CRANE CO /DE/
Form 8-K
April 23, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported): April 22, 2013

CRANE CO.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation)

1-1657	13-1952290
(Commission File Number)	(IRS Employer Identification No.)
100 First Stamford Place, Stamford, CT	06902
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (203) 363-7300
N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 2 – FINANCIAL INFORMATION

Item 2.02 Results of Operations and Financial Condition.

On April 22, 2013, Crane Co. announced its results of operations for the quarter ended March 31, 2013. Copies of the related press release and quarterly financial data supplement are being furnished as Exhibits 99.1 and 99.2 to this Form 8-K.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SECTION 5 – Corporate Governance and Management

Item 5.07 Submission of Matters to a Vote of Security Holders

a) The Annual Meeting of Shareholders was held on April 22, 2013.

b) The following four Directors were elected to serve for three years until the Annual Meeting in 2016.

Mr. Richard S. Forte	
Votes for	44,377,565
Votes against	5,390,804
Abstained	90,615
Broker non-votes	4,388,661
Ms. Ellen McClain Haime	
Votes for	49,434,984
Votes against	328,996
Abstained	95,005
Broker non-votes	4,388,661
Ms. Jennifer M. Pollino	
Votes for	49,550,327
Votes against	227,295
Abstained	80,847
Broker non-votes	4,388,661
Uncast	514
Mr. James L. Tullis	
Votes for	48,120,427
Votes against	1,640,188
Abstained	98,369
Broker non-votes	4,388,661

b) The following Director was elected to serve for two years until the Annual Meeting in 2015.

Mr. Ronald C. Lindsay	
Votes for	49,558,425
Votes against	208,211
Abstained	92,349
Broker non-votes	4,388,661

A nominee for the Board of Directors in an uncontested election is elected if more votes are cast in favor of the nominee than are cast against the nominee by the holders of shares present in person or represented by proxy and entitled to vote at the meeting. Abstentions and broker non-votes have no effect on the election of Directors.

In addition, the shareholders approved the selection of Deloitte & Touche LLP as independent auditors for the Company for 2013.

Votes for	53,823,890
Votes against	342,122
Abstained	81,634

The shareholders approved the compensation of the named executive officers as disclosed in the Proxy Statement.

Votes for	42,798,867
Votes against	2,225,948
Abstained	4,834,170
Broker non-votes	4,388,661

The shareholders approved the 2013 Stock Incentive Plan.

Votes for	37,563,809
Votes against	12,138,448
Abstained	156,728
Broker non-votes	4,388,661

Approval of these three proposals required the affirmative vote of a majority of the votes cast by the holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting. With respect to the proposal to approve the 2013 Stock Incentive Plan, the total votes cast on the proposal were required to represent more than 50% of the voting power of the common stock outstanding and entitled to vote on the proposal. Abstentions and broker non-votes are not treated as votes cast and therefore had no effect on these proposals.

Item 5.02 (c)Appointment of Principal Officers

On April 22, 2013, Crane Co. announced that Eric C. Fast, Chief Executive Officer, will retire from Crane Co. in January 2014. Mr. Fast joined Crane in 1999 as President and Chief Operating Officer and was promoted to Chief Executive Officer in January 2001. He will be succeeded by Max H. Mitchell, currently President and Chief Operating Officer. Mr. Mitchell, 49, joined Crane in 2004 as Vice President of Operational Excellence, was promoted to President of Fluid Handling in 2005, became Executive Vice President and Chief Operating Officer in May 2011, and was appointed President of Crane Co. in January 2013.

Crane Co.’s press release dated April 22, 2013 regarding these changes appears as Exhibit 99.3 to this Form 8-K current report.

SECTION 8 – OTHER EVENTS

Item 8.01 Other Events

Asbestos Liability

Information Regarding Claims and Costs in the Tort System

As of March 31, 2013, the Company was a defendant in cases filed in numerous state and federal courts alleging injury or death as a result of exposure to asbestos. Activity related to asbestos claims during the periods indicated was as follows:

	Three Months Ended March 31,		Year Ended December 31,
	2013	2012	2012
Beginning claims	56,442	58,658	58,658
New claims	792	893	3,542
Settlements	(237)	(289)	(1,030)
Dismissals	(789)	(2,042)	(4,919)
MARDOC claims*	—	178	191
Ending claims	56,208	57,398	56,442

* As of January 1, 2010, the Company was named in 36,448 maritime actions which had been administratively dismissed by the United States District Court for the Eastern District of Pennsylvania ("MARDOC claims"), and therefore were not classified as active claims. In addition, the Company was named in 8 new maritime actions in 2010 (also not classified as active claims). Through March 31, 2013, pursuant to an ongoing review process initiated by the Court, 26,562 claims were permanently dismissed, and 3,391 claims were classified as active, of which 457 claims were subsequently dismissed, and 2,934 claims remain active (and have been added to "Ending claims"). The Company expects that more of the remaining 6,503 maritime actions will be activated, or permanently dismissed, as the Court's review process continues. The number on this line reflects the number of previously inactive MARDOC claims that were newly activated in a given period.

Of the 56,208 pending claims as of March 31, 2013, approximately 19,200 claims were pending in New York, approximately 9,900 claims were pending in Texas, approximately 5,500 claims were pending in Mississippi, and approximately 4,600 claims were pending in Ohio, all jurisdictions in which legislation or judicial orders restrict the types of claims that can proceed to trial on the merits.

Substantially all of the claims the Company resolves are either dismissed or concluded through settlements. To date, the Company has paid two judgments arising from adverse jury verdicts in asbestos matters. The first payment, in the amount of $2.54 million, was made on July 14, 2008, approximately two years after the adverse verdict in the Joseph Norris matter in California, after the Company had exhausted all post-trial and appellate remedies. The second payment, in the amount of $0.02 million, was made in June 2009 after an adverse verdict in the Earl Haupt case in Los Angeles, California on April 21, 2009.

The Company has tried several cases resulting in defense verdicts by the jury or directed verdicts for the defense by the court, one of which, the Patrick O'Neil claim in Los Angeles, was reversed on appeal. In an opinion dated January 12, 2012, the California Supreme Court reversed the decision of the Court of Appeal and instructed the trial court to enter a judgment of nonsuit in favor of the defendants.

On March 14, 2008, the Company received an adverse verdict in the James Baccus claim in Philadelphia, Pennsylvania, with compensatory damages of $2.45 million and additional damages of $11.9 million. The Company's post-trial motions were denied by order dated January 5, 2009. The case was concluded by settlement in the fourth quarter of 2010 during the pendency of the Company's appeal to the Superior Court of Pennsylvania.

On May 16, 2008, the Company received an adverse verdict in the Chief Brewer claim in Los Angeles, California. The amount of the judgment entered was $0.68 million plus interest and costs. The Company pursued an appeal in this matter, and on August 2, 2012 the California Court of Appeal reversed the judgment and remanded the matter to the trial court for entry of judgment notwithstanding the verdict in favor of the Company on the ground that this claim could not be distinguished factually from the Patrick O'Neil case decided in the Company's favor by the California Supreme Court.

On February 2, 2009, the Company received an adverse verdict in the Dennis Woodard claim in Los Angeles, California. The jury found that the Company was responsible for one-half of one percent (0.5%) of plaintiffs' damages of $16.93 million; however,

based on California court rules regarding allocation of damages, judgment was entered against the Company in the amount of $1.65 million, plus costs. Following entry of judgment, the Company filed a motion with the trial court requesting judgment in the Company's favor notwithstanding the jury's verdict, and on June 30, 2009, the court advised that the Company's motion was granted and judgment was entered in favor of the Company. The trial court's ruling was affirmed on appeal by order dated August 25, 2011. The plaintiffs appealed that ruling to the Supreme Court of California, which dismissed the appeal on February 29, 2012; the matter is now finally determined in the Company's favor.

On March 23, 2010, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/11th share of a $14.5 million verdict in the James Nelson claim, and for a 1/20th share of a $3.5 million verdict in the Larry Bell claim. On February 23, 2011, the court entered judgment on the verdicts in the amount of $0.2 million against the Company, only, in Bell, and in the amount of $4.0 million, jointly, against the Company and two other defendants in Nelson, with additional interest in the amount of $0.01 million being assessed against the Company, only, in Nelson. All defendants, including the Company, and the plaintiffs took timely appeals of certain aspects of those judgments. The Nelson appeal is pending. The Company resolved the Bell appeal by settlement, which is reflected in the settled claims for 2012.

On August 17, 2011, a New York City state court jury found the Company responsible for a 99% share of a $32 million verdict on the Ronald Dummitt claim. The Company filed post-trial motions seeking to overturn the verdict, to grant a new trial, or to reduce the damages, which the Company argued were excessive under New York appellate case law governing awards for non-economic losses. The Court held oral argument on these motions on October 18, 2011 and issued a written decision on August 21, 2012 confirming the jury's liability findings but reducing the award of damages to $8 million. At plaintiffs' request, the Court entered a judgment in the amount of $4.9 million against the Company, taking into account settlement offsets and accrued interest under New York law. The Company has appealed.

On March 9, 2012, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/8th share of a $123,000 verdict in the Frank Paasch claim. The Company and plaintiffs filed post-trial motions. On May 31, 2012, on plaintiffs' motion, the Court entered an order dismissing the claim against the Company, with prejudice, and without any payment.

On August 29, 2012, the Company received an adverse verdict in the William Paulus claim in Los Angeles, California. The jury found that the Company was responsible for ten percent (10%) of plaintiffs' non-economic damages of $6.5 million, plus a portion of Plaintiffs' economic damages of $0.4 million. Based on California court rules regarding allocation of damages, judgment was entered in the amount of $0.8 million against the Company. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict, which were denied. The Company has appealed.

On October 23, 2012, the Company received an adverse verdict in the Gerald Suttner claim in Buffalo, New York. The jury found that the Company was responsible for four percent (4%) of plaintiffs' damages of $3 million. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict, which were denied. The court entered a judgment of $0.1 million against the Company. The Company will pursue an appeal.

On November 28, 2012, the Company received an adverse verdict in the James Hellam claim in Oakland, CA. The jury found that the Company was responsible for seven percent (7%) of plaintiffs' non-economic damages of $ 4.5 million, plus a portion of their economic damages of $0.9 million. Based on California court rules regarding allocation of damages, judgment was entered against the Company in the amount of $1.282 million. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict and also

requesting that settlement offsets be applied to reduce the judgment in accordance with California law. On January 31, 2013, the court entered an order disposing partially of that motion. On March 1, 2013, the Company filed an appeal regarding the portions of the motion that were denied. The court is expected to resolve the remainder of the issues raised shortly, after which the Company will appeal any remaining issues.

On February 25, 2013, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/10th share of a $2,500,000 verdict ($250,000) in the Thomas Amato claim and a 1/5th share of a $2,300,000 verdict ($460,000) in the Frank Vinciguerra claim, which were consolidated for trial. The Company filed post-trial motions requesting judgments in the Company's favor notwithstanding the jury's verdicts or new trials, and also requesting that settlement offsets be applied to reduce the judgment in accordance with Pennsylvania law. The Company plans to pursue an appeal if necessary.

On March 1, 2013, a New York City state court jury entered a $35 million verdict against the Company in the Ivo Peraica claim. The Company filed post-trial motions seeking to overturn the verdict, to grant a new trial, or to reduce the damages, which the Company argues were excessive under New York appellate case law governing awards for non-economic losses and further were subject to settlement offsets. The plaintiffs have requested judgment against the Company in the amount of $19.3 million. The matters remain pending before the trial court. The Company plans to pursue an appeal if necessary.

Such judgment amounts are not included in the Company's incurred costs until all available appeals are exhausted and the final payment amount is determined.

The gross settlement and defense costs incurred (before insurance recoveries and tax effects) for the Company for the three-month periods ended March 31, 2013 and 2012 totaled $20.5 million and $23.6 million, respectively. In contrast to the recognition of settlement and defense costs, which reflect the current level of activity in the tort system, cash payments and receipts generally lag the tort system activity by several months or more, and may show some fluctuation from quarter to quarter. Cash payments of settlement amounts are not made until all releases and other required documentation are received by the Company, and reimbursements of both settlement amounts and defense costs by insurers may be uneven due to insurer payment practices, transitions from one insurance layer to the next excess layer and the payment terms of certain reimbursement agreements. The Company's total pre-tax payments for settlement and defense costs, net of funds received from insurers, for the three-month periods ended March 31, 2013 and 2012 totaled $10.5 million and $18.2 million, respectively. Detailed below are the comparable amounts for the periods indicated.

(in millions)	Three Months Ended March 31,		Year Ended December 31,
	2013	2012	2010
Settlement / indemnity costs incurred (1)	$6.8	$10.4	$37.5
Defense costs incurred (1)	13.7	13.1	58.7
Total costs incurred	$20.5	$23.6	$96.1
Settlement / indemnity payments	$9.6	$9.4	$38.0
Defense payments	13.0	12.9	59.8
Insurance receipts	(12.1)	(4.0)	(19.8)
Pre-tax cash payments	$10.5	$18.2	$78.0

(1) Before insurance recoveries and tax effects.

The amounts shown for settlement and defense costs incurred, and cash payments, are not necessarily indicative of future period amounts, which may be higher or lower than those reported.

Cumulatively through March 31, 2012, the Company has resolved (by settlement or dismissal) approximately 91,000 claims, not including the MARDOC claims referred to above. The related settlement cost incurred by the Company and its insurance carriers is approximately $375 million, for an average settlement cost per resolved claim of approximately $4,100. The average settlement cost per claim resolved during the years ended December 31, 2012, 2011 and 2010 was $6,300, $4,123 and $7,036, respectively. Because claims are sometimes dismissed in large groups, the average cost per resolved claim, as well as the number of open claims, can fluctuate significantly from period to period. In addition to large group dismissals, the nature of the disease and corresponding settlement amounts for each claim resolved will also drive changes from period to period in the average settlement cost per claim. Accordingly, the average cost per resolved claim is not considered in the Company's periodic review of its estimated asbestos liability. For a discussion regarding the four most significant factors affecting the liability estimate, see “Effects on the Condensed Consolidated Financial Statements”.

Effects on the Condensed Consolidated Financial Statements

The Company has retained the firm of Hamilton, Rabinovitz & Associates, Inc. (“HR&A”), a nationally recognized expert in the field, to assist management in estimating the Company's asbestos liability in the tort system. HR&A reviews information provided by the Company concerning claims filed, settled and dismissed, amounts paid in settlements and relevant claim information such as the nature of the asbestos-related disease asserted by the claimant, the jurisdiction where filed and the time lag from filing to disposition of the claim. The methodology used by HR&A

to project future asbestos costs is based largely on the Company's experience during a base reference period of eleven quarterly periods (consisting of the two full preceding calendar years and three additional quarterly periods to the estimate date) for claims filed, settled and dismissed. The Company's experience is then compared to the results of widely used previously conducted epidemiological studies estimating the number of individuals likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population of workers believed to have been exposed to asbestos. Using that information, HR&A estimates the number of future claims that would be filed against the Company and estimates the aggregate settlement or indemnity costs that would be incurred to resolve both pending and future claims based upon the average settlement costs by disease during the reference period. This methodology has been accepted by numerous courts. After discussions with the Company, HR&A augments its liability estimate for the costs of defending asbestos claims in the tort system using a forecast from the Company which is based upon discussions with its defense counsel. Based on this information, HR&A compiles an estimate of the Company's asbestos liability for pending and future claims,

based on claim experience during the reference period and covering claims expected to be filed through the indicated forecast period. The most significant factors affecting the liability estimate are (1) the number of new mesothelioma claims filed against the Company, (2) the average settlement costs for mesothelioma claims, (3) the percentage of mesothelioma claims dismissed against the Company and (4) the aggregate defense costs incurred by the Company. These factors are interdependent, and no one factor predominates in determining the liability estimate. Although the methodology used by HR&A can be applied to show claims and costs for periods subsequent to the indicated period (up to and including the endpoint of the asbestos studies referred to above), management believes that the level of uncertainty regarding the various factors used in estimating future asbestos costs is too great to provide for reasonable estimation of the number of future claims, the nature of such claims or the cost to resolve them for years beyond the indicated estimate.

In the Company's view, the forecast period used to provide the best estimate for asbestos claims and related liabilities and costs is a judgment based upon a number of trend factors, including the number and type of claims being filed each year; the jurisdictions where such claims are filed, and the effect of any legislation or judicial orders in such jurisdictions restricting the types of claims that can proceed to trial on the merits; and the likelihood of any comprehensive asbestos legislation at the federal level. In addition, the dynamics of asbestos litigation in the tort system have been significantly affected over the past five to ten years by the substantial number of companies that have filed for bankruptcy protection, thereby staying any asbestos claims against them until the conclusion of such proceedings, and the establishment of a number of post-bankruptcy trusts for asbestos claimants, which are estimated to provide $36 billion for payments to current and future claimants. These trend factors have both positive and negative effects on the dynamics of asbestos litigation in the tort system and the related best estimate of the Company's asbestos liability, and these effects do not move in a linear fashion but rather change over multi-year periods. Accordingly, the Company's management continues to monitor these trend factors over time and periodically assesses whether an alternative forecast period is appropriate.

Each quarter, HR&A compiles an update based upon the Company's experience in claims filed, settled and dismissed during the updated reference period (consisting of the preceding eleven quarterly periods) as well as average settlement costs by disease category (mesothelioma, lung cancer, other cancer and non-malignant conditions including asbestosis) during that period. In addition to this claims experience, the Company also considers additional quantitative and qualitative factors such as the nature of the aging of pending claims, significant appellate rulings and legislative developments, and their respective effects on expected future settlement values. As part of this process, the Company also takes into account trends in the tort system such as those enumerated above. Management considers all these factors in conjunction with the liability estimate of HR&A and determines whether a change in the estimate is warranted.

Liability Estimate. With the assistance of HR&A, effective as of December 31, 2011, the Company updated and extended its estimate of the asbestos liability, including the costs of settlement or indemnity payments and defense costs relating to currently pending claims and future claims projected to be filed against the Company through 2021. The Company's previous estimate was for asbestos claims filed or projected to be filed through 2017. As a result of this updated estimate, the Company recorded an additional liability of $285 million as of December 31, 2011. The Company's decision to take this action at such date was based on several factors which contribute to the Company's ability to reasonably estimate this liability for the additional period noted. First, the number of mesothelioma claims (which although constituting approximately 8% of the Company's total pending asbestos claims, have accounted for approximately 90% of the Company's aggregate settlement and defense costs) being filed against the Company and associated settlement costs have recently stabilized. In the Company's opinion, the outlook for mesothelioma claims expected to be filed and resolved in the forecast period is reasonably stable. Second, there have been favorable developments in the trend of case law which has been a contributing factor in stabilizing the asbestos claims activity and related settlement costs. Third, there have been significant actions taken by certain state legislatures and courts over the past several years that have reduced the number and types of claims that can proceed to trial, which has been

a significant factor in stabilizing the asbestos claims activity. Fourth, the Company has now entered into coverage-in-place agreements with almost all of its excess insurers, which enables the Company to project a more stable relationship between settlement and defense costs paid by the Company and reimbursements from its insurers. Taking all of these factors into account, the Company believes that it can reasonably estimate the asbestos liability for pending claims and future claims to be filed through 2021. While it is probable that the Company will incur additional charges for asbestos liabilities and defense costs in excess of the amounts currently provided, the Company does not believe that any such amount can be reasonably estimated beyond 2021. Accordingly, no accrual has been recorded for any costs which may be incurred for claims which may be made subsequent to 2021.

Management has made its best estimate of the costs through 2021 based on the analysis by HR&A completed in January 2012. Through March 31, 2013, the Company's actual experience during the updated reference period for mesothelioma claims filed and dismissed generally approximated the assumptions in the Company's liability estimate. In addition to this claims experience, the Company considered additional quantitative and qualitative factors such as the nature of the aging of pending claims, significant appellate rulings and legislative developments, and their respective effects on expected future settlement values. Based on this evaluation, the Company determined that no change in the estimate was warranted for the period ended March 31, 2013. Nevertheless, if certain factors show a pattern of sustained increase or decrease, the liability could change materially; however,

all the assumptions used in estimating the asbestos liability are interdependent and no single factor predominates in determining the liability estimate. Because of the uncertainty with regard to and the interdependency of such factors used in the calculation of its asbestos liability, and since no one factor predominates, the Company believes that a range of potential liability estimates beyond the indicated forecast period cannot be reasonably estimated.

A liability of $894 million was recorded as of December 31, 2011 to cover the estimated cost of asbestos claims now pending or subsequently asserted through 2021, of which approximately 80% is attributable to settlement and defense costs for future claims projected to be filed through 2021. The liability is reduced when cash payments are made in respect of settled claims and defense costs. The liability was $773 million as of March 31, 2013. It is not possible to forecast when cash payments related to the asbestos liability will be fully expended; however, it is expected such cash payments will continue for a number of years past 2021, due to the significant proportion of future claims included in the estimated asbestos liability and the lag time between the date a claim is filed and when it is resolved. None of these estimated costs have been discounted to present value due to the inability to reliably forecast the timing of payments. The current portion of the total estimated liability at March 31, 2013 was $92 million and represents the Company's best estimate of total asbestos costs expected to be paid during the twelve-month period. Such amount is based upon the HR&A model together with the Company's prior year payment experience for both settlement and defense costs.

Insurance Coverage and Receivables. Prior to 2005, a significant portion of the Company's settlement and defense costs were paid by its primary insurers. With the exhaustion of that primary coverage, the Company began negotiations with its excess insurers to reimburse the Company for a portion of its settlement and/or defense costs as incurred. To date, the Company has entered into agreements providing for such reimbursements, known as “coverage-in-place”, with eleven of its excess insurer groups. Under such coverage-in-place agreements, an insurer's policies remain in force and the insurer undertakes to provide coverage for the Company's present and future asbestos claims on specified terms and conditions that address, among other things, the share of asbestos claims costs to be paid by the insurer, payment terms, claims handling procedures and the expiration of the insurer's obligations. Similarly, under a variant of coverage-in-place, the Company has entered into an agreement with a group of insurers confirming the aggregate amount of available coverage under the subject policies and setting forth a schedule for future reimbursement payments to the Company based on aggregate indemnity and defense payments made. In addition, with nine of its excess insurer groups, the Company entered into policy buyout agreements, settling all asbestos and other coverage obligations for an agreed sum, totaling $82.1 million in aggregate. Reimbursements from insurers for past and ongoing settlement and defense costs allocable to their policies have been made in accordance with these coverage-in-place and other agreements. All of these agreements include provisions for mutual releases, indemnification of the insurer and, for coverage-in-place, claims handling procedures. With the agreements referenced above, the Company has concluded settlements with all but one of its solvent excess insurers whose policies are expected to respond to the aggregate costs included in the updated liability estimate. That insurer, which issued a single applicable policy, has been paying the shares of defense and indemnity costs the Company has allocated to it, subject to a reservation of rights. There are no pending legal proceedings between the Company and any insurer contesting the Company's asbestos claims under its insurance policies.

In conjunction with developing the aggregate liability estimate referenced above, the Company also developed an estimate of probable insurance recoveries for its asbestos liabilities. In developing this estimate, the Company considered its coverage-in-place and other settlement agreements described above, as well as a number of additional factors. These additional factors include the financial viability of the insurance companies, the method by which losses will be allocated to the various insurance policies and the years covered by those policies, how settlement and defense costs will be covered by the insurance policies and interpretation of the effect on coverage of various policy terms and limits and their interrelay means of a public exchange offer.

The TII Acquisition. We acquired 93.56% of the outstanding TII L Shares and TII A Shares directly, in exchange for cash and AMX L Shares and, indirectly, through the CGT Acquisition. The TII Acquisition was made by means of a public tender offer and exchange offer, in which holders of TII L Shares and TII A Shares elected whether to receive cash or AMX L Shares.

Telmex Internacional provides a wide range of telecommunications services in Brazil, Colombia and other countries in Latin America. CGT is a holding company with controlling interests in Telmex Internacional and Telmex, a leading Mexican telecommunications provider. We believe that the Acquisitions will enable us to achieve synergies between our business and that of Telmex Internacional.

Of the TII A Shares and TII L Shares (including shares represented by ADSs) tendered, cash elections were made with respect to approximately 2,297 million shares. On June 16, 2010, we paid approximately Ps.26,784 million (equivalent to approximately U.S.$2,126 million, based on the June 16, 2010 exchange rate of Ps.12.5974 to U.S.$1.00) to tendering shareholders of Telmex Internacional who elected to receive cash, and we issued approximately 1,349 million AMX L Shares (including AMX L Shares represented by ADSs) to tendering shareholders of Telmex Internacional who elected to receive shares. Tendering holders of Telmex Internacional ADSs received cash or AMX L Shares in the form of ADSs on June 18, 2010. We also issued approximately 7,089 million AMX L Shares (including AMX L Shares represented by ADSs) to tendering shareholders of CGT.

Following the Acquisitions, América Móvil had 40,546,724,182 shares of capital stock outstanding as of June 16, 2010.

Carso Global Telecom

CGT is a holding company the principal assets of which consist of shares of Telmex Internacional and shares of Telmex. Based on beneficial ownership reports filed with the SEC, CGT holds, directly or indirectly, 48.7% of the outstanding Telmex Series L Shares (TMX L Shares), 23.3% of the outstanding Telmex Series A Shares (TMX A Shares) and 73.9% of the outstanding Telmex Series AA Shares (TMX AA Shares) (in the aggregate, 59.4% of all outstanding shares of Telmex). As of February 28, 2010, CGT owned 50.9% of the outstanding TII L Shares, 23.3% of the outstanding TII A Shares and 73.9% of Telmex Internacional s outstanding series AA shares (in the aggregate, 60.7% of all outstanding shares of Telmex Internacional). These figures take into account certain forward share purchase transactions between CGT and certain financial institutions pursuant to which CGT is obligated to purchase and the financial institutions are obligated to sell TII L Shares or TMX L Shares at fixed prices. Without taking into account the TII L Shares subject to the forward share purchase transactions, CGT owned 32.0% of the outstanding Series L shares of Telmex (in the aggregate, 50.5% of all outstanding shares of Telmex) and 33.3% of the outstanding TII L Shares (in the aggregate, 51.4% of all outstanding shares of Telmex Internacional).

As of March 31, 2010, CGT s indebtedness was Ps.28,171 million (U.S.$2,260 million), excluding the indebtedness of its consolidated subsidiaries Telmex and Telmex Internacional.

Telmex Internacional

Telmex Internacional is a Mexican holding company, providing through its subsidiaries in Brazil, Colombia, Argentina, Chile, Peru and Ecuador, a wide range of telecommunications services. These services include voice, data and video transmission, Internet access and integrated telecommunications solutions; pay cable and satellite television; and print and Internet-based yellow pages directories in Mexico, the United States, Argentina, Peru and Colombia.

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Telmex Internacional s principal business is in Brazil, which accounts for nearly 80% of its total revenues. Telmex Internacional operates in Brazil through Embratel Participações S.A. and its subsidiaries. We refer to Embratel Participações S.A. and, where the context requires, its consolidated subsidiaries as Embratel .

The following is a summary of Telmex Internacional s business by geographic market:

Brazil. Through Embratel, Telmex Internacional is one of the leading providers of telecommunications services in Brazil. Its principal service offerings in Brazil include domestic and international longdistance, local telephone service, data transmission, direct-to-home (DTH) satellite television services and other communications services, though Embratel is evolving from being a long-distance revenue based company to being an integrated telecommunications provider. Through Embratel s high-speed data network, Telmex Internacional offers a broad array of products and services to a substantial number of Brazil s 500 largest corporations. In addition, through Embratel s partnership in Net Serviços de Comunicação S.A., the largest cable television operator in Brazil with a network that passes approximately 10.8 million homes, Telmex Internacional offers triple play services in Brazil.

Colombia. Telmex Internacional operates in Colombia through Telmex Colombia S.A. and several cable television subsidiaries that Telmex Internacional has acquired beginning in October 2006, with a network that passes 4.9 million homes. Telmex Internacional offers pay television, data solutions, access to the Internet and voice services. Telmex Internacional also bundles these services through double and triple play offerings.

Argentina. In Argentina, Telmex Internacional provides data transmission, Internet access and local and long-distance voice services to corporate and residential customers, data administration and hosting through two data centers and a yellow pages directory in print and on the Internet. Modular Internet and telephone access through WiMax in the 3.5 GHz frequency and GPON technologies is in the process of being deployed to service small- to medium-sized businesses.

Chile. In Chile, Telmex Internacional provides to small- and medium-sized businesses, as well as to larger corporate customers, data transmission, long-distance and local telephony, private telephony, virtual private and long-distance networks, dedicated Internet access and high capacity media services, along with other advanced services. Telmex Internacional also services the residential market with long-distance telephone services, broadband, local telephony and pay cable and digital satellite television. Telmex Internacional s nationwide wireless network in the 3.4-3.6 GHz frequency employs WiMax technology.

Peru. In Peru, Telmex Internacional provides data transmission, Internet access, fixed-line telephony including domestic and international long-distance, public telephony, application-managed services for residential and corporate clients, virtual private networks, pay television as well as a yellow pages directory in print and on the Internet. Through its acquisition of cable television capabilities in Peru, Telmex Internacional has a network that passes approximately 300,000 homes. Telmex Internacional recently began offering wireless telephony using CDMA 450 MHz technology in the interior provinces of the country. Telmex Internacional also employs a WiMax platform in the 3.5 GHz frequency.

Yellow pages. Telmex Internacional s yellow pages business operates in five countries and it publishes a total of 181 directories. 127 of these directories are published in Mexico with presence in all of the states and Mexico City, 48 directories are published in 31 states of the United States with particular focus on Hispanic markets, two directories are published in Peru in the city of Lima, and two directories are published in Argentina in the city of Buenos Aires. In Colombia, operations began in 2009 with two directories published in the city of Cali.

Ecuador. Telmex Internacional entered the telecommunications market in Ecuador in March 2007 as a competitive alternative to local incumbents in the residential and business segments, and it offers a wide array of voice, data, and Internet services, as well as pay television.

Uruguay. In Uruguay, Telmex Internacional provides data solutions, Internet access, international long-distance, data center services and international managed voice, data and video services to corporate and residential customers.

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Telmex Internacional is a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico, with its principal executive offices at Avenida de los Insurgentes 3500, Colonia Peña Pobre, Delegación Tlalpan, 14060 México, D.F., México. The telephone number of Telmex Internacional at this location is 52 (55) 5223-3200.

Telmex

Telmex is a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico. Substantially all of Telmex s operations are conducted in Mexico. Telmex owns and operates a fixed-line telecommunications system in Mexico, where it is the only nationwide provider of fixed-line telephone services. Telmex also provides other telecommunications and telecommunications-related services such as corporate networks, Internet access services, information network management, telephone and computer equipment sales and interconnection services to other carriers.

In September 2000, Telmex transferred its Mexican wireless business and foreign operations at the time to América Móvil in an *escisión*, or split-up. Beginning in 2004, Telmex expanded its operations outside Mexico through a series of acquisitions in Brazil, Argentina, Chile, Colombia, Peru, Ecuador and the United States. In December 2007, Telmex transferred its Latin American and yellow pages directory businesses to Telmex Internacional in a second *escisión*.

The Acquisitions

The purpose of the Acquisitions is to permit us to combine our wireless communications services with Telmex Internacional s voice, data and video transmission, Internet access and other telecommunications services in Brazil, Colombia and the Latin American countries other than Mexico where both companies conduct operations. We also acquired a controlling interest in Telmex.

We believe that the telecommunications industry has evolved in recent years, resulting in integrated technological platforms that provide combined voice, data and video services. Also, recent developments in software applications, functionality and equipment are paving the way for a significant increase in demand for data services throughout Latin America. We believe that we would be in a position to offer integrated telecommunications services to our customers in those countries in Latin America in which both we and Telmex Internacional operate, regardless of the technological platform that generates the demand at any given time.

We expect to be able to achieve synergies and pursue growth opportunities throughout Latin America and particularly in Brazil, Chile, Argentina, Colombia, Peru, Ecuador and Uruguay. The combination will permit a more efficient use of the networks, information systems, management and personnel of the operating companies, and will enable us to offer more integrated and universal services to our customers. We also expect the combined businesses will be in a stronger position in negotiations with major suppliers and will be better able to implement new technologies.

We cannot provide any assurances that any synergies will result from the Acquisitions. The creditors of us and Telcel, including the holders of the notes, will not have any claim against the assets or cash flows of CGT, Telmex, Telmex Internacional or any of their subsidiaries.

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EXCHANGE RATES

Mexico has a free market for foreign exchange, and the Mexican government allows the Mexican peso to float freely against the U.S. dollar. There can be no assurance that the Mexican government will maintain its current policies with regard to the Mexican peso or that the Mexican peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period-end noon buying rate in New York City for cable transfers in Mexican pesos published by the Federal Reserve Bank of New York, expressed in Mexican pesos per U.S. dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

Period	High	Low	Average[(1)]	Period End
2005	11.4110	10.4135	10.8680	10.6275
2006	11.4600	10.4315	10.9023	10.7995
2007	11.2692	10.6670	10.9253	10.9169
2008	13.9350	9.9166	11.2124	13.8320
2009	15.4060	12.6318	13.5777	13.0576
2010				
January	13.0285	12.6500		13.0285
February	13.1940	12.7987		12.8535
March	12.7410	12.3005		12.3005
April	12.4135	12.1556		12.2281
May	13.1398	12.2656		12.8633
June	12.9195	12.4555		12.8306
July (through July 16)	13.0810	12.6961		12.9256

(1) Average of month-end rates.

The noon buying rate published by the Federal Reserve Bank of New York on July 16, 2010 was Ps.12.9256 to U.S.$1.00.

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USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In exchange for issuing the series of Exchange Notes as contemplated in this prospectus, we will receive Original Notes of the corresponding series in like principal amount. The terms of the Original Notes of a series are identical in all material respects to the terms of the Exchange Notes of the corresponding series. The Original Notes surrendered in exchange for the Exchange Notes will be retired and cancelled and cannot be reissued. Accordingly, the issuance of the Exchange Notes will not result in any increase in our indebtedness.

We used the net proceeds from the private placement of the Original Notes principally for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratios of earnings to fixed charges for each year in the five-year period ended December 31, 2009, in accordance with Mexican FRS and U.S. GAAP. The following table does not give pro forma effect to the completion of the Acquisitions.

	Year ended December 31,				
	2005	2006	2007	2008	2009
Mexican FRS[1]	4.6	7.2	9.0	7.6	9.9
U.S. GAAP[2]	4.5	7.0	8.7	7.5	9.7

(1) Earnings, for this purpose, consist of earnings from continuing operations before income taxes, plus fixed charges and depreciation of capitalized interest and minus interest capitalized during the period. Through December 31, 2006, for Mexican FRS purposes, employee profit-sharing is considered an income tax and earnings are calculated before the provision for employee profit-sharing. Fixed charges, for this purpose, consist of interest expense plus interest capitalized during the period. Fixed charges do not take into account gain or loss from monetary position or exchange gain or loss attributable to our indebtedness.

(2) Earnings, for this purpose, consist of earnings from continuing operations before income taxes, plus fixed charges and depreciation of capitalized interest and minus interest capitalized during the period. Under U.S. GAAP, employee profit-sharing is considered an operating expense and earnings are calculated after the provision for employee profit-sharing. Fixed charges, for this purpose, consist of interest expense plus interest capitalized during the period. Fixed charges do not take into account gain or loss from monetary position or exchange gain or loss attributable to our indebtedness.

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CAPITALIZATION

The following table sets forth our consolidated capitalization under IFRS as of March 31, 2010. The table does not reflect the increase in our consolidated indebtedness resulting from the Acquisitions. It also does not reflect the following additional indebtedness we have incurred since March 31, 2010: (a) Swiss francs 230 million in notes maturing in 2015, which we issued in April 2010; (b) drawings under an export credit agency facility totaling approximately 350 million; (c) U.S.$200 million in notes maturing in 2035, which we issued in the Chilean market in May 2010; and (d) 1,000 million in notes maturing 2017, 750 million in notes maturing 2022 and £650 million in notes maturing 2030, which we issued in June 2010.

U.S. dollar amounts in the table are presented solely for your convenience using the exchange rate of Ps.12.4640 to U.S.$1.00, which was the rate reported by the Banco de México for March 31, 2010, as published in the Official Gazette.

	As of March 31, 2010 Actual (unaudited)	
	(millions of Mexican pesos)	(millions of U.S. dollars)
Debt:		
Denominated in U.S. dollars:		
Export credit agency credits	Ps. 7,746	U.S.$ 622
Other bank loans	561	45
5.500% Notes due 2014	9,909	795
5.750% Notes due 2015	5,900	473
5.625% Notes due 2017	7,268	583
5.000% Senior Notes due 2019	9,348	750
3.625% Senior Notes due 2015	9,348	750
5.000% Senior Notes due 2020	24,928	2,000
6.125% Senior Notes due 2040	15,580	1,250
6.375% Notes due 2035	12,231	981
6.125% Notes due 2037	4,602	369
Total	107,421	8,618
Denominated in Mexican pesos:		
Domestic senior notes (*certificados bursátiles*)	28,444	2,282
9.00% Senior Notes due January 15, 2016	5,000	401
8.46% Senior Notes due January 15, 2036	7,872	632
Total	41,316	3,315
Denominated in euro:	11,899	955
Denominated in Colombian pesos	4,007	322
Denominated in Brazilian reais	2,129	171
Denominated in other currencies	13,641	1,094
Total debt	180,413	14,475
Less short-term debt and current portion of long-term debt	7,347	590
Long-term debt	173,066	13,885

(Table continued on following page)

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	As of March 31, 2010 Actual (unaudited) (millions of Mexican pesos)	(millions of U.S. dollars)
Equity:		
Capital stock	Ps. 26,746	U.S.$ 2,146
Total retained earnings	149,879	12,025
Effect of translation of foreign entities	2,832	227
Non-controlling interest	719	58
Total equity	180,175	14,456
Total capitalization (total long-term debt and equity)	Ps.353,241	U.S.$ 28,341

As of March 31, 2010, Telcel had, on an unconsolidated basis, unsecured and unsubordinated indebtedness and guarantees of parent company and subsidiary indebtedness of approximately Ps.164,116 million (U.S.$13,167 million) under IFRS. As of March 31, 2010, our operating subsidiaries other than Telcel had indebtedness of Ps.16,297 million (U.S.$1,308 million) under IFRS.

As of March 31, 2010, CGT s indebtedness was approximately Ps.28,171 million (U.S.$2,260 million) (excluding the indebtedness of CGT s consolidated subsidiaries Telmex Internacional and Telmex), Telmex Internacional s indebtedness was approximately Ps.31,970 million (U.S.$2,565 million) and Telmex s indebtedness was approximately Ps.83,893 million (U.S.$6,731 million), in each case under Mexican FRS.

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THE EXCHANGE OFFER

This section describes the exchange offer and the material provisions of the registration rights agreement, but it may not contain all of the information that is important to you. We refer you to the complete provisions of the registration rights agreement, which has been filed as an exhibit to the registration statement on Form F-4. See Where You Can Find More Information for instructions on how to obtain copies of this document.

In this section and the sections entitled Description of Exchange Notes and Form of Notes, Clearing and Settlement, references to we, us and our refer to América Móvil, S.A.B. de C.V. only and do not include our subsidiaries or affiliates. References to Telcel or the guarantor are to Radiomóvil Dipsa, S.A. de C.V., which is our subsidiary and the guarantor of the Exchange Notes. References to the Notes mean the U.S.$4,000,000,000 principal amount of Original Notes (consisting of U.S.$750,000,000 aggregate principal amount of 3.625% Senior Notes due 2015, U.S.$2,000,000,000 aggregate principal amount of 5.000% Senior Notes due 2020 and U.S.$1,250,000,000 aggregate principal amount of 6.125% Senior Notes due 2040) we previously sold in a private offering in March 2010 and up to an equal principal amount of Exchange Notes we are offering hereby. Such references include both the Notes and the guarantees, except where otherwise indicated or as the context otherwise requires. References to holders mean those who have Notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in Notes issued in book-entry form through The Depository Trust Company, or DTC, or in Notes registered in street name. Owners of beneficial interests in the Notes should read Terms of the Exchange Offer Procedures for Tendering and Form of Notes, Clearing and Settlement.

Purpose and Effect of this Exchange Offer

General

We sold the Original Notes to certain initial purchasers in March 2010 under the terms of a purchase agreement we and Telcel reached with them. The initial purchasers resold the Original Notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act. In connection with the offering of the Original Notes, we and Telcel also entered into a registration rights agreement with the initial purchasers, which governs our and Telcel s obligation to file a registration statement with the SEC and commence the exchange offer to exchange the Exchange Notes for the Original Notes. The exchange offer is intended to satisfy our and Telcel s obligations under the registration rights agreement.

The registration rights agreement further provides that if we and Telcel do not complete the exchange offer within a certain period of time or under certain other circumstances, we and Telcel will be obligated to pay additional interest, referred to as special interest, to holders of the Original Notes. Except as discussed below under Resale Registration Statement; Special Interest, upon the completion of the exchange offer we and Telcel will have no further obligations to register your Original Notes or pay special interest.

Representations upon Tender of Original Notes

To participate in the exchange offer, you must execute or agree to be bound by the letter of transmittal, through which you will represent to us and Telcel, among other things, that:

- any Exchange Notes received by you will be acquired in the ordinary course of business;
- you do not have any arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act;
- you are not an affiliate, as defined in Rule 405 of the Securities Act, of ours or Telcel;

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you are not engaged in, and do not intend to engage in, a distribution of the Exchange Notes; and

if you are a broker-dealer, (i) you will receive Exchange Notes for your own account in exchange for Original Notes that were acquired as a result of market-making activities or other trading activities and (ii) you will deliver a prospectus in connection with any resale of those Exchange Notes to the extent required by applicable law or regulation or SEC pronouncement.

Resale of the Exchange Notes

Based on existing interpretations of the SEC staff with respect to similar transactions, we believe that the Exchange Notes issued pursuant to this exchange offer in exchange for Original Notes may be offered for resale, resold and otherwise transferred by holders thereof without compliance with the registration and prospectus delivery provisions of the Securities Act if:

such Exchange Notes are acquired in the ordinary course of the holder s business;

such holder is not engaged in, has no arrangement with any person to participate in, and does not intend to engage in, any public distribution of the Exchange Notes;

such holder is not our affiliate, as defined in Rule 405 of the Securities Act; and

if such holder is a broker-dealer that receives Exchange Notes for its own account in exchange for Original Notes that were acquired as a result of market-making activities, that it will deliver a prospectus, as required by law, in any resale of such Exchange Notes.

Any holder who tenders in this exchange offer with the intention of participating in any manner in a distribution of the Exchange Notes:

cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

This prospectus, as it may be amended or supplemented from time to time, may be used for an offer to resell or for other transfer of Exchange Notes only as specified in this prospectus. Participating broker-dealers may use this prospectus in connection with the resale of Exchange Notes for a period of up to 120 days from the last date on which the Original Notes are accepted for exchange. Only broker-dealers that acquired the Original Notes as a result of market-making activities or other trading activities may participate in this exchange offer. Each participating broker-dealer who receives Exchange Notes for its own account in exchange for Original Notes that were acquired by such broker-dealer as a result of market-making or other trading activities will be required to acknowledge that it will deliver a prospectus in connection with any resale by it of Exchange Notes. The letter of transmittal that accompanies this prospectus states that by acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

This exchange offer is not being made to, nor will we accept tenders for exchange from, holders of Original Notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of such jurisdiction.

Consequences of Failure to Exchange

Holders of Original Notes who do not exchange their Original Notes for Exchange Notes under this exchange offer will remain subject to the restrictions on transfer applicable in the Original Notes (i) as set forth in the legend printed on the Original Notes as a consequence of the issuance of the Original Notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and

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applicable state securities laws and (ii) otherwise as set forth in the offering memorandum distributed in connection with the private offering of the Original Notes.

Any Original Notes not tendered by their holders in exchange for Exchange Notes in this exchange offer will not retain any rights under the registration rights agreement (except in certain limited circumstances).

In general, you may not offer or sell the Original Notes unless they are registered under the Securities Act or the offer or sale is exempt from the registration requirements of the Securities Act and applicable state securities laws. We do not intend to register resales of the Original Notes under the Securities Act. Based on interpretations of the SEC staff, Exchange Notes issued pursuant to this exchange offer may be offered for resale, resold or otherwise transferred by their holders (other than any such holder that is our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the holders acquired the Exchange Notes in the ordinary course of business and the holders are not engaged in, have no arrangement with any person to participate in, and do not intend to engage in, any public distribution of the Exchange Notes to be acquired in this exchange offer. Any holder who tenders in this exchange offer and is engaged in, has an arrangement with any person to participate in, or intends to engage in, any public distribution of the Exchange Notes (i) may not rely on the applicable interpretations of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, we will accept for exchange any and all Original Notes validly tendered and not properly withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The exchange offer will remain open for at least 20 full business days (as required by Exchange Act Rule 14e-1(a)) and will expire at 5:00 p.m., New York City time, on August 25, 2010, or such later date and time to which we extend it (the expiration date). We will issue the Exchange Notes in denominations of $100,000 and integral multiples of $1,000 in excess thereof. Holders may tender some or all of their Original Notes pursuant to the exchange offer. However, Original Notes may be tendered only in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The date of acceptance for exchange of the Original Notes, and completion of the exchange offer, will be the exchange date, which will be the first business day following the expiration date (unless such period is extended as described in this prospectus). The Exchange Notes issued in connection with this exchange offer will be delivered on the earliest practicable date following the exchange date.

The terms of the Exchange Notes due 2015 are identical in all respects to the terms of the Original Notes due 2015, the terms of the Exchange Notes due 2020 are identical in all respects to the terms of the Original Notes due 2020, and the terms of the Exchange Notes due 2040 are identical in all respects to the terms of the Original Notes due 2040, except that (i) the Exchange Notes will have been registered under the Securities Act and will not bear legends restricting the transfer thereof and (ii) the holders of the Exchange Notes will not be entitled to certain rights under the registration rights agreement, which rights will terminate when the exchange offer is terminated. The Exchange Notes of a series will evidence the same debt as the Original Notes of the corresponding series and will be entitled to the benefits of the same indenture and supplemental indenture that governs the Original Notes of the corresponding series.

As of the date of this prospectus, U.S.$750,000,000 principal amount of the Original Notes due 2015, U.S.$2,000,000,000 of the Original Notes due 2020 and U.S.$1,250,000,000 of the Original Notes due 2040 are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Original Notes.

We intend to conduct this exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the U.S. Securities Exchange Act of 1934, as

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amended (the Exchange Act), and the rules and regulations of the SEC. Original notes that are not tendered for exchange in this exchange offer will remain outstanding and continue to accrue interest and holders of the Original Notes will be entitled to the rights and benefits of such holders under the indenture.

We shall be deemed to have accepted validly tendered Original Notes when, as and if we have given oral or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Exchange Notes from us and delivering the Exchange Notes to the tendering holders.

Holders who tender Original Notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of Original Notes pursuant to the exchange offer. We will pay all charges and expenses, other than certain applicable taxes in certain circumstances, in connection with the exchange offer. See Fees and Expenses.

If any tendered Original Notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events described in this prospectus or otherwise, we will return the Original Notes, without expense, to the tendering holder promptly after the expiration date.

We will apply to have the Exchange Notes listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange. In connection with the exchange offer:

- we will give notice to the Luxembourg Stock Exchange and will publish in a Luxembourg newspaper, which is expected to be the *d Wort*, the announcement of the beginning of the exchange offer and, following completion of such offer, the results of such offer;
- we will appoint a Luxembourg exchange agent through which all relevant documents with respect to the exchange offer will be made available; and
- the Luxembourg exchange agent will be able to perform all agency functions to be performed by any exchange agent, including providing a letter of transmittal and other relevant documents to you, accepting such documents on our behalf, accepting definitive Original Notes for exchange, and delivering Exchange Notes to holders entitled thereto.

Expiration Date; Extensions; Amendments; Termination

The term expiration date means 5:00 p.m., New York City time, on August 25, 2010, unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date means the latest date and time to which we extend the exchange offer. To extend the expiration date, we will notify the exchange agent of any extension by oral or written notice. We will notify holders of the Original Notes of any extension by press release or other public announcement.

We reserve the right to amend the terms of the exchange offer in any manner. In addition, if we determine that any of the events set forth under Conditions of the Exchange Offer has occurred, we also reserve the right, in our sole discretion, to:

- delay acceptance of any Original Notes;
- extend the exchange offer and retain all Original Notes tendered before the expiration date of the exchange offer, subject to the rights of the holders of tendered Original Notes to withdraw their tendered Original Notes;
- terminate the exchange offer and refuse to accept any Original Notes; or

waive the termination event with respect to the exchange offer and accept all properly tendered Original Notes that have not been withdrawn.

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If we do so, we will give oral or written notice of this delay in acceptance, extension, termination or waiver to the exchange agent. If the amendment constitutes a material change to the exchange offer, we will promptly disclose such amendment in a manner reasonably calculated to inform holders of the Original Notes, including by providing public announcement or giving oral or written notice to such holders. We may extend the exchange offer for a period of time, depending upon the significance of the amendment and the manner of disclosure to the registered holders.

Interest on the Exchange Notes

Each Exchange Note will bear interest from its date of original issuance. Holders of Original Notes that are accepted for exchange and exchanged for Exchange Notes will receive, in cash, accrued interest thereon to, but not including, the original issuance date of the Exchange Notes. The Original Notes due 2015 will bear interest at the rate of 3.625% per year, the Original Notes due 2020 will bear interest at the rate of 5.000% per year and the Original Notes due 2040 will bear interest at the rate of 6.125% per year through the date next preceding the date of the original issuance of the Exchange Notes. Such interest will be paid on the first interest payment date for the Exchange Notes. Interest on the Original Notes series accepted for exchange and exchanged in the exchange offer will cease to accrue on the date next preceding the date of original issuance of the Exchange Notes.

The Exchange Notes due 2015 will bear interest at the rate of 3.625% per year, the Exchange Notes due 2020 will bear interest at the rate of 5.000% per year and the Exchange Notes due 2040 will bear interest at the rate of 6.125% per year, which interest will be payable semi-annually on March 30 and September 30 of each year.

Procedures for Tendering

To participate in the exchange offer, you must properly tender your Original Notes to the exchange agent as described below. We will only issue Exchange Notes in exchange for Original Notes that you timely and properly tender and do not withdraw. Therefore, you should allow sufficient time to ensure timely delivery of the Original Notes, and you should follow carefully the instructions on how to tender your Original Notes. It is your responsibility to properly tender your Original Notes. We have the right to waive any defects in your tender. However, we are not required to waive any defects, and neither we, nor the exchange agent is required to notify you of defects in your tender.

If you have any questions or need help in exchanging your Original Notes, please contact the exchange agent at the address or telephone number described below.

All of the Original Notes were issued in book-entry form, and all of the Original Notes are currently represented by global certificates registered in the name of Cede & Co., the nominee of DTC. We have confirmed with DTC that the Original Notes may be tendered using ATOP. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer, and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their Original Notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an agent s message to the exchange agent. The agent s message will state that DTC has received instructions from the participant to tender Original Notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange Original Notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

Determinations Under the Exchange Offer. We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Original Notes and withdrawal of tendered Original Notes. Our determination will be final and binding. We reserve the absolute right to reject any Original Notes not properly tendered or any Original Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular

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Original Notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Original Notes must be cured within the time period we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Original Notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of Original Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Original Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned at no cost by the exchange agent to the tendering holder as soon as practicable following the expiration date of the exchange.

When We Will Issue Exchange Notes. In all cases, we will issue Exchange Notes for Original Notes that we have accepted for exchange under the exchange offer only after the exchange agent receives, prior to 5:00 p.m., New York City time, on the expiration date:

a book-entry confirmation of such Original Notes into the exchange agent s account at DTC; and

a properly transmitted agent s message.

Return of Outstanding Notes Not Accepted or Exchanged. If we do not accept any tendered Original Notes for exchange or if Original Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged Original Notes will be returned without expense to their tendering holder. Such unaccepted or non-exchanged Original Notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

Participating broker-dealers. Each broker-dealer that receives Exchange Notes for its own account in exchange for Original Notes, where those Original Notes were acquired by such broker-dealer as a result of market making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Notes. See Plan of Distribution.

Guaranteed Delivery Procedures

Holders who wish to tender their Original Notes and cannot complete the ATOP procedures for electronic tenders before expiration of the exchange offer may tender their Original Notes if:

the tender is made through an eligible guarantor institution (as defined by Rule 17Ad-15 under the Exchange Act);

before expiration of the exchange offer, DTC receives from the eligible institution a properly completed and duly executed notice of guaranteed delivery in the form available through the exchange agent, by facsimile transmission, mail or hand delivery, and the exchange agent receives from DTC an agent s message in lieu of notice of guaranteed delivery;

setting forth the name and address of the holder and the principal amount of Original Notes tendered;

stating that the tender offer is being made by guaranteed delivery and confirming that the tender is subject to the terms of the letter of transmittal; and

guaranteeing that, within three (3) New York Stock Exchange trading days after expiration of the exchange offer, tender of such Original Notes will made by book-entry delivery to the exchange agent s DTC account; and

the exchange agent receives book-entry confirmation of the transfer of the tendered Original Notes to the Exchange Agent s DTC account within three (3) New York Stock Exchange trading days after expiration of the exchange offer.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their Original Notes according to the guaranteed delivery procedures set forth above.

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In addition, we reserve the right in our sole discretion:

- to purchase or make offers for any Original Notes that remain outstanding after the expiration date;
- to terminate the exchange offer as described above under Expiration Date; Extensions; Amendments; Termination; and
- to purchase Original Notes in the open market, in privately negotiated transactions or otherwise, to the extent permitted by applicable law.

The terms of any of these purchases or offers may differ from the terms of the exchange offer.

Withdrawal of Tenders

Tenders of Original Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective you must comply with the appropriate ATOP procedures. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn Original Notes and otherwise comply with the ATOP procedures.

We will determine all questions as to the validity, form, eligibility and time of receipt of a notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any Original Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

You may retender properly withdrawn Original Notes by following the procedures described under Procedures for tendering above at any time on or prior to the expiration date of the exchange offer.

Any Original Notes that have been tendered for exchange but that are not exchanged for any reason will be credited to an account maintained with DTC for the Original Notes. This return or crediting will take place as soon as practicable after rejection of tender, expiration or termination of the exchange offer.

Conditions of the Exchange Offer

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange any Exchange Notes for, any Original Notes not yet accepted for exchange, and may terminate or amend the exchange offer as provided in this prospectus before the acceptance of these Original Notes if:

- any injunction, order or decree has been issued by any court or by or before any governmental agency with respect to the exchange offer, which, in our sole judgment, might materially impair our ability to proceed with the exchange offer; or
- any law, statute, rule or regulation is proposed, adopted or enacted, or there shall occur a change in the current interpretations by the staff of the SEC which, in our sole judgment, might materially impair our ability to proceed with the exchange offer in the manner contemplated by the registration rights agreement; or
- any governmental approval or approval by holders that we in our sole judgment deem necessary for the completion of the exchange offer as detailed in this prospectus has not been obtained.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of those rights and each of those rights shall be deemed an ongoing right which may be asserted at any time

and from time to time.

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In addition, we will not accept for exchange any Original Notes tendered, and no Exchange Notes will be issued in exchange for those Original Notes, if at such time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended. In any of those events we are required to use every reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

Exchange Agent

All executed letters of transmittal should be directed to the exchange agent at its address provided below. The Bank of New York Mellon, the trustee under the indenture and the supplemental indentures, has been appointed as exchange agent for the exchange offer.

Deliver to:

The Bank of New York Mellon

Corporate Trust Operations Reorganization Unit

101 Barclay Street 7 East

New York, New York 10286

Attention: Randolph Holder

Telephone: (212) 815-5098

Facsimile Transmission: (212) 298-1915

Fees and Expenses

We will bear the expenses of soliciting tenders in the exchange offer. The principal solicitation for tenders in the exchange offer is being made by mail. Additional solicitations may be made by our officers and regular employees in person, by facsimile, telegraph, telephone or telecopier.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its reasonable and documented out-of-pocket expenses in connection with these services. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable and documented out-of-pocket expenses they incur in forwarding copies of the prospectus, letters of transmittal and related documents to the beneficial owners of the Original Notes and in handling or forwarding tenders for exchange.

We will pay the expenses to be incurred in connection with the exchange offer, including fees and expenses of the exchange agent and trustee and accounting and legal fees.

We will pay all transfer taxes, if any, applicable to the exchange of Original Notes in the exchange offer.

However, if:

certificates representing Exchange Notes (or Original Notes for principal amounts not tendered or accepted for exchange) are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Original Notes tendered,

tendered Original Notes are registered in the name of any person other than the person signing the letter of transmittal, or

a transfer tax is imposed for any reason other than the exchange of Original Notes in the exchange offer,

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then the amount of any applicable transfer taxes, whether they are imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of these taxes or exemption from them is not submitted with the letter of transmittal, then the amount of the applicable transfer taxes will be billed directly to the tendering holder.

Resale Registration Statement; Special Interest

Under the registration rights agreement, if we and Telcel determine that the exchange offer is not permitted or may not be completed as soon as practicable after the last date of acceptance for exchange because it would violate any applicable law or applicable interpretations of the staff of the SEC, or because the exchange notes would not, upon receipt, in general be freely transferable by each holder without need for further registration under the Securities Act, we will, in lieu of effecting registration of exchange notes, file a registration statement under the Securities Act relating to a shelf registration of the Original Notes for resale by holders. We and Telcel will also be required to file a shelf registration statement if the exchange offer is not for any other reason completed by September 30, 2010. We and Telcel must use our reasonable best efforts to keep the shelf registration statement continuously effective until the earlier of the period referred to in Rule 144(k) under the Securities Act or such shorter period ending when all the Original Notes so registered have been sold.

The registration rights agreement further provides that in the event that on or prior to September 30, 2010 either:

- the exchange offer relating to a series of Original Notes is not completed, or
- subject to certain exceptions, the resale registration statement relating to such series of Original Notes, if required, is not declared effective by the SEC,

then the per annum interest rate on the Original Notes of such series affected by such occurrence will increase by adding 0.50% thereto until the exchange offer relating to the Original Notes of such series is completed or the resale registration statement relating to the Original Notes of such series, if required, is declared effective, at which time the increased interest will cease to accrue.

Under the registration rights agreement, if the resale registration statement is declared effective by the SEC and thereafter, during the period we and Telcel must endeavor to keep the resale registration statement effective, either:

- the registration statement ceases to be effective for a period of more than 30 days in any 12-month period,
- the prospectus contained in the resale registration statement ceases to be usable for a period of 30 days in any 12-month period, or
- we or Telcel give notice suspending use of the prospectus contained in the resale registration statement more than twice in any 365-day period for a period of more than 30 days in the case of either suspension,

then the per annum interest rate on the series Original Notes affected by such occurrence will increase by adding 0.50% thereto. Such increased interest will begin to accrue on the thirty-first day of the applicable period and will cease to accrue on the date the resale registration statement has been declared effective again or the prospectus becomes usable again. Notwithstanding the foregoing, if the prospectus contained in the resale registration statement ceases to be usable because audited financial statements are required to be filed with the SEC and incorporated by reference into the resale registration statement in accordance with applicable law, such a suspension will not trigger any increased interest unless its duration exceeds 60 days.

Other

Participation in this exchange offer is voluntary, and you should carefully consider whether to participate. You are urged to consult your financial and tax advisors in making your own decision as to what action to take.

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DESCRIPTION OF EXCHANGE NOTES

This section of the prospectus summarizes the material terms of the indenture, the supplemental indentures, and the Notes and guarantees. It does not, however, describe all of the terms of the indenture, the supplemental indentures and the Notes and guarantees. We refer you to the indenture and the supplemental indentures, which have been filed as exhibits to the registration statement on Form F-4. Upon request, we will provide you with copies of the indenture and the supplemental indentures. See Where You Can Find More Information for information concerning how to obtain such copies.

In this section and in the sections entitled The Exchange Offer and Form of Notes, Clearing and Settlement, references to we, us and our are América Móvil, S.A.B. de C.V. only and do not include our subsidiaries or affiliates. References to Telcel or the guarantor are to Radiomóvil Dipsa, S.A. de C.V., which is our subsidiary and the guarantor of the Notes. References to holders mean those who have Notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in Notes issued in book-entry form through The Depository Trust Company, or DTC, or in Notes registered in street name. Owners of beneficial interests in the Notes should refer to Form of Notes, Clearing and Settlement. References to the Notes include both the Original Notes and the Exchange Notes issued in exchange therefor. Such references include both the Notes and the guarantees except where otherwise indicated or as the context otherwise requires.

The Exchange Notes due 2015 and the Original Notes due 2015 (collectively, the Notes due 2015) will be a single series for all purposes under the indenture and the supplemental indenture relating to such series, including waivers, amendments, redemption, offers to purchase and acceleration. The Exchange Notes due 2020 and the Original Notes due 2020 (collectively, the Notes due 2020) will be a single series for all purposes under the indenture and the supplemental indenture relating to such series, including waivers, amendments, redemption, offers to purchase and acceleration. The Exchange Notes due 2040 and the Original Notes due 2040 (collectively, the Notes due 2040) will be a single series for all purposes under the indenture and the supplemental indenture relating to such series, including waivers, amendments, redemption, offers to purchase and acceleration. The Notes due 2015, the Notes due 2020 and the Notes due 2040, however, will constitute separate series of Notes. The following discussion of provisions of the Notes and the guarantees, including, among others, the discussion of provisions described under Optional Redemption, Defaults, Remedies and Waiver of Defaults, Modification and Waiver and Defeasance below, applies to eac individually.

General

Indenture and Supplemental Indentures

The Exchange Notes we are offering will be issued under an indenture, dated as of September 30, 2009, and under supplemental indentures dated March 30, 2010. The indenture and the supplemental indentures are agreements among us, Telcel, as guarantor, and The Bank of New York Mellon, as trustee. The trustee has the following two main roles:

First, the trustee can enforce your rights against us if we default in respect of the Notes and Telcel defaults in respect of the guarantees. There are some limitations on the extent to which the trustee acts on your behalf, which are described under Defaults, Remedies and Waiver of Defaults.

Second, the trustee performs administrative duties for us, such as making interest payments and sending notices to holders of Notes.

Principal and Interest

The aggregate principal amount of the Notes due 2015 is U.S.$750,000,000 and the Notes due 2015 will mature on March 30, 2015. The aggregate principal amount of the Notes due 2020 is U.S.$2,000,000,000 and the

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Notes due 2020 will mature on March 30, 2020. The aggregate principal amount of the Notes due 2040 is U.S.$1,250,000,000 and the Notes due 2040 will mature on March 30, 2040.

The Notes due 2014 will bear interest at a rate of 3.625% per year from March 30, 2010. The Notes due 2020 will bear interest at a rate of 5.000% per year from March 30, 2010. The Notes due 2040 will bear interest at a rate of 6.125% per year from March 30, 2010. Interest on the Notes will be payable semi-annually on March 30 and September 30 of each year, beginning on September 30, 2010, to the holders in whose names the Notes are registered at the close of business on the March 15 or September 15 immediately preceding the related interest payment date.

We will pay interest on the Notes on the interest payment dates stated above and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. We will compute interest on the Notes on the basis of a 360-day year of twelve 30-day months.

Subsidiary Guarantor

Telcel will irrevocably and unconditionally guarantee the full and punctual payment of principal, premium, if any, interest, additional amounts and any other amounts that may become due and payable by us in respect of the Notes. If we fail to pay any such amount, Telcel will immediately pay the amount that is due and required to be paid. If any such payments are subject to withholding for or on account of any taxes, duties, assessments or other governmental charges imposed with respect to that payment by a Mexican taxing authority, Telcel will pay additional amounts to the holders of the Notes so that the net amount received equals the amount that would have been received absent such withholding, as described in, and subject to the limitations set forth in, Payment of Additional Amounts .

Ranking of the Notes and the Guarantees

We are a holding company and our principal assets are shares that we hold in our subsidiaries. The Notes will not be secured by any of our assets or properties. As a result, by owning the Notes, you will be one of our unsecured creditors. The Notes will not be subordinated to any of our other unsecured debt obligations. In the event of a bankruptcy or liquidation proceeding against us, the Notes would rank equally in right of payment with all our other unsecured and unsubordinated debt. As of March 31, 2010, we had, on an unconsolidated basis (parent company only), unsecured and unsubordinated obligations under indebtedness and guarantees of subsidiary indebtedness of approximately Ps.169,107 million (U.S.$13,569 million) under IFRS.

Telcel s guarantees of the Notes will not be secured by any of its assets or properties. As a result, if Telcel is required to pay under the guarantees, holders of the Notes would be unsecured creditors of Telcel. The guarantees will not be subordinated to any of Telcel s other unsecured debt obligations. In the event of a bankruptcy or liquidation proceeding against Telcel, the guarantees would rank equally in right of payment with all of Telcel s other unsecured and unsubordinated debt. As of March 31, 2010, Telcel had, on an unconsolidated basis, unsecured and unsubordinated obligations under indebtedness and guarantees of parent company and subsidiary indebtedness of approximately Ps.164,116 (U.S.$13,167 million) under IFRS.

A creditor of Telcel, including a holder of the Notes, which are guaranteed by Telcel, may face limitations under Mexican law in attempting to enforce a claim against Telcel s assets to the extent those assets are used in providing public service under Telcel s concessions.

Stated Maturity and Maturity

The day on which the principal amount of the Notes of a series is scheduled to become due is called the stated maturity of the principal for that series. The principal may become due before the stated maturity by

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reason of redemption or acceleration after a default. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the maturity of the principal.

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

Form and Denominations

The Notes will be issued only in registered form without coupons and in denominations of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof.

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

Further Issues

We reserve the right, from time to time without the consent of holders of the Notes of a series, to issue additional Notes on terms and conditions identical to those of the Notes of that series, which additional Notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the Notes of that series.

Payment of Additional Amounts

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

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

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

any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder and Mexico (other than the mere receipt of a payment or the ownership or holding of a note);

any estate, inheritance, gift or other similar tax, assessment or other governmental charge imposed with respect to the Notes;

any taxes, duties, assessments or other governmental charges imposed solely because the holder or any other person fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Mexico of the holder or any beneficial owner of the note if compliance is required by law, regulation or by an applicable income tax treaty to which Mexico is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the holders at least 30 days notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that holders will be required to provide such information and identification;

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any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the Notes;

any taxes, duties, assessments or other governmental charges with respect to a note presented for payment more than 15 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 15-day period;

any payment on a note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note; and

any tax, duty, assessment or governmental charge imposed on a payment to an individual and required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings.

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

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

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

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

Any reference in this prospectus, the indenture, the supplemental indentures or the Notes or guarantees to principal, interest or any other amount payable in respect of the Notes by us will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that additional amounts actually paid with respect to the Notes pursuant to the preceding paragraphs are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such Notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting

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such Notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Optional Redemption

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

Optional Redemption With Make-Whole Amount

We will have the right at our option to redeem the Notes of any series in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days but not more than 60 days notice, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points (in the case of Notes due 2015), 20 basis points (in the case of the Notes due 2020) or 25 basis points (in the case of the Notes due 2040) (the Make-Whole Amount), plus in each case accrued interest on the principal amount of the Notes to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us.

Comparable Treasury Price means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer means Citigroup Global Markets Inc., Goldman, Sachs & Co. and J.P. Morgan Securities Inc., or their respective affiliates which are primary United States government securities dealers and two other leading primary United States government securities dealers in New York City reasonably designated by us; provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotation means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 pm (New York City time) on the third business day preceding such redemption date.

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On and after the redemption date, interest will cease to accrue on the Notes called for redemption or any portion of the Notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the Notes to be redeemed on such date. If less than all of the Notes of any series are to be redeemed, the Notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate.

Redemption for Taxation Reasons

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

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

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

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

This notice, after it is delivered by us to the trustee, will be irrevocable.

Merger, Consolidation or Sale of Assets

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

- if we are not the successor person in the transaction, the successor is organized and validly existing under the laws of Mexico or the United States or any political subdivision thereof and expressly assumes our obligations under the Notes, the indenture and the supplemental indentures;

- immediately after the transaction, no default under the Notes has occurred and is continuing. For this purpose, default under the Notes means an event of default or an event that would be an event of default with respect to the Notes if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. See Defaults, Remedies and Waiver of Defaults ; and

- we have delivered to the trustee an officers certificate and opinion of counsel, each stating, among other things, that the transaction complies with the indenture.

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

Telcel may not consolidate with or merge into any other person or, directly or indirectly, transfer, convey, sell, lease or otherwise dispose of all or substantially all of its assets and properties and may not permit any person to consolidate with or merge into it, unless substantially the same conditions set forth above are satisfied with respect to Telcel.

Covenants

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

Limitation on Liens

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

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

Consolidated Net Tangible Assets means total consolidated assets less (1) all current liabilities, (2) all goodwill, (3) all trade names, trademarks, patents and other intellectual property assets and (4) all licenses, each as set forth on our most recent consolidated balance sheet and computed in accordance with Mexican FRS.

Restricted property means (1) any exchange and transmission equipment, switches, cellular base stations, microcells, local links, repeaters and related facilities, whether owned as of the date of the indenture or acquired

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after that date, used in connection with the provision of telecommunications services in Mexico, including any land, buildings, structures and other equipment or fixtures that constitute any such facility, owned by us or our restricted subsidiaries and (2) any share of capital stock of any restricted subsidiary.

Restricted subsidiaries means our subsidiaries that own restricted property.

Limitation on Sales and Leasebacks

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

- the aggregate principal amount of all debt then outstanding that is secured by any lien on any restricted property that does not ratably secure the Notes (excluding any secured indebtedness permitted under Limitation on Liens above) plus the aggregate amount of our attributable debt and the attributable debt of our restricted subsidiaries in respect of sale and leaseback transactions then outstanding (other than any sale and leaseback transaction permitted under the following bullet point) would not exceed an amount equal to 15% of our Consolidated Net Tangible Assets; or

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

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

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

Limitation on Sale of Capital Stock of Telcel

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

Provision of Information

We will furnish the trustee with copies of our annual report and the information, documents and other reports that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, including our annual reports on Form 20-F and reports on Form 6-K, within 15 days after we file them with the SEC. In addition, we will make the same information, documents and other reports available, at our expense, to holders who so request in writing. In the event that, in the future, we are not required to file such information, documents or other reports pursuant to Section 13 or 15(d) of the Exchange Act, we will furnish on a reasonably prompt basis to the trustee and holders who so request in writing, substantially the same financial and other information that we would be required to include and file in an annual report on Form 20-F and reports on Form 6-K.

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If any of our officers becomes aware that a default or event of default or an event that with notice or the lapse of time would be an event of default has occurred and is continuing, as the case may be, we will also file a certificate with the trustee describing the details thereof and the action we are taking or propose to take.

If we are not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act at any time when the Notes are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act, we will furnish to any holder of Notes, or to any prospective purchaser designated by such holder, financial and other information described in Rule 144A(d)(4) with respect to us or Telcel to the extent required to permit such holder to comply with Rule 144A in connection with any resale of Notes held by such holder.

Defaults, Remedies and Waiver of Defaults

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

Events of Default

Each of the following will be an event of default with respect to the Notes of a series:

- we or Telcel fail to pay the principal of the Notes of that series on its due date;
- we or Telcel fail to pay interest on the Notes of that series within 30 days after its due date;
- we or Telcel remain in breach of any covenant in the indenture for the benefit of holders of the Notes, for 60 days after we receive a notice of default (sent by the trustee or the holders of not less than 25% in principal amount of the Notes of that series) stating that we are in breach;
- we or Telcel file for bankruptcy, or other events of bankruptcy, insolvency or reorganization or similar proceedings occur relating to us or Telcel;
- we or Telcel experience a default or event of default under any instrument relating to debt having an aggregate principal amount exceeding U.S.$25 million (or its equivalent in other currencies) that constitutes a failure to pay principal or interest when due or results in the acceleration of the debt prior to its maturity;
- a final judgment is rendered against us or Telcel in an aggregate amount in excess of U.S.$25 million (or its equivalent in other currencies) that is not discharged or bonded in full within 30 days; or
- the guarantee of the Notes is held in a final judgment proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or Telcel, or any person acting on behalf of Telcel, denies or disaffirms its obligations under the guarantees of the Notes.

Remedies Upon Event of Default

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

Each of the situations described in the preceding paragraph is called an acceleration of the maturity of the Notes of a series. If the maturity of the Notes of a series is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the Notes of that series may cancel the

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acceleration for all the Notes of that series, provided that all amounts then due (other than amounts due solely because of such acceleration) have been paid and all other defaults with respect to the Notes of that series have been cured or waived.

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

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

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

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

You will be entitled, however, at any time to bring a lawsuit for the payment of money due on your note on or after its due date.

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

Waiver of Default

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

Modification and Waiver

There are three types of changes we can make to the indenture, outstanding Notes under the indenture, and guarantees thereof.

Changes Requiring Each Holder s Approval

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

a change in the stated maturity of any principal or interest payment on the Notes;

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a reduction in the principal amount, the interest rate or the redemption price for the Notes;

a change in the obligation to pay additional amounts;

a change in the currency of any payment on the Notes;

a change in the place of any payment on the Notes;

an impairment of the holder s right to sue for payment of any amount due on its Notes;

a change in the terms and conditions of the obligations of the guarantor under the guarantees to make due and punctual payment of the principal, premium, if any, or interest in respect of the Notes;

a reduction in the percentage in principal amount of the Notes needed to change the indenture, the outstanding Notes under the indenture or the Notes or guarantees; and

a reduction in the percentage in principal amount of the Notes needed to waive our compliance with the indenture or to waive defaults.

Changes Not Requiring Approval

Some changes will not require the approval of holders of Notes of a series. These changes are limited to specific kinds of changes, like the addition of covenants, events of default or security, and other clarifications and changes that would not adversely affect the holders of outstanding Notes of that series under the indenture in any material respect.

Changes Requiring Majority Approval

Any other change to the indenture, the Notes of a series or the guarantees of that series will be required to be approved by the holders of a majority in principal amount of the Notes of that series affected by the change or waiver. The required approval must be given by written consent.

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

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

Defeasance

We may, at our option, elect to terminate (1) all of our or Telcel s obligations with respect to the Notes of a series and the related guarantees (legal defeasance), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the Notes, the replacement of mutilated, destroyed, lost or stolen Notes and the maintenance of agencies with respect to the Notes or (2) our or Telcel s obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default (covenant defeasance) in respect of the Notes. In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee money or U.S. government obligations, or any combination thereof, in such amounts as will be

sufficient to pay the principal, premium, if any, and interest (including additional amounts) in respect of the Notes then outstanding on the maturity date of the Notes, and comply with certain other conditions, including, without limitation, the delivery of opinions of counsel as to specified tax and other matters.

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If we elect either legal defeasance or covenant defeasance with respect to a series of the Notes, we must so elect it with respect to all of the Notes of that series.

Special Rules for Actions by Holders

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

Only Outstanding Notes are Eligible for Action by Holders

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

Determining Record Dates for Action by Holders

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

Payment Provisions

Payments on the Notes

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

For the purpose of determining the holder at the close of business on fifteenth day next preceding the relevant scheduled interest payment date when business is not being conducted, the close of business will mean 5:00 p.m. (New York City time) on that day.

Payments on Global Notes

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

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Payments on Certificated Notes

For Notes issued in certificated form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at the holder s address shown on the trustee s records as of the close of business on the regular record date, and we will make all other payments by check to the paying agent described below, against surrender of the note. All payments by check may be made in next-day funds, that is, funds that become available on the day after the check is cashed. If we issue Notes in certificated form, holders of Notes in certificated form will be able to receive payments of principal and interest on their Notes at the office of our paying agent maintained in New York City and, if the Notes are then admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, at the office of our paying agent in Luxembourg. The rules of the Luxembourg Stock Exchange currently require cash or checks to be mailed to the addresses communicated by holders against the surrender of Notes at the office of the paying agent in Luxembourg, if not surrendered at the office of another paying agent.

Alternatively, if a holder holds a face amount of the Notes of at least U.S.$5,000,000 and the holder asks us to do so, we will pay any amount that becomes due on such Notes by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least 10 business days before the requested wire payment is due. In the case of interest payments due on interest payment dates, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the Notes are surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Payment When Offices Are Closed

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

Business day means each Monday, Tuesday, Wednesday, Thursday and Friday that is (a) not a day on which banking institutions in New York City or Mexico City generally are authorized or obligated by law, regulation or executive order to close and (b) a day on which banks and financial institutions in Mexico are open for business with the general public.

Paying Agents

If we issue Notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the Notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time, provided that if any Notes are issued in certificated form, so long as such Notes are outstanding, we will maintain a paying agent in New York City. In addition, we will, for so long as any Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, maintain a paying agent in Luxembourg. Initially, we have appointed the trustee, at its corporate trust office in New York City, as our principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A. as our paying agent in Luxembourg. We may also choose to act as our own paying agent. We must notify you of changes in the paying agents as described under Notices below.

Unclaimed Payments

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

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Transfer Agents

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

Notices

As long as we issue Notes in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue Notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee s records, and will be deemed given when mailed.

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

Governing Law

The indenture, the supplemental indentures and the Notes and guarantees will be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the Notes, the guarantees or the indenture or the supplemental indentures (subject to the exceptions described below), each of we and the guarantor has agreed:

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

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

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

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

To the extent that either we or the guarantor has or hereafter may acquire or have attributed to us or it any sovereign or other immunity under any law, each of us and the guarantor has agreed to waive, to the fullest extent permitted by law, such immunity in respect of any claims or actions regarding our or its obligations under the Notes or the guarantees, respectively.

Currency Indemnity

Our obligations and the obligations of the guarantor under the Notes and the guarantees, respectively, will be discharged only to the extent that the relevant holder is able to purchase U.S. dollars with any other currency paid to that holder in accordance with any judgment or otherwise. If the holder cannot purchase U.S. dollars in the amount originally to be paid, we and the guarantor have agreed to pay the difference. The holder, however, agrees that, if the amount of U.S. dollars purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us or the guarantor, as the case may be. The holder will not be obligated to make this reimbursement if we or the guarantor are in default of our or its obligations under the Notes or the guarantees.

Our Relationship with the Trustee

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

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FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The Exchange Notes will be issued in the form of registered notes in global form, without interest coupons (referred to as Global Notes). Upon issuance, each Global Note will be deposited with the Trustee as custodian for The Depository Trust Company (DTC) and registered in the name of Cede & Co., as nominee of DTC. Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC (DTC participants) or persons who hold interests through DTC participants. We expect that under procedures established by DTC ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note). Beneficial interests in a Global Note may be credited within DTC to Euroclear Bank S.A./N.V. (Euroclear) and Clearstream, Luxembourg Banking, société anonyme (Clearstream, Luxembourg) on behalf of the owners of such interests.

Investors may hold their interests in a Global Note directly through DTC, Euroclear or Clearstream, Luxembourg, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Beneficial interests in a Global Note may not be exchanged for Notes in physical, certificated form except in the limited circumstances described below.

Book-Entry Procedures for the Global Notes

Interests in a Global Note will be subject to the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. We are not responsible for those operations or procedures.

DTC has advised that it is:

a limited purpose trust company organized under the New York State Banking Law;

a banking organization within the meaning of the New York State Banking Law;

a member of the U.S. Federal Reserve System;

a clearing corporation within the meaning of the New York Uniform Commercial Code; and

a clearing agency registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC s participants include securities brokers and dealers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC. So long as DTC or its nominee is the registered owner of a Global Note, DTC or its nominee will be considered the sole owner or holder of the Exchange Notes represented by the Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note:

will not be entitled to have Notes represented by the Global Note registered in their names;

will not receive or be entitled to receive physical, certificated Notes; and

will not be considered the registered owners or holders of the Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the indenture.

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As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Exchange Notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the Notes represented by a Global Note will be made by the Trustee to DTC s nominee as the registered holder of the Global Note. Neither we nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC s procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream, Luxembourg will be effected in the ordinary way under the rules and operating procedures of those systems. Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream, Luxembourg. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream, Luxembourg account, an investor must send transfer instructions to Euroclear or Clearstream, Luxembourg, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, Luxembourg, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream, Luxembourg immediately following the DTC settlement date. Cash received in Euroclear or Clearstream, Luxembourg from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account as of the business day for Euroclear or Clearstream, Luxembourg following the DTC settlement date.

DTC, Euroclear and Clearstream, Luxembourg have agreed to the above procedures to facilitate transfers of interests in a Global Note among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the Trustee have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in a Global Note may not be exchanged for Exchange Notes in physical, certificated form unless:

DTC notifies us at any time that it is unwilling or unable to continue as depositary for the Global Note and a successor depositary is not appointed within 90 days;

DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;

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we, at our option, notify the Trustee that we elect to cause the issuance of certificated Notes; or

certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the Notes.

In all cases, certificated Notes delivered in exchange for a Global Note will be registered in the names, and issued in any approved denominations, requested by the depository. For information concerning paying agents and transfer agents for any Notes in certificated form, see Description of Exchange Notes Payment Provisions Paying Agents and Transfer Agents.

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TAXATION

The following summary of certain Mexican federal and U.S. federal income tax considerations is based on the advice of Bufete Robles Miaja, S.C., with respect to Mexican federal taxes, and on the advice of Cleary Gottlieb Steen & Hamilton LLP, New York, New York, with respect to U.S. federal income taxes. This summary contains a description of the principal Mexican federal and U.S. federal income tax consequences of the exchange offer and the ownership and disposition of the Exchange Notes, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to participate in the exchange offer. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Mexico.

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

Holders of Original Notes considering an exchange of Original Notes for Exchange Notes should consult their own tax advisors as to the Mexican, United States or other tax consequences of the ownership and disposition of the Exchange Notes and the exchange of Original Notes for Exchange Notes, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Mexican Tax Considerations

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

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

Exchange of Old Notes for Exchange Notes

The exchange of Original Notes for Exchange Notes gives rise to no tax implications in Mexico.

U.S./Mexico and Other Tax Treaties

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

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Payments of Interest, Principal and Premium, in Respect of the Exchange Notes

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

A higher income tax withholding rate (currently up to a maximum of 30%) will be applicable when the effective beneficiaries of payments treated as interest, whether directly or indirectly, individually or collectively with related persons, who receive more than 5% of the aggregate amount of such payments on the Exchange Notes are related to us as provided under the Mexican Income Tax Law.

Under the Mexican Income Tax Law, payments of interest we make with respect to the Exchange Notes to a non-Mexican pension or retirement fund generally will be exempt from Mexican withholding taxes, provided that (1) the fund is the effective beneficiary of such interest income, (2) the fund is duly established pursuant to the laws of its country of origin, (3) the relevant interest income is exempt from taxation in such country, and (4) the fund is duly registered with the SHCP s Registry of Banks, Finance Entities, Pension Funds and Foreign Investment Funds.

We have agreed, subject to specified exceptions and limitations, to pay additional amounts to the holders of Exchange Notes in respect of the Mexican withholding taxes mentioned above. If we pay additional amounts in respect of such Mexican withholding taxes, any refunds of such additional amounts will be for our account. See Description of the Notes Payment of Additional Amounts.

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

In the event of certain changes in the applicable rate of Mexican withholding taxes on payments of interest, we may redeem the Exchange Notes, in whole (but not in part) at any time, as a price equal to 100% of their principal amount plus accrued interest and any additional amounts due thereon to the redemption date. See Description of Exchange Notes Redemption.

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

Taxation of the Disposition of the Exchange Notes

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

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Other Mexican Taxes

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

United States Tax Considerations

The following is a summary of certain United States federal income tax consequences of the exchange offer and the ownership and disposition of Exchange Notes issued pursuant to the exchange offer that may be relevant to a beneficial owner of Original Notes that is a citizen or resident of the United States or a domestic corporation or otherwise subject to United States federal income tax on a net income basis in respect of the Original Notes (a U.S. holder). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor s decision to invest in Exchange Notes.

This summary is based on provisions of the Internal Revenue Code of 1986, as amended, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. In addition, this summary deals only with investors that are U.S. holders who acquire the Exchange Notes in the United States as part of the initial offering of the Exchange Notes, who will own the Exchange Notes as capital assets, and whose functional currency is the U.S. dollar. It does not address U.S. federal income tax considerations applicable to investors who own or are treated as owning 10% or more of our voting shares (including ADSs) or who may be subject to special tax rules, such as banks, regulated investment companies, real estate investment trusts, financial institutions, tax-exempt entities, persons subject to the alternative minimum tax, insurance companies or dealers or traders in securities or currencies, certain short-term holders of Exchange Notes, or persons that hedge their exposure in the Exchange Notes or will hold Exchange Notes as a position in a straddle or conversion transaction or as part of a synthetic security or other integrated financial transaction. U.S. holders should be aware that the U.S. federal income tax consequences of holding the Exchange Notes may be materially different for investors described in the previous sentence.

If a partnership holds Exchange Notes, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partner of a partnership that acquires or holds the Exchange Notes should consult its own tax advisors.

You should consult your tax advisor about the consequences of the acquisition, ownership and disposition of the Exchange Notes, including the relevance to your particular situations of the considerations discussed below, as well as any foreign, state, local or other tax laws.

Registration Rights and Exchange Offer

Neither the registration of the Original Notes pursuant to our obligations under the registration rights agreement nor the U.S. holder s receipt of Exchange Notes in exchange for Original Notes will constitute a taxable event for U.S. federal income tax purposes. The exchanging U.S. holder will retain the tax basis in the Exchange Notes that the holder had in the Original Notes, and a U.S. holder s holding period for the Exchange Notes will include such U.S. holder s holding period for the Original Notes before such Original Notes were registered.

Payments of Interest and Additional Amounts

Payments of the gross amount of interest and additional amounts (as defined in Description of the Exchange Notes Payment of Additional Amounts, i.e., including amounts withheld in respect of Mexican withholding taxes) with respect to an Exchange Note will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. holder s method of tax accounting. Thus, accrual method U.S. holders will report stated interest on the Exchange Note as it accrues, and cash method U.S. holders will report interest when it is received or unconditionally made available for receipt.

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Foreign Source Income and Foreign Tax Credits

The Mexican withholding tax that is imposed on interest will be treated as a foreign income tax eligible, subject to generally applicable limitations and conditions under U.S. tax law, for credit against a U.S. holder s federal income tax liability or, at the U.S. holder s election, for deduction in computing the holder s taxable income. Interest and additional amounts paid on the Exchange Notes generally will constitute foreign source passive category income. Gain or loss realized by a U.S. holder on the sale or other disposition of an Exchange Note generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

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

Disposition of Exchange Notes

A U.S. holder generally will recognize gain or loss on the sale, redemption or other disposition of the Exchange Notes (other than an exchange of Original Notes for Exchange Notes, as described in Registration Rights and Exchange Offer) in an amount equal to the difference between the amount realized on such sale, redemption or other disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as such) and the U.S. holder s adjusted tax basis in the Exchange Notes. A U.S. holder s tax basis in an Exchange Note generally will be its cost for that Exchange Note. Gain or loss realized by a U.S. holder on such sale, redemption or other disposition generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the Exchange Notes have been held for more than one year. Long-term capital gain of individuals may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

The paying agent may be required to file information returns with the U.S. Internal Revenue Service (the IRS) with respect to payments made to certain U.S. holders on the Exchange Notes. A U.S. holder may be subject to backup withholding on the payments that the U.S. holder receives on the Exchange Notes unless such U.S. holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number on an IRS Form W-9, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under these rules will be allowed as a credit against such U.S. holder s federal income tax liability and may entitle such U.S. holder to a refund, provided that the required information is furnished to the IRS.

Non-U.S. Holders

A holder or beneficial owner of Exchange Notes that is not a U.S. holder (a non-U.S. holder) generally will not be subject to U.S. federal income or withholding tax on interest received on the Exchange Notes unless the interest is effectively connected with the non-U.S. holder s conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment). In addition, a non-U.S. holder will not be subject to U.S. federal income or withholding tax on gain realized on the sale of Exchange Notes unless (i) the gain is effectively connected with the non-U.S. holder s conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment) or (ii) in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

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European Union Tax Considerations

European Union Directive on the Taxation of Savings Income

Under European Council Directive 2003/48/EC on the taxation of savings income (the Savings Directive), each Member State of the European Union, or EU, is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period such Member States elect otherwise) instead operate a withholding system in relation to such payments. Under such withholding system, tax will be deducted unless, with respect to Luxembourg, the recipient of the payment instead elects for an exchange of information procedure or provides a tax residence certificate in the form prescribed by the Savings Directive to the person making the payment or, in the case of Austria, the recipient of the payment instead provides such a tax residence certificate to the person making the payment. The current rate of withholding is 20% and it will be increased to 35% with effect from July 1, 2011.

The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to an individual beneficial owner resident in, or certain limited types of entities established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to an individual beneficial owner resident in, or certain limited types of entities established in, one of those countries or territories.

A proposal for amendments to the Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisors.

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

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PLAN OF DISTRIBUTION

The following requirements apply only to broker-dealers. If you are not a broker-dealer as defined in Section 3(a)(4) and Section 3(a)(5) of the Exchange Act, these requirements do not affect you.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired as a result of market-making activities or other trading activities. We and Telcel have agreed that, for a period of up to 120 days from the last date on which Original Notes are accepted for exchange, we and Telcel will amend or supplement this prospectus, if requested by any broker-dealer for use in connection with any resale of Exchange Notes received in exchange for Original Notes.

We will not receive any proceeds from any sale of Exchange Notes by broker-dealers.

Exchange Notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any Exchange Notes.

Any broker-dealer that resells Exchange Notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of those Exchange Notes may be deemed to be an underwriter within the meaning of the Securities Act. Any profit on any resale of Exchange Notes and any commissions or concessions received by any of those persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

For a period of up to 120 days from the last date on which Original Notes are accepted for exchange, we will promptly send additional copies of this prospectus and any amendment or supplement to the prospectus to any broker-dealer that requests those documents. We have agreed to pay all expenses incident to the exchange offer, other than commissions or concessions of any brokers or dealers, and will indemnify any broker-dealer as a holder of the Exchange Notes against certain liabilities, including liabilities under the Securities Act.

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VALIDITY OF THE EXCHANGE NOTES

The validity of the Exchange Notes offered hereby will be passed upon by Cleary Gottlieb Steen & Hamilton LLP, our United States counsel. Certain matters of Mexican law relating to the Exchange Notes will be passed upon by Bufete Robles Miaja, S.C., our Mexican counsel.

EXPERTS

The consolidated financial statements of América Móvil, S.A.B. de C.V appearing in its annual report on Form 20-F for the year ended December 31, 2009, and the effectiveness of América Móvil, S.A.B. de C.V. s internal control over financial reporting as of December 31, 2009, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Mancera S.C. s audit report on the consolidated financial statements for the years ended December 31, 2007 and 2008 is based in part on the report of BDO Seidman, LLP (BDO), an independent registered public accounting firm. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

As indicated above, BDO audited the financial statements of TracFone Wireless, Inc., América Móvil s subsidiary, for the years ended December 31, 2007 and 2008, but not for the year ended December 31, 2009. In connection with BDO s agreement to reissue its audit report for incorporation by reference herein, TracFone agreed to indemnify BDO for certain costs and liabilities that may arise out of the re-issuance of such report. Accordingly, BDO is not currently independent of América Móvil as defined under the SEC s independence rules, but it was independent during the years ended December 31, 2007 and 2008, and through the date it originally issued its report.

The consolidated financial statements of Telmex Internacional, S.A.B. de C.V. as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009, incorporated by reference herein, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm, as indicated in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Teléfonos de México, S.A.B. de C.V. as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009, incorporated by reference herein, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm, as indicated in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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LISTING AND GENERAL INFORMATION

1. We will apply to have the Exchange Notes admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange. However, even if admission to listing is obtained, we will not be required to maintain it.

2. The Exchange Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The CUSIP numbers and ISIN numbers for the Exchange Notes are as follows:

	CUSIP Number	ISIN Number
Exchange Notes due 2015	02364WAU9	US02364WAU99
Exchange Notes due 2020	02364WAV7	US02364WAV72
Exchange Notes due 2040	02364WAW5	US02364WAW55

3. We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Exchange Notes. Resolutions of our board of directors, dated February 5, 2008, authorized the issuance of the Exchange Notes. Resolutions of Telcel s board of directors, dated February 7, 2006, authorized execution and delivery of the guarantees.

4. Except as described in this prospectus, including the document incorporated by reference herein, there are no pending actions, suits or proceedings against or affecting us or any of our subsidiaries or any of their respective properties, which, if determined adversely to us or any such subsidiary, would individually or in the aggregate have an adverse effect on our financial condition and that of our subsidiaries taken as a whole or would adversely affect our ability to perform our obligations under the Exchange Notes or which are otherwise material in the context of the issue of the Exchange Notes, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.

5. Except as described in this prospectus, since December 31, 2009, there has been no change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition and that of our subsidiaries taken as a whole.

6. For so long as any of the Exchange Notes are outstanding and admitted for listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF Market, copies of the following items in English will be available free of charge from The Bank of New York Mellon (Luxembourg) S.A., our listing agent, at its office at Vertigo Building, Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg:

- our audited consolidated financial statements as of December 31, 2009, 2008, 2007 and for the years ended December 31, 2009, 2008 and 2007; and
- any related notes to these items.

For as long as any of the Exchange Notes are outstanding and admitted for listing on the Official List of on the Luxembourg Stock Exchange and trading on the Euro MTF Market, copies of our current annual financial statements and unaudited financial information may be obtained from our Luxembourg listing agent at its office listed above. We currently publish our unaudited financial information on a quarterly basis. We do not prepare non-consolidated financial statements. Telcel does not publicly disclose or file its financial statements.

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

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

8. América Móvil, S.A.B. de C.V. is a *sociedad anónima bursátil de capital variable* organized under the laws of Mexico with its principal executive offices at Lago Alberto No. 366, Edificio Telcel I, Colonia Anáhuac, C.P. 11320, México D.F., México. We were incorporated on September 29, 2000. Our corporate object, as stated in Article Third of our bylaws, is to carry out any object not prohibited by law. We were registered in the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on October 13, 2000 under the number 263770.

9. Radiomóvil Dipsa, S.A. de C.V. is a *sociedad anónima de capital variabl*e organized under the laws of Mexico with its principal executive offices at Lago Alberto No. 366, Edificio Telcel I, Colonia Anáhuac, C.P. 11320, México D.F., México. Telcel was incorporated on February 8, 1956. Telcel s corporate object, as stated in Article 3 of Telcel s bylaws, is to provide telecommunications services in Mexico and to take any other actions not prohibited by law. Telcel was registered in the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on April 6, 1956 under the number 498.

10. The trustee for the Exchange Notes is The Bank of New York Mellon, having its office at 101 Barclay Street, Floor 4 East, New York, New York 10286. The terms and conditions of our appointment of The Bank of New York Mellon as trustee, including the terms and conditions under which The Bank of New York Mellon may be replaced as trustee, are contained in the indenture and the supplemental indentures available for inspection at the offices of The Bank of New York Mellon and The Bank of New York Mellon (Luxembourg) S.A.

11. The amount of our paid-in, authorized capital stock was Ps.36,524 million as of December 31, 2009. Our capital stock is comprised of three classes: Class AA; Class A; and Class L. Each AA Share and A Share entitles the holder thereof to one vote at any meeting of our shareholders. Each L Share entitles the holder thereof to one vote solely on certain limited matters. The amount of Telcel s paid-in, authorized capital stock was Ps.24,983 million as of December 31, 2009. For further information about our capital structure, including information about the number of shares outstanding in each class, see Item 7 Major Shareholders and Related Party Transactions Major Shareholders in our annual report on Form 20-F for the year ended December 31, 2009.

12. The members of Telcel s board of directors are Daniel Hajj Aboumrad, Carlos José García Moreno Elizondo and Alejandro Cantú Jiménez. Daniel Hajj Aboumrad, Fernando Benjamín Ocampo Carapia and Eutimio Quevedo Rivera are the chief executive officer, chief financial officer and chief accounting officer, respectively, of Telcel.

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ISSUER

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July 26, 2010