be entrusted to the chief executive officer, subject to the strategies, policies and guidelines approved by the board of directors.

For purposes of the performance of his duties, the chief executive officer shall have broad powers of attorney for administration matters and lawsuits and collections, including any power that must be expressly provided for through a special clause. For purposes of any acts of domain, the chief executive officer shall have such powers of attorney, which shall be subject to such terms and conditions, as the board of directors of the Company may determine.

Without prejudice of the above, the chief executive office shall be responsible for:

- I. Submitting to the board of directors, for its approval, the business strategies of the Company and the entities controlled thereby, based on the information received therefrom.
- II. Executing the resolutions of the shareholders meeting and the board of directors in accordance with the instructions provided thereby.
- III. Recommending to the committee responsible for performing the audit duties, the internal control and internal audit guidelines of the Company and the entities controlled thereby, and implementing any guidelines approved by the board of directors of the Company.
- IV. Signing, together with the executive offices responsible for its preparation within their respective duties, any relevant information concerning the Company.
- V. Disclosing any relevant information or event that is required to be publicly disclosed pursuant to the Securities Market Law.
- VI. Complying with the provisions applicable to any transaction involving the acquisition and placement of the Company's own shares of stock.
- VII. Implementing, either directly or through an authorized representative, any corrective measure or liability action within the scope of its duties or as directed by the board of directors.
- VIII. Verifying the payment of all capital contributions by the shareholders.
- IX. Complying with the requirements set forth in the law and these bylaws with respect to the payment of dividends to the shareholders.
- X. Ensuring that all of the Company's accounting, record keeping and information systems are adequately maintained.
- XI. Preparing and submitting to the board of directors the report referred to in Article 172 (one hundred seventy two) of the General Law of Business Corporations, except as provided in subparagraph (b) thereof.
- XII. Establishing internal procedures and controls so as to ensure that all acts and transactions carried out by the Company and the entities controlled thereby are in compliance with the applicable laws, following up on the results of such internal procedures and controls and, if necessary, adopting any necessary measures in connection therewith.
- XIII. Bringing liability actions pursuant to the Securities Market Law and these bylaws, against any related or third party alleged to have caused a damage to the Company or any entity controlled by the Company or in which the Company exercises a significant influence, unless the board of directors, based on the opinion of the audit committee, shall determine that such damage is immaterial.

FORTY-FIVE. For purposes of the performance of his duties and activities, and in order to adequately comply with his obligations, the chief executive officer will be assisted by those executive officers designated to such effect, and by any other employee of the Company or any entity controlled thereby.

FISCAL YEARS; FINANCIAL INFORMATION

FORTY-SIX. The fiscal years of the Company shall consist of 12 (twelve) months and shall run from January 1 (one) through December 31 (thirty-one) of each year.

FORTY-SEVEN. Within 3 (three) months following the end of each fiscal year, the board of directors shall prepare a report containing, at a minimum, the information set forth in Article 172 (one hundred seventy two) of the General Law of Business Corporations. The board of directors shall deliver such report, together with any relevant support documentation, at least one month prior to the date of the shareholders meeting that will be held to consider such report. The report of the board of directors referred to in this article must be completed and made available to the shareholders at least 15 (fifteen) days prior to the date of the shareholders meeting that will consider such report. Shareholders will be entitled to receive, free of charge, a copy of such report.

In addition, during the annual ordinary shareholders meeting referred to in Article 27 (twenty-seven) hereof, the Company shall disclose a report with respect to the satisfaction of its tax obligations under Section XX of Article 86 (eighty-six) of the Income Tax Law. Such report may be included within the report referred to in the preceding paragraph or within any other report provided for in the applicable laws.

LEGAL RESERVE; DISTRIBUTION OF PROFITS AND LOSSES

FORTY-EIGHT. The net profits of the Company, as reflected by the balance sheet approved by the annual ordinary shareholders meeting, shall be allocated as follows:

- (a) First, at least 5% (five percent) shall be allocated to create or replenish a legal reserve, until the amount of such legal reserve amounts to at least one-fifth of the capital stock.
- (b) Thereafter, the amounts determined by the shareholders meeting shall be allocated to create any extraordinary, special or additional reserves that may be deemed convenient.

- (c) Thereafter, the amounts determined by the shareholders meeting shall be allocated to create or increase any general or special reserves, including, if applicable, the reserve for the repurchase of shares referred to in Article 56 (fifty-six) of the Securities Market Law.
- (d) Thereafter, any amount as may be necessary shall be allocated to pay the preferred dividend payable to the holders of the Series "L" shares in respect of the relevant fiscal year or, as the case may be, any dividend accrued during previous fiscal years which remains unpaid.
- (e) The remainder of the net profits may be distributed as dividends to the shareholders, in proportion to the paid amount of their shares.

Unless otherwise approved by the shareholders meeting, dividends shall be paid only upon surrender of the corresponding dividend coupons. Dividends not collected within 5 (five) years from the date on which they became payable, shall be forfeited to the Company.

The annual shareholders meeting shall determine the compensations of the members of the board of directors.

Losses, if any, shall be covered by the shareholders in proportion to their respective holdings of shares; provided, that the obligations of the shareholders pursuant hereto shall be limited to the amount of their respective capital contributions and that the shareholders shall not be required to pay any amounts in excess thereof.

EVENTS OF DISSOLUTION

FORTY-NINE. The Company shall be dissolved:

- I. In the event of impossibility to achieve its corporate purpose.
- II. By resolution of the shareholders pursuant to the law and these bylaws.
- III. If the number of shareholders of the Company decreases to less than the minimum of 2 (two) shareholders required pursuant to Section I of Article 89 (eighty-nine) of the General Law of Business Corporations.
- IV. In the event of a loss amounting to two-thirds of the capital stock.

LIQUIDATION

FIFTY. Following its dissolution, the Company shall be liquidated. The general extraordinary shareholders meeting, by affirmative vote of a majority of the holders of the shares of common stock, shall appoint 1 (one) or more liquidators. The liquidators shall hold the legal representation of the Company, shall have the powers and obligations set forth in Article 242 (two hundred forty two) of the General Law of Business Corporations and shall, in due course, distribute any remaining funds to the shareholders, all in accordance with the provisions contained in articles 247 (two hundred forty seven) and 248 (two hundred forty eight) of the General Law of Business Corporations and the following rules:

- I. They shall conclude all pending matters in such manner as they may deem most convenient;

- II. They shall collect all the accounts receivable and pay off all the debts, and shall sell any the assets of the Company as may be necessary to such effect.
- III. They shall prepare the final balance, and
- IV. Following the approval of the final balance, they shall distribute any remaining assets among the shareholders as follows:
 1. The holders of the Series “L” shall receive payment of the preferred dividend equal to 5% (five percent) of the capital attributable to such shares, accrued by such shares but which remains unpaid;
 2. The holders of the Series “AA” shares of common stock shall receive payment of a dividend equal to the dividend paid to the holders of the Series “L” shares pursuant to subparagraph 1 of this Section IV.
 3. Following the payment of the dividends referred to in paragraphs 1 (one) and 2 (two) above, the holders of the Series “L” shares shall receive the reimbursement of the capital attributable to their shares;
 4. Thereafter, the holders of the Series “AA” shares shall receive payment of an amount equal to the amount paid to the holders of the Series “L” shares pursuant to paragraph 3 (three) above, and
 5. The balance, if any, shall be distributed among all the shareholders in proportion to the number of shares owned by each of them and in proportion also to the paid-in value of each such share. In the event of dissent among the liquidators, the statutory auditor shall call a general extraordinary shareholders meeting, which shall resolve any matter under dispute.

FIFTY-ONE. The founding shareholders do not reserve themselves any right whatsoever.

FIFTY-TWO. Any matter not expressly contemplated in these bylaws shall be subject to the provisions contained in the General Law of Business Corporations.

FIFTY-THREE. Any dispute arising in connection with the execution, interpretation and performance of these bylaws, to which the Company is a party, shall be submitted to the jurisdiction of the federal courts of the United Mexican States. In the event of any dispute between the Company and its shareholders, or among the shareholders in connection with any matter pertaining to the Company, the Company and the shareholders, upon the subscription or acquisition of any shares, shall expressly submit to the applicable laws of and the competent courts sitting in Mexico City, Federal District, and waive any other jurisdiction to which they may be entitled by reason of their present or future domiciles.

INTERIM PROVISIONS

ONE. The capital of the Company is variable. The minimum fixed portion of the capital is \$362,873,850.45 (three hundred sixty-two million eight hundred seventy-three thousand eight hundred fifty pesos and forty-five cents), divided into 95,489,724,196 (ninety-five billion four hundred eighty-nine million two hundred twenty-four thousand one hundred ninety-six) shares, of which 23,384,632,660 (twenty-three billion three hundred eighty-four million six hundred thirty-two thousand six hundred sixty) are Series "AA" registered shares of common stock, no par value; 642,279,095 (six hundred forty-two million two hundred seventy-nine thousand ninety five) are Series "A" registered shares of common stock, no par value; and 71,462,812,441 (seventy-one billion, four hundred sixty-two million eight hundred twelve thousand four hundred forty-one) are Series "L" registered, limited-voting shares, no par value, all of which are fully paid and non-assessable.

It is hereby certified that the Company holds 28,113,724,196 (twenty eight-billion one hundred thirteen million seven hundred twenty-four thousand one hundred ninety-six) treasury shares, which are available for resale pursuant to the Securities Market Law and the general rules issued by the National Banking and Securities Commission, of which 1,488,962 (one million four hundred eighty-eight thousand nine hundred sixty-two) are Series "A" registered shares of common stock, no par value, and 28,112,235,234 (twenty-eight billion one hundred twelve million two hundred thirty-five thousand two hundred thirty-four) are registered, limited-voting shares, no par value.

TWO. It is hereby certified that the Company has 640,790,133 (six hundred forty million seven hundred ninety thousand one hundred thirty-three) Series "A" shares of common stock outstanding, which may be converted into Series "L" shares in accordance with Article Nine of the Company's bylaws. The Series "A" shares are currently held by Mexican investors, and/or by non-Mexican individuals, legal entities and economic units, and/or by Mexican corporations a majority of whose shares of stock are held by non-Mexican investors or in which non-Mexican investors have the ability to determine the course of the management. For as long as any Series "A" shares may be outstanding, such shares shall confer the same rights and impose the same obligations provided for in these bylaws in respect of the Company's other series of common stock, that is, the Series "AA" shares, with the exception that the Series "A" currently outstanding may be held by non-Mexican individuals, legal entities and economic units, and/or by Mexican corporations a majority of whose shares of stock are held by non-Mexican investors or in which non-Mexican investors have the ability to determine the course of the management. Without limitation, for as long as any

Series "A" shares may be outstanding, such shares shall confer the same rights and impose the same obligations set forth as with respect to the Series "AA" shares in (i) Article Seven of the Company's bylaws; (ii) items (a), (b), (c) and (d) of the fifth paragraph of Article Eight of the Company's bylaws; (iii) the fifth paragraph of Article Twenty-Four of the Company's bylaws; (iv) the second paragraph of Article Thirty-Two of the Company's bylaws; and (v) items 2 and 4 of Section IV of Article Fifty of the Company's bylaws.

As of the date hereof and for so long as there may be any Series "A" shares outstanding, the Company's capital structure shall be subject to the following:

- (a) The Company's capital stock shall be represented by Series "AA" common shares, issued in registered form, no par value, which may only be subscribed or acquired by Mexican investors and shall represent not less than 20% (twenty percent) and not more than 51% (fifty one percent) of the capital stock, and not less than 51% (fifty one percent) of the common shares of stock; by Series "A" common shares, issued in registered form, no par value, which may not represent more than 19.6% (nineteen point six percent) of the capital stock or more than 49% (forty nine percent) of the common shares and may only be held by Mexican nationals; and by Series "L" limited voting shares, with no ownership restrictions, which, together with the Series "A" shares, may not represent more than 80% (eighty percent) of the capital stock.
- (b) The Series "AA" and Series "A" shares of common stock may not represent, in the aggregate, more than 51% (fifty one percent) of the capital stock.
- (c) The Series "AA" shares, which may only be subscribed by Mexican nationals, shall at all times represent not less than 20% (twenty percent) of the capital stock. The Series "A" and Series "L" shares may not represent, in the aggregate, more than 80% (eighty percent) of the capital stock.

This Interim Article Two shall be in effect until such time as there remain no Series "A" shares outstanding.

**ESTATUTOS SOCIALES DE AMÉRICA MÓVIL, SOCIEDAD
ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE**

CLÁUSULAS

PRIMERA. La denominación de la Sociedad es “AMÉRICA MÓVIL”, e irá seguida de las palabras “SOCIEDAD ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE” o de sus abreviaturas “S.A.B. de C.V.”

SEGUNDA. El domicilio de la Sociedad es la Ciudad de México, Distrito Federal, sin embargo la Sociedad podrá establecer oficinas, sucursales o agencias en cualquier parte de los Estados Unidos Mexicanos y en el extranjero, o someterse convencionalmente para cualquier acto, contrato o convenio a la aplicación de leyes extranjeras o de cualquier estado de los Estados Unidos Mexicanos y a las respectivas jurisdicciones de los tribunales, o a domicilios convencionales en los Estados Unidos Mexicanos o en el extranjero con objeto de recibir toda clase de notificaciones o emplazamientos judiciales o extrajudiciales, designando apoderados especiales o generales en el extranjero, para dichos efectos, o para cualquier otro efecto, sin que se entienda por ello que ha cambiado su domicilio social.

TERCERA. Los objetos de la Sociedad son los siguientes:

- (a) Promover, constituir, organizar, explotar, adquirir y tomar participación en el capital social o patrimonio de todo género de sociedades mercantiles o civiles, asociaciones o empresas, ya sean industriales, comerciales, de servicios o de cualquier otra índole, tanto nacionales como extranjeras, así como participar en su administración o liquidación.
- (b) Adquirir, bajo cualquier título legal, acciones, intereses, participaciones o partes sociales de cualquier tipo de sociedades mercantiles o civiles, ya sea formando parte de su constitución o mediante adquisición posterior, así como enajenar, disponer y negociar tales acciones, participaciones y partes sociales, incluyendo cualquier otro título-valor, asimismo, conforme a las disposiciones de carácter general que expida la Comisión Nacional Bancaria y de Valores, y, siempre que las acciones de la Sociedad estén inscritas en el Registro Nacional de Valores, la Sociedad podrá adquirir acciones representativas de su capital social.
- (c) Construir, instalar, mantener, operar y explotar redes públicas de telecomunicaciones para prestar cualquier servicio de telecomunicaciones y cualquier servicio de transmisión o conducción de señales de video, voz, datos o cualquier otro contenido, siempre y cuando la Sociedad cuente con las concesiones y permisos que legalmente se requieren para ello.
- (d) Adquirir el dominio directo sobre bienes inmuebles, sujeto a lo previsto en el artículo 27 (veintisiete) de la Constitución Política de los Estados Unidos Mexicanos y en la Ley de Inversión Extranjera y su Reglamento.

- (e) Arrendar y tomar en arrendamiento toda clase de bienes inmuebles y derechos reales y celebrar toda clase de actos jurídicos por los que se obtenga o se conceda el uso y/o el goce de bienes inmuebles.
- (f) Adquirir, enajenar y celebrar cualesquiera otros actos jurídicos que tengan por objeto bienes muebles, derechos personales, maquinaria, equipo y herramientas que sean necesarios o convenientes para alcanzar los objetos sociales.
- (g) Celebrar cualesquiera actos jurídicos que tengan por objeto créditos o derechos.
- (h) Celebrar cualesquiera actos jurídicos relacionados con patentes, marcas y nombres comerciales o con cualquier otro derecho de propiedad intelectual.
- (i) Prestar y recibir toda clase de servicios de asesoría y asistencia técnica, científica y administrativa.
- (j) Emitir bonos y obligaciones.
- (k) Establecer sucursales, agencias y oficinas en los Estados Unidos Mexicanos o en el extranjero.
- (l) Obrar como agente, representante o comisionista de personas o empresas, ya sean mexicanas o extranjeras.
- (m) Dar o tomar dinero a título de préstamo.
- (n) Aceptar, suscribir, avalar y/o endosar toda clase de títulos de crédito.
- (ñ) Otorgar toda clase de garantías, respecto a obligaciones de terceros incluyendo de sociedades subsidiarias o terceras empresas, nacionales o extranjeras, incluyendo la constitución de derechos reales y afectaciones fiduciarias que sean necesarias o convenientes para alcanzar los objetos sociales.
- (o) Garantizar, por cualquier medio legal, en forma gratuita u onerosa, incluyendo la constitución de derechos reales y afectaciones fiduciarias, el cumplimiento de obligaciones de terceras personas, físicas o morales, nacionales o extranjeras y constituirse como deudor solidario de terceras personas, físicas o morales, nacionales o extranjeras.
- (p) Celebrar cualquier acto o contrato que se relacione con los objetos sociales y que sea lícito para una sociedad anónima.

CUARTA. La duración de la Sociedad será indefinida.

QUINTA. La Sociedad es de nacionalidad mexicana. Ninguna persona extranjera, física o moral, podrá tener participación social alguna o ser propietaria de acciones de la Sociedad. Si por algún motivo, alguna de las personas mencionadas anteriormente, por cualquier evento llegare a adquirir una participación social o a ser propietaria de una o más acciones, contraviniendo así lo establecido en la oración que antecede, se conviene desde ahora en que dicha adquisición ser nula y, por tanto, cancelada y sin ningún valor la participación social de que se trate y los títulos que la representen, teniéndose por reducido el capital social en una cantidad igual al valor de la participación cancelada. La totalidad del capital social estará siempre suscrito por personas físicas o morales de nacionalidad mexicana.

SEXTA. El capital social es variable, con un mínimo fijo de \$362,873,850.45 M.N. (trescientos sesenta y dos millones ochocientos setenta y tres mil ochocientos cincuenta pesos 45/100 Moneda Nacional), representado por un total de 95,489,724,196 (noventa y cinco mil cuatrocientas ochenta y nueve millones setecientos veinticuatro mil ciento noventa y seis) acciones, de las cuales 23,384'632,660 (veintitrés mil trescientos ochenta y cuatro millones seiscientos treinta y dos mil seiscientos sesenta) son acciones comunes, de la Serie "AA", nominativas, sin valor nominal; 642'279,095 (seiscientos cuarenta y dos millones doscientas setenta y nueve mil noventa y cinco) son acciones comunes de la Serie "A", nominativas, sin valor nominal; y 71,462'812,441 (setenta y un mil cuatrocientas sesenta y dos millones ochocientos doce mil cuatrocientas cuarenta y un) son acciones nominativas de la Serie "L", sin valor nominal, de voto limitado; todas ellas íntegramente suscritas y pagadas.

El capital social estará representado por acciones de la Serie "AA", en un porcentaje no menor de 20% (veinte por ciento) y no mayor al 51% (cincuenta y uno por ciento) del capital social las cuales serán acciones comunes, nominativas y sin valor nominal, que sólo podrán ser suscritas, y adquiridas por inversionistas mexicanos y por acciones de la Serie "L", de voto limitado y de libre suscripción, en un porcentaje no mayor de 80% (ochenta por ciento) del capital social.

Cada vez que se incremente el capital social, el aumento correspondiente estará representado proporcionalmente por acciones de la Serie "AA" y "L" en circulación. La Sociedad podrá emitir acciones no suscritas, de cualquiera de las series que integren su capital social, para entregarse a medida que se realice la suscripción.

Las acciones comunes en que se divida el capital social deberán estar suscritas en su totalidad por inversionistas mexicanos, las cuales estarán representadas por acciones de la Serie "AA".

Las acciones comunes de la Serie "AA", no podrán representar más del 51% (cincuenta y uno por ciento) de las acciones en que se divida el capital social.

Las acciones de la Serie "L" serán de libre suscripción y, en consecuencia con ello, podrán ser adquiridas por inversionistas mexicanos y por personas físicas o morales y unidades económicas extranjeras o por empresas mexicanas en las que

participe mayoritariamente el capital extranjero o en las que los extranjeros tengan, por cualquier título, la facultad de determinar el manejo de la empresa. Las acciones de la Serie "L" serán consideradas como inversión neutra en los términos de lo previsto por el artículo 18 y demás aplicables de la Ley de Inversión Extranjera, por lo que no se computarán para determinar el porcentaje de inversión extranjera en el capital social.

Las acciones de la Serie "AA", que sólo podrán ser suscritas por inversionistas mexicanos, representarán en todo tiempo un porcentaje que no sea menor al 20% (veinte por ciento) del capital social. Las acciones de la Serie "L", de libre suscripción no podrán representar un porcentaje mayor al 80% (ochenta por ciento) del capital social.

Las acciones de la Serie "AA" sólo podrán ser suscritas o adquiridas por:

- (a) Personas físicas de nacionalidad mexicana.
- (b) Sociedades mexicanas cuya escritura social contenga cláusula de exclusión de extranjeros de la que solo puedan ser socios o accionistas personas físicas mexicanas y/o sociedades mexicanas cuya escritura social contenga, a su vez, cláusula de exclusión de extranjeros.
- (c) Fideicomisos que fueren expresamente aprobados para adquirir acciones de la Serie "AA" por las autoridades competentes de conformidad con la Ley de Inversión Extranjera y su Reglamento, en los que (i) la mayoría de los derechos de fideicomisario la tengan personas físicas o morales que reúnan los requisitos establecidos en los incisos a), b), y d) que anteceden o, (ii) las acciones de la Serie "AA" materia del fideicomiso representen una minoría de las acciones representativas de dicha serie y tengan que ser votadas por el fiduciario en el mismo sentido que la mayoría de las acciones Serie "AA".

Las acciones que emita la sociedad no podrán ser adquiridas por Gobiernos o Estados extranjeros y, en caso de que esto sucediere, quedarán sin efecto ni valor alguno para su tenedor desde el momento de la adquisición.

SEPTIMA. Dentro de su respectiva serie, las acciones conferirán iguales derechos. Cada acción común de la Serie "AA" da derecho a un voto en las Asambleas Generales de Accionistas. Las acciones de la Serie "L" sólo tendrán derecho a voto en los asuntos que limitativamente para ellas se establecen en estos estatutos sociales y se transcribirán en los títulos de las mismas. Los títulos representativos de las acciones llevarán la firma autógrafa de uno (1) o más de los Consejeros Propietarios o bien su firma impresa en facsímil, si así lo autorizara el Consejo de Administración. En este último caso, los originales de las firmas respectivas se depositarán en el Registro Público de Comercio correspondiente. Los títulos de las acciones estarán numerados progresivamente y podrán amparar una o varias acciones y llevarán adheridos cupones para el pago de dividendos. Los títulos de las acciones o los certificados provisionales deberán contener toda la información requerida por el artículo 125 (ciento veinticinco) de la Ley General de Sociedades Mercantiles y además de la cláusula quinta de estos estatutos sociales.

OCTAVA. Las acciones de la Serie “L” serán de voto limitado y con derecho a un dividendo preferente, emitidas al amparo del artículo 113 de la Ley General de Sociedades Mercantiles. Las acciones de la Serie “L” sólo tendrán derecho de voto en los siguientes asuntos: prórroga de la duración de la Sociedad, disolución anticipada de la Sociedad, cambio de objeto de la Sociedad, cambio de nacionalidad de la Sociedad, transformación de la Sociedad, fusión con otra sociedad, así como la cancelación de la inscripción de las acciones que emita la sociedad en el Registro Nacional de Valores y en otras bolsas de valores extranjeras, en las que se encuentren registradas, excepto de sistemas de cotización u otros mercados no organizados como bolsas de valores.

Toda minoría de tenedores de acciones con derecho a voto restringido distintas a las que prevé el artículo 113 de la Ley General de Sociedades Mercantiles o de voto limitado a que alude dicho precepto, que represente cuando menos un diez por ciento del capital social en una o ambas series accionarias, tendrá el derecho de designar a un Consejero Propietario y su respectivo Suplente. Sólo podrán revocarse los nombramientos de los consejeros designados por los accionistas a que se refiere este párrafo, cuando se revoque el de todos los demás. Este derecho deberá de ejercitarse mediante notificación por escrito dirigida al Presidente del Consejo de Administración o al Secretario del propio Consejo que se presente con cuando menos dos días hábiles de anticipación a la fecha en que hubiese sido convocada la Asamblea Ordinaria de Accionistas para designar, ratificar o revocar nombramientos a miembros del Consejo de Administración.

A falta de designación de minorías a que se refiere el párrafo anterior, las acciones de la Serie “L”, como clase, por resolución que sea adoptada en Asamblea Especial convocada para tal propósito, tendrán derecho a designar dos Consejeros Propietarios y sus respectivos Suplentes para integrar el Consejo de Administración de la sociedad, siempre que, la suma de los consejeros a que se refiere el párrafo anterior y este párrafo, en ningún caso exceda del porcentaje total del capital social que represente la Serie “L” dividido entre un factor de 10. Quien para ello sea autorizado por la Asamblea Especial, notificará por escrito al Presidente de la Asamblea Ordinaria que corresponda, los nombres de las personas que hubieren sido electas por la Serie “L” de acciones, para desempeñar los cargos de miembros Propietarios y miembros Suplentes del Consejo de Administración.

Finalmente, las acciones de la Serie “L” podrán asistir y votar, a razón de un voto por acción, en las Asambleas Extraordinarias de Accionistas que se reúnan para resolver sobre la reforma al Artículo Decimosegundo de estos Estatutos relativo a la cancelación de la inscripción de las acciones de la Sociedad en la Sección de valores del Registro Nacional de Valores.

Respecto a los derechos patrimoniales o pecuniarios, cada acción otorgará a su tenedor los mismos derechos, por lo que todas las acciones participarán por igual, sin distinción, en cualquier dividendo, reembolso, amortización o distribución de cualquier naturaleza, estando sujeto, en todo caso, a lo siguiente:

- (a). En los términos del Artículo Ciento Trece de la Ley General de Sociedades Mercantiles no podrán asignarse dividendos a las acciones de la Serie "AA", sin que se pague a las acciones de la Serie "L", de voto limitado, un dividendo anual del cinco por ciento sobre el valor teórico de las acciones de la Serie "L" que asciende a la cantidad de \$0.00833 M.N. (ochocientos treinta y tres diezmilésimos de un peso) por acción, o sea, un dividendo anual de \$0.00042 M.N. (cuarenta y dos cienmilésimos de un peso) por acción, el cual se efectuará con cargo a la cuenta de utilidades retenidas de la Sociedad, que derive de los estados financieros de ejercicios anteriores debidamente aprobados por la Asamblea de Accionistas en los términos del Artículo Diecinueve de la Ley General de Sociedades Mercantiles. Cuando en algún ejercicio social no se decreten dividendos o sean inferiores a dicho cinco por ciento, éste cubrirá en los años siguientes con la prelación indicada.
- (b). Una vez que se hubiere cubierto el dividendo previsto en el subinciso a). anterior a las acciones de la Serie "L", si la Asamblea General de Accionistas decretare el pago de dividendos adicionales, los propietarios de acciones de la Serie "AA" deberán de recibir el mismo monto de dividendos que hubieren recibido los tenedores de las acciones de la Serie "L", conforme al subinciso a). anterior en el ejercicio de que se trate o en ejercicios anteriores, con el propósito de que todos los accionistas reciban el mismo monto de dividendo.
- (c). Una vez cubierto a los accionistas de la Serie "AA", el dividendo a que se refiere el subinciso b)., anterior y que, en consecuencia, todos los accionistas hubiesen recibido o estén por recibir el mismo monto de dividendo, si la Sociedad realizare el pago de dividendos adicionales en el mismo ejercicio social, los tenedores de todas las acciones de las Series "AA" y "L" recibirán, por acción, el mismo monto de dividendo, con lo que cada acción de la Serie "L" recibirá el pago de dividendos adicionales en forma, monto y plazos idénticos al que recibiere cada una de las acciones de la Serie "AA".
- (d). En caso de que se liquidare la Sociedad, se deberá cubrir a las acciones de la Serie "L", el dividendo preferente, acumulativo, equivalente al cinco por ciento sobre el valor teórico de las acciones que les correspondiere y que no hubiere sido cubierto conforme a lo previsto en el subinciso a) anterior antes de distribuir a todas las acciones el remanente distribuable. En tal caso, una vez pagado el dividendo indicado en la oración anterior, se deberá pagar a las acciones de la Serie "AA", un dividendo por acción equivalente al que hubieren recibido las acciones de la Serie "L".

- (e). En el caso de aumento de capital social mediante la emisión de nuevas acciones de la Serie “L” que se emitan para pago en efectivo o en especie, los tenedores de las acciones de la Serie “L” en circulación tendrán derecho a suscribir dichas nuevas acciones en la proporción que les corresponda en los términos previstos por estos estatutos.
- (f). Las acciones de la Serie “L” participarán en iguales términos que las acciones de las demás series de acciones en todos los dividendos en acciones que fueren decretados por la Sociedad.

NOVENA. Sujeto a lo previsto en estos estatutos sociales, a solicitud de los accionistas correspondientes las acciones en que se divide la serie “A” de acciones de la sociedad podrán ser canjeadas a la par en acciones de la Serie “L”, mediante la entrega de aquellas a la Tesorería de la sociedad y su cancelación.

DECIMA. [Reservada]

DECIMO PRIMERA. Sujeto a lo previsto en estos estatutos, a solicitud de los accionistas titulares de las acciones que representen la Serie “AA”, éstas podrán ser canjeadas a la par por acciones de la Serie “L”, siempre que con ello las acciones de la Serie “AA” no representen un porcentaje menor al 20% (veinte por ciento) del capital social, mediante la entrega de aquéllas a la Tesorería de la sociedad.

DECIMO SEGUNDA. La Sociedad llevará un libro de registro de accionistas y considerará como dueño de las acciones a quien aparezca como tal en dicho libro. A solicitud de cualquier interesado, previa la comprobación a que hubiere lugar, la Sociedad deberá inscribir en el citado libro las transmisiones que se efectúen, siempre que cumplan con lo previsto en estos estatutos sociales y en las disposiciones legales aplicables.

En los términos del artículo 48 (cuarenta y ocho) de la Ley del Mercado de Valores, se establece como medida tendiente a prevenir la adquisición de acciones que otorguen el control, según dicho término se define en la Ley del Mercado de Valores, de la Sociedad, por parte de terceros o de los mismos accionistas, ya sea en forma directa o indirecta, y conforme al artículo 130 (ciento treinta) de la Ley General de Sociedades Mercantiles, que la adquisición de las acciones emitidas por la Sociedad, o de títulos e instrumentos emitidos con base en dichas acciones, o de derechos sobre dichas acciones, solamente podrá hacerse previa autorización discrecional del Consejo de Administración, en el caso de que el número de acciones, o de derechos sobre dichas acciones que se pretenden adquirir, en un acto o sucesión de actos, sin límite de tiempo, o de un grupo de accionistas vinculados entre sí y que actúen en concertación, signifiquen el 10% (diez por ciento) o más de las acciones con derecho a voto emitidas por la Sociedad.

Para los efectos anteriores, la persona o grupo de personas interesadas en adquirir una participación accionaria igual o superior al 10% (diez por ciento) de las acciones con derecho a voto emitidas por la Sociedad, deberán presentar su solicitud

de autorización por escrito dirigida al Presidente y al Secretario del Consejo de Administración de la Sociedad. Dicha solicitud, deberá contener al menos la información siguiente: (i) su declaración de consentimiento y adhesión a los términos de los estatutos sociales de la Sociedad y al procedimiento de autorización discrecional previsto en la presente cláusula; (ii) el número y clase de las acciones emitidas por la Sociedad que sean propiedad de la persona o grupo de personas que pretenden realizar la adquisición; (iii) el número y clase de las acciones materia de la adquisición; (iv) la identidad y nacionalidad de cada uno de los potenciales adquirentes; y (v) manifestación sobre si existe la intención de adquirir una influencia significativa o el Control de la Sociedad, según dichos términos se definen en la Ley del Mercado de Valores. Lo anterior en el entendido que el Consejo de Administración podrá solicitar la información adicional que considere necesaria o conveniente para tomar una resolución.

Si el Consejo de Administración, en los términos de la presente cláusula niega la autorización, designará a uno (1) o más compradores de las acciones, quienes deberán pagar a la parte interesada el precio registrado en la bolsa de valores. Para el caso de que las acciones no estén inscritas en el Registro Nacional de Valores, el precio que se pague se determinará conforme al propio artículo 130 (ciento treinta) citado de la Ley General de Sociedades Mercantiles.

El Consejo de Administración deberá emitir su resolución en un plazo no mayor a 3 (tres) meses contados a partir de la fecha en que se le someta la solicitud correspondiente o de la fecha en que reciba la información adicional que hubiere requerido, según sea el caso, y deberá de considerar: (i) los criterios que sean en el mejor interés de la Sociedad, sus operaciones y la visión de largo plazo de las actividades de la Sociedad y sus Subsidiarias; (ii) que no se excluya a uno (1) o más accionistas de la Sociedad, distintos de la persona que pretenda obtener el control, de los beneficios económicos que, en su caso, resulten de la aplicación de la presente cláusula; y (iii) que no se restrinja en forma absoluta la toma de control de la Sociedad.

La Sociedad no podrá tomar medidas que hagan nugatorio el ejercicio de los derechos patrimoniales del adquirente, ni que contravenga lo previsto en la Ley del Mercado de Valores para las ofertas públicas forzosas de adquisición. No obstante, cada una de las personas que adquieran acciones, títulos, instrumentos o derechos representativos del capital social de la Sociedad en violación a lo previsto en el párrafo anterior, estarán obligadas a pagar una pena convencional a la Sociedad por una cantidad equivalente al precio de la totalidad de las acciones, títulos o instrumentos representativos del capital social de la Sociedad de que fueren, directa o indirectamente, propietarios o que hayan sido materia de la operación prohibida. En caso de que las operaciones que hubieren dado lugar a la adquisición de un porcentaje de acciones, títulos, instrumentos o derechos representativos del capital social de la Sociedad mayor al 10% (diez por ciento) del capital social, se hagan a título gratuito, la pena convencional será equivalente al valor de mercado de dichas acciones, títulos, instrumentos o derechos, siempre que no hubiera mediado la autorización a que alude la presente cláusula.

Mientras la Sociedad mantenga las acciones que haya emitido, inscritas en el Registro Nacional de Valores, la exigencia anterior, para el caso de las operaciones que se realicen a través de la bolsa de valores, estará adicionalmente sujeta a las reglas que en su caso establezca la Ley del Mercado de Valores o las que conforme a la misma, emita la Comisión Nacional Bancaria y de Valores. Para efectos de claridad se estipula que las transmisiones de acciones de la Sociedad que no impliquen que una misma persona o grupo de personas actuando de manera concertada adquieran una participación igual o superior al diez por ciento (10%) de las acciones con derecho a voto de la Sociedad y que sean realizadas a través de una bolsa de volares no requerirán de la autorización previa del Consejo de Administración de la Sociedad.

Las personas o grupo de personas adquirentes que obtengan o incrementen una participación significativa de la Sociedad, sin haber promovido previamente una oferta pública de adquisición de conformidad con la Ley del Mercado de Valores, no podrán ejercer los derechos societarios, derivados de los valores con derecho a voto respectivos, quedando la Sociedad facultada para abstenerse de inscribir dichas acciones en el registro a que se refieren los artículos 128 (ciento veintiocho) y 129 (ciento veintinueve) de la Ley General de Sociedades Mercantiles.

Consecuentemente, tratándose de adquisiciones que deban ser realizadas a través de ofertas públicas de adquisición conforme a la Ley del Mercado de Valores, los adquirentes deberán obtener la autorización del Consejo de Administración para la transacción de forma previa al inicio del periodo para la oferta pública de adquisición. En todo caso, los adquirentes deberán revelar en todo momento la existencia del presente procedimiento de autorización previa por parte del Consejo de Administración para cualquier adquisición de acciones que implique el 10% (diez por ciento) o más de las acciones representativas del capital social de la Sociedad.

Adicionalmente a lo anterior, una mayoría de los miembros del Consejo de Administración que hayan sido elegidos para dicho cargo antes de verificarse cualquier circunstancia que pudiera implicar un cambio de control, deberá otorgar su autorización por escrito a través de una resolución tomada en Sesión de Consejo convocada expresamente para dicho efecto en términos de estos estatutos sociales, para que pueda llevarse a cabo un cambio de control en la Sociedad.

Las estipulaciones contenidas en la presente cláusula no precluyen en forma alguna, y aplican en adición a, los avisos, notificaciones y/o autorizaciones que los potenciales adquirentes deban presentar u obtener conforme a las disposiciones normativas aplicables.

El Consejo de Administración podrá determinar a su discreción si cualquiera de las personas se encuentra actuando de una manera conjunta o coordinada para los fines regulados en esta cláusula. En caso de que el Consejo de Administración adopte tal determinación, las personas de que se trate deberán de considerarse como una sola para los efectos de esta cláusula.

Las personas morales que sean controladas por la Sociedad no podrán adquirir, directa o indirectamente, acciones representativas del capital social de la Sociedad o títulos de crédito que representen dichas acciones, salvo que (i) dicha adquisición se realice a través de sociedades de inversión, o (ii) en el caso de que las sociedades en las que la Sociedad participe como accionista mayoritario adquieran acciones de la Sociedad, para cumplir con opciones o planes de venta de acciones que se constituyan o que puedan otorgarse o diseñarse a favor de empleados o funcionarios de dichas sociedades o de la propia Sociedad, siempre y cuando, el número de acciones adquiridas con tal propósito no exceda del 25% (veinticinco por ciento) del total de las acciones en circulación de la Sociedad.

Mientras las acciones de la Sociedad se encuentren inscritas en el Registro Nacional de Valores, en los términos de la Ley del Mercado de Valores y de las disposiciones de carácter general que expida la Comisión Nacional Bancaria y de Valores, en el caso de cancelación de la inscripción de las acciones de la Sociedad en dicho Registro, ya sea por solicitud de la propia Sociedad o por resolución adoptada por la Comisión Nacional Bancaria y de Valores en términos de Ley, la Sociedad se obliga a realizar una oferta pública de adquisición en términos del artículo 108 (ciento ocho) de la Ley del Mercado de Valores, la cual deberá dirigirse exclusivamente a los accionistas o tenedores de los títulos de crédito que representen dichas acciones, que no formen parte del grupo de personas que tengan el control de la Sociedad: (i) a la fecha del requerimiento de la Comisión Nacional Bancaria y de Valores tratándose de la cancelación de la inscripción por resolución de dicha Comisión; o (ii) a la fecha del acuerdo adoptado por la Asamblea General Extraordinaria de Accionistas tratándose de la cancelación voluntaria de la misma.

La Sociedad deberá afectar en un fideicomiso, por un período de cuando menos 6 (seis) meses contados a partir de la fecha de la cancelación, los recursos necesarios para comprar al mismo precio de la oferta pública de compra las acciones de los inversionistas que no acudieron a dicha oferta, en el evento de que una vez realizada la oferta pública de compra y previo a la cancelación de la inscripción de las acciones representativas del capital social de la Sociedad u otros valores emitidos con base en esas acciones en el Registro Nacional de Valores, la Sociedad no hubiera logrado adquirir el 100% (cien por ciento) del capital social pagado.

La oferta pública de compra antes mencionada deberá realizarse cuando menos al precio que resulte más alto entre: (i) el valor de cotización y (ii) el valor contable de las acciones o títulos que representen dichas acciones de acuerdo al último reporte trimestral presentado a la propia Comisión y a la bolsa de valores antes del inicio de la oferta, el cual podrá ser ajustado cuando dicho valor se vaya modificando de conformidad con criterios aplicables a la determinación de información relevante, en cuyo caso, deberá considerarse la información más reciente con que cuente la Sociedad acompañada de una certificación de un directivo facultado de la Sociedad respecto de la determinación de dicho valor contable.

Para los efectos anteriores, el valor de cotización será el precio promedio ponderado por volumen de las operaciones que se hayan efectuado durante los últimos

treinta días en que se hubieren negociado las acciones de la Sociedad o títulos de crédito que representen dichas acciones, previos al inicio de la oferta, durante un periodo que no podrá ser superior a 6 (seis) meses. En caso de que el número de días en que se hayan negociado dichas acciones o títulos que amparen dichas acciones, durante el periodo señalado, sea inferior a 30 (treinta), se tomarán los días en que efectivamente se hubieren negociado. Cuando no hubiere habido negociaciones en dicho periodo, se tomará el valor contable.

La Comisión Nacional Bancaria y de Valores podrá autorizar el uso de una base distinta para la determinación del precio de la oferta, atendiendo a la situación financiera de la Sociedad, siempre que se cuente con la aprobación del Consejo de Administración, previa opinión del comité que desempeñe funciones en materia de prácticas societarias, en las que se contengan los motivos por los cuales se considera justificado establecer precio distinto, respaldado de un informe de un experto independiente.

En todo caso, la cancelación voluntaria de la inscripción de las acciones de la Sociedad en el Registro Nacional de Valores requiere, además de cualquier otro requisito señalado en la Ley del Mercado de Valores y demás disposiciones aplicables al efecto: (i) de la aprobación previa de la Comisión Nacional Bancaria y de Valores y (ii) del acuerdo de la Asamblea General Extraordinaria de Accionistas adoptado con un quórum de votación mínimo del 95% (noventa y cinco por ciento) del capital social.

DECIMO TERCERA. Con excepción de los aumentos o disminuciones derivados de la recompra de acciones a que se refiere la Ley del Mercado de Valores, el capital variable de la Sociedad podrá aumentarse o disminuirse sin necesidad de reformar los estatutos sociales, con la única formalidad de que los aumentos o disminuciones sean acordados en Asamblea Ordinaria de Accionistas y que se protocolice la misma por notario público, sin que sea necesario la inscripción del testimonio de la escritura respectiva en el Registro Público de Comercio correspondiente.

El capital mínimo fijo de la Sociedad no podrá aumentarse o disminuirse si ello no es acordado en Asamblea Extraordinaria de Accionistas y se reforman consecuentemente los estatutos sociales salvo que derive de colocación de acciones propias adquiridas conforme a esta cláusula. Todo aumento o disminución del capital social deberá inscribirse en el libro que a tal efecto llevará la Sociedad.

Cuando se aumente el capital social todos los accionistas tendrán derecho preferente en proporción al número de sus acciones de la serie correspondiente para suscribir las que se emitan o las que se pongan en circulación. El derecho que se confiere en este párrafo deberá ser ejercitado dentro de los 15 (quince) días naturales siguientes a aquél en que se publiquen los acuerdos correspondientes en el Diario Oficial de la Federación y en otro periódico de los de mayor circulación en la Ciudad de México, Distrito Federal. Este derecho no será aplicable con motivo de la fusión de la Sociedad, en la conversión de obligaciones, para oferta pública en los términos del artículo 53 (cincuenta y tres) de la Ley del Mercado de Valores y estos estatutos y para la colocación de acciones propias adquiridas en los términos del artículo 56 (cincuenta y seis) de la Ley del Mercado de Valores.

En el caso de que quedaren sin suscribir acciones después de la expiración del plazo durante el cual los accionistas hubieren gozado del derecho de preferencia que se les otorga en esta cláusula, las acciones de que se trate podrán ser ofrecidas a cualquier persona para suscripción y pago en los términos y plazos que disponga la propia Asamblea de Accionistas que hubiere decretado el aumento de capital, o en los términos y plazos que disponga el Consejo de Administración o los delegados designados por la Asamblea a dicho efecto, en el entendido de que el precio al cual se ofrezcan las acciones a terceros no podrá ser menor a aquél al cual fueron ofrecidas a los accionistas de la Sociedad para suscripción y pago.

La reducción del capital social en su parte variable se efectuará por amortización proporcional de las series de acciones en que se divida dicho capital social, por amortización de acciones íntegras, mediante reembolso de las mismas a los accionistas a su valor en bolsa de valores al día en que se decreta la correspondiente reducción del capital social. Los accionistas tendrán derecho a solicitar en la Asamblea respectiva la amortización proporcional de las acciones a que haya lugar y, en caso de que no se obtenga acuerdo para dicho propósito, las acciones que hayan de amortizarse serán determinadas por sorteo ante notario o corredor público.

Hecha la designación de las acciones que habrán de amortizarse, se publicará un aviso en el Diario Oficial de la Federación y en otro periódico de los de mayor circulación en la Ciudad de México, Distrito Federal, expresando el número de las acciones que serán retiradas y el número de los títulos de las mismas que como consecuencia deberán ser cancelados o, en su caso, canjeados y la institución de crédito en donde se deposite el importe del reembolso, el que quedará desde la fecha de la publicación a disposición de los accionistas respectivos sin devengar interés alguno.

La Sociedad podrá adquirir acciones representativas de su propio capital social a través de la bolsa de valores, al precio corriente en el mercado, en los términos del artículo 56 (cincuenta y seis) de la Ley del Mercado de Valores.

Las acciones propias que pertenezcan a la Sociedad o, en su caso, las acciones de tesorería, sin perjuicio de lo establecido por la Ley General de Sociedades Mercantiles, podrán ser colocadas entre el público inversionista, sin que para este último caso, el aumento de capital social correspondiente, requiera resolución de Asamblea de Accionistas de ninguna clase, ni del acuerdo del Consejo de Administración tratándose de su colocación.

La Sociedad podrá emitir acciones no suscritas de cualquier serie o clase que integren el capital social, las cuales se conservarán en la tesorería de la Sociedad para ser entregadas en la medida que se realice su suscripción.

Asimismo, la Sociedad podrá emitir acciones no suscritas que se conserven en tesorería para su colocación en el público, siempre que: (i) la Asamblea General Extraordinaria de Accionistas apruebe el importe máximo del aumento de capital y las condiciones en que deban de hacerse las correspondientes emisiones de acciones; (ii) la suscripción de las acciones emitidas se efectúe mediante oferta pública, previa inscripción en el Registro Nacional de Valores; y (iii) el importe del capital suscrito y pagado se anuncie cuando se de publicidad al capital autorizado representado por las acciones emitidas y no suscritas y se cumplan las condiciones previstas al efecto por la Ley del Mercado de Valores.

DECIMO CUARTA. [Reservada]

DE LAS ASAMBLEAS GENERALES DE ACCIONISTAS

DECIMO QUINTA. La Asamblea General de Accionistas es el órgano supremo de la Sociedad, estando subordinados a él todos los demás.

DECIMO SEXTA. Las Asambleas Generales de Accionistas serán Ordinarias o Extraordinarias y se celebrarán en el domicilio de la Sociedad. Serán Extraordinarias aquéllas en que se trate cualquiera de los asuntos enumerados en el Artículo 182 (ciento ochenta y dos) de la Ley General de Sociedades Mercantiles o la cancelación de la inscripción de las acciones que emite y emita la Sociedad en el Registro Nacional de Valores o en bolsas de valores extranjeras en las que estuvieren registradas las acciones en que se divida el capital social y serán Ordinarias todas las demás. Las Asambleas sólo se ocuparán de los asuntos incluidos en el orden del día.

Las Asambleas Especiales que celebren los titulares de acciones de la Serie “L”, con el propósito de designar a los 2 (dos) miembros del Consejo de Administración a los que tienen derecho, deberán ser convocadas anualmente por el Consejo de Administración para que sean celebradas con anterioridad a la celebración de la Asamblea General Anual Ordinaria de Accionistas. Las Asambleas Especiales de los titulares de acciones de la Serie “L” que se reúnan exclusivamente con el propósito de designar a los miembros del Consejo de Administración a los que tienen derecho, se regirán por las normas establecidas en estos estatutos sociales para las Asambleas Generales Ordinarias de Accionistas convocadas en virtud de segunda convocatoria, en los términos de la cláusula vigésima tercera de estos estatutos sociales.

DECIMO SEPTIMA. La Asamblea Ordinaria se reunirá por lo menos una vez al año, dentro de los 4 (cuatro) meses siguientes a la clausura del ejercicio social correspondiente, en la fecha que fije el Consejo de Administración de la Sociedad y se ocupará, además de los asuntos incluidos en el orden del día, de los enumerados en el artículo 181 (ciento ochenta y uno) de la Ley General de Sociedades Mercantiles.

En adición a lo anterior y de conformidad a lo previsto en el artículo 47 (cuarenta y siete) de la Ley del Mercado de Valores, la Asamblea Ordinaria se reunirá para aprobar las operaciones que pretenda llevar a cabo la Sociedad o las personas morales que ésta controle, en el lapso de un ejercicio social, cuando representen el 20% (veinte

por ciento) o más de los activos consolidados de la Sociedad con base en cifras correspondientes al cierre del trimestre inmediato anterior, con independencia de la forma en que se ejecuten, sea simultánea o sucesiva, pero que por sus características puedan considerarse como una sola operación. En dichas Asambleas los titulares de acciones de la Serie "L" de la Sociedad estarán facultados para votar.

DECIMO OCTAVA. La convocatoria para las Asambleas deberá hacerse por el Consejo de Administración, por el Presidente del Consejo o el Secretario, o en su caso, por los miembros de los comités facultados para ello, o por la autoridad judicial. Los accionistas con acciones con derecho a voto, incluso en forma limitada o restringida, que representen cuando menos el 10% (diez por ciento) del capital social, podrán solicitar se convoque a una Asamblea General de Accionistas en los términos señalados en el artículo 184 (ciento ochenta y cuatro) de la Ley General de Sociedades Mercantiles y en la Ley del Mercado de Valores.

DECIMO NOVENA. La convocatoria para las Asambleas se hará por medio de la publicación de un aviso en el Diario Oficial de la Federación o en uno de los periódicos de mayor circulación en la Ciudad de México, Distrito Federal, siempre con una anticipación no menor de 15 (quince) días naturales a la fecha señalada para la reunión. Desde el momento en que se publique la convocatoria para las Asambleas de Accionistas, deberán estar a disposición de los accionistas, de forma inmediata y gratuita, la información y los documentos disponibles relacionados con cada uno de los puntos establecidos en el orden del día.

VIGESIMA. La convocatoria para las Asambleas deberá contener la designación de lugar, fecha y hora en que haya de celebrarse la asamblea, el orden del día, el cual no deberá incluir asuntos bajo el rubro de generales o equivalentes, y la firma de quien o quienes la hagan.

VIGESIMA PRIMERA. Podrá celebrarse Asamblea sin previa convocatoria siempre que se encuentren debidamente representadas la totalidad de las acciones con derecho de voto en los asuntos para los que fue convocada.

VIGESIMA SEGUNDA. Las Asambleas Ordinarias de Accionistas reunidas en virtud de primera convocatoria se considerarán legalmente instaladas cuando esté representada, por lo menos, la mitad de las acciones comunes que representen el capital social y sus resoluciones serán válidas si se adoptan por mayoría de los votos presentes.

VIGESIMA TERCERA. Si la Asamblea Ordinaria de Accionistas no pudiere celebrarse el día señalado para su reunión, se publicará una segunda convocatoria con expresión de esta circunstancia, en la que se citará para una fecha no anterior a 7 (siete) días naturales de aquél para el que fue señalada en primera convocatoria y en la Asamblea se resolverá sobre los asuntos indicados en el orden del día, por mayoría de votos, cualquiera que sea el número de acciones comunes representadas.

VIGESIMA CUARTA. Las Asambleas Extraordinarias de Accionistas reunidas por virtud de primera convocatoria, para tratar asuntos en los que las acciones de la Serie "L" no tengan derecho de voto, se considerarán legalmente instaladas si están presentes, por lo menos, las tres cuartas partes de las acciones comunes con derecho de voto en los asuntos para los que fue convocada, de aquellas en que se divida el capital social y sus resoluciones serán válidas si se adoptan, cuando menos, por mayoría de las acciones comunes que tengan derecho de voto, de aquéllas en que se divida el capital social.

Las Asambleas Extraordinarias de Accionistas que sean convocadas para tratar alguno de los asuntos en los que tengan derecho de voto las acciones de la Serie "L" serán legalmente instaladas si están representadas, por lo menos, las tres cuartas partes del capital social y las resoluciones se tomarán por el voto de las acciones que representen la mayoría de dicho capital social.

Las Asambleas Extraordinarias de Accionistas reunidas por virtud de ulteriores convocatorias, para tratar alguno de los asuntos en los que las acciones de la Serie "L" no tengan derecho de voto, se considerarán legalmente instaladas si está representada, por lo menos, la mayoría de las acciones comunes con derecho de voto en los asuntos para los que fue convocada y sus resoluciones serán válidas si se adoptan, cuando menos, por el número de acciones comunes que representen la mayoría de dicho capital social con derecho de voto en los asuntos para los que fue convocada.

En ulteriores convocatorias para Asambleas Extraordinarias de Accionistas, convocadas para resolver asuntos en los que las acciones de la Serie "L" tengan derecho de voto, éstas se considerarán legalmente instaladas si está representada, por lo menos, la mayoría del capital social y sus resoluciones serán válidas si se adoptan, cuando menos, por el número de acciones que representen la citada proporción de acciones de aquellas en que se divida dicho capital social.

Para que las resoluciones adoptadas en las Asambleas Extraordinarias de Accionistas reunidas por virtud de primera o ulteriores convocatorias para tratar alguno de los asuntos en los que tengan derecho de voto las acciones de la Serie "L" sean legalmente acordadas, se requerirá, además de los requisitos que se establecen en los párrafos que anteceden, que las mismas sean aprobadas por la mayoría de las acciones comunes de la Serie "AA", en que se divida el capital social.

Los accionistas con acciones con derecho de voto, incluso en forma limitada o restringida, que representen cuando menos el 10% (diez por ciento) de las acciones representadas en una Asamblea, podrán solicitar que se aplace la votación de cualquier asunto respecto del cual no se consideren suficientemente informados, ajustándose a los términos y condiciones señalados en el artículo 199 (ciento noventa y nueve) de la Ley General de Sociedades Mercantiles y en el artículo 50 (cincuenta) de la Ley del Mercado de Valores.

VIGESIMA QUINTA. Para que los accionistas tengan derecho de asistir a las Asambleas y a votar en ellas, deberán depositar los títulos de sus acciones o, en su caso, los certificados provisionales, en la Secretaría de la Sociedad, cuando menos un (1) día antes de la celebración de la Asamblea, recogiendo la tarjeta de admisión correspondiente. También podrán depositarlos en una institución de crédito de los Estados Unidos de México o del extranjero o en una casa de bolsa de los Estados Unidos Mexicanos y en este caso, para obtener la tarjeta de admisión, deberán presentar en la Secretaría de la Sociedad un certificado de tal institución que acredite el depósito de los títulos y la obligación de la institución de crédito, de la casa de bolsa o de la institución de depósito de valores respectiva de conservar los títulos depositados hasta en tanto el Secretario del Consejo de Administración de la Sociedad le notifique que la Asamblea de Accionistas ha concluido. La Secretaría de la Sociedad entregará a los accionistas correspondientes una tarjeta de admisión en donde constará el nombre del accionista, el número de acciones depositadas y el número de votos a que tiene derecho por virtud de dichas acciones.

VIGESIMA SEXTA. Los accionistas podrán hacerse representar en las Asambleas por medio de mandatarios nombrados mediante simple carta poder, en la inteligencia de que no podrán ejercer tal mandato los miembros del Consejo de Administración de la Sociedad.

En adición a lo anterior y en términos de lo dispuesto por el artículo 49 (cuarenta y nueve) de la Ley del Mercado de Valores, los accionistas podrán hacerse representar en las Asambleas por medio de mandatarios nombrados mediante poder otorgado en formularios elaborados por la propia Sociedad que: (i) señalen de manera notoria la denominación de la Sociedad así como el respectivo orden del día, sin que puedan incluirse bajo el rubro de asuntos generales los puntos que se refieren las disposiciones legales aplicables, y (ii) contengan espacio para la instrucciones que señale el otorgante para el ejercicio del poder.

El Secretario del Consejo de Administración de la Sociedad, estará obligado a cerciorarse de la observancia de lo dispuesto en el párrafo anterior e informará sobre ello a la Asamblea, lo que se hará constar en el acta respectiva.

VIGESIMA SÉPTIMA. Las Asambleas serán presididas por el Presidente del Consejo de Administración y a falta de éste indistintamente por uno (1) de los Vicepresidentes y a falta de ellos, por uno (1) de los consejeros mexicanos presentes y, faltando todos éstos, por la persona que designen los mismos concurrentes a la Asamblea. Fungirá como Secretario de la Asamblea, el del Consejo o el Pro-Secretario y faltando éstos dos (2), la persona que el Presidente de la Asamblea designe para ello.

VIGESIMA OCTAVA. Al iniciarse la Asamblea, quien la presida nombrará dos (2) escrutadores para hacer el recuento de las acciones representadas en la misma, quienes deberán formular una lista de asistencia en la que anotarán los nombres de los accionistas en ella presentes o representados y el número de acciones que cada uno de ellos hubiere depositado para comparecer a la correspondiente Asamblea.

VIGESIMA NOVENA. Si instalada una Asamblea legalmente no hubiere tiempo para resolver sobre todos los asuntos para los que fuere convocada, siempre que ello así sea resuelto por el número de votos que para adoptar válidamente resoluciones en esa Asamblea se requiera, podrá suspenderse y continuarse los días siguientes, sin necesidad de nueva convocatoria.

Las resoluciones que sean adoptadas en la continuación de la Asamblea serán válidas si se aprueban por el número de votos que para ello se requiera en estos estatutos sociales.

TRIGESIMA. De cada Asamblea de Accionistas se levantará acta, en la cual se consignarán las resoluciones adoptadas, deberá ser asentada en el libro de actas correspondiente y será firmada por quien haya presidido la reunión y por la persona que haya actuado como Secretario.

TRIGESIMA PRIMERA. Los accionistas con acciones con derecho de voto, incluso en forma limitada o restringida, que representen cuando menos el 20% (veinte por ciento) del capital social, podrán oponerse judicialmente a las resoluciones de las Asambleas Generales de Accionistas, respecto de las cuales tengan derecho de voto, siempre que se satisfagan los requisitos del artículo 201 (doscientos uno) de la Ley General de Sociedades Mercantiles, siendo igualmente aplicables el artículo 202 (doscientos dos) de dicha Ley.

En los términos de lo previsto en la Ley del Mercado de Valores, los accionistas que representen cuando menos el 5% (cinco por ciento) del capital social, podrán ejercitar directamente la acción de responsabilidad civil contra los administradores.

ADMINISTRACION

TRIGESIMA SEGUNDA. La Administración de la Sociedad estará encomendada a un Consejo de Administración y a un Director General, quienes desempeñarán las funciones que establece la Ley del Mercado de Valores.

El Consejo de Administración de la Sociedad estará compuesto por un mínimo de 5 (cinco) y un máximo de 21 (veintiún) consejeros, de los cuales cuando menos el 25% (veinticinco por ciento) debiendo ser nombrados por la Asamblea Ordinaria de Accionistas. La Asamblea podrá designar suplentes hasta por un número igual al de los miembros propietarios y, si así lo hiciere, tendrá la facultad de determinar la forma en que los suplentes suplirán a los propietarios, en el concepto de que, si la Asamblea no determina lo anterior, cualquier suplente podrá suplir a cualquiera de los propietarios, salvo los suplentes designados por los accionistas de la Serie "L", los cuales sólo podrán suplir a los consejeros propietarios designados por dicha Serie, en forma indistinta y los suplentes designados por accionistas en ejercicio de su derecho de minoría, los cuales sólo podrán suplir a los consejeros propietarios designados por dicha minoría. La mayoría de los miembros propietarios y suplentes del Consejo de Administración deberán ser en todo tiempo de nacionalidad mexicana y designados por accionistas mexicanos. Los miembros propietarios y suplentes serán designados, por

el voto mayoritario de las acciones comunes de la Serie “AA” en que se divide el capital social y los dos (2) miembros propietarios y suplentes restantes, por el voto mayoritario de las acciones de la Serie “L” del capital social.

Los miembros del Consejo de Administración no necesitarán ser accionistas y deberán de cumplir con lo previsto en la Ley del Mercado de Valores. Cualquier accionista o grupo de accionistas que represente, cuando menos, un 10% (diez por ciento) de las acciones comunes en que se divide el capital social, tendrá derecho a nombrar un (1) Consejero Propietario y un (1) Consejero Suplente y en este caso ya no podrá ejercer sus derechos de voto para designar los Consejeros Propietarios y sus Suplentes que corresponda elegir a la mayoría. Si cualquier accionista o grupo de accionistas que represente, cuando menos, un 10% (diez por ciento) de las acciones comunes en que se divide el capital social, ejercita el derecho de nombrar un (1) Consejero Propietario y su Suplente, la mayoría solo tendrá derecho a designar el número de Consejeros faltantes que corresponda nombrar a dicha mayoría.

Asimismo, el Consejo de Administración designará a un Secretario que no formará parte de dicho órgano social, quedando sujeto a las obligaciones y responsabilidades previstas en la Ley del Mercado de Valores.

Los Consejeros serán elegidos por un (1) año y continuarán en el desempeño de sus funciones aún cuando hubiere concluido el plazo para el que hayan sido designados, hasta por un plazo de de 30 (treinta) días naturales, a falta de la designación del sustituto o cuando éste no tome posesión de su cargo, sin estar sujetos a lo dispuesto por en el artículo 154 (ciento cincuenta y cuatro) de la Ley General de Sociedades Mercantiles. Los Consejeros podrán ser reelectos y percibirán la remuneración que determine la Asamblea General de Accionistas.

Los Consejeros Suplentes designados sustituirán a sus respectivos Consejeros Propietarios que estuvieren ausentes.

El Consejo de Administración podrá designar Consejeros Provisionales, sin intervención de la Asamblea de Accionistas, cuando se actualice alguno de los supuestos señalados en el párrafo anterior o en el artículo 155 (ciento cincuenta y cinco) de la Ley General de Sociedades Mercantiles. La Asamblea de Accionistas podrá ratificar dichos nombramientos o designar a los Consejeros Sustitutos en la Asamblea siguiente a que ocurra tal evento.

La Sociedad cumplirá con lo previsto en la Ley del Mercado de Valores respecto a la integración, facultades y funcionamiento del Consejo de Administración incluyendo, sin limitación, las normas de designación y calificación de consejeros independientes.

El Consejo de Administración para el desempeño de sus funciones contará con el auxilio de uno (1) o más Comités. El o los Comités que desarrollen las actividades en materia de Prácticas Societarias y de Auditoría estarán integrados por Consejeros Independientes y por un mínimo de 3 (tres) miembros designados por el propio Consejo de Administración, de conformidad a lo dispuesto en el artículo 25 (veinticinco) de la Ley del Mercado de Valores.

Para la selección de los consejeros independientes, se estará a lo dispuesto en el artículo 26 (veintiséis) de la Ley del Mercado de Valores.

TRIGESIMA TERCERA. Independientemente de la obligación de la Sociedad de cumplir con los principios establecidos en la cláusula anterior de los presentes estatutos, y mientras dicha cláusula esté en vigor, la falta de observancia de lo previsto en mencionada cláusula, por cualquier causa, no generará ni le otorgará el derecho a terceros de impugnar la falta de validez, en relación con los actos jurídicos, contratos, acuerdos, convenios o cualquier otro acto que celebre la Sociedad por medio de, o a través de su Consejo de Administración o cualquier otro órgano intermedio, delegado, mandatario o apoderado, ni se considerarán requisitos de validez o existencia de tales actos.

Para los efectos de lo previsto en la Ley del Mercado de Valores, no se considerará, que se aprovecha o explota una oportunidad de negocio que corresponde a la Sociedad o personas morales que ésta controle o en las que tenga una influencia significativa, cuando un miembro del Consejo de Administración, directa o indirectamente, realice actividades que sean del giro ordinario o habitual de la propia Sociedad o de las personas morales que ésta controle o en las que tenga una influencia significativa, toda vez que, si dichos miembros son electos por la Asamblea de Accionistas, se considerará para todos los efectos legales que cuentan con la dispensa necesaria de la Sociedad.

TRIGESIMA CUARTA. Ni los miembros del Consejo de Administración y sus suplentes, ni, en su caso, los miembros de los Comités, ni los administradores y gerentes deberán de prestar garantía para asegurar el cumplimiento de las responsabilidades que pudieren contraer en el desempeño de sus encargos, salvo que la Asamblea de Accionistas que los hubiere designado establezca dicha obligación.

En términos de lo previsto en la Ley del Mercado de Valores, la responsabilidad consistente en indemnizar los daños y perjuicios ocasionados a la Sociedad o a las personas morales que ésta controle o en las que tenga una influencia significativa, por falta de diligencia de los miembros del Consejo de Administración, del Secretario o Pro-Secretario de dicho órgano de la Sociedad, derivada de los actos que ejecuten o las decisiones que adopten en el Consejo de Administración o de aquellas que dejen de tomarse al no poder sesionar legalmente dicho órgano social, y en general por falta del deber de diligencia, no podrá, en ningún caso, en una o más ocasiones, exceder del monto equivalente al total de los honorarios netos que dichas personas físicas hayan recibido por parte de la Sociedad o de las personas morales que ésta controle o en las que tenga una influencia significativa en los últimos 12 (doce) meses. Lo anterior, en el entendido que, la limitación al monto de la indemnización contenida en este párrafo, no será aplicable cuando se trate de actos dolosos o de mala fe, o bien, ilícitos conforme a la Ley del Mercado de Valores u otras leyes. La Sociedad, en todo caso, indemnizará y sacará en paz y a salvo a los directivos relevantes, miembros del Consejo de

Administración y el Secretario y el Pro-Secretario de cualquier responsabilidad que incurran frente a terceros en el debido desempeño de su encargo y cubrirá el monto de la indemnización por los daños que cause su actuación a terceros, salvo que se trate de actos dolosos o de mala fe, o bien, ilícitos conforme a la Ley del Mercado de Valores u otras leyes.

TRIGESIMA QUINTA. El Consejo de Administración se reunirá cuando menos una vez cada 3 (tres) meses en la Ciudad de México o en cualquier otro lugar de los Estados Unidos Mexicanos que para tal efecto se señale, y en las fechas que para tal propósito establezca el propio Consejo. Estas Sesiones deberán ser convocadas por al menos el 25% (veinticinco por ciento) de los miembros del Consejo o de los miembros de los Comités de la Sociedad, por el Presidente de los mismos, o por el Secretario o Pro-Secretario del Consejo.

Además de las Sesiones regulares a que se alude anteriormente, el Consejo de Administración se reunirá siempre que por cualquier medio escrito fehaciente sean citados para tal efecto sus miembros con una anticipación no menor de 5 (cinco) días naturales, por el Presidente o por al menos el 25% (veinticinco por ciento) de los Consejeros o de los miembros de los Comités de la Sociedad o por el Secretario o Pro-Secretario del Consejo.

Las convocatorias para las Sesiones del Consejo de Administración deberán contener el orden del día a la que la reunión respectiva deberá sujetarse. El Consejo funcionará válidamente siempre que concurren la mayoría de los miembros que lo integran y siempre que los asistentes sean mexicanos en su mayoría y sus resoluciones serán válidas si se adoptan por mayoría de votos de los Consejeros que asistan a la Sesión. En caso de empate, el Presidente del Consejo de Administración tendrá voto de calidad.

Para resolver respecto de cualquiera de los asuntos que se relacionan en los puntos (1) a (12) de la cláusula cuadragésima primera, el Consejo de Administración consultará previamente al Comité Ejecutivo. Para este efecto el Comité Ejecutivo estará obligado a hacer llegar su recomendación en un plazo no mayor a 10 (diez) días naturales contados a partir del requerimiento del Consejo, del Presidente del Consejo de Administración o del Director General de la Sociedad. En caso de que el Comité Ejecutivo no haga llegar su recomendación en el plazo indicado o bien si sus miembros no llegan a un acuerdo en una Sesión debidamente convocada de dicho Comité, entonces el Consejo resolverá sobre cualquier punto, aún sin contar con recomendación alguna del Comité Ejecutivo.

No obstante lo anterior, si se determina por la mayoría de los miembros del Consejo de Administración o cualquier órgano de la Sociedad, incluyendo al Director General, de buena fe que el asunto sujeto a revisión por el Comité Ejecutivo no puede esperar hasta la siguiente Sesión para su revisión y consideración, porque el tiempo sea esencial, entonces ese asunto en particular podrá ser resuelto por el Consejo y/o por cualquier órgano de la Sociedad incluyendo al Director General, sin la recomendación del Comité Ejecutivo.

TRIGESIMA SEXTA. De cada Sesión del Consejo se levantará acta, en la que se consignarán las resoluciones aprobadas, deberá ser asentada en el libro de actas correspondientes y será firmada por quien haya presidido la Sesión y por la persona que haya actuado como Secretario.

De conformidad con lo previsto en el último párrafo del artículo 143 (ciento cuarenta y tres) de la Ley General de Sociedades Mercantiles, el Consejo de Administración podrá válidamente tomar resoluciones sin ser necesario que se reúnan personalmente sus miembros en Sesión formal; de igual forma lo podrán hacer los Comités de la Sociedad. Los acuerdos que se tomen fuera de Sesión deberán ser aprobados, en todos los casos, por el voto favorable de la totalidad de los miembros propietarios del órgano de que se trate o, en caso de ausencia definitiva o incapacidad de alguno de ellos, con el voto favorable del miembro suplente que corresponda, de conformidad con las siguientes disposiciones:

- I. El Presidente, por su propia iniciativa o de cualesquiera 2 (dos) miembros propietarios del consejo de Administración o de los Comités, deberá comunicar a todos los miembros propietarios o, en su caso, suplentes del órgano social de que se trate, en forma verbal o escrita y por el medio que estime conveniente, de los acuerdos que se pretendan tomar fuera de Sesión y las razones que los justifiquen. Asimismo, el Presidente deberá proporcionar a todos ellos, en caso de que lo solicitaren, toda la documentación y aclaraciones que requieran al efecto. El Presidente podrá auxiliarse de uno (1) o más miembros del Consejo o de los Comités que él determine, o del Secretario o su suplente, para realizar las comunicaciones referidas.
- II. En el caso de que la totalidad de los miembros propietarios del Consejo o de los Comités o, en su caso, los suplentes cuyo voto se requiera, manifestaren verbalmente al Presidente o a los miembros que lo auxilien su consentimiento con los acuerdos o resoluciones que se les hubieren sometido a consideración, deberán confirmar por escrito su consentimiento a más tardar el segundo día hábil siguiente a la fecha en que lo hubieren manifestado en la forma que se establece en la fracción inmediata siguiente. La confirmación escrita se deberá enviar al Presidente y al Secretario a través del correo, telex, telefax, telegrama, correo electrónico o mensajería, o a través de cualquier otro medio que garantice que la misma se reciba dentro de los 2 (dos) días hábiles siguientes.
- III. Para los efectos de lo previsto en la fracción inmediata anterior, el Presidente deberá enviar por escrito a cada uno de los miembros del órgano de que se trate, ya sea directamente o a través de las personas que lo auxilien, un proyecto formal de acta que contenga los acuerdos o resoluciones que se pretendan adoptar fuera de Sesión y cualquier otra documentación que estime necesaria, con el propósito de que, en su caso, una vez hechas las modificaciones que se requieran, el proyecto de

acta de que se trate sea reenviado al Presidente y al Secretario, debidamente firmado de conformidad al calce, por cada uno de los miembros del Consejo o de los Comités, según sea el caso.

- IV. Una vez que el Presidente y el Secretario reciban las confirmaciones por escrito de la totalidad de los miembros del órgano de que se trate, procederán de inmediato a asentar el acta aprobada en el libro de actas respectivo, la cual contendrá la totalidad de las resoluciones tomadas, misma que se legalizará con la firma del Presidente y del Secretario. La fecha del acta señalada será aquélla en la cual se obtuvo el consentimiento verbal o escrito de todos los miembros de que se trate, aún cuando en tal momento no se hubieren recibido las confirmaciones por escrito, mismas que una vez recibidas deberán integrarse a un expediente que al efecto deberá llevar la Secretaría de la Sociedad. Asimismo, deberán integrarse a dicho expediente las observaciones por escrito que en su caso hubiere hecho el Comité de Auditoría de la Sociedad al proyecto de resoluciones respectivo.

TRIGESIMA SEPTIMA. El Consejo de Administración, en la primera Sesión que celebre después de verificarse la Asamblea de Accionistas que lo hubiere nombrado y si esta Asamblea no hubiere hecho las designaciones o en cualquier otra Sesión que celebre, nombrará de entre sus miembros un Presidente, que deberá ser mexicano y podrá designar, si lo estima pertinente, uno o varios Vicepresidentes, un Secretario, así como un Pro-Secretario, en el concepto de que el Secretario y el Pro-Secretario no podrán ser miembros del Consejo de Administración. Estos cargos, salvo los de Presidente y Vicepresidente, los de Secretario y Pro-Secretario podrán ser desempeñados por una sola persona. Las faltas temporales o definitivas del Presidente serán suplidas indistintamente por 1 (uno) de los Vicepresidentes mexicanos, si los hubiere y, faltando éstos, por cualquier Consejero mexicano y las del Secretario, por un Pro-Secretario, si lo hubiere, o faltando éstos por la persona que el Consejo designe.

DE LAS FACULTADES DEL CONSEJO

TRIGESIMA OCTAVA. El Consejo de Administración tendrá las más amplias facultades para la administración de los negocios de la Sociedad, con poder general amplísimo para pleitos y cobranzas, para administrar bienes y para ejercer actos de dominio, sin limitación alguna, o sea con todas las facultades generales y las especiales que requieran cláusula especial conforme a la Ley, en los términos de los 3 (tres) primeros párrafos del artículo 2554 (dos mil quinientos cincuenta y cuatro) del Código Civil para el Distrito Federal, incluidas las facultades que enumera el artículo 2587 (dos mil quinientos ochenta y siete) del mismo ordenamiento. De una manera enunciativa y no limitativa, se le fijan de una manera expresa las siguientes facultades:

- I. Representar a la Sociedad ante toda clase de autoridades, sean estas Federales, Estatales o Municipales; representar a la Sociedad ante toda clase de personas físicas o morales, nacionales o extranjeras; representar

a la Sociedad ante Juntas de Conciliación y ante Juntas de Conciliación y Arbitraje, sean éstas Federales o Locales, con facultades expresas para todos los efectos previstos en las fracciones II y III del artículo 692 (seiscientos noventa y dos) de la Ley Federal del Trabajo, en concordancia con los artículos 786 (setecientos ochenta y seis) y 876 (ochocientos setenta y seis) del mismo ordenamiento normativo, por lo que queda expresamente facultado para absolver y articular posiciones a nombre y en representación de la Sociedad, conciliar, transigir, formular convenios, presentar denuncias y querellas, presentar y desistirse de toda clase de juicios y recursos, aún el de amparo, y representar a la Sociedad ante toda clase de autoridades, ya sean judiciales, administrativas y cualesquiera otras que se aboquen al conocimiento de conflictos laborales; presentar demandas de amparo y, en su caso, desistirse de las mismas; presentar querellas y, en su caso, conceder el perdón; presentar denuncias y constituirse en coadyuvante del Ministerio Público; desistirse; transigir; comprometer en árbitros; absolver y articular posiciones; recusar y recibir pagos.

- II. Otorgar, suscribir, endosar y avalar toda clase de títulos de crédito.
- III. Designar a los funcionarios, empleados, gerentes y apoderados de la Sociedad, a quienes deberá señalar sus deberes, obligaciones y remuneración.
- IV. Establecer o clausurar oficinas, sucursales o agencias.
- V. Adquirir acciones, participaciones sociales y valores emitidos por terceros y ejercitar el derecho de voto sobre tales acciones o participaciones sociales de otras empresas.
- VI. Celebrar, modificar, terminar y rescindir contratos.
- VII. Aceptar a nombre de la sociedad mandatos de personas físicas y morales, mexicanas o extranjeras.
- VIII. Establecer cuentas bancarias y retirar depósitos de la misma y designar las personas autorizadas para uso de la firma social, para depositar en las referidas cuentas bancarias y retirar depósitos de éstas, con las limitaciones que el Consejo tuviere a bien establecer.
- IX. Constituir garantías reales y personales y afectaciones fiduciarias para garantizar obligaciones de la sociedad y constituirse en deudor solidario, fiador y, en general, obligado al cumplimiento de obligaciones de terceras personas y establecer las garantías reales y afectaciones fiduciarias para asegurar el cumplimiento de estas obligaciones.
- X. Conferir, substituir y delegar poderes generales y especiales para actos de dominio, que deberán ser otorgados para que sean ejercitados

conjuntamente por cuando menos dos personas y conferir, substituir y delegar poderes generales y especiales para actos de administración y para pleitos y cobranzas, siempre que con ello no se substituya totalmente al Consejo en sus funciones y revocar poderes.

- XI. Conferir facultades para otorgar, suscribir, endosar y avalar toda clase de títulos de crédito, en el entendido de que la facultad para avalar títulos de crédito, deberá ser siempre conferida para que sea ejercitada conjuntamente por cuando menos 2 (dos) personas.
- XII. Convocar a Asambleas de Accionistas y ejecutar las resoluciones que se adopten en las mismas.
- XIII. Aquellas previstas en la Ley del Mercado de Valores.
- XIV. Celebrar cualesquiera actos jurídicos y adoptar cualesquiera determinaciones que sean necesarias o convenientes para lograr los objetos sociales.

DEL PRESIDENTE Y DEL VICEPRESIDENTE

TRIGESIMA NOVENA. El Presidente del Consejo de Administración, que deberá ser mexicano, presidirá las Asambleas de Accionistas y las Sesiones del Consejo, será el representante del Consejo, ejecutará las resoluciones de las Asambleas y del Consejo de Administración, a menos que aquélla o éste designen 1 (uno) o más Delegados para la ejecución de las mismas, vigilará en general las operaciones sociales, cuidando del exacto cumplimiento de estos estatutos sociales, de los reglamentos y de los acuerdos y disposiciones de las Asambleas, del Consejo y de la Ley y firmará en unión del Secretario las actas de las Asambleas y del Consejo. En caso de ausencia temporal o definitiva del Presidente, sus funciones serán desempeñadas con las mismas facultades por 1 (uno) de los Vicepresidentes; faltando el o los Vicepresidentes, la mayoría de los Consejeros designará a quien deba substituir temporalmente al Presidente del Consejo, que deberá ser mexicano y de entre los designados por la mayoría de los acciones comunes.

DEL SECRETARIO

CUADRAGESIMA. El Secretario tendrá las facultades que el Consejo le asigne y llevará los libros de actas, en uno de los cuales asentará y firmará con el Presidente todas las actas de las Asambleas de Accionistas y en otro todas las actas del Consejo de Administración. En caso de ausencia hará sus veces el Pro-Secretario, si lo hubiere, y en ausencia de éste la persona que el Presidente en funciones designe.

DEL COMITE EJECUTIVO

CUADRAGESIMA PRIMERA. La Asamblea de Accionistas, por el voto favorable de la mayoría de las acciones comunes representativas del capital social, nombrará de entre los miembros del Consejo de Administración a un Comité Ejecutivo que estará

integrado por el número de miembros propietarios y, en su caso, los suplentes que determine la Asamblea. La mayoría de los miembros del Comité Ejecutivo deberán ser de nacionalidad mexicana y designados por accionistas mexicanos por el voto favorable de la mayoría de las acciones comunes representativas del capital social.

El Comité Ejecutivo es un órgano delegado del Consejo de Administración y tendrá las facultades que se establecen en la cláusula trigésima octava de estos estatutos sociales, en el concepto de que las facultades conferidas al Comité Ejecutivo no comprenderán las reservadas privativamente por la Ley o los estatutos sociales a otro órgano de la Sociedad. El Comité Ejecutivo no podrá delegar la totalidad de sus facultades en 1 (uno) o más apoderados o delegados. Sujeto a lo previsto en estos estatutos sociales, específicamente, el Comité Ejecutivo deberá examinar inicialmente y, aprobar o, en su caso, proponer al Consejo de Administración, para la aprobación de éste, recomendaciones acerca de los siguientes asuntos:

1. Cualquier reforma, cambio y otra modificación o reforma integral a estos estatutos sociales.
2. La emisión, autorización, cancelación, alteración, modificación, reclasificación, amortización o cualquier cambio en, a, o respecto a cualquier valor que represente el capital social de la Sociedad o cualquiera de sus Subsidiarias.
3. La venta u otra disposición (salvo inventarios, activos obsoletos o transferencias en el curso ordinario de negocios de la Sociedad, o de cualquiera otra Subsidiaria) de, o el imponer un gravamen (salvo gravámenes derivados de Ley) en, cualquier activo de la Sociedad o sus Subsidiarias con valor en exceso del equivalente en moneda nacional de \$175 (ciento setenta y cinco) millones de Dólares moneda de curso legal en los Estados Unidos de América.
4. Comenzar una nueva línea de negocios, o la compra de un interés en, otra persona o entidad por la Sociedad, o sus Subsidiarias por o en un monto en exceso del equivalente en moneda nacional de \$100 (cien) millones de Dólares moneda de curso legal en los Estados Unidos de América.
5. Discusión del presupuesto anual de gastos de capital.
6. Revisión y consideración de cualquier transacción relacionada con deuda neta adicional, prestamos o empréstitos de la Sociedad o sus Subsidiarias, nuevos, en exceso del equivalente en moneda nacional de \$150 (ciento cincuenta) millones de Dólares moneda de curso legal en los Estados Unidos de América, o una nueva facilidad de crédito revolviente de la Sociedad o cualquiera de sus Subsidiarias permitiendo un monto agregado de préstamos en una sola ocasión en exceso del equivalente en moneda nacional de \$150 (ciento cincuenta) millones de Dólares Moneda de Curso legal en los Estados Unidos de América.
7. Discusión del plan de negocios o presupuesto anual.
8. Revisión y consideración del Director General de la Sociedad.

9. Fusión u otra transacción similar que afecte a la Sociedad o sus Subsidiarias.

10. Celebrar contratos o transacciones, en o para beneficio directo de algún accionista de la Serie "AA" o de su afiliadas, sin que dicha transacción esté contemplada dentro de las políticas adoptadas por el Comité Ejecutivo.

11. Discusión de la política de dividendos de la Sociedad.

12. La transferencia de nombres comerciales y marcas importantes o el crédito mercantil asociado a ellas.

Los asuntos anteriores, podrán ser resueltos indistintamente por el Consejo de Administración o por el Comité Ejecutivo.

El Comité Ejecutivo funcionará válidamente siempre que concurren la mayoría de los miembros que lo integren y siempre que la mayoría de los miembros designados por accionistas mexicanos estén presentes, y sus resoluciones serán válidas si se adoptan por mayoría de votos de los asistentes. Los miembros del Comité Ejecutivo utilizarán sus mejores esfuerzos para llegar a posiciones comunes en los temas que se les presenten.

En caso de empate, el Presidente del Comité Ejecutivo tendrá voto de calidad.

El Comité Ejecutivo, se reunirá con la frecuencia que sea necesaria a fin de estar involucrado permanentemente en los asuntos de su competencia. En todo caso, el Comité se reunirá cuando se considere necesario pero al menos antes de cada Sesión del Consejo de Administración. Deberá de convocarse a sus miembros con al menos 5 (cinco) días naturales de anticipación (a través de telefax y mensajería), en el entendido de que un plazo más corto podrá utilizarse o podrá omitirse el requisito si todos los miembros del Comité Ejecutivo lo aprueban. La convocatoria deberá contener, entre otros aspectos, un orden del día identificando con detalle razonable todas las materias a ser discutidas en la Sesión y será acompañada de copias de los papeles relevantes a ser discutidos en la misma. En caso de que se convoque a la reunión del Comité y se discuta un asunto no contenido en la convocatoria respecto del cual no se hubieren entregado a los miembros del Comité los papeles relevantes a ser discutidos, y no se llegue a una resolución por unanimidad, entonces, el desahogo del asunto se diferirá hasta la siguiente Sesión regular del Comité, o hasta que se resuelva por unanimidad o se subsanen los requisitos indicados.

No obstante lo anterior, si se determina por la mayoría de los miembros del Comité Ejecutivo de buena fe que el asunto sujeto a revisión por el Comité Ejecutivo no puede esperar hasta la siguiente Sesión regular del Comité Ejecutivo, para su revisión y consideración, porque el tiempo sea esencial, entonces ese asunto en particular podrá ser resuelto por mayoría simple de presentes y deberá de ser discutido con todos los miembros del Comité antes de que se tome una resolución y la perspectiva de cada miembro del Comité se reflejará en el acta de la siguiente Sesión regular del Comité.

El Comité Ejecutivo formulará su propio reglamento de trabajo, en base a estos estatutos sociales, el cual deberá ser sometido para su aprobación al Consejo de Administración.

COMITÉ DE AUDITORÍA

CUADRAGESIMA SEGUNDA. La vigilancia de la gestión, conducción y ejecución de los negocios de la Sociedad estará a cargo del Consejo de Administración a través del Comité de Auditoría, así como del Auditor Externo de la Sociedad. La Sociedad no está sujeta a lo previsto en el artículo 91 (noventa y uno), fracción V de la Ley General de Sociedades Mercantiles ni a los artículos 164 (ciento sesenta y cuatro), 171 (ciento setenta y uno), 172 (ciento sesenta y dos) último párrafo, 173 (ciento sesenta y tres) y 176 (ciento sesenta y seis) de la citada Ley.

El Presidente del Comité de Auditoría, será designado y/o removido de su cargo exclusivamente por la Asamblea General de Accionistas y no podrá presidir el Consejo de Administración y deberá ser seleccionado por su experiencia, por su reconocida capacidad y por su prestigio profesional y deberá elaborar un informe anual sobre las actividades que corresponda a dicho órgano y presentarlo al Consejo de Administración. Dicho informe, al menos, contemplará los aspectos siguientes: (i) En materia de prácticas societarias: (a) las observaciones respecto del desempeño de los directivos relevantes de la Sociedad, (b) las operaciones con personas relacionadas, durante el ejercicio que se informa, detallando las características de las operaciones significativas, (c) los paquetes de emolumentos o remuneraciones integrales del Director General de la Sociedad, (d) las dispensas otorgadas por el Consejo de Administración para que un consejero, directivo relevante o persona con poder de mando en términos de la Ley del Mercado de Valores aproveche oportunidades de negocio para sí o a favor de terceros, en términos de lo establecido en el artículo 28 (veintiocho), fracción III, inciso f) de la Ley del Mercado Valores; (ii) En materia de auditoría: (a) el estado que guarda el sistema de control interno y auditoría interna de la Sociedad y personas morales que ésta controle y, en su caso, la descripción de sus deficiencias y desviaciones, así como de los aspectos que requieran una mejoría, tomando en cuenta las opiniones, informes, comunicados y el dictamen de auditoría externa, así como los informes emitidos por los expertos independientes que hubieren prestado sus servicios durante el periodo que cubra el informe, (b) la mención y seguimiento de las medidas preventivas y correctivas implementadas con base en los resultados de las investigaciones relacionadas con el incumplimiento a los lineamientos y políticas de operación y de registro contable, ya sea de la propia Sociedad o de las personas morales que ésta controle, (c) la evaluación del desempeño de la persona moral que proporcione los servicios de auditoría externa, así como del Auditor Externo encargado de ésta, (d) la descripción y valoración de los servicios adicionales o complementarios que, en su caso, proporcione la persona moral encargada de realizar la auditoría externa, así como los que otorguen los expertos independientes, (e) los principales resultados de las revisiones a los estados financieros de la Sociedad y de las personas morales que ésta controle, (f) La descripción y efectos de las modificaciones a las políticas contables aprobadas durante el periodo que cubra el informe, (g) las medidas adoptadas con motivo de las observaciones que consideren

relevantes, formuladas por accionistas, consejeros, directivos relevantes, empleados y, en general, de cualquier tercero, respecto de la contabilidad, controles internos y temas relacionados con la auditoría interna o externa, o bien, derivadas de las denuncias realizadas sobre hechos que estimen irregulares en la administración, (h) El seguimiento de los acuerdos de las Asambleas de Accionistas y del Consejo de Administración.

Para la elaboración de los informes a que se refiere esta cláusula, así como de las opiniones señaladas en el artículo 42 (cuarenta y dos) de la Ley del Mercado de Valores, el Comité de Auditoría deberá escuchar a los directivos relevantes de la Sociedad; en caso de existir diferencia de opinión con estos últimos, incorporarán tales diferencias en los citados informes y opiniones.

El Comité de Auditoría tendrá a su cargo las siguientes actividades, además de las mencionadas anteriormente:

- (a) Dar opinión al Consejo de Administración sobre los asuntos que le competan conforme a la Ley del Mercado de Valores.
- (b) Solicitar la opinión de expertos independientes en los casos en que lo juzgue conveniente, para el adecuado desempeño de sus funciones o cuando conforme a la Ley del Mercado de Valores y/o a las disposiciones de carácter general se requiera.
- (c) Convocar a Asambleas de Accionistas y hacer que se inserten en el orden del día de dichas Asambleas los puntos que estimen pertinentes.
- (d) Apoyar al Consejo de Administración en la elaboración de los informes a que se refiere el artículo 28 (veintiocho), fracción IV, incisos d) y e) de la Ley del Mercado de Valores.
- (e) Evaluar el desempeño de la persona moral que proporcione los servicios de auditoría externa, así como analizar el dictamen, opiniones, reportes o informes que elabore y suscriba el Auditor Externo. Para tal efecto, el Comité podrá requerir la presencia del citado Auditor cuando lo estime conveniente, sin perjuicio de que deberá reunirse con este último por lo menos una vez al año.
- (f) Discutir los estados financieros de la Sociedad con las personas responsables de su elaboración y revisión, y con base en ello recomendar o no al Consejo de Administración su aprobación.
- (g) Informar al Consejo de Administración la situación que guarda el sistema de control interno y auditoría interna de la Sociedad o de las personas morales que ésta controle, incluyendo las irregularidades que, en su caso, detecte.

- (h) Elaborar la opinión a que se refiere el artículo 28 (veintiocho), fracción IV, inciso c) de la Ley del Mercado de Valores, respecto del contenido del informe presentado por el Director General y someterla a consideración del Consejo de Administración para su posterior presentación a la Asamblea de Accionistas, apoyándose, entre otros elementos, en el dictamen del Auditor Externo. Dicha opinión deberá señalar, por lo menos:
1. Si las políticas y criterios contables y de información seguidas por la Sociedad son adecuados y suficientes tomando en consideración las circunstancias particulares de la misma.
 2. Si dichas políticas y criterios han sido aplicados consistentemente en la información presentada por el Director General.
 3. Si como consecuencia de los numerales 1 (uno) y 2 (dos) anteriores, la información presentada por el Director General refleja en forma razonable la situación financiera y los resultados de la Sociedad.
- (i) Apoyar al Consejo de Administración en la elaboración de los informes a que se refiere el artículo 28 (veintiocho), fracción IV, incisos d) y e) de la Ley del Mercado de Valores respecto de las principales políticas y criterios contables y de información, así como el informe sobre las operaciones y actividades en las que hubiera intervenido en ejercicio de sus facultades conforme a estos estatutos sociales y a la Ley del Mercado de Valores.
- (j) Vigilar que las operaciones a que hacen referencia los artículos 28 (veintiocho), fracción III y 47 (cuarenta y siete) de esta Ley, se lleven a cabo ajustándose a lo previsto al efecto en dichos preceptos, así como a las políticas derivadas de los mismos.
- (k) Solicitar la opinión de expertos independientes en los casos en que lo juzgue conveniente, para el adecuado desempeño de sus funciones o cuando así lo requieran las disposiciones de carácter general.
- (l) Requerir a los directivos relevantes y demás empleados de la Sociedad o de las personas morales que ésta controle, reportes relativos a la elaboración de la información financiera y de cualquier otro tipo que estime necesaria para el ejercicio de sus funciones.
- (m) Investigar los posibles incumplimientos de los que tenga conocimiento, a las operaciones, lineamientos y políticas de operación, sistema de control interno y auditoría interna y registro contable, ya sea de la propia Sociedad o de las personas morales que ésta controle, para lo cual deberá realizar un examen de la documentación, registros y demás evidencias comprobatorias, en el grado y extensión que sean necesarios para efectuar dicha vigilancia.

- (n) Recibir observaciones formuladas por accionistas, consejeros, directivos relevantes, empleados y, en general, de cualquier tercero, respecto de los asuntos a que se refiere el inciso inmediato anterior, así como realizar las acciones que a su juicio resulten procedentes en relación con tales observaciones.
- (o) Solicitar reuniones periódicas con los directivos relevantes, así como la entrega de cualquier tipo de información relacionada con el control interno y auditoría interna de la Sociedad o personas morales que ésta controle.
- (p) Informar al Consejo de Administración de las irregularidades importantes detectadas con motivo del ejercicio de sus funciones y, en su caso, de las acciones correctivas adoptadas o proponer las que deban aplicarse.
- (q) Vigilar que el Director General dé cumplimiento a los acuerdos de las Asambleas de Accionistas y del Consejo de Administración de la Sociedad, conforme a las instrucciones que, en su caso, dicte la propia Asamblea o el referido Consejo.
- (r) Vigilar que se establezcan mecanismos y controles internos que permitan verificar que los actos y operaciones de la Sociedad y de las personas morales que ésta controle, se apeguen a la normativa aplicable, así como implementar metodologías que posibiliten revisar el cumplimiento de lo anterior.
- (s) Las demás establecidas por la Ley del Mercado de Valores o que estén previstos en estos estatutos sociales.

AUDITOR EXTERNO

CUADRAGESIMA TERCERA. La Sociedad deberá de contar con un Auditor Externo, mismo que podrá ser convocado a las Sesiones del Consejo de Administración, en calidad de invitado con voz y sin voto, debiendo abstenerse de estar presente respecto de aquéllos asuntos del orden del día en los que tenga un conflicto de interés o que puedan comprometer su independencia.

El Auditor Externo de la Sociedad deberá de emitir un dictamen sobre los estados financieros, elaborados con base en normas de auditoría y en principios de contabilidad generalmente aceptados.

DIRECTOR GENERAL

CUADRAGESIMA CUARTA. Las funciones de gestión, conducción y ejecución de los negocios de la Sociedad y de las personas morales que ésta controle, serán responsabilidad del Director General, sujetándose para ello a las estrategias, políticas y lineamientos aprobados por el Consejo de Administración.

El Director General, para el cumplimiento de sus funciones, contará con las más amplias facultades para representar a la Sociedad en actos de administración y pleitos y cobranzas, incluyendo facultades especiales que conforme a las leyes requieran cláusula especial. Tratándose de actos de dominio, el Director General tendrá las facultades en los términos y condiciones que el Consejo de Administración de la Sociedad determine.

El Director General, sin perjuicio de lo señalado con anterioridad, deberá:

- I. Someter a la aprobación del Consejo de Administración las estrategias de negocio de la Sociedad y personas morales que ésta controle, con base en la información que estas últimas le proporcionen.
- II. Dar cumplimiento a los acuerdos de las Asambleas de Accionistas y del Consejo de Administración, conforme a las instrucciones que, en su caso, dicte la propia Asamblea o el referido Consejo.
- III. Proponer al Comité que desempeñe las funciones en materia de auditoría, los lineamientos del sistema de control interno y auditoría interna de la Sociedad y personas morales que ésta controle, así como ejecutar los lineamientos que al efecto apruebe el Consejo de Administración de la Sociedad.
- IV. Suscribir la información relevante de la Sociedad, junto con los directivos relevantes encargados de su preparación, en el área de su competencia
- V. Difundir la información relevante y eventos que deban ser revelados al público, ajustándose a lo previsto en la Ley del Mercado de Valores.
- VI. Dar cumplimiento a las disposiciones relativas a la celebración de operaciones de adquisición y colocación de acciones propias de la Sociedad.
- VII. Ejercer, por sí o a través de delegado facultado, en el ámbito de su competencia o por instrucción del Consejo de Administración, las acciones correctivas y de responsabilidad que resulten procedentes.
- VIII. Verificar que se realicen, en su caso, las aportaciones de capital hechas por los accionistas.
- IX. Dar cumplimiento a los requisitos legales y estatutarios establecidos con respecto a los dividendos que se paguen a los accionistas.
- X. Asegurar que se mantengan los sistemas de contabilidad, registro, archivo o información de la Sociedad.

- XI. Elaborar y presentar al Consejo de Administración el informe a que se refiere el artículo 172 (ciento setenta y dos) de la Ley General de Sociedades Mercantiles, con excepción de lo previsto en el inciso b) de dicho precepto.
- XII. Establecer mecanismos y controles internos que permitan verificar que los actos y operaciones de la Sociedad y personas morales que ésta controle, se hayan apegado a la normativa aplicable, así como dar seguimiento a los resultados de esos mecanismos y controles internos y tomar las medidas que resulten necesarias en su caso.
- XIII. Ejercer las acciones de responsabilidad en términos de lo establecido en la Ley del Mercado de Valores y en estos estatutos sociales, en contra de personas relacionadas o terceros que presumiblemente hubieren ocasionado un daño a la Sociedad o las personas morales que ésta controle o en las que tenga una influencia significativa, salvo que por determinación del Consejo de Administración y previa opinión del Comité de Auditoría, el daño causado no sea relevante.

CUADRAGESIMA QUINTA. El Director General, para el ejercicio de sus funciones y actividades, así como para el debido cumplimiento de las obligaciones se auxiliará de los directivos relevantes designados para tal efecto y de cualquier empleado de la Sociedad o de las personas morales que ésta controle.

EJERCICIOS SOCIALES Y BALANCE

CUADRAGESIMA SEXTA- Los ejercicios sociales serán de 12 (doce) meses y comprenderán del 1 (uno) de enero al 31 (treinta y uno) de diciembre de cada año.

CUADRAGESIMA SEPTIMA. Al finalizar cada ejercicio social, el Consejo de Administración elaborará un informe que por lo menos incluya la información a que se refiere el artículo 172 (ciento setenta y dos) de la Ley General de Sociedades Mercantiles, que deberá quedar concluido dentro de los 3 (tres) meses siguientes a la clausura del correspondiente ejercicio social. El Consejo de Administración entregará el informe por lo menos un mes antes de la fecha de la Asamblea de Accionistas que haya de discutirlo, junto con los documentos justificativos. Cuando menos con 15 (quince) días de anticipación a la fecha en que se celebrará la Asamblea de Accionistas que discutirá el informe de los administradores, el informe del Consejo de Administración a que se refiere esta cláusula, deberá quedar terminado y ponerse a disposición de los accionistas por lo menos 15 (quince) días antes de la fecha de la Asamblea de Accionistas que lo discutirá. Los accionistas tendrán derecho a que se les entregue de forma gratuita una copia del informe correspondiente.

Asimismo, la Sociedad deberá dar a conocer en la Asamblea Anual Ordinaria de Accionistas a que se refiere la cláusula décima séptima de estos estatutos sociales un reporte en el que se informe sobre el cumplimiento de las obligaciones fiscales a su cargo de conformidad con lo previsto en el artículo 86 (ochenta y seis), fracción XX de

la Ley del Impuesto Sobre la Renta. Dicho reporte podrá contenerse dentro del informe a que se refiere el párrafo anterior o en cualquier otro previsto en las disposiciones normativas aplicables.

FONDO DE RESERVA Y MANERA DE DISTRIBUIR LAS UTILIDADES Y PÉRDIDAS

CUADRAGESIMA OCTAVA. Las utilidades líquidas que en su caso arroje el balance general, después de ser aprobado por la Asamblea Anual Ordinaria de Accionistas, se distribuirán en la siguiente forma:

- (a) Se separará en primer término un 5% (cinco por ciento) para la constitución o reconstitución del fondo legal de reserva, hasta que represente una cantidad igual a la quinta parte del capital social.
- (b) Luego se separará la cantidad que, en su caso, acuerde la Asamblea para constituir los fondos extraordinarios, especiales o adicionales que se estimen convenientes.
- (c) Se separarán las cantidades que la Asamblea acuerde aplicar para crear o incrementar reservas generales o especiales, incluyendo, en su caso, la reserva para adquisición de acciones propias a que se refiere el Artículo 56 (cincuenta y seis) de la Ley del Mercado de Valores.
- (d) Se aplicará la cantidad que fuere necesaria al pago del dividendo preferente por el ejercicio de que se trate a que tienen derecho los accionistas de la Serie "L" o, en su caso, al pago de dividendos preferentes de ejercicios anteriores acumulados.
- (e) El remanente de las utilidades líquidas podrá ser distribuido como dividendo entre los accionistas, en proporción a sus respectivos pagos de las acciones de que sean titulares, de aquéllas en que se divida el capital social.

Los pagos de dividendos se harán contra los cupones respectivos, a no ser que la Asamblea acuerde otra forma de comprobación. Los dividendos no cobrados por los accionistas en un plazo de 5 (cinco) años contados a partir de la fecha que se fije para su pago prescribirán a favor de la Sociedad.

La Asamblea Anual Ordinaria de Accionistas fijará la remuneración de los miembros y funcionarios del Consejo de Administración de la Sociedad.

Si hubiere pérdidas, éstas serán soportadas por los accionistas en proporción al respectivo número de sus acciones, pero limitada siempre la obligación de los accionistas al pago del importe de sus suscripciones, sin que pueda exigírseles ningún pago adicional.

DE LAS CAUSAS DE LA DISOLUCION

CUADRAGESIMA NOVENA. La Sociedad se disolverá:

- I. Por imposibilidad de seguir realizando el objeto principal de la Sociedad.
- II. Por acuerdo de los accionistas tomado de conformidad con estos estatutos sociales y con la Ley.
- III. Porque el número de accionistas llegue a ser inferior a 2 (dos), mínimo previsto en el artículo 89 (ochenta y nueve), fracción I de la Ley General de Sociedad Mercantiles.
- IV. Por la pérdida de dos terceras partes del capital social de la Sociedad.

DE LAS BASES PARA LA LIQUIDACION

QUINCUAGESIMA. Acordada la disolución, se pondrá en liquidación la Sociedad y la Asamblea General Extraordinaria de Accionistas designará por mayoría de votos de las acciones comunes 1 (uno) o varios liquidadores, que serán los representantes de la Sociedad y tendrán las facultades y obligaciones señaladas en el artículo 242 (doscientos cuarenta y dos) de la Ley General de Sociedades Mercantiles, debiendo proceder en su oportunidad a la distribución del remanente entre los accionistas, de acuerdo con lo previsto en los artículos 247 (doscientos cuarenta y siete) y 248 (doscientos cuarenta y ocho) de la citada Ley, y como sigue:

- I. Concluirán los negocios de la manera que juzguen más conveniente.
- II. Cobrarán los créditos y pagarán las deudas enajenando los bienes de la Sociedad que fueren necesarios para tales efectos.
- III. Formularán el balance final de liquidación.
- IV. Una vez aprobado el balance final de liquidación, distribuirán el activo líquido repartible entre todos los accionistas como sigue:
 1. Se pagará a los accionistas tenedores de las acciones de la Serie "L", el dividendo preferente equivalente al 5% (cinco por ciento) sobre el valor teórico de las acciones que les correspondiere y que no hubiere sido cubierto;
 2. Se pagará a los accionistas tenedores de las acciones comunes u ordinarias de la Serie "AA", un dividendo equivalente al dividendo pagado a los accionistas de la Serie "L", a que se refiere el punto 1 (uno) anterior de esta fracción IV.
 3. Una vez pagados los conceptos referidos en los puntos 1 (uno) y 2 (dos) de esta fracción, se deberá pagar a los tenedores de las acciones de la Serie "L", el reembolso por acción equivalente a su valor teórico;

4. Del remanente se pagará a los accionistas de la Serie “AA”, una cantidad igual a la que se refiere el punto 3 (tres) anterior; y
5. El remanente se distribuirá por igual entre todos los accionistas y en proporción al número de las acciones y a su importe exhibido, de que cada uno de ellos fuere tenedor. En caso de discrepancia entre los liquidadores, se deberá convocar a la Asamblea General Extraordinaria de Accionistas para que ésta resuelva las cuestiones sobre las que existiesen divergencias.

QUINCUAGESIMA PRIMERA. Los accionistas fundadores no se reservan derecho alguno.

QUINCUAGESIMA SEGUNDA. Las disposiciones de la Ley del Mercado de Valores y Ley General de Sociedades Mercantiles regirán en todo aquello sobre lo que no haya cláusula expresa en estos estatutos sociales, en el orden citado.

QUINCUAGESIMA TERCERA. Cualquier controversia que se surja con motivo de la celebración, interpretación y cumplimiento de estos estatutos sociales, en que sea parte la Sociedad, se someterá a los tribunales federales de los Estados Unidos Mexicanos. Para el caso de cualquier controversia entre la Sociedad y sus accionistas, o bien, entre los accionistas por cuestiones relativas a la Sociedad, la primera y los segundos al suscribir o adquirir las acciones, se someten expresamente a las leyes aplicables en, y a la jurisdicción de los tribunales competentes por territorio en la Ciudad de México, Distrito Federal, renunciando al fuero que les pudiere corresponder por razón de domicilio presente o futuro.

CLÁUSULAS TRANSITORIAS

PRIMERA. El capital social es variable, con un mínimo fijo de \$362,873,850.45 M.N. (trescientos sesenta y dos millones ochocientos setenta y tres mil ochocientos cincuenta pesos 45/100 Moneda Nacional), representado por un total de 95,489,724,196 (noventa y cinco mil cuatrocientas ochenta y nueve millones setecientos veinticuatro mil ciento noventa y seis) acciones, de las cuales 23,384'632,660 (veintitrés mil trescientos ochenta y cuatro millones seiscientos treinta y dos mil seiscientos sesenta) son acciones comunes, de la Serie “AA”, nominativas, sin valor nominal; 642'279,095 (seiscientos cuarenta y dos millones doscientas setenta y nueve mil noventa y cinco) son acciones comunes de la Serie “A”, nominativas, sin valor nominal; y 71,462'812,441 (setenta y un mil cuatrocientas sesenta y dos millones ochocientos doce mil cuatrocientas cuarenta y un) son acciones nominativas de la Serie “L”, sin valor nominal, de voto limitado; todas ellas íntegramente suscritas y pagadas.

Se hace constar que se encuentran en la tesorería de la Sociedad para su recolocación en los términos de lo previsto en la Ley del Mercado de Valores y de las

disposiciones de carácter general emitidas por la Comisión Nacional Bancaria y de Valores, un total de 28,113'724,196 (veintiocho mil ciento trece millones setecientas veinticuatro mil ciento noventa y seis) acciones, de las cuales 1'488,962 (un millón cuatrocientas ochenta y ocho mil novecientas sesenta y dos) son acciones comunes de la Serie "A", nominativas, sin valor nominal y 28,112'235,234 (veintiocho mil ciento doce millones doscientas treinta y cinco mil doscientas treinta y cuatro) son acciones nominativas de la Serie "L", sin valor nominal, de voto limitado.

SEGUNDA. Se hace constar que existen 640'790,133 (seiscientos cuarenta millones setecientas noventa mil ciento treinta y tres) acciones comunes de la Serie "A" en circulación, las cuales podrán convertirse, conforme a lo establecido por la cláusula novena de estos estatutos sociales, en acciones de la Serie "L". Las acciones comunes de la Serie "A" actualmente se encuentran detentadas por inversionistas mexicanos, y/o por personas físicas o morales y unidades económicas extranjeras, y/o por empresas mexicanas en las que participe mayoritariamente el capital extranjero o en las que los extranjeros tengan, por cualquier título, la facultad de determinar el manejo de la empresa. Hasta en tanto existan acciones comunes de la Serie "A" en circulación, éstas tendrán los mismos derechos y las mismas obligaciones que se establecen en estos estatutos sociales para el restante de las acciones comunes de la Sociedad, representadas por las acciones de la Serie "AA", con la única excepción de que las acciones de la Serie "A" actualmente emitidas y en circulación pueden ser detentadas por personas físicas o morales y unidades económicas extranjeras, y/o por empresas mexicanas en las que participe mayoritariamente el capital extranjero o en las que los extranjeros tengan, por cualquier título, la facultad de determinar el manejo de la empresa. De manera enunciativa y no limitativa, y mientras existan acciones de la Serie "A" en circulación, éstas tendrán los mismos derechos y las mismas obligaciones que se establecen para las acciones de la Serie "AA" en: (i) la cláusula séptima; (ii) los incisos (a), (b), (c) y (d), párrafo quinto de la cláusula octava; (iii) el párrafo quinto de la cláusula vigésimo cuarta; (iv) el párrafo segundo de la cláusula trigésima segunda; y (v) los numerales 2 y 4, fracción IV de la cláusula quincuagésima de estos estatutos sociales.

A partir de la presente fecha y hasta en tanto existan acciones comunes de la Serie "A" en circulación, la integración del capital social de la Sociedad se sujetará a lo siguiente:

- (a) el capital social de la Sociedad estará representado por acciones de la Serie "AA", en un porcentaje no menor de 20% (veinte por ciento) y no mayor al 51% (cincuenta y uno por ciento) del capital social y que representarán en todo tiempo no menos del 51% (cincuenta y uno por ciento) de las acciones comunes que representen dicho capital social, que serán acciones comunes, nominativas y sin valor nominal, que sólo podrán ser suscritas, y adquiridas por inversionistas mexicanos; por acciones de la Serie "A", en un porcentaje que no exceda del 19.6% (diecinueve punto seis por ciento) del capital social y en un porcentaje que no exceda del 49% (cuarenta y nueve por ciento) de las acciones comunes en que se divida el capital social, que serán acciones comunes,

nominativas y sin valores nominal, que sólo podrán ser adquiridas por inversionistas mexicanos; y por acciones de la Serie “L”, de voto limitado y de libre suscripción, en un porcentaje que, junto con las acciones de la Serie “A”, no excedan del 80% (ochenta por ciento) del capital social;

- (b) Las acciones comunes de las Series “AA” y “A”, en su conjunto, no podrán representar más del 51% (cincuenta y uno por ciento) de las acciones en que se divida el capital social.
- (c) Las acciones de la Serie “AA”, que sólo podrán ser suscritas por inversionistas mexicanos, representarán en todo tiempo un porcentaje que no sea menor al 20% (veinte por ciento) del capital social. Las acciones de la Serie “A” y de la Serie “L”, en su conjunto, no podrán representar un porcentaje mayor al 80% (ochenta por ciento) del capital social.

La presente cláusula segunda transitoria estará vigente hasta el momento en que no exista ninguna acción de la Serie “A” en circulación.”

AMÉRICA MÓVIL, S.A.B. DE C.V. AND SUBSIDIARIES COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	2013	2014	2015
	<i>(amounts in thousands of Mexican pesos, except ratios)</i>		
IFRS			
Earnings:			
Income before taxes on profits	Ps. 105,367,219	Ps. 87,205,269	Ps. 56,140,433
<i>Plus:</i>			
Interest expense	25,790,120	33,134,918	32,599,765
Interest implicit in operating leases	816,338	849,904	777,378
Current period amortization of interest capitalized in prior periods	2,570,415	2,953,503	3,026,890
<i>Less:</i>			
Equity interest in net income of associates	(36,282)	6,073,009	1,426,696
	Ps. 134,507,810	Ps. 130,216,602	Ps. 93,971,162
Fixed Charges:			
Interest expense	25,790,120	34,134,918	32,599,765
Interest implicit in operating leases	816,338	849,904	777,378
Interest capitalized during the period	3,002,756	3,258,928	3,524,841
	Ps. 29,609,214	Ps. 37,243,750	Ps. 36,901,983
Ratio of earnings to fixed charges	4.5	3.5	2.5

LIST OF CERTAIN SUBSIDIARIES OF AMÉRICA MÓVIL, S.A.B. DE C.V.

As of March 31, 2016

Name of Company	Jurisdiction	Ownership Interest	Main Activity
AMX Tenedora, S.A. de C.V.	Mexico	100.0	Holding Company
Compañía Dominicana de Teléfonos, S. A. (Codetel)	Dominican Republic	100.0	Fixed-line/Wireless
Sercotel, S.A. de C.V.	Mexico	100.0	Holding Company
Radiomóvil Dipsa, S.A. de C.V. and subsidiaries (Telcel)	Mexico	100.0	Wireless
Puerto Rico Telephone Company, Inc.	Puerto Rico	100.0	Fixed-line/Wireless
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Sercom Honduras)	Honduras	100.0	Wireless
TracFone Wireless, Inc.	USA	98.2	Wireless
Claro Telecom Participações, S.A.	Brazil	100.0	Holding Company
Americel S.A.	Brazil	99.9	Wireless
Telecomunicaciones de Guatemala, S.A.	Guatemala	99.3	Fixed-line/Wireless
Empresa Nicaragüense de Telecomunicaciones, S.A.	Nicaragua	99.6	Fixed-line/Wireless
Estesa Holding Corp.	Panama	100.0	Holding Company
Cablenet, S.A.	Nicaragua	100.0	Cable TV
Estaciones Terrenas de Satélite, S.A. (Estesa)	Nicaragua	100.0	Cable TV
Compañía de Telecomunicaciones de El Salvador (CTE), S.A. de C.V.	El Salvador	95.8	Fixed-line
Cablenet, S.A. (Cablenet)	Guatemala	95.8	Fixed-line
Telecomoda, S.A. de C.V. (Telecomoda)	El Salvador	95.8	Directories Provider
CTE Telecom Personal, S.A. de C.V.	El Salvador	95.8	Wireless
Comunicación Celular S.A. (Comcel)	Colombia	99.4	Wireless
Telmex Colombia, S.A.	Colombia	99.3	Fixed-line/Cable TV
Consortio Ecuatoriano de Telecomunicaciones, S.A. (Conecel)	Ecuador	100.0	Wireless
AMX Argentina, S.A.	Argentina	100.0	Wireless
Telstar, S.A.	Uruguay	99.9	Fixed-line
Flimay, S.A.	Uruguay	99.9	DTH
Ertach, S.A.	Argentina	99.8	Wireless
Telmex Argentina, S.A.	Argentina	99.7	Services to Corporate Customers
AMX Paraguay, S.A.	Paraguay	100.0	Wireless
AM Wireless Uruguay, S.A.	Uruguay	100.0	Wireless
Claro Chile S.A.	Chile	100.0	Wireless
Claro Servicios Empresariales, S.A.	Chile	99.6	Fixed-line/Wireless
América Móvil Perú, S.A.	Peru	100.0	Wireless
Claro Panamá, S.A.	Panama	100.0	Wireless

Name of Company	Jurisdiction	Ownership Interest	Main Activity
Carso Telecom B.V. (formerly known as Amov Europa B.V.)	Netherlands	100.0	Holding Company
Telekom Austria Aktiengesellschaft	Austria	59.7	Holding Company
Teléfonos de México, S.A.B. de C.V.	Mexico	98.7	Fixed-line
Integración de Servicios TMX, S.A. de C.V.	Mexico	98.7	Holding Company
Consortio Red Uno, S.A. de C.V.	Mexico	98.7	Telecommunications Network Integration Services
Teléfonos del Noroeste, S.A. de C.V.	Mexico	98.7	Fixed-line
Uninet, S.A. de C.V.	Mexico	98.7	Corporate networks and Internet Access Services
Teninver, S.A. de C.V.	Mexico	98.7	Leasing
Telmex USA, L.L.C.	USA	98.7	Fixed-line
Empresa de Servicios y Soporte Integral GC, S.A.P.I. de C.V.	Mexico	98.7	Holding Company
Alquiladora de Casas, S.A. de C.V.	Mexico	98.7	Real Estate
Compañía de Teléfonos y Bienes Raíces, S.A. de C.V.	Mexico	98.7	Real Estate
Renta de Equipo, S.A. de C.V.	Mexico	98.7	Leasing
Telmex Internacional, S.A. de C.V.	Mexico	97.8	Holding Company
Controladora de Servicios de Telecomunicaciones, S.A. de C.V.	Mexico	98.4	Holding Company
Hitss Solutions, S.A. de C.V.	Mexico	68.9	Information Technology
Ecuador Telecom, S.A.	Ecuador	98.4	Fixed-line
Claro Comunicaciones, S.A.	Chile	98.2	Fixed-line/Wireless
Sección Amarilla USA, LLC	USA	98.4	Directories Provider
Publicidad y Contenido Editorial, S.A. de C.V.	Mexico	98.4	Provider of Cable Television Content
Editorial Contenido, S.A. de C.V.	Mexico	98.4	Magazine Editor
Claro S.A.	Brazil	96.2	Fixed-line/Wireless/Cable TV
Star One S.A.	Brazil	96.2	Satellite Services Provider

CEO CERTIFICATION

I, Daniel Hajj Aboumrad, certify that:

1. I have reviewed this annual report on Form 20-F of América Móvil, S.A.B. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 26, 2016

/s/ Daniel Hajj Aboumrad _____

Daniel Hajj Aboumrad
Chief Executive Officer

CFO CERTIFICATION

I, Carlos José García Moreno Elizondo, certify that:

1. I have reviewed this annual report on Form 20-F of América Móvil, S.A.B. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 26, 2016

/s/ Carlos José García Moreno Elizondo

Carlos José García Moreno Elizondo
Chief Financial Officer

OFFICER CERTIFICATIONS

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of América Móvil, S.A.B. de C.V., a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico (the "Company"), does hereby certify to such officer's knowledge that:

The annual report on Form 20-F for the fiscal year ended December 31, 2015 (the "Form 20-F") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 26, 2016

/s/ Daniel Hajj Aboumrad

Daniel Hajj Aboumrad
Chief Executive Officer

Dated: April 26, 2016

/s/ Carlos José García Moreno Elizondo

Carlos José García Moreno Elizondo
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form F-3 No. 333-207092) of América Móvil, S.A.B. de C.V. of our reports dated April 18, 2016, with respect to the consolidated financial statements of América Móvil, S.A.B. de C.V. and subsidiaries, and the effectiveness of internal control over financial reporting of América Móvil, S.A.B. de C.V., included in this Annual Report on Form 20-F for the year ended December 31, 2015.

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

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

Mexico City, Mexico
April 26, 2016