AMERICA MOVIL SAB DE CV/
Form 20-F
April 24, 2017
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As filed with the Securities and Exchange Commission on April 24, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F

Annual Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

for the fiscal year ended December 31, 2016

Commission file number: 1-16269

AMÉRICA MÓVIL, S.A.B. DE C.V.

(exact name of registrant as specified in its charter)

America Mobile

(translation of registrant s name into English)

United Mexican States

(jurisdiction of incorporation)

Lago Zurich 245, Plaza Carso / Edificio Telcel, Colonia Ampliación Granada, Delegación Miguel Hidalgo, 11529, Mexico City,

México

(address of principal executive offices)

Daniela Lecuona Torras, Telephone: (5255) 2581-4449, E-mail: daniela.lecuona@americamovil.com

Facsimile: (5255) 2581-4422, Lago Zurich 245, Plaza Carso / Edificio Telcel, Piso 16, Colonia Ampliación Granada, Delegación

Miguel Hidalgo,

11529, Mexico City, México

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

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

Title of each class:	**Name of each exchange on which registered:**
A Shares, without par value	New York Stock Exchange
L Shares, without par value	New York Stock Exchange
5.625% Notes Due 2017	New York Stock Exchange
5.000% Senior Notes Due 2019	New York Stock Exchange
5.000% Senior Notes Due 2020	New York Stock Exchange
3.125% Senior Notes Due 2022	New York Stock Exchange
6.375% Notes Due 2035	New York Stock Exchange
6.125% Notes Due 2037	New York Stock Exchange
6.125% Senior Notes Due 2040	New York Stock Exchange
4.375% Senior Notes Due 2042	New York Stock Exchange

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

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

The number of outstanding shares of each of the registrant s classes of capital or common stock as of December 31, 2016:

20,635 million	AA Shares
592 million	A Shares
44,571 million	L Shares

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

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

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Emerging growth company

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

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

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

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

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

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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SELECTED FINANCIAL DATA

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Selected Financial Data

SELECTED FINANCIAL DATA

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

We present our financial statements in Mexican pesos. This annual report contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations that the peso amounts actually represent the U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos at the exchange rate of Ps.20.7314 to U.S.$1.00, which was the rate reported by Banco de México for December 30, 2016, as published in the Official Gazette of the Federation (*Diario Oficial de la Federación*, or Official Gazette).

We have not included earnings or dividends on a per American Depositary Share (ADS) basis. Each L Share ADS represents 20 L Shares and each A Share ADS represents 20 A Shares.

	For the year ended December 31,[1]					
	2012	2013	2014	2015	2016	2016
	(*in millions of Mexican pesos, except share and per share amounts*)					(*millions of U.S. dollars, except share and per share amounts*)
Income Statement Data:						
Operating revenues	Ps. 775,070	Ps. 786,101	Ps. 848,580	Ps. 893,738	Ps. 975,412	U.S. 47,050
Operating costs and expenses	613,920	631,843	692,026	752,325	865,802	41,762
Depreciation and amortization	103,585	101,535	114,994	125,715	148,526	7,164
Operating income	161,150	154,258	156,554	141,413	109,610	5,288
Net profit for the year	**Ps. 91,649**	**Ps. 74,974**	**Ps. 47,498**	**Ps. 36,961**	**Ps. 12,079**	**U.S. 582**
Net profit attributable for the year to:						
Equity holders of the parent	Ps. 90,988	Ps. 74,625	Ps. 46,146	Ps. 35,055	Ps. 8,650	U.S. 417
Non-controlling interests	661	349	1,352	1,906	3,429	165

Net profit for the year	**Ps.**	**91,649**	**Ps.**	**74,974**	**Ps.**	**47,498**	**Ps.**	**36,961**	**Ps.**	**12,079**	**U.S. 582**
Earnings per share:											
Basic	Ps.	1.19	Ps.	1.02	Ps.	0.67	Ps.	0.52	Ps.	0.13	U.S. 0.01
Diluted	Ps.	1.19	Ps.	1.02	Ps.	0.67	Ps.	0.52	Ps.	0.13	U.S. 0.01
Dividends declared per share[2]	Ps.	0.20	Ps.	0.22	Ps.	0.24	Ps.	0.26	Ps.	0.28	U.S. 0.01
Weighted average number of shares outstanding (millions):											
Basic		76,111		72,866		69,254		66,869		65,693	65,693
Diluted		76,111		72,866		69,254		66,869		65,693	65,693

(1) As of December 31, 2016, we owned 51.0% of the total outstanding shares of Telekom Austria AG (Telekom Austria or TKA). We began consolidating Telekom Austria from July 1, 2014. Prior to July 1, 2014, we accounted for Telekom Austria using the equity method, which affects the comparability of our results for 2012 through 2016. See Note 12 to our consolidated financial statements.

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

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Selected Financial Data

	As of December 31,					
	2012	2013	2014	2015	2016	2016
	(*in millions of Mexican pesos, except share and per share amounts*)					(*millions of U.S. dollars, except share and per share amounts*)
Balance Sheet Data:						
Property, plant and equipment, net	Ps. 500,434	Ps. 501,107	Ps. 588,106	Ps. 573,529	Ps. 701,190	U.S. 33,823
Total assets	987,685	1,025,592	1,278,357	1,296,487	1,515,042	73,081
Short-term debt and current portion of long-term debt	13,622	25,841	57,806	119,590	82,607	3,985
Long-term debt	404,048	464,478	545,949	563,627	625,194	30,157
Capital stock	96,415	96,392	96,383	96,338	96,338	4,647
Total equity	254,848	210,301	234,639	160,854	271,024	13,075
Number of outstanding shares (millions):						
AA Shares	23,424	23,424	23,384	23,384	20,635	
A Shares	712	681	649	625	592	
L Shares	51,703	46,370	44,120	41,990	44,571	
Ratio of Earnings to Fixed Charges[(1)]	**5.4**	**3.9**	**3.5**	**2.5**	**1.6**	

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

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PART I:

INFORMATION ON THE COMPANY

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ABOUT AMÉRICA MÓVIL

HISTORY AND CORPORATE INFORMATION

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

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

BUSINESS OVERVIEW

We provide telecommunications services in 25 countries. We are the leading telecommunications services provider in Latin America ranking first in wireless, fixed-line, broadband and Pay TV services based on the number of revenue generating units (RGUs). Our largest operations are in Mexico and Brazil, which together account for over half of our total RGUs and where we have the largest market share based on RGUs. We also have major wireless, fixed or Pay TV operations in 16 other countries in the Americas and seven countries in Central and Eastern Europe as of December 31, 2016. For a list of our principal subsidiaries, see Note 2 a) to our consolidated financial statements and Additional Information Exhibit 8.1 under Part VII of this annual report.

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

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The following map illustrates the geographic diversity of our operations and certain key performance indicators (KPIs) as of December 31, 2016.

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KEY PERFORMANCE INDICATORS

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

Mexico Wireless;

Mexico Fixed;

Brazil;

Colombia;

Southern Cone (Argentina, Chile, Paraguay and Uruguay);

Andean Region (Ecuador and Peru);

Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama);

the Caribbean (the Dominican Republic and Puerto Rico);

the United States; and

Europe (Austria, Belarus, Bulgaria, Croatia, Macedonia, Serbia and Slovenia).

	As of December 31,		
	2014	2015	2016

(*in thousands*)

Wireless Subscribers:			
Mexico Wireless	71,463	73,697	72,953
Brazil	71,107	65,978	60,171
Colombia	29,775	28,973	28,954
Southern Cone	27,754	29,186	30,377
Andean Region	24,270	20,743	20,801
Central America	13,973	15,317	15,085
Caribbean	5,092	5,261	5,453
United States	26,006	25,668	26,070
Europe	20,008	20,711	20,708
Total Wireless Subscribers	289,448	285,534	280,572
Fixed RGUs:			
Mexico Fixed	22,250	21,735	22,178
Brazil	36,096	36,627	36,716
Colombia	5,307	5,801	6,304
Southern Cone	1,826	1,819	1,942
Andean Region	1,576	1,727	1,820
Central America	4,606	4,950	5,392
Caribbean	2,347	2,511	2,663
Europe	4,402	5,642	5,900
Total Fixed RGUs	78,410	80,812	82,915
Total RGUs	367,858	366,346	363,487

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PRINCIPAL BRANDS

We operate in all of our geographic segments under the Claro brand name, except in Mexico, the United States and Europe, where we do business under the brand names listed below.

Country	Principal Brands	Services and Products
Mexico	Telcel	Wireless voice Wireless data
	Telmex	Fixed voice
	Infinitum	Fixed data
United States	TracFone Straight Talk	Wireless voice Wireless data
Europe	A1, Mobitel, Vipnet, Velcom, Si.mobil, One.Vip	Wireless voice Wireless data Fixed voice Fixed data Pay TV
	Vip mobile	Wireless voice Wireless data

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SERVICES AND PRODUCTS

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

Wireless Operations

In 2016, our wireless voice and data operations generated revenues of Ps.499.2 billion, representing 51.1% of our consolidated revenues. As of December 31, 2016, our wireless operations represented approximately 77.2% of our total RGUs, compared to 77.9% as of December 31, 2015.

Voice and Data

Our wireless subsidiaries provide voice communication services across the countries in which they operate. We offer international roaming services to our wireless subscribers through a network of cellular service providers with which our wireless subsidiaries have entered into international roaming agreements around the world, and who provide GSM, 3G and 4G-LTE roaming services.

Our wireless voice services are offered under a variety of plans to meet the needs of different market segments. In addition, we often bundle wireless data communications services together with wireless voice services. Our wireless subsidiaries had approximately 280.6 million wireless voice and data subscribers as of December 31, 2016.

The voice and data plans are either postpaid, where the customer is billed monthly for the previous month, or prepaid, where the customer pays in advance for a specified volume of use over a specified period. As of December 31, 2016, the composition of our wireless voice and data subscribers is approximately 74.0% prepaid and 26.0% postpaid.

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

In general, our average rates per minute of wireless voice are very competitive for both prepaid and postpaid plans. The rates in 2016 declined an average of 23.3%, at constant exchange rates relative to 2015. In addition, the plans we offer our retail customers include selective discounts and promotions that reduce the reference rates our customers pay.

Value-Added Services

As part of our wireless data business, our subsidiaries offer value-added services that include Internet access, messaging and other wireless entertainment and corporate services through GSM/EDGE, 3G and 4G LTE networks. Internet services include roaming capability and wireless Internet connectivity for feature phones, smartphones, tablets and laptops, including data transmission, e-mail services, instant messaging, content streaming and interactive applications. For example, in Mexico, our website (www.claroideas.com), under Radiomóvil Dipsa, S.A. de C.V.

(Telcel), offers a wide range of services and content such as video, music, games and other applications, which our subscribers can access from mobile devices.

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

Fixed Operations

In 2016, our fixed voice, data, broadband and IT solutions had revenues of Ps.221.6 billion, representing 22.7% of our consolidated revenues. As of December 31, 2016, our fixed operations represented approximately 22.8% of our total RGUs, compared to 22.1% as of December 31, 2015.

Voice

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

Data

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

Broadband

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

IT Solutions

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

Pay TV

We offer Pay TV through cable and satellite TV subscriptions to both retail and corporate customers under a variety of plans. As of December 31, 2016, we had approximately 22.1 million Pay TV RGUs, an increase of approximately 0.4 million Pay TV RGUs from the prior year.

Our largest Pay TV market is in Brazil, where we are the leading provider of Pay TV services. We offer satellite Pay TV services through direct-to-home (DTH) technology through our Embratel Tvsat Telecomunicações S.A. (Claro TV) brand and cable TV through our Net Serviços brand. We offer these services through individual subscription plans as well as in bundled packages of services, along with broadband, fixed voice and wireless services. In addition to our Brazilian operations, our Colombian operations are now offering quadruple-play services, combining Pay TV services, broadband, fixed-line and wireless services.

Equipment, Accessories and Computer Sales

Equipment, accessories and computer sales revenues primarily include revenues from the sale of handsets, accessories and other equipment.

Other Services

Other services include revenues from other businesses, such as telephone directories, call center services, wireless security services, advertising, media and software development services.

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OTT Services

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

Services and Products by Country

The following table is a summary of the services rendered and products produced as of December 31, 2016 in the countries in which we operate.

	Wireless Voice, Data and Value Added Services[1]	Fixed Voice, Broadband, Data and IT Services[2]	Pay TV	OTT Service
ntina				
ia				
us				
l				
aria				
mbia				
Rica				
ia				
nican				
blic				
dor				
dor				
emala				
uras				
donia				
co				[4]
agua				
ma				
guay				

(1) Includes voice communication and international roaming services, interconnection and termination services, SMS, MMS, e-mail, mobile browsing, entertainment and gaming applications.
(2) Includes local calls, national and international long distance.
(3) Includes ClaroVideo and ClaroMúsica.
(4) Services provided by non-concessionaire subsidiaries.

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OUR NETWORKS

Our networks are one of our main competitive advantages. Today, we own and operate one of the largest integrated platforms based on our covered population across 17 countries in Latin America and are in the process of expanding our network in Europe.

Infrastructure

For the year ended December 31, 2016, our capital expenditures totaled Ps.155.0 billion, which allowed us to increase the coverage of our networks, to expand their capacity and to upgrade our systems to operate with the latest technologies. With fully convergent platforms, we are able to widely deliver high-quality voice, video and data products. See Note 10 to our consolidated financial statements for description of our property, plant and equipment.

As of December 31, 2016, the main components of our infrastructure were comprised of:

Base stations: 196,159 (of which approximately 62% are equipped with 3G and 4G capabilities).

Fiber-optic network: More than 727 thousand km. Our network passed approximately 68 million homes as of December 31, 2016.

Submarine cable system: Capacity of more than 168 thousand km in submarine cable, including the AMX-1 submarine cable that extends 17,500 km and connects the United States to Central and South America throughout 12 landing points and provides international connectivity to all of our subsidiaries in these geographic areas.

Satellites: Nine. Star One S.A. (Star One) has the most extensive satellite system in Latin America with a fleet that covers the United States, Mexico, Central America and South America. We use these satellites to supply capacity for DTH services for Claro TV throughout Brazil and in other DTH operations, as well as cellular backhaul, video broadcast and corporate data networks. In 2016, we launched the Star One D1 Satellite, a new fourth generation satellite that will provide new band capacities covering Brazil and the rest of Latin America.

Data centers: 21. We use our data centers to manage a number of cloud solutions such as Infrastructure as a Service (IAAS), Software as a Service (SAAS), security solutions and unified communications.

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

Technology

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

We transmit wireless calls and data through radio frequencies that we use under spectrum licenses. Spectrum is a limited resource and, as a result, we may face spectrum and capacity constraints on our wireless network. We continue to invest significant capital in expanding our network capacity and reach and to address spectrum and capacity constraints on a market-by-market basis. In 2016, we spent Ps.9.4 billion on the acquisition of spectrum licenses, mainly in Mexico, Peru and Paraguay.

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The table below presents a summary of our covered population in the countries where we operate as of December 31, 2016:

	Generation Technology		
	GSM	UMTS	LTE
		(*% of covered population*)	
Argentina	98	90	45
Austria	100	92	88
Belarus	99	100	
Brazil	92	81	45
Bulgaria	100	100	78
Chile	97	87	61
Colombia	91	74	42
Costa Rica	69	75	19
Croatia	99	99	82
Dominican Republic	96	99	79
Ecuador	96	71	17
El Salvador	91	69	
Guatemala	89	61	1
Honduras	78	60	18
Macedonia	99	98	95
Mexico	93	89	58
Nicaragua	82	75	4
Panama	79	79	38
Paraguay	75	66	
Peru	76	56	39
Puerto Rico	78	81	75
Serbia	99	95	79
Slovenia	99	99	99
Uruguay	91	86	50

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OUR COMPETITORS

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

The table below presents our major competitors in each of our geographic segments as of December 31, 2016.

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

Pay TV and OTT Services	DirecTV Chile, Telefónica (Movistar Chile), VTR GlobalCom, Tigo Paraguay
Andean Region	
Wireless Voice, Wireless Data and Value-Added Services	Telefónica (Movistar), Entel Perú, CNT (Ecuador)
Fixed Voice, Fixed Broadband, Fixed Data and IT Services	CNT, Grupo TV Cable (Setel), Telefónica (Movistar)
Pay TV and OTT Services	CNT, Grupo TVCable, Telefónica (Movistar TV), DirecTV

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

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MARKETING, SALES AND DISTRIBUTION, CUSTOMER SERVICES

Marketing

We advertise our services and products through different channels with consistent and distinct branding and targeted marketing. We advertise via print, radio, television, digital media, sports event sponsorships and other outdoor advertising campaigns. In 2016, our efforts were mainly focused on promoting our 4G LTE services, leveraging on the speeds and quality of our networks and our fixed bundled offers, which compete on broadband speeds and premium content.

We build upon the strength of our well-recognized brand names to increase consumer awareness and customer loyalty. Building brand recognition is crucial for our business, and we have managed to position our brands as those of a premium carrier in most countries where we operate. For example, in 2016, Claro was the highest-ranked telecom brand in Latin America, according to Brand Finance, and BrandZ ranked Telcel as the second-most valuable national brand in Mexico. In the same year, BrandZ also named Telcel and Telmex as the highest and third-highest recognized telecom brands, respectively, in Mexico and listed Claro, Telcel and Telmex as three of the top four highest-ranked telecom brands in Latin America. In addition, a 2016 study by Austrian Brand Monitor found that A1, the brand name behind Telekom Austria, ranked number one in the Austrian telecommunications market for brand awareness as well as for brand perception as a premium brand.

Sales and Distribution

Our extensive sales and distribution channels help us attract new customers and develop new business opportunities. We primarily sell our services and products through a network of retailers and service centers for retail customers and a dedicated sales force for corporate customers with more than 320,000 points of sale and almost 2,700 customer service centers. Our subsidiaries also sell their services and products online.

Customer Services

We give priority to providing our customers with quality customer care and support, with approximately 57,000 employees dedicated to customer service. We focus our efforts on constantly improving our customers experience by leveraging our commercial offerings and our sales and distribution networks. Customers may make inquiries by calling a toll-free telephone number, accessing our subsidiaries web sites and social media accounts or visiting one of the customer sales and service centers located throughout the countries we serve.

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ACQUISITIONS, OTHER INVESTMENTS AND DIVESTITURES

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

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PART II:

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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OVERVIEW

INTRODUCTION

Segments

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

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

Constant Currency Presentation

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

Effects of Exchange Rates

Our results of operations are affected by changes in currency exchange rates. As discussed above, currency variations between the Mexican peso and the currencies of our non-Mexican subsidiaries, especially the Euro, U.S. dollar, Brazilian real, Colombian peso and Argentine peso, affect our results of operations as reported in Mexican pesos. In 2016, the Mexican peso was generally weaker against our other operating currencies than in 2015, which tended to increase the reported amounts in Mexican pesos attributable to our non-Mexican operations.

In addition, we recognize foreign exchange gains and losses attributable to changes in the value of our operating currencies, particularly the Mexican peso and Brazilian real, against the currencies in which our indebtedness and accounts payable are denominated, especially the U.S. dollar. Appreciation of our operating currencies generally results in foreign exchange gains, while depreciation of these currencies generally results in foreign exchange losses. Changes in exchange rates also affect the fair value of derivative financial instruments that we use to manage our currency-risk exposure, which are generally not accounted for as hedging instruments. In 2016, the Mexican peso

weakened against the currencies in which a portion of our indebtedness is denominated, and we recorded net foreign exchange losses of Ps.40.4 billion. We also recorded net fair value losses on derivatives of Ps.9.6 billion, reflecting the effect of

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a weakened British pound and other currencies on certain derivative positions we use to offset exchange risk on our indebtedness. In 2015, the Mexican peso weakened against the currencies of our indebtedness, and we recorded net foreign exchange losses of Ps.79.0 billion, partially offset by net fair value gains on derivatives of Ps.15.1 billion. See Note 7 to our audited consolidated financial statements.

Effects of Regulation

We operate in a regulated industry. Our results of operations and financial condition have been, and will continue to be, affected by regulatory actions and changes. In recent periods, for example, regulators have imposed or sought to impose decreases in, or the elimination of, interconnection rates. We have offset lower interconnection revenues by attracting new customers with lower prices and new data services to increase traffic, but this may change. Significant regulatory developments are presented in more detail in Regulation under Part VI and Risk Factors under Part III of this annual report.

Effect of Consolidating Telekom Austria

As of December 31, 2016, we owned 51.0% of the total outstanding shares of Telekom Austria. We began consolidating Telekom Austria from July 1, 2014. Prior to July 1, 2014, we accounted for Telekom Austria using the equity method. The consolidation of Telekom Austria affected the comparability of our results for 2015 and 2014.

COMPOSITION OF OPERATING REVENUES

In 2016, our total operating revenues consisted of: wireless voice revenues (24.8% of total operating revenues), fixed voice revenues (9.8%), wireless data revenues (26.3%), fixed data revenues (12.9%), Pay TV revenues (8.0%), equipment, accessories and computer sales revenues (14.7%) and other services (3.5%).

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

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

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

Equipment, accessories and computer sales revenues primarily include revenues from the sale of handsets, accessories and other equipment such as office equipment, household appliances and electronics. Most of our sales in handsets are driven by the number of new customers. The pricing of handsets is not geared primarily towards making a profit from

handset sales, because it also takes into account the service revenues that are expected to result when the handset is used.

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Other services primarily include revenues from other businesses, such as advertising and news companies, entertainment content distribution, telephone directories, call center services, wireless security services, network infrastructure services and a software development company.

Seasonality of our Business

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

General Trends Affecting Operating Results

Our results of operations in 2016 reflected several continuing long-term trends, including:

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

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

Other recent trends affecting our performance included:

- the effects of Mexico s regulatory measures; and

the impact of the depreciation of the Mexican peso against the U.S. dollar, the Euro, the Brazilian real and the Colombian peso.

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RESULTS OF OPERATIONS

CONSOLIDATED RESULTS OF OPERATIONS FOR 2016 AND 2015

Operating Revenues

Total operating revenues for 2016 increased by 9.1%, or Ps.81.7 billion, over 2015. At constant exchange rates, total operating revenues for 2016 increased by 2.1% over 2015. This increase principally reflects increases in revenues from our wireless data, fixed data and Pay TV operations, which were partially offset by a decrease in revenues from our wireless voice and fixed voice operations.

Wireless Voice Wireless voice revenues for 2016 decreased by 5.4%, or Ps.13.8 billion, over 2015. At constant exchange rates, wireless voice revenues for 2016 decreased by 12.7% over 2015. This decrease principally reflects reductions in the price per minute for calls, traffic in international and domestic long-distance calls and the reduction of interconnection rates in other jurisdictions where we operate, particularly in Brazil, Colombia, Argentina and Europe.

Fixed Voice Fixed voice revenues for 2016 decreased by 0.2%, or Ps.0.2 billion, over 2015. At constant exchange rates, fixed voice revenues for 2016 decreased by 7.0% over 2015. This decrease principally reflects reduced traffic in long-distance calls, which was driven by the growing use of wireless technology and increased regulation affecting our fixed voice markets in Mexico, Colombia and Brazil.

Wireless Data Wireless data revenues for 2016 increased by 13.3%, or Ps.30.2 billion, over 2015. At constant exchange rates, wireless data revenues for 2016 increased by 7.3% over 2015. This increase principally reflects increased use of wireless data services, such as media and content downloading, web browsing, content streaming and machine-to-machine services, which was driven in part by the increased use of social networking websites and content downloading on tablets and notebooks.

Fixed Data Fixed data revenues for 2016 increased by 15.6%, or Ps.17.0 billion, over 2015. At constant exchange rates, fixed data revenues for 2016 increased by 7.4% over 2015. This increase principally reflects the growth in residential broadband services and corporate data services, such as cloud, dedicated links and data center services.

Pay TV Pay TV revenues for 2016 increased by 18.5%, or Ps.12.2 billion, over 2015. At constant exchange rates, Pay TV revenues for 2016 increased by 5.6% over 2015. This increase principally reflects growth in the subscriber base and higher revenues driven by the cross-marketing of bundled packages and new TV channel packages, particularly in Brazil, Colombia, Peru, Central America and the Caribbean.

Equipment, Accessories and Computer Sales Equipment, accessories and computer sales revenues for 2016 increased by 23.8%, or Ps.27.6 billion, over 2015. At constant exchange rates, revenues from equipment, accessories and computer sales for 2016 increased by 20.4% over 2015. This increase principally reflects increases in sales of

higher-end smartphones, feature phones and other data-enabled devices, handsets, tablets and electronic household appliances, which were driven by new commercial plans and promotions among postpaid and prepaid subscribers such as handset financing plans.

Other Services Revenues from other services for 2016 increased by 35.8%, or Ps.8.6 billion, over 2015. At constant exchange rates, revenues from other services for 2016 increased by 23.8% over 2015. This increase principally reflects increases in revenues from advertising and media services, online content, wireless security services, telephone directories and call center services.

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Operating Costs and Expenses

Cost of Sales and Services Cost of sales and services for 2016 increased by 15.4%, or Ps.64.8 billion, over 2015, representing 49.7% of operating revenues for 2016, as compared to 47.0% of operating revenues for 2015. At constant exchange rates, cost of sales and services for 2016 increased by 7.0% over 2015.

Cost of sales was Ps.172.5 billion for 2016, an increase of 18.6% from Ps.145.5 billion in 2015. This increase principally reflects the impact from a depreciation of the Mexican peso and other Latin American currencies against the U.S. dollar, and higher sales of smartphones to subscribers in all countries in which we operate, which was partially offset by a decrease in the costs associated with handset subsidies on financing plans we offer to acquire and retain subscribers.

Cost of services was Ps.312.6 billion for 2016, an increase of 13.8% from Ps.274.8 billion in 2015. This increase principally reflects an increase in network services payments to third-party U.S. operators and costs related to our Pay TV operations, network maintenance and labor, as well as an increase in rental and leasing costs associated with third-party mobile-site infrastructure.

Commercial, Administrative and General Expenses Commercial, administrative and general expenses for 2016 increased by 13.3%, or Ps.26.7 billion, over 2015. As a percentage of operating revenues, commercial, administrative and general expenses were 23.4% for 2016, as compared to 22.5% for 2015. At constant exchange rates, commercial, administrative and general expenses for 2016 increased by 5.9% over 2015. This increase principally reflects higher advertising costs, as we seek to expand our subscriber base, and higher customer service costs, including increases in the number of customer service centers, back office call centers and employees, as we seek to provide better customer care and quality of service.

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

Other Expenses Other expenses for 2016 decreased by 17.5%, or Ps.0.9 billion, over 2015 reflecting unusually high regulatory charges in Brazil in 2015.

Depreciation and Amortization Depreciation and amortization for 2016 increased by 18.1%, or Ps.22.8 billion, over 2015. As a percentage of operating revenues, depreciation and amortization was 15.2% for 2016, as compared to 14.1% for 2015. At constant exchange rates, depreciation and amortization for 2016 increased by 8.5% over 2015. This increase stems, for the most part, from higher capital investments in Argentina, Colombia, Austria and Mexico.

Operating Income

Operating income for 2016 decreased by 22.5%, or Ps.31.8 billion, over 2015. Operating margin (operating income as a percentage of operating revenues) was 11.2% for 2016, as compared to 15.8% for 2015.

Non-Operating Items

Net Interest Expense Net interest expense (interest expense less interest income) for 2016 increased by 12.6%, or Ps.3.3 billion, over 2015. This increase principally reflects higher interest expenses due to the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar.

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Foreign Currency Exchange Loss, Net We recorded a net foreign currency exchange loss of Ps.40.4 billion for 2016, compared to our net foreign currency exchange loss of Ps.79.0 billion for 2015. This loss in both periods principally reflects the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar.

Valuation of Derivatives, Interest Cost from Labor Obligations and Other Financial Items, Net The changes in valuation of derivatives, interest cost from labor obligations and other financial items, net, represented a loss of Ps.16.2 billion for 2016, compared to a gain of Ps.21.5 billion for 2015. The net loss in 2016 principally relates to market value losses on derivatives positions we use to offset exchange risk on indebtedness, particularly in connection with the British pound, and increased interest cost recognized on labor obligations, which were partially offset by increased dividends from KPN.

Equity Interest in Net Income of Associated Companies Our share of the net income of associated companies accounted for under the equity method was Ps.0.2 billion in 2016, as compared to a loss of Ps.1.4 billion for 2015. This increase principally reflects the derecognition of the equity method investment in KPN, which we reclassified as an available-for-sale security in June 2015.

Income Tax Our income tax expense for 2016 decreased by 40.6%, or Ps.7.8 billion, over 2015. This decrease was principally due to net foreign currency exchange losses as a result of the depreciation of the Mexican peso against the currencies in which a portion of our debt is denominated.

Our effective corporate income tax rate as a percentage of profit before income tax was 48.6% for 2016, compared to 34.2% for 2015. This rate differed from the Mexican statutory rate of 30% and changed year over year principally as a result of an increase in tax inflationary effects and derivatives.

Net Profit

We recorded a net profit of Ps.12.1 billion for 2016, a decrease of 67.3%, or Ps.24.9 billion, over 2015.

CONSOLIDATED RESULTS OF OPERATIONS FOR 2015 AND 2014

Operating Revenues

Total operating revenues for 2015 increased by 5.3%, or Ps.45.2 billion, over 2014. At constant exchange rates, total operating revenues for 2015 increased by 5.9% over 2014, or 1.8% excluding the effects of consolidating Telekom Austria. This increase principally reflects increases in revenues from our wireless data and fixed data operations, partially offset by a decrease in revenues from our wireless voice, fixed voice and Pay TV operations.

Wireless Voice Wireless voice revenues for 2015 decreased by 0.8%, or Ps.2.1 billion, over 2014. At constant exchange rates, wireless voice revenues for 2015 decreased by 3.3% over 2014, or 10.3% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reductions in the price per minute for calls, decreases in international and long-distance traffic, as well as the effects from the elimination of interconnection rates and national roaming charges in Mexico and the reduction of interconnection rates in other jurisdictions where we operate, including, principally, Colombia, Ecuador and Brazil.

Fixed Voice Fixed voice revenues for 2015 decreased by 14.4%, or Ps.16.0 billion, over 2014. At constant exchange rates, fixed voice revenues for 2015 decreased by 11.8% from 2014, or 12.3% excluding the effects of consolidating Telekom Austria. This decrease principally reflects reduced traffic, principally in

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long-distance calls, in part explained by the growing use of wireless technology, and the effects of regulatory changes in some of the countries where we operate, such as in Mexico and Colombia.

Wireless Data Wireless data revenues for 2015 increased by 17.7%, or Ps.34.1 billion, over 2014. At constant exchange rates, wireless data revenues for 2015 increased by 14.9% over 2014, or 12.1% excluding the effects of consolidating Telekom Austria. This increase principally reflects increased use of services, such as media and content downloading, web browsing, content streaming and machine-to-machine services, driven in part by the increased use of social networking websites and content downloading on tablets and notebooks.

Fixed Data Fixed data revenues for 2015 increased by 9.3%, or Ps.9.3 billion, over 2014. At constant exchange rates, fixed data revenues for 2015 increased by 14.7% over 2014, or 8.3% excluding the effects of consolidating Telekom Austria. This increase principally reflects growth in residential broadband services, driven by higher quality services with greater coverage and the growth of corporate data services, such as cloud, dedicated links, leasing and data center services.

Pay TV Pay TV revenues for 2015 decreased by 4.1%, or Ps.2.8 billion, over 2014. At constant exchange rates, Pay TV revenues for 2015 increased by 9.0% over 2014, or 7.8% excluding the effects of consolidating Telekom Austria. This increase primarily reflects growth in fixed RGUs and increased revenues, driven by new plans and channel packages that integrate multiple services, particularly in Brazil, Colombia, Peru and Ecuador.

Equipment, Accessories and Computer Sales Revenues from equipment, accessories and computer sales for 2015 increased by 21.0%, or Ps.20.1 billion, over 2014. At constant exchange rates, revenues from equipment, accessories and computer sales for 2015 increased by 20.3% over 2014, or 17.7% excluding the effects of consolidating Telekom Austria. This increase principally reflects an increase in sales of higher-end smartphones, feature phones and other data-enabled devices, as well as an increase in handset, tablet and electronics sales, driven by new commercial plans and promotions among postpaid and prepaid subscribers.

Other Services Revenues from other services for 2015 increased by 11.9%, or Ps.2.6 billion, over 2014. At constant exchange rates, revenues from other services for 2015 increased by 12.2% over 2014, or 10.1% excluding the effects of consolidating Telekom Austria. This increase principally reflects an increase in revenues from advertising, online content, wireless security services, telephone directories and call center services.

Operating Costs and Expenses

Cost of Sales and Services Cost of sales and services for 2015 increased by 8.7%, or Ps.33.6 billion, over 2014, representing 47.0% of operating revenues for 2015 compared to 45.6% of operating revenues for 2014. At constant exchange rates, cost of sales and services for 2015 increased by 7.6% over 2014, or 3.5% excluding the effects of consolidating Telekom Austria.

Cost of sales was Ps.145.5 billion for 2015, an increase of 12.2% from Ps.129.6 billion in 2014. Excluding the effects of consolidating Telekom Austria, cost of sales was Ps.137.3 billion for 2015 and Ps.125.1 billion for 2014. This increase primarily reflects the increase in sales of smartphones to subscribers in all countries in which we operate, and an increase in the subsidies we provide in order to acquire and retain subscribers and to incentivize prepaid subscribers to switch to postpaid plans.

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Cost of services was Ps.274.8 billion for 2015, an increase of 6.9% from Ps.257.1 billion in 2014. Excluding the effects of consolidating Telekom Austria, cost of services was Ps.251.7 billion for 2015 and Ps.246.9 billion for 2014. This increase primarily reflects an increase in costs related to our Pay TV business, increased royalty payments and an increase in leasing, network maintenance and labor costs.

Commercial, Administrative and General Expenses Commercial, administrative and general expenses for 2015 increased by 8.5%, or Ps.15.8 billion, over 2014. As a percentage of operating revenues, commercial, administrative and general expenses for 2015 and 2014 were 22.5% and 21.9%, respectively. At constant exchange rates, commercial, administrative and general expenses for 2015 increased by 10.5% over 2014, or 8.7% excluding the effects of consolidating Telekom Austria. This increase primarily reflects increased expenses related to higher customer service costs, including increases in the number of customer service centers and employees, as we seek to provide better customer care and quality of service.

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

Other Expenses Other expenses for 2015 increased by 4.8%, or Ps.0.2 billion, over 2014 principally as a result of the consolidation of Telekom Austria.

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

Operating Income

Operating income for 2015 decreased by 9.7%, or Ps.15.1 billion, from 2014. Operating margin (operating income as a percentage of operating revenues) for 2015 was 15.8%, compared to 18.4% for 2014. Excluding the effects of consolidating Telekom Austria, operating income for 2015 decreased by 13.1% and operating margin decreased by 2.7%, due principally to higher subscriber acquisition costs, network maintenance and customer service, as well as the growth of lower-margin businesses, such as TracFone Wireless, Inc. (TracFone), and greater depreciation and amortization charges.

Non-Operating Items

Net Interest Expense Net interest expense (interest expense less interest income) for 2015 increased by Ps.1.9 billion, or 7.7%, over 2014, or 3.4% excluding the effects of consolidating Telekom Austria, attributable to the appreciation of some of the currencies in which our indebtedness is denominated, particularly the U.S. dollar, and an increase in our net debt.

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

Valuation of Derivatives, Interest Cost from Labor Obligations and Other Financial Items, Net The changes in valuation of derivatives, interest cost from labor obligations and other financial items, net, represented a gain of Ps.21.5 billion for 2015, compared to a loss of Ps.10.2 billion for 2014. The net gain in 2015 principally related to market value gain on derivatives positions we used to offset exchange rate risk on our dollar-denominated indebtedness and recognition of gain when the accounting for our investment in KPN changed from the equity method to securities available-for-sale.

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

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

Our effective corporate income tax rate as a percentage of profit before income tax was 34.2% for 2015, compared to 45.5% for 2014. This rate differed from the Mexican statutory rate of 30.0% and changed year over year principally as a result of a decrease in both pre-tax income and the equity interest in net loss of associated companies between periods, and the gain on derecognition of the equity method investment in KPN in 2015.

Net Profit

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

SEGMENT RESULTS OF OPERATIONS

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

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

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	Mexican pesos per foreign currency unit (average for the period)				
	2014	% Change	2015	% Change	2016
Brazilian real	5.6574	(15.0)	4.8068	12.1	5.3868
Colombian peso	0.0067	(13.4)	0.0058	5.3	0.0061
Argentine peso	1.6406	4.5	1.7152	(26.4)	1.2632
U.S. dollar	13.2969	19.2	15.8504	17.7	18.6529
Euro	17.6507	(1.5)	17.3886	18.7	20.6334

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

	Year ended December 31, 2016			
	Operating revenues		Operating income	
	(*in millions of Mexican pesos*)	(*as a % of total operating revenues*)	(*in millions of Mexican pesos*)	(*as a % of total operating income*)
Mexico Wireless	Ps. 203,567	20.9%	Ps. 48,220	44.0%
Mexico Fixed	102,216	10.5	12,276	11.2
Brazil	197,357	20.2	6,325	5.8
Colombia	67,589	6.9	11,210	10.2
Southern Cone	72,330	7.4	8,317	7.6
Andean Region	56,131	5.8	6,087	5.6
Central America	42,421	4.3	3,831	3.5
United States	140,856	14.4	1,221	1.1
Caribbean	36,498	3.7	6,143	5.6
Europe	86,979	8.9	5,389	4.9
Eliminations	(30,532)	(3.0)	591	0.5
Total	**Ps. 975,412**	**100.0%**	**Ps. 109,610**	**100.0%**

	Year ended December 31, 2015			
	Operating revenues		Operating income	
	(*in millions of Mexican pesos*)	(*as a % of total operating revenues*)	(*in millions of Mexican pesos*)	(*as a % of total operating income*)
Mexico Wireless	Ps. 204,825	22.9%	Ps. 70,726	50.0%
Mexico Fixed	101,078	11.3	15,947	11.3
Brazil	178,174	19.9	10,879	7.7
Colombia	66,137	7.4	13,362	9.4
Southern Cone	68,948	7.7	9,185	6.5
Andean Region	51,959	5.8	7,853	5.6
Central America	34,752	3.9	1,750	1.2
United States	110,654	12.4	1,294	0.9

Caribbean	29,658	3.3	3,891	2.8
Europe	72,681	8.1	6,205	4.4
Eliminations	(25,128)	(2.7)	321	0.2
Total	**Ps. 893,738**	**100.0%**	**Ps. 141,413**	**100.0%**

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	Year ended December 31, 2014			
	Operating revenues		Operating income (loss)	
	(*in millions of Mexican pesos*)	(*as a % of total operating revenues*)	(*in millions of Mexican pesos*)	(*as a % of total operating income (loss)*)
Mexico Wireless	Ps. 195,710	23.1%	Ps. 73,462	46.9%
Mexico Fixed	107,518	12.7	22,284	14.3
Brazil	204,647	24.1	12,669	8.1
Colombia	75,992	9.0	17,669	11.3
Southern Cone	56,532	6.7	6,593	4.2
Andean Region	47,802	5.6	12,132	7.7
Central America	27,023	3.2	(212)	(0.1)
United States	91,097	10.7	1,520	1.0
Caribbean	25,842	3.0	4,923	3.1
Europe	37,710	4.4	5,229	3.3
Eliminations	(21,293)	(2.5)	285	0.2
Total	**Ps. 848,580**	**100.0%**	**Ps. 156,554**	**100.0%**

Interperiod Segment Comparisons

The following discussion addresses the financial performance of each of our reportable segments, first by comparing results for 2016 and 2015 and then by comparing results for 2015 and 2014. In the period-to-period comparisons for each segment, we include percentage changes in operating revenues, percentage changes in operating income and operating margin (operating income as a percentage of operating revenues), in each case calculated based on the segment financial information presented in Note 22 to our audited consolidated financial statements, which is prepared in accordance with IFRS. Each reportable segment includes all income, cost and expense eliminations that occurred between subsidiaries within the reportable segment. The Mexico Wireless segment also includes corporate income, costs and expenses.

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

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2016 COMPARED TO 2015

Mexico Wireless

The number of net prepaid wireless subscribers for 2016 decreased by 2.5% over 2015, and the number of net postpaid wireless subscribers decreased by 7.0%, resulting in a decrease in the total net number of wireless subscribers in Mexico of 1.0%, or 74 thousand, to approximately 73 million as of December 31, 2016.

Segment operating revenues for 2016 decreased by 0.6% over 2015. Adjusted segment operating revenues for 2016 decreased by 3.2% over 2015. This decrease was principally due to a decrease in wireless voice revenues by 37.9% in 2016 over 2015, reflecting a reduction in the average wireless rates per user. The decrease in segment operating revenues was partially offset by an increase in wireless data revenues of 0.8% in 2016 over 2015, principally due to the increased use of value-added services by our wireless subscribers, including activity from messaging, content downloading, mobile applications and social media, and an increase in revenues from service plans offering higher data capacity.

Segment operating income for 2016 decreased by 31.8% over 2015. Adjusted segment operating income for 2016 decreased by 29.3% over 2015. Segment operating margin was 23.7% in 2016, as compared to 34.5% in 2015. Adjusted segment operating margin for this segment was 28.9% in 2016 and 39.5% in 2015. The decrease in operating margin in 2016 was due principally to higher costs related to mobile site infrastructure rentals, interconnection and other Dollar-denominated costs, such as roaming charges and licensing fees.

Mexico Fixed

The number of fixed voice RGUs in Mexico for 2016 increased by 0.1% over 2015, and the number of broadband RGUs in Mexico increased by 4.9%, resulting in an increase in total fixed RGUs in Mexico of 2.0% to approximately 22.2 million as of December 31, 2016 over 2015.

Segment operating revenues for 2016 increased by 1.1% over 2015. Adjusted segment operating revenues for 2016 decreased by 0.3% over 2015. This decrease was principally due to a fall in fixed voice revenues of 10.9% in 2016 over 2015, reflecting RGU disconnections and a fall in long-distance calls. The decrease in segment operating revenues was partially offset by an increase in fixed data revenues of 3.2% in 2016 over 2015, principally due to higher revenues from broadband and corporate network services.

Segment operating income for 2016 decreased by 23.0% over 2015. Adjusted segment operating income for 2016 decreased by 38.5% over 2015. Segment operating margin was 12.0% in 2016 and 15.8% in 2015. Adjusted segment operating margin for this segment was 8.3% in 2016 and 13.4% in 2015. The decrease in the segment operating margin for 2016 was principally due to increases in costs associated with customer service and service quality improvements as well as network maintenance.

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Brazil

The number of net prepaid wireless subscribers for 2016 decreased by 15.1% over 2015, and the number of net postpaid wireless subscribers increased by 10.0%, resulting in a decrease in the total net number of wireless subscribers in Brazil of 8.8%, or 5.8 million over 2015, to approximately 60.2 million as of December 31, 2016. The number of fixed voice RGUs for 2016 decreased by 2.9% over 2015, the number of broadband RGUs increased by 5.4%, and the number of Pay TV RGUs increased by 0.1%, resulting in an increase in total fixed RGUs in Brazil of 0.2% to approximately 36.7 million as of December 31, 2016.

Segment operating revenues for 2016 increased by 10.8% over 2015. Adjusted segment operating revenues for 2016 decreased by 1.1% over 2015. This decrease in segment operating revenues was principally due to a fall in wireless data, wireless voice and fixed voice revenues of 4.9%, 11.6% and 6.1%, respectively, in 2016 over 2015, driven by RGU disconnections and lower traffic reflecting lower disposable income caused by an overall economic downturn in the country. The decrease in wireless and fixed voice revenues was also affected by a 30.0% reduction in interconnection revenues. The decrease in segment operating revenues was partially offset by higher fixed data and Pay TV revenues of 10.3% and 3.6%, respectively, in 2016 over 2015. Fixed data revenues increased principally due to an increase in broadband RGUs and corporate network services, and Pay TV revenues increased as a result of an increase in the purchase of additional services, such as video-on-demand and bundled packages.

Segment operating income for 2016 decreased by 41.9% over 2015. Adjusted segment operating income for 2016 decreased by 54.1% over 2015. Segment operating margin was 3.2% in 2016 and 6.1% in 2015. Adjusted segment operating margin was 2.3% in 2016 and 4.9% in 2015. The decrease in segment operating margin for 2016 was principally due to higher marketing, subscriber acquisition and customer service costs related to the ongoing integration of our three Brazilian subsidiaries as well as the reduction in the estimated useful life of television set-up boxes from five years to three years.

Colombia

In 2016, the number of net prepaid wireless subscribers decreased by 2.3%, and the number of net postpaid wireless subscribers increased by 8.6%, resulting in a decrease in the total net number of wireless subscribers in Colombia of 0.1%, or 19 thousand, to approximately 29 million as of December 31, 2016. In 2016, the number of fixed voice RGUs increased by 12.1%, the number of broadband RGUs increased by 11.3% and the number of Pay TV RGUs increased by 4.0%, resulting in an increase in total fixed RGUs in Colombia of 8.7% to approximately 6.3 million as of December 31, 2016.

Segment operating revenues for 2016 increased by 2.2% over 2015. Adjusted operating revenues for 2016 decreased by 3.1% over 2015. This decrease was principally due to a reduction of 26.7% in wireless voice revenues, driven by more competitive commercial offerings in response to pricing pressure from competitors. The decrease was partially offset by increases in fixed data revenues, wireless data revenues, fixed voice revenues and Pay TV revenues, which increased by 9.7%, 18.3%, 15.0% and 17.0%, respectively, in 2016, principally due to an increase in sales of bundled packages of wireless services, higher demand for data plans and an increase in subscribers for internet services.

Segment operating income for 2016 decreased by 16.1% over 2015. Adjusted segment operating income for 2016 decreased by 16.7% over 2015. Segment operating margin was 16.6% in 2016 and 20.2% in 2015.

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Adjusted segment operating margin was 20.5% in 2016 and 23.8% in 2015. The decrease in segment operating margin for 2016 was driven by higher costs related to infrastructure rentals, content licensing, maintenance of our networks and an increase in bad debt expense.

Southern Cone Argentina, Chile, Paraguay and Uruguay

In 2016, the number of net prepaid wireless subscribers increased by 5.6%, and the number of net postpaid wireless subscribers increased by 1.3%, resulting in an increase in the total net number of wireless subscribers in our Southern Cone segment of 4.1%, or 1.2 million, to approximately 30.4 million as of December 31, 2016. In 2016, the number of fixed voice RGUs increased by 5.7%, the number of broadband RGUs increased by 14.9%, and the number of Pay TV RGUs increased by 2.8%, resulting in an increase in total fixed RGUs in our Southern Cone segment of 6.8% to approximately 1.9 million as of December 31, 2016.

Segment operating revenues for 2016 increased by 4.9% over 2015, reflecting an aggregate increase of 0.2% in Argentina, Paraguay and Uruguay and an increase of 16.1% in Chile. Adjusted segment operating revenues for 2016 increased by 23.9% over 2015, reflecting an aggregate increase of 32.1% in Argentina, Paraguay and Uruguay and an increase of 1.6% in Chile. The increase in operating revenues primarily reflects higher inflation rates in Argentina. It was also driven by higher data usage, such as wireless data, purchased in bundled service packages in Argentina and Chile. For this segment, we analyze results in Argentina, Paraguay and Uruguay in terms of the Argentine peso, because Argentina accounts for the major portion of the operations in these three countries.

Segment operating income for 2016 decreased by 9.5% over 2015, reflecting a decrease in operating income of 7.9% in Argentina, Paraguay and Uruguay and a decrease in operating loss of 2.3% in Chile. Adjusted segment operating income for 2016 increased by 40.7% over 2015, reflecting an increase in adjusted operating income of 25.7% in Argentina, Paraguay and Uruguay and a decrease in adjusted operating loss by 13.5% in Chile.

Segment operating margin was 11.5% in 2016 and 13.3% in 2015. This decrease reflects a negative operating margin of 18.0% in Chile, partially offset by an aggregate positive operating margin of 26.0% in Argentina, Paraguay and Uruguay. Adjusted segment operating margin was 17.0% in 2016, compared to 15.0% in 2015, and reflects a higher margin in Chile, as a result of our cost-saving program, partially offset by a lower margin in Argentina, caused by an increase in the costs of handsets and the full year amortization of our license, purchased in 2015.

Andean Region Ecuador and Peru

In 2016, the number of net prepaid wireless subscribers increased by 0.6%, and the number of net postpaid wireless subscribers decreased by 0.5%, resulting in an increase in the total net number of wireless subscribers in our Andean Region segment of 0.3%, or 58 thousand, to approximately 20.8 million as of December 31, 2016. In 2016, the number of fixed voice RGUs decreased by 0.2%, the number of broadband RGUs increased by 17.8% and the number of Pay TV RGUs increased by 0.7%, resulting in an increase in total fixed RGUs in our Andean Region segment of 5.4% to approximately 1.8 million as of December 31, 2016.

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Segment operating revenues for 2016 increased by 8.0% over 2015, reflecting operating revenue increases of 5.5% in Ecuador and 10.2% in Peru. Adjusted segment operating revenues for 2016 decreased by 5.5%, reflecting a decrease of 10.3% in Ecuador and a decrease of 0.9% in Peru. This decrease in operating revenues reflects a decrease in revenues from our wireless and fixed voice operations, driven by an increase in tax obligations in Ecuador and aggressive price reductions in Peru, which were partially offset by higher revenues from wireless data and higher revenues from fixed data, especially broadband and corporate data services.

Segment operating income for 2016 decreased by 22.5% over 2015, reflecting an increase in operating income of 24.5% in Ecuador and a decrease of 68.3% in Peru. Adjusted segment operating income for 2016 decreased by 24.2%, reflecting an increase of 5.8% in Ecuador and a decrease of 70.9% in Peru. Segment operating margin was 10.8% in 2016, reflecting operating margins of 27.5% in Ecuador and 4.2% in Peru, and was 15.1% in 2015. Adjusted segment operating margin was 15.1% in 2016, reflecting adjusted operating margins of 27.5% in Ecuador and 4.2% in Peru, and was 18.8% in 2015. The results of operations were impacted in 2016 by increases in customer service, marketing and sales costs, as well as direct taxes in Ecuador, and higher interconnection costs and postpaid subscriber acquisition costs driven by a more aggressively competitive environment in Peru.

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

In 2016, the number of net prepaid wireless subscribers decreased by 2.0%, and the number of net postpaid wireless subscribers increased by 1.5%, resulting in a decrease in the total net number of wireless subscribers in our Central America segment of 1.5%, or approximately 231 thousand, to approximately 15.1 million as of December 31, 2016. In 2016, the number of fixed voice RGUs increased by 0.4%, the number of broadband RGUs increased by 19.1% and the number of Pay TV RGUs increased by 3.0%, resulting in an increase in total fixed RGUs in our Central America segment of 8.9% to approximately 5.3 million as of December 31, 2016.

Segment operating revenues for 2016 increased by 22.1% over 2015. Adjusted segment operating revenues for 2016 increased by 3.9% over 2015. This increase in segment operating revenues was driven principally by higher wireless data, fixed data and Pay TV revenues in Central America, which was partially offset by decreases in wireless voice and fixed voice in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica and decreases in wireless voice and Pay TV in Panama. For this purpose, we analyze adjusted segment results in U.S. dollars because it is the functional currency in our operations in El Salvador and Panama and the currencies in Costa Rica, Guatemala, Honduras and Nicaragua are relatively stable against the U.S. dollar.

Segment operating income and adjusted segment operating income increased by approximately ten times in 2016 over 2015. Segment operating margin was 9.0% for 2016 and 5.0% for 2015. Adjusted segment operating margin was 9.6% for 2016 and 5.4% in 2015. The results of operations in the segment in 2016 were impacted by lower costs related to maintenance, customer service and customer acquisition.

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Caribbean Dominican Republic and Puerto Rico

In 2016, the number of net prepaid wireless subscribers increased by 2.2%, and the number of net postpaid wireless subscribers increased by 6.7%, resulting in an increase in the total net number of wireless subscribers in our Caribbean segment of 3.6%, or approximately 192 thousand, to approximately 5.4 million as of December 31, 2016. In 2016, the number of fixed voice RGUs increased by 2.8%, the number of broadband RGUs increased by 8.3% and the number of Pay TV RGUs increased 14.2%, resulting in an increase in total fixed RGUs in our Caribbean segment of 6.0% to approximately 2.7 million as of December 31, 2016.

Segment operating revenues for 2016 increased by 23.1% over 2015. Adjusted segment operating revenues for 2016 increased by 0.1% over 2015. This increase in operating revenues was principally due to an increase in segment wireless data revenues and an increase in Pay TV revenues in the Dominican Republic, which was partially offset by lower revenues from wireless and fixed-voice services in Puerto Rico. We analyze segment results in U.S. dollars because it is the functional currency in our operations in Puerto Rico, and the currency in the Dominican Republic is relatively stable against the U.S. dollar.

Segment operating income for 2016 increased by 57.9% over 2015. Adjusted segment operating income for 2016 increased by 0.9% over 2015. Segment operating margin was 16.8% in 2016 and 13.1% in 2015. Adjusted segment operating margin was 17.2% in 2016 and 17.1% in 2015. This increase in segment operating income and operating margin for 2016 resulted from our cost-savings programs, which was partially offset by increased expenses in connection with our pension obligations in Puerto Rico.

United States

In 2016, the number of net prepaid wireless subscribers increased by 1.6%, or approximately 401 thousand, to approximately 26.1 million total net wireless subscribers in the United States as of December 31, 2016.

Segment operating revenues for 2016 increased by 27.3% over 2015. Adjusted segment operating revenues for 2016 increased by 7.9% over 2015. This increase in operating revenues reflects higher wireless voice and data usage and revenues driven by the success of existing unlimited data plans, principally those offered by Straight Talk.

Segment operating income for 2016 decreased by 5.6% over 2015. Adjusted segment operating income for 2016 increased by 4.2% over 2015. Segment operating margin was 0.9% in 2016 and 1.2% in 2015. Adjusted segment operating margin was 7.6% in 2016 and 7.8% in 2015. This decrease in segment operating margin for 2016 was principally due to increased payments to third-party network operators for voice and data, as a result of higher usage of unlimited plans.

Europe

In 2016, the number of net prepaid wireless subscribers decreased by 4.3%, and the number of net postpaid wireless subscribers increased by 1.7%, resulting in a decrease in the total net number of wireless subscribers in our Europe segment of approximately 3 thousand to approximately 20.7 million as of December 31, 2016. In 2016, the number of fixed voice RGUs decreased by 3.5%, the number of broadband RGUs increased by 5.9% and the number of Pay TV RGUs increased by 18.3%, resulting in an increase in total fixed RGUs in our Europe segment of 4.6% to

approximately 5.9 million as of December 31, 2016.

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Segment operating revenues for 2016 increased by 19.7% over 2015. Adjusted segment operating revenues for 2016 increased by 2.1% over 2015. This increase in operating revenues was principally due to higher revenues in wireless and fixed data, driven by our acquisitions in Macedonia, Bulgaria and Slovenia during the second half of 2015, which were partially offset by lower revenues from wireless and fixed voice services following recent regulations in Austria blocking roaming charges. We analyze segment results in euros because it is the functional currency in our operations in Europe.

Segment operating income for 2016 decreased by 13.2% over 2015. Adjusted segment operating income for 2016 decreased by 24.4% over 2015. Segment operating margin was 6.2% in 2016 and 8.5% in 2015. Adjusted segment operating margin was 6.2% in 2016 and 8.4% in 2015. The decrease in segment operating income and operating margin for 2016 reflects increases in costs related to advertising and subscriber acquisition and a non-cash revisions for future pension liabilities in Austria.

2015 COMPARED TO 2014

Mexico Wireless

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

Segment operating revenues for 2015 increased by 4.7% over 2014. Adjusted segment operating revenues for 2015 increased by 2.4% over 2014. This increase was primarily due to an increase in value-added services revenues. Wireless voice revenues for 2015 decreased by 17.4% over 2014, reflecting primarily the effect from the elimination of domestic roaming charges and termination charges. Wireless data revenues increased by 7.9% in 2015, primarily due to the increased use of value-added services by our wireless subscribers, including activity from messaging, content downloading, mobile applications and social media, and an increase in revenues from service plans offering higher data capacity.

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

Mexico Fixed

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

Segment operating revenues for 2015 decreased by 6.0% over 2014. Adjusted segment operating revenues for 2015 decreased by 4.9% over 2014. This decrease was primarily due to the elimination of charges for domestic long-distance calls in January 2015. Fixed voice revenues for 2015 decreased by 18.8% over 2014,

reflecting reductions in the overall number of fixed-lines, national and international long-distance rates and usage. Fixed data revenues for 2015 increased by 5.4% over 2014, reflecting an increase in revenues from broadband and corporate network services.

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

Brazil

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

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

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

Colombia

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

of December 31, 2015.

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

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

Southern Cone Argentina, Chile, Paraguay and Uruguay

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

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

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

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

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Andean Region Ecuador and Peru

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

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

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

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

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

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

Segment operating income and adjusted segment operating income increased by approximately ten times in 2015 over 2014. Segment operating margin was 5.0% for 2015, compared to a negative operating margin of 0.8% for 2014. Adjusted segment operating margin was 5.4% for 2015, compared to a negative operating

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margin of 0.6% for 2014. Results of operations in all countries in the segment in 2015 were impacted by the increase in operating income, lower maintenance, customer service and acquisition costs associated with increasing our network capacity, quality and coverage in each country.

Caribbean Dominican Republic and Puerto Rico

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

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

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

United States

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

Segment operating revenues for 2015 increased by 21.5% over 2014. Adjusted segment operating revenues for 2015 increased by 1.9% over 2014. This increase reflected higher wireless voice and data usage and revenues driven by the success of existing plans, principally those offered by Straight Talk, which often include unlimited data plans. Wireless data services increased by 2.5% during 2015 and currently represent 39.7% of segment revenues.

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

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Europe

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

Segment operating income for 2015 was Ps.6.2 billion. Segment operating margin and adjusted segment operating margin for 2015 were 8.5% and 13.9%, respectively. We began consolidating Telekom Austria in July 2014.

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LIQUIDITY AND CAPITAL RESOURCES

Funding Requirements

We generate substantial cash flows from our operations. On a consolidated basis, our cash flows from operating activities were Ps.235.8 billion in 2016 compared to Ps.163.7 billion in 2015. Our cash and cash equivalents amounted to Ps.23.2 billion at December 31, 2016 compared to Ps.45.2 billion at December 31, 2015. We believe our working capital is sufficient for our present requirements. We use the cash that we generate from our operations and from borrowings principally for the following purposes:

We make substantial capital expenditures to continue expanding and improving our networks in each country in which we operate. Our capital expenditures on plant, property and equipment and acquisition or renewal of licenses were Ps.155.0 billion in 2016, Ps.151.6 billion in 2015 and Ps.145.6 billion in 2014. The amount of these capital expenditures varies significantly from year to year, depending on acquisition opportunities, concession renewal schedules and needs for more spectrum. We have budgeted capital expenditures for 2017 of approximately U.S.$6.6 billion (Ps.137.1 billion).

In some years, we have made substantial expenditures on acquisitions.

We must pay interest on our indebtedness and repay principal when due. As of December 31, 2016, we had approximately Ps.82.6 billion of principal and amortization due in 2017.

We pay regular dividends. We paid Ps.13.8 billion in dividends in 2016 and Ps.37.4 billion in 2015. Our shareholders approved on April 5, 2017 the payment of a Ps.0.30 ordinary dividend per share in two installments in 2017. Shareholders entitled to the dividend will have an option to receive it in cash, as L Shares or a combination thereof. See Share Ownership and Trading Dividends under Part IV in this annual report.

We regularly repurchase our own shares. We spent Ps.7.0 billion repurchasing our own shares in the open market in 2016 and Ps.34.4 billion in 2015. Our shareholders have authorized additional repurchases, and as of March 31, 2017, we have spent Ps.0.3 billion repurchasing our shares in the open market in 2017, but whether we will continue to do so will depend on our operating cash flow and on various other considerations, including market prices and our other capital requirements.

Off-balance Sheet Arrangements

As of December 31, 2016, we had no off-balance sheet arrangements that require disclosure under applicable SEC regulations.

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Contractual Obligations

The following table summarizes certain contractual obligations as of December 31, 2016. Many of our obligations are denominated in currencies other than Mexican pesos, and in particular our purchase obligations and approximately 31.2% of our debt are denominated in U.S. dollars. The table does not include accounts payable, pension liabilities, interest payments or payments under derivatives contracts. See Note 16 to our consolidated financial statements.

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	(*in millions of Mexican pesos*)				
Contractual obligations as of December 31, 2016:					
Equipment leases, real estate leases and mobile site rentals	Ps. 99,282	Ps. 13,027	Ps. 23,513	Ps. 20,673	Ps. 42,069
Short-term debt	82,607	82,607			
Long-term debt	625,194		201,572	150,297	273,325
Purchase obligations	113,303	24,388	89,915		
Total	**Ps. 920,386**	**Ps. 120,022**	**Ps. 314,000**	**Ps. 170,970**	**Ps. 315,394**

Other than the amounts in the table above, we had no other outstanding material purchase commitments as of December 31, 2016. We enter into a number of supply, advertising and other contracts in the ordinary course of business, but those contracts are not material to our liquidity.

Borrowings

In addition to cash flows generated from operations, we rely on a combination of borrowings from a range of different sources, including the international capital markets, capital markets in Mexico and other countries where we operate, international and local banks, equipment suppliers and export credit agencies. We seek to maintain access to diverse sources of funding. In managing our funding, we generally seek to keep our leverage, as measured by the ratio of net debt to EBITDA, at a level that is consistent with maintaining the ratings given to our debt by the principal credit rating agencies. Our total consolidated indebtedness as of December 31, 2016 was Ps.707.8 billion, of which Ps.82.6 billion was short-term debt (including the current portion of long-term debt), compared to Ps.683.2 billion as of December 31, 2015.

Management defines net debt as total debt minus cash and cash equivalents, minus marketable securities or other short-term investments. As of December 31, 2016, we had net debt of Ps.629.7 billion, compared to Ps.581.7 billion as of December 31, 2015, which represented an increase of Ps.48 billion in net debt. This increase principally reflects the devaluation of the Mexican peso against the currencies in which a portion of our debt is denominated, partially offset by the repayment in 2016 of our debt obligations as they matured by the equivalent of Ps.70.1 billion.

Without taking into account the effects of derivative financial instruments that we use to manage our interest rate and currency risk, approximately 87.6% of our indebtedness at December 31, 2016 was denominated in currencies other

than Mexican pesos (approximately 35.6% of such non-Mexican peso debt in U.S. dollars and 64.4% in other currencies), and approximately 2.1% of our consolidated debt obligations bore interest at floating rates. After the effects of derivative transactions, approximately 39.0% of our total debt as of December 31, 2016 was denominated in U.S. dollars.

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The weighted average cost of all our third-party debt at December 31, 2016 (excluding commissions and reimbursement of certain lenders for Mexican taxes withheld) was approximately 4.2% per annum.

Our major categories of indebtedness at December 31, 2016 are summarized in the table below. The amounts are based on book values in our financial statements under IFRS and may differ from the principal amount. See also Note 14 to our consolidated financial statements.

Debt		
(***millions of Mexican pesos***)		
Denominated in U.S. dollars:		
Bank loans	Ps.	14,930
5.625% Notes due 2017		12,089
5.000% Senior Notes due 2019		15,549
5.500% Senior Notes due 2019		7,824
5.000% Senior Notes due 2020		44,050
3.125% Senior Notes due 2022		33,170
6.375% Notes due 2035		20,344
6.125% Notes due 2037		7,654
6.125% Senior Notes due 2040		41,463
4.375% Senior Notes due 2042		23,841
Total	**Ps.**	**220,914**
Denominated in Mexican pesos:		
Bank loans	Ps.	15,111
Domestic senior notes (*certificados bursátiles*)		21,044
6.000% Senior Notes due 2019		10,000
6.45% Senior Notes due 2022		22,500
7.125% Senior Notes due 2024		11,000
8.46% Senior Notes due 2036		7,872
Total	**Ps.**	**87,527**
Denominated in euro:		
Bank loans	Ps.	491
3.75% Senior Notes due 2017		21,803
4.25% Senior Notes due 2017		10,962
1.00% Senior Notes due 2018		13,082
4.125% Senior Notes due 2019		21,803
0.00% Exchangeable Bonds due 2020		61,961
3.00% Senior Notes due 2021		21,803
3.125% Senior Notes due 2021		17,399
4.75% Senior Notes due 2022		16,352
4.00% Senior Notes due 2022		18,068
3.259% Senior Notes due 2023		16,352
3.50% Senior Notes due 2023		7,048

1.50% Senior Notes due 2024		18,533
1.50% Senior Notes due 2026		10,902
2.125% Senior Notes due 2028		14,172
Euro NC5 (Euro Series A) Capital Securities due 2073		19,623
Euro NC10 (Euro Series B) Capital Securities due 2073		11,992
Total	**Ps.**	**302,346**

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Debt		
(*millions of Mexican pesos*)		
Denominated in pounds sterling:		
5.000% Senior Notes due 2026	Ps.	12,791
5.750% Senior Notes due 2030		16,629
4.948% Senior Notes due 2033		7,675
4.375% Senior Notes due 2041		19,187
GBP NC7 Capital Securities due 2073		14,070
Total	**Ps.**	**70,352**
Denominated in Swiss francs:		
2.000% Senior Notes due 2017	Ps.	5,493
1.125% Senior Notes due 2018		11,190
Total	**Ps.**	**16,683**
Denominated in Japanese yen	Ps.	2,307
Denominated in Chilean pesos		4,206
Denominated in Brazilian reals		3,467
Total debt	**Ps.**	**707,801**
Less short-term debt and current portion of long-term debt		(82,607)
Total long-term debt	**Ps.**	**625,194**
Equity:		
Capital stock	Ps.	96,338
Total retained earnings		157,715
Other comprehensive income (loss) items		45,138
Non-controlling interest		62,109
Total Equity	**Ps.**	**271,024**
Total capitalization (total long-term debt plus equity)	**Ps.**	**896,218**

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

Mexican peso-denominated international notes. Our 8.46% senior notes due 2036 are denominated in Mexican pesos, but all amounts in respect of the notes are payable in U.S. dollars, unless a holder of notes elects to receive payment in Mexican pesos in accordance with certain specified procedures.

Mexican peso-denominated domestic notes. Our domestic senior notes (*certificados bursátiles*) sold in the Mexican capital markets have varying maturities, ranging from 2017 through 2037. Some bear interest at fixed rates, and others at variable rates based on TIIE (a Mexican interbank rate).

Global peso notes program. The Global peso notes program was established in November 2012. Since its establishment, we have issued peso-denominated notes that can be distributed and traded on a seamless basis in Mexico and internationally. The notes are registered with the SEC in the United States and with the CNBV in Mexico.

International notes. We have outstanding debt securities in the international markets denominated in U.S. dollars, pounds sterling and euros. We have also issued debt securities in the local markets in Switzerland and Japan.

Hybrid notes. In September 2013, we issued three series of Capital Securities maturing in 2073: two series denominated in euros and totaling 1,450 million, and one series denominated in pounds sterling in the amount of £550 million. The Capital Securities are subject to redemption at our option at varying dates beginning in 2018 and 2023 for the euro-denominated series and beginning in 2020 for the sterling-denominated series.

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

Both our and Telekom Austria s hybrid notes are deeply subordinated, and when they were issued the principal rating agencies stated that they would treat only half of the principal amount as indebtedness for purposes of evaluating our leverage (an analysis referred to as 50.0% equity credit).

Bank loans. At December 31, 2016, we had approximately Ps.33.9 billion outstanding under a number of bank facilities bearing interest at fixed and variable rates. We also have two revolving syndicated

facilities one for U.S.$2.5 billion expiring in 2019 and one for the Euro equivalent of U.S.$2.0 billion (the Euro Facility) expiring in May 2021. Loans under the facilities bear interest at variable rates based on LIBOR and EURIBOR, respectively. Both facilities include covenants that limit our ability to incur secured debt, to effect a merger in which the surviving entity would not be América Móvil, or to sell substantially all of our assets. In addition, the Dollar and Euro

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Facilities require us to maintain a consolidated ratio of debt to EBITDA not greater than 4.0 to 1.0 and a consolidated ratio of EBITDA to interest expense not less than 2.5 to 1.0. As of the date of this annual report, we are in compliance with these covenants. Telekom Austria also has a revolving syndicated facility for 1.0 billion (the TKA Facility) expiring in 2019. The TKA Facility bears interest at EURIBOR plus 0.375% and includes covenants that limit Telekom Austria s ability to incur secured debt, effect certain mergers or sell substantially all of its assets and our ability to transfer control over, or reduced our share ownership in, Telekom Austria.

KPN s Mandatory Exchangeable Bonds. In September 2015, we issued 750 million principal amount of our mandatory exchangeable bonds. These may be settled in cash, at our option, or exchanged into ordinary shares of KPN. The interest rate on the bonds is 5.5% per year, payable quarterly in arrears, in addition to additional interest corresponding to 85% of the gross cash dividends and distributions received by holders of the underlying KPN shares. The reference exchange price of the underlying shares was set at 3.33 per share and capped at a maximum of 4.25 per share. We have placed 224.7 million KPN ordinary shares in an irrevocable trust in favor of the bonds trustee to cover the exchange at the bonds maturity. As a result, we have derecognized a portion of our investment in KPN corresponding to those shares placed in the trust and do not recognize the bonds within our long-term obligations.

Options involving KPN and TKA shares. The Company has entered into certain option contracts related to shares that are or have been a strategic investment for the Company. These options include a sale of call options related to our KPN shares with a five-year exercise period and the sale of a cash-settled put option related to TKA shares that will expire in August 2023. See Note 7 to our audited consolidated financial statements.

Some of the public securities issued by América Móvil in international and Mexican capital markets are guaranteed by Telcel. As of December 31, 2016, we had, on an unconsolidated basis, unsecured and unsubordinated indebtedness of approximately Ps.613.2 billion (U.S.$29.6 billion) excluding guarantees of subsidiaries indebtedness. As of December 31, 2016, our subsidiaries had indebtedness (excluding guarantees of indebtedness of us and our other subsidiaries) of approximately Ps.94.6 billion (U.S.$4.6 billion).

Risk Management

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

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

As of December 31, 2016, we had derivatives positions with an aggregate net fair value loss of Ps.16.7 billion, which are described in Note 7 to our audited consolidated financial statements. For additional information see Note 2 x) to our audited consolidated financial statements.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Use of Estimates in Certain Accounting Policies

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

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

Fair Value of Financial Assets and Liabilities

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

The Company maintains investments in available-for-sale securities that are valued at market prices obtained from the stock exchange where these shares are listed. At each reporting date, the Company evaluates whether an impairment exists on its available-for-sale securities. This analysis first involves an evaluation of the objective measures of impairment as described in IAS 39. The Company will then evaluate whether the loss recognized in other comprehensive income on its available for sale securities is either prolonged or significant. As of December 31, 2016, the Company has not observed an objective measure of impairment on its available-for-sale securities, nor have unrealized losses on its available-for-sale securities been considered either significant or prolonged.

Estimated Useful Lives of Plant, Property and Equipment

We estimate the useful lives of particular classes of plant, property and equipment in order to determine the amount of depreciation expense to be recorded in each period. Depreciation expense is a significant element of our costs and expenses, amounting in 2016 to Ps.127.7 billion, or 14.7% of our operating costs and expenses. See Note 10 to our audited consolidated financial statements.

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

Impairment of Long-Lived Assets

We have large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in associates and goodwill, on our balance sheet. Under IFRS, we are required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in some cases, at least on an annual basis. The impairment analysis for long-lived assets requires us to estimate the recovery value of the asset, which is the greater of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, we typically take into account recent market transactions or, if no such transactions can be identified, we use a valuation model that requires the making of certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, we typically make various assumptions about the future prospects for the business to which the asset relates, consider market factors specific to that business and estimate discounted future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets, we determine whether we need to recognize an impairment to reduce the carrying value of the asset as stated on our balance sheet. Assumptions and estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in our business strategy and our internal forecasts. Different assumptions and estimates could materially impact our reported financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on our balance sheet. Conversely, less conservative assumptions could result in lower or no impairment charges, higher net income and higher asset values. See Note 2 y.4) to our audited consolidated financial statements.

Deferred Income Taxes

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

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estimates of taxable income in the jurisdictions in which the group operates and the period over which the deferred tax assets and liabilities will be recoverable or settled. If actual results differ from these estimates, or if we adjust these estimates in future periods, our financial position and results of operations may be materially affected.

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

Accruals

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

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

Labor Obligations

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

We use estimates in four specific areas that have a significant effect on these amounts: (i) the rate of return we assume our labor obligation plans will achieve on their investments, (ii) the rate of increase in salaries that we assume we will observe in future years, (iii) the discount rates that we use to calculate the present value of our future obligations and (iv) the expected rate of inflation. The assumptions we have applied are identified in Note 17 to our audited consolidated financial statements. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

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Allowance for Bad Debts

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

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PART III:

RISK FACTORS

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RISKS RELATING TO OUR OPERATIONS

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

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

Among other things, our competitors could:

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

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

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

decline.

Governmental or regulatory actions could adversely affect our operations

Our operations are subject to extensive government regulation and can be adversely affected by changes in law, regulation or regulatory policy. The licensing, construction, operation, sale, resale and interconnection arrangements of telecommunications systems in Latin America and elsewhere are regulated to varying degrees by government or regulatory authorities. Any of these authorities having jurisdiction over our businesses could adopt or change regulations or take other actions that could adversely affect our operations. In particular, the regulation of prices that operators may charge for their services could have a material adverse effect by reducing our profit margins. See Regulation under Part VI, Legal Proceedings under Part VII and Note 16 to our audited consolidated financial statements included in this annual report.

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

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

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

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

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

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

Changes in the regulatory framework for telecommunications services in Mexico may have a material adverse effect on our business and results of operations

The Mexican legal framework for the regulation of telecommunications and broadcasting services has changed, beginning with constitutional amendments in 2013, implementing legislation in 2014, and the establishment in 2014 of a new regulator, the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or the IFT). The IFT determined in 2014 that our operating subsidiaries in Mexico are part of an economic interest group that is a preponderant economic agent in the Mexican telecommunications sector, and based on this determination the IFT has imposed extensive asymmetric

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regulations on our Mexican fixed-line and wireless businesses. The asymmetric regulations took effect in 2015 and were amended in 2017, when the IFT added new requirements, including the functional separation of certain assets used to provide local loop unbundling services. For further information, see Regulation under Part III of this annual report. The IFT measures have adversely affected the results of our Mexican operations, and we expect that those effects will continue, but their long-term impact remains uncertain.

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

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

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

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

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

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

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

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

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

We are subject to significant litigation

Some of our subsidiaries are subject to significant litigation that, if determined adversely to our interests, may have a material adverse effect on our business, results of operations, financial condition or prospects. Our significant litigation is described in Regulation under Part VI and in Note 16 to our audited consolidated financial statements included in this annual report.

We are contesting significant tax assessments

We and some of our subsidiaries have been notified of tax assessments for significant amounts by the tax authorities of the countries in which we operate, especially in Brazil, Mexico and Ecuador. The tax assessments relate to, among other things, alleged improper deductions and underpayments. We are contesting these tax assessments in several administrative and legal proceedings, and our challenges are at various stages. If determined adversely to us, these proceedings may have a material adverse effect on our business, results of operations, financial condition or prospects. In addition, in some jurisdictions, challenges to tax assessments require the posting of a bond or security for the contested amount, which may reduce our flexibility in operating our business. Our significant tax assessments are described in Note 16 to our audited consolidated financial statements included in this annual report.

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

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

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

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

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

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

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

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

Cyber-attacks or other breaches of network or information technology security may cause equipment failures or disruptions to our operations. Our inability to operate our fixed-line or wireless networks as a result of such events, even for a limited period of time, may result in significant expenses or loss of market share to other communications providers. In addition, the potential liabilities associated with these events could exceed the insurance coverage we maintain.

Cyber-attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access to companies, have increased in frequency, scope and potential harm in recent years. The preventive actions we take to reduce the risk of cyber incidents and protect our information technology and networks may be insufficient to repel a major cyber-attack in the future. The costs associated with a major cyber-attack on us could include increased expenditures on cyber security measures, litigation, damage to our reputation, lost revenues from business interruption and the loss of existing customers and business partners. In addition, if we fail to prevent the theft of valuable information such as financial data and sensitive information about us, or if we fail to protect the privacy of customer and employee confidential data against breaches of network or information technology security, it could result in damage

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to our reputation, which could adversely impact customer and investor confidence. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

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

The cost of acquiring a new subscriber is much higher than the cost of maintaining an existing subscriber. Accordingly, subscriber deactivations, or churn, could have a material negative impact on our operating income, even if we are able to obtain one new subscriber for each lost subscriber. A substantial majority of our subscribers are prepaid, and we do not have long-term contracts with them. Our weighted monthly average churn rate on a consolidated basis was 3.9% for the year ended December 31, 2015 and 4.2% for the year ended December 31, 2016. If we experience an increase in our churn rate, our ability to achieve revenue growth could be materially impacted. In addition, a decline in general economic conditions could lead to an increase in churn, particularly among our prepaid subscribers.

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

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

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

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

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

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

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RISKS RELATING TO THE TELECOMMUNICATIONS INDUSTRY GENERALLY

Changes in the telecommunications industry could affect our future financial performance

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

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

Some of our products and services use intellectual property that we own or license from others. We also provide content we receive from content producers and distributors, such as ringtones, text games, video games, video, including TV programs and movies, wallpapers or screensavers, and we outsource services to service providers, including billing and customer care functions, that incorporate or utilize intellectual property. We and some of our suppliers, content distributors and service providers have received, and may receive in the future, assertions and claims from third parties that the content, products or software utilized by us or our suppliers, content producers and distributors and service providers infringe on the patents or other intellectual property rights of these third parties. These claims could require us or an infringing supplier, content distributor or service provider to cease engaging in certain activities, including selling, offering and providing the relevant products and services. Such claims and assertions also could subject us to costly litigation and significant liabilities for damages or royalty payments, or require us to cease certain activities or prevent us from selling certain products or services.

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

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

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

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

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

Members of one family may be deemed to control us

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

We have significant transactions with affiliates

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

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

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Our bylaws restrict transfers of shares in some circumstances

Our bylaws provide that any acquisition or transfer of more than 10.0% of our capital stock by any person or group of persons acting together requires the approval of our Board of Directors. You may not acquire or transfer more than 10.0% of our capital stock without the approval of our Board of Directors.

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

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

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

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

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

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

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

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

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Our bylaws may only be enforced in Mexico

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

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

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

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

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

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

RISKS RELATING TO DEVELOPMENTS IN MEXICO AND OTHER COUNTRIES

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

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

that could affect our performance include:

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

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

Our business may be especially affected by conditions in Mexico and Brazil, two of our largest markets. In Mexico, for example, economic conditions are strongly impacted by those of the United States. Following the U.S. elections in November 2016 and the change in the U.S. administration, there is uncertainty regarding future U.S. policies with respect to matters of importance to Mexico and its economy, particularly including trade and migration. Changes in U.S. policy could have an adverse effect on the Mexican economy. Additionally, in Brazil, our results of operations were adversely affected by weak economic conditions in Brazil in 2015 and 2016, and may be so affected again in the future.

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

We are affected by fluctuations in the value of the currencies in which we conduct operations compared to the currencies in which our indebtedness is denominated. Such changes result in exchange losses or gains on our net indebtedness and accounts payable. In 2016, we reported net foreign exchange losses of Ps.40.4 billion.

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

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

Major devaluation or depreciation of the currencies in which we conduct operations may result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert such currencies into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness. For example, although the Mexican government does not currently restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, it could institute restrictive exchange rate policies in the future. Similarly, the Brazilian government may impose temporary restrictions on the conversion of Brazilian reals into foreign currencies and on the remittance to foreign investors of proceeds from investments in Brazil whenever there is a serious imbalance in Brazil s balance of payments or a reason to foresee a serious imbalance. The Argentine peso has experienced significant devaluation over the last decade, and since the beginning of 2001 until President Mauricio Macri assumed office, the government has adopted restrictions on access to the foreign exchange market and the transfer of foreign currency outside Argentina, some of which are still in effect. The Argentine government could impose further exchange controls or restrictions on the movement of capital and take other measures in the future in response to capital flight or a significant depreciation of the Argentine peso.

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

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

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PART IV:

SHARE OWNERSHIP

AND TRADING

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Share Ownership and Trading

MAJOR SHAREHOLDERS

The following table sets forth our capital structure as of March 31, 2017.

Series	Number of Shares (*millions*)	Percent of Capital	Combined A Shares and AA Shares[(1)]
L Shares (no par value)	44,559	67.7%	
AA Shares (no par value)	20,635	31.4%	97.3%
A Shares (no par value)	583	0.9%	2.7%
Total	**65,777**	**100.0%**	**100.0%**

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

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

The following table identifies owners of more than 5.0% of any series of our shares as of March 31, 2017. Except as described in the table below and the accompanying notes, we are not aware of any holder of more than 5.0% of any series of our shares. Figures below do not include L Shares that would be held by each shareholder upon conversion of AA Shares or A Shares, as provided for under our bylaws. See Bylaws Share Capital under this Part IV and Management Compensation Share Ownership of Directors and Senior Management under Part V of this annual report.

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Share Ownership and Trading

Shareholder	Shares Owned (*millions*)	Percent of Class[1]
AA Shares:		
Family Trust[2]	10,894	52.8%
Inversora Carso[3]	4,381	21.2%
Carlos Slim Helú	1,879	9.1%
L Shares:		
Inversora Carso[3]	6,020	13.5%
Family Trust[2]	5,998	13.5%
Carlos Slim Helú	3,072	6.9%

(1) Percentage figures are based on the number of shares outstanding as of March 31, 2017.

(2) The Family Trust is a Mexican trust that holds AA Shares and L Shares for the benefit of members of the Slim Family. In addition to shares held by the Family Trust, members of the Slim Family, including Carlos Slim Helú, directly own an aggregate of 3,558 million AA Shares and 9,570 million L Shares representing 17.2% and 21.5%, respectively, of each series. According to beneficial ownership reports filed with the SEC, none of these members of the Slim Family, other than Carlos Slim Helú, individually directly own more than 5.0% of any class of our shares.

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

As of March 31, 2017, 15.4% of the outstanding L Shares were represented by L Share ADSs, each representing the right to receive 20 L Shares, and 99.9% of the L Share ADSs were held by 7,743 registered holders with addresses in the United States. As of such date, 33.2% of the A Shares were held in the form of A Share ADSs, each representing the right to receive 20 A Shares, and 99.8% of the A Share ADSs were held by 3,438 registered holders with addresses in the United States. Each A Share may be exchanged at the option of the holder for one L Share.

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

AA Shares;

A Shares not represented by ADSs; or

L Shares not represented by ADSs.

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Share Ownership and Trading

RELATED PARTY TRANSACTIONS

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

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

Notes 6 and 17 to our audited consolidated financial statements included in this annual report provides additional information about our related party transactions.

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Share Ownership and Trading

DIVIDENDS

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

Payment Date	Pesos per Share	Dollars per Share
November 14, 2016	Ps. 0.14	U.S.$ 0.0068
July 15, 2016	Ps. 0.14	U.S.$ 0.0076
November 13, 2015	Ps. 0.13	U.S.$ 0.0078
September 25, 2015	Ps. 0.30	U.S.$ 0.0177
July 17, 2015	Ps. 0.13	U.S.$ 0.0082
November 14, 2014	Ps. 0.12	U.S.$ 0.0082
July 18, 2014	Ps. 0.12	U.S.$ 0.0082
November 15, 2013	Ps. 0.11	U.S.$ 0.0084
July 19, 2013	Ps. 0.11	U.S.$ 0.0084

For the November 2016 dividend, we offered shareholders an option to receive the dividend in cash, as Series L shares or a combination thereof. Holders of 50.3% of our outstanding shares elected to receive shares, resulting in delivery of 397,909,031 additional L shares.

On April 5, 2017, our shareholders approved a dividend of Ps.0.30 per share, payable in two equal installments in July and November 2017. Shareholders entitled to the dividend will have an option to receive it in cash, as Series L shares or a combination thereof.

The declaration, amount and payment of dividends by América Móvil is determined by majority vote of the holders of AA Shares and A Shares, generally on the recommendation of the Board of Directors, and depends on our results of operations, financial condition, cash requirements, future prospects and other factors considered relevant by the holders of AA Shares and A Shares.

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

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Share Ownership and Trading

TRADING MARKETS

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

L Shares	Mexican Stock Exchange	Mexico City
	Mercado de Valores Latinoamericanos en Euros (Latibex)	Madrid (1)
L Share ADSs	New York Stock Exchange	New York
A Shares	Mexican Stock Exchange	Mexico City
A Share ADSs	New York Stock Exchange	New York (2)

(1) L Shares are in the process of being delisted from the Latibex. We expect the delisting process to be completed during the second quarter of 2017.

(2) A Share ADSs were delisted from the NASDAQ and listed on the NYSE as of December 13, 2016.

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Share Ownership and Trading

The following table sets forth reported high and low sales prices for the L Shares on the Mexican Stock Exchange and the reported high and low sales prices for the L Share ADSs on the NYSE.

	Mexican Stock Exchange		NYSE	
	High	Low	High	Low
	(*Mexican pesos per L Share*)		(*U.S. dollars per L Share ADS*)	
Annual highs and lows				
2012	Ps. 18.35	Ps. 14.79	U.S.$ 28.28	U.S.$ 22.19
2013	16.19	11.60	25.62	18.47
2014	17.51	12.43	26.38	19.17
2015	16.44	11.96	23.58	14.06
2016	13.91	10.40	15.95	11.02
Quarterly highs and lows				
2015:				
First quarter	Ps. 16.37	Ps. 15.20	U.S.$ 23.58	U.S.$ 19.52
Second quarter	16.25	14.70	22.27	20.10
Third quarter	15.86	13.31	21.11	16.43
Fourth quarter	14.09	11.96	17.92	14.06
2016:				
First quarter	Ps. 13.53	Ps. 10.92	U.S.$ 15.55	U.S.$ 12.16
Second quarter	13.91	10.77	15.95	11.31
Third quarter	11.97	10.40	12.92	11.02
Fourth quarter	13.36	10.87	13.52	11.02
2017:				
First quarter	Ps. 13.96	Ps. 12.31	U.S.$ 14.62	U.S.$ 12.16
Monthly highs and lows				
2016:				
October	Ps. 12.84	Ps. 10.87	U.S.$ 13.44	U.S.$ 11.42
November	12.81	11.50	13.52	11.02
December	13.36	12.09	13.09	11.72
2017:				
January	Ps. 14.10	Ps. 12.95	U.S.$ 13.27	U.S.$ 12.24
February	13.30	12.56	13.06	12.16
March	13.76	12.31	14.62	12.50
April (through April 19)	13.76	13.30	14.75	14.15

Source: Bloomberg

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Share Ownership and Trading

The following table sets forth reported high and low sales prices for the A Shares on the Mexican Stock Exchange and the reported high and low sales prices for the A Share ADSs on the NASDAQ from 2012 until 2016 when the shares were delisted from the NASDAQ.

	Mexican Stock Exchange		NASDAQ	
	High	Low	High	Low
	(*Mexican pesos per A Share*)		(*U.S. dollars per A Share ADS*)	
Annual highs and lows				
2012	Ps. 18.46	Ps. 14.01	U.S.$ 28.08	U.S.$ 21.13
2013	16.00	11.60	25.55	18.56
2014	17.61	12.50	26.46	19.16
2015	16.14	11.91	23.52	13.99
2016	13.91	10.71	15.93	10.83
Quarterly highs and lows				
2015:				
First quarter	Ps. 16.60	Ps. 15.01	U.S.$ 23.52	U.S.$ 19.50
Second quarter	16.14	14.35	22.10	20.02
Third quarter	15.78	13.30	21.08	16.36
Fourth quarter	14.02	11.91	17.93	13.99
2016:				
First quarter	Ps. 13.50	Ps. 11.28	U.S.$ 15.71	U.S.$ 12.07
Second quarter	13.91	10.97	15.93	11.34
Third quarter	11.83	10.71	12.92	11.03
Fourth quarter[(1)]	13.41	10.82	13.18	10.83
Monthly highs and lows				
2016:				
October	Ps. 12.45	Ps. 10.82	U.S.$ 13.18	U.S.$ 11.00
November	12.40	11.50	13.10	10.83
December[(1)]	13.41	12.25	13.02	11.57

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Share Ownership and Trading

	Mexican Stock Exchange		NYSE	
	High	Low	High	Low
	(*Mexican pesos per A Share*)		(*U.S. dollars per A Share ADS*)	
Quarterly highs and lows				
2017:				
First quarter	Ps. 14.00	Ps. 12.02	U.S.$ 14.46	U.S.$ 11.89
Monthly highs and lows				
2017:				
January	Ps. 14.00	Ps. 12.77	U.S.$ 13.38	U.S.$ 11.85
February	13.39	12.51	13.19	12.05
March	13.36	12.02	14.46	12.28
April (through April 19)	13.70	12.90	14.64	14.02

Source: Bloomberg

(1) Includes sales prices for the A share ADSs before and after December 13, 2016, when they were delisted from the NASDAQ and listed on the NYSE.

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BYLAWS

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

Organization and Register

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

Corporate Purpose

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

Share Capital

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

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

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

Voting Rights

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

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our transformation from one type of company to another;

any merger involving us;

the extension of our authorized corporate life;

our voluntary dissolution;

any change in our corporate purpose;

any transaction that represents 20.0% or more of the Company s consolidated assets;

any change in our state of incorporation;

removal of our shares from listing on the Mexican Stock Exchange or any foreign stock exchange; and

any action that would prejudice the rights of holders of L Shares.

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

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

Shareholders Meetings

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

holders of L Shares are entitled to vote would be considered at an extraordinary general meeting.

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

The quorum for an ordinary general meeting of the AA Shares and A Shares is 50.0% of such shares, and action may be taken by a majority of the shares present. If a quorum is not available, a second meeting may be called at which action may be taken by a majority of the AA Shares and A Shares present, regardless of the number of such shares. Special meetings of holders of L Shares are governed by the same rules applicable to ordinary general meetings of holders of AA Shares and A Shares. The quorum for an extraordinary general meeting at which holders of L Shares may not vote is 75.0% of the AA Shares and A

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

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

- who were entitled to vote on, or whose rights as shareholders were adversely affected by, the challenged shareholder action; and

- whose shares were not represented when the action was taken or, if represented, were voted against it.

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

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

Dividend Rights

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

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

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Preferential Rights of L Shares

Holders of L Shares are entitled to receive a cumulative preferred annual dividend of 5% of their paid-in capital (*valor teórico*) before any dividends are payable in respect of any other class of América Móvil capital stock. If we pay dividends with respect to any fiscal year in addition to the L Share preferred dividend, such dividends must be allocated:

first, to the payment of dividends with respect to the A Share and AA Shares, in an equal amount per share, up to the amount of the L Share preferred dividend, and

second, to the payment of dividends with respect to all classes of América Móvil shares such that the dividend per share is equal.

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

accrued but unpaid L Share preferred dividends, plus

5% of their paid-in capital (*valor teórico*) (representing the capital attributable to such shares as set forth in our bylaws) before any distribution is made in respect of our other capital stock in accordance with Article 113 of the Mexican General Corporations Law.

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

Limitation on Capital Increases

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

Preemptive Rights

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

exercise preemptive rights only through the depositary. We are not required to take steps that may be necessary to make this possible.

Limitations on Share Ownership

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

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Mexican citizens;

Mexican corporations whose capital stock is held completely by Mexican citizens;

Mexican corporations in which at least 51.0% of the capital stock may only be held or acquired by (i) Mexican citizens or (ii) Mexican corporations;

Mexican credit and insurance companies;

Mexican investment companies operating under the Investment Companies Law (*Ley de Sociedades de Inversión*) and Mexican institutional investors as defined in the Mexican Securities Market Law; and

Trusts expressly permitted to acquire AA Shares in accordance with Mexican law and in which (i) the majority of the trustee s rights are held by Mexican citizens, corporations whose capital stock is held by Mexican citizens in its majority, and Mexican credit, insurance and investment companies or (ii) the AA Shares controlled by the trust represent a minority of the outstanding AA Shares and are voted in the same manner as the majority of the outstanding AA Shares.

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

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

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

Restrictions on Certain Transactions

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

Restrictions on Deregistration in Mexico

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

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

Our bylaws provide that if, after the public offer is concluded, there are still outstanding shares held by the general public, América Móvil will be required to create a trust for a period of six months, into which we will

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be required to contribute funds in an amount sufficient to purchase, at the same price as the offer price, the number of outstanding shares held by the general public that did not participate in the offer.

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

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

Tender Offer Requirement

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

Other Provisions

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

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

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

Duration. Our existence under the bylaws continues indefinitely.

Purchase of our own shares. According to the bylaws, we may repurchase our shares on the Mexican Stock Exchange at any time at the then-prevailing market price. Any such repurchase must conform to guidelines established by the Board of Directors, and the amount available to repurchase shares must be approved by

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the general ordinary shareholders meeting. The economic and voting rights corresponding to repurchased shares may not be exercised during the period in which we own such shares, and such shares are not deemed to be outstanding for purposes of calculating any quorum or vote at any shareholders meeting during such period.

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

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

Rights of Shareholders

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

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

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

Enforceability of Civil Liabilities

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

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Share Ownership and Trading

DEPOSITARY SHARES

American Depositary Shares

Citibank, N.A. (the Depositary) serves as the depositary for our ADSs. ADS holders are required to pay various fees to the Depositary, and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

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

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

Depositary service	Fee payable by ADS holders
Issuance and delivery of ADSs, including in connection with share distributions, purchase rights, sales and stock splits	Up to U.S.$5.00 per 100 ADSs (or portion thereof)
Cash distributions	Up to U.S.$5.00 per 100 ADSs (or portion thereof)
Surrender, withdrawal or cancellation	Up to U.S.$5.00 per 100 ADSs (or portion thereof)
Share distributions other than ADSs or rights to purchase additional ADSs (i.e., spin-off shares)	Up to U.S.$5.00 per 100 ADSs (or portion thereof)
ADS services	Up to U.S.$5.00 per 100 ADSs (or portion thereof) held on the applicable record date(s) established by the Depositary

Payments by the Depositary

The Depositary reimburses us for certain expenses we incur in connection with the ADR program, subject to a ceiling agreed between us and the Depositary from time to time. These reimbursable expenses currently include legal and accounting fees, listing fees, investor relations expenses and fees payable to service providers for the distribution of material to ADR holders. During the year ended December 31, 2016, the Depositary did not pay us for any reimbursable expenses.

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Share Ownership and Trading

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

We periodically repurchase our L Shares and A Shares on the open market using funds authorized by our shareholders specifically for the repurchase of L Shares and A Shares by us at our discretion. In the annual ordinary shareholders meeting held on April 5, 2017, our shareholders authorized an allocation of Ps.3.0 billion to repurchase L Shares and A Shares from April 2017 to April 2018.

The following tables set out information concerning purchases of our L Shares and A Shares by us and our affiliated purchasers in 2016. We did not repurchase our L Shares or A Shares other than through the share repurchase program.

Period	Total Number of L Shares Purchased[1]	Average Price Paid per L Share	Total Number of L Share Purchased as Part of Publicly Announced Plans or Programs	Approximate Mexican P Value of L Shares that May Yet Be Purchased Under the Plans or Programs[2]
January 2016	64,068,937	11.70	50,167,100	17,357,072,743
February 2016	76,840,133	12.29	71,840,133	16,473,963,356
March 2016	51,990,000	13.18	51,990,000	15,792,570,193
April 2016	99,054,600	13.06	87,944,000	26,638,505,168
May 2016	100,179,765	11.69	86,000,000	25,639,036,336
June 2016	85,010,000	11.32	85,010,000	24,682,035,598
July 2016	48,000,000	11.33	43,000,000	24,194,150,571
August 2016	91,596,206	11.08	23,454,558	23,936,051,855
September 2016	20,500,000	11.16	20,500,000	23,708,680,570
October 2016	18,500,000	11.28	18,500,000	23,501,134,176
November 2016	10,000,000	12.12	10,000,000	23,380,649,551
December 2016	47,862,598	12.88	47,862,598	22,761,260,580
Total	**713,602,239**		**596,268,389**	

(1) This includes purchases by us and our affiliated purchasers in 2016.
(2) This is the approximate peso amount available at the end of the period for purchases of both L Shares and A Shares pursuant to our share repurchase program.

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Share Ownership and Trading

Period	Total Number of A Shares Purchased[1]	Average Price Paid per A Share	Total Number of A Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Mexican P Value of A Shares that M Yet Be Purchased Under the Plans or Programs[2]
January 2016	2,832,900	12.27	2,832,900	17,357,072,743
February 2016	159,867	12.57	159,867	16,473,963,356
March 2016				15,792,570,193
April 2016	56,000	12.04	56,000	26,638,505,168
May 2016				25,639,036,336
June 2016				24,682,035,598
July 2016	27,484	11.28	27,484	24,194,150,571
August 2016	586,636	10.85	55,442	23,936,051,855
September 2016				23,708,680,570
October 2016				23,501,134,176
November 2016				23,380,649,551
December 2016	508,949	12.97	508,949	22,761,260,580
Total	**4,171,836**		**3,640,642**	

(1) This includes purchases by us and our affiliated purchasers in 2016.

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

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TAXATION OF SHARES AND ADSs

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

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

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

MEXICAN TAX CONSIDERATIONS

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

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

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

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Share Ownership and Trading

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

a. whose shares were not acquired through the Mexican Stock Exchange or other markets authorized by the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) or the Mexican Federal Tax Code;

b. of shares or ADSs that control us;

c. that holds 10.0% or more of our shares;

d. that is part of a group of persons for purposes of Mexican law that controls us (or holds 10.0% or more of our shares); or

e. that is a resident of Mexico or is a corporation resident in a tax haven (as defined by the Mexican Income Tax Law).

Tax Treaties

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

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

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the L Shares, A Shares, L Share ADSs or A Share ADSs will generally be subject to a 10.0% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2014). Nonresident holders could be subject to a lower tax rate, to the extent that they are eligible for benefits under an income tax treaty to which Mexico is a party.

Taxation of Dispositions

The tax rate on income realized by a nonresident holder from a disposition of shares through the Mexican Stock Exchange is generally 10.0%, which is applied to the net gain realized on the disposition. This tax is payable through withholding made by intermediaries. However, such withholding does not apply to a nonresident holder who certifies that the holder is resident in a country with which Mexico has entered into an income tax treaty.

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

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

Pursuant to the Tax Treaty, gains realized by a U.S. resident that is eligible to receive benefits pursuant to the Tax Treaty from the sale or other disposition of shares or ADSs, even if the sale or disposition is not carried out under the circumstances described in the preceding paragraphs, will not be subject to Mexican income tax, provided that the gains are not attributable to a permanent establishment or a fixed base in Mexico, and further provided that such U.S. holder owned less than 25% of the shares representing our capital stock (including ADSs), directly or indirectly, during the12-month period preceding such disposition. U.S. residents should consult their own tax advisors as to their possible eligibility under the Tax Treaty.

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

Other Mexican Taxes

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

U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences to U.S. holders (as defined below) of the acquisition, ownership and disposition of shares or ADSs. The summary does not purport to be a comprehensive description of all of the tax consequences of the acquisition, ownership or disposition of shares or ADSs. The summary applies only to U.S. holders that will hold their shares or ADSs as capital assets and does not apply to special classes of U.S. holders, such as dealers in securities or currencies, holders with a functional currency other than the U.S. dollar, holders of 10.0% or more of our voting shares (whether held directly or through ADSs or both), tax-exempt organizations, banks, insurance companies or other financial institutions, holders liable for the alternative minimum tax, securities traders electing to account for their investment in their shares or ADSs on a mark-to-market basis, entities that are treated for U.S. federal income tax purposes as partnerships or other pass-through entities or equity holders therein and persons holding their shares or ADSs in a hedging transaction or as part of a straddle or conversion transaction.

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Share Ownership and Trading

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

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

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

Treatment of ADSs

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

Taxation of Distributions

In general, a U.S. holder will treat the gross amount of distributions we pay, without reduction for Mexican withholding tax, as dividend income for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits. Because we do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions paid to U.S. holders generally will be reported as dividends. In general, the gross amount of any dividends will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the U.S. holder, in the case of shares, or by the depositary, in the case of ADSs.

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

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

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Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual with respect to the shares or ADSs will be subject to taxation at reduced rates if the dividends are qualified dividends. Dividends paid on the shares or ADSs will be treated as qualified dividends if (i) (A) the shares or ADSs are readily tradable on an established securities market in the United States or (B) we are eligible for the benefits of a comprehensive tax treaty with the United States which the U.S. Treasury determines is satisfactory for purposes of this provision and which includes an exchange of information program, and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). The ADSs are listed on the NYSE, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. In addition, the U.S. Treasury has determined that the Tax Treaty meets the requirements for reduced rates of taxation, and we believe we are eligible for the benefits of the Tax Treaty. Based on our audited consolidated financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to the 2015 or 2016 taxable year. In addition, based on our audited consolidated financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income and relevant market and shareholder data, we do not anticipate becoming a PFIC for our 2017 taxable year. Holders of shares or ADSs should consult their own tax advisors regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

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

Taxation of Dispositions

A U.S. holder generally will recognize capital gain or loss on the sale or other disposition of the shares or ADSs in an amount equal to the difference between the U.S. holder s basis in such shares or ADSs (in U.S. dollars) and the amount realized on the disposition (in U.S. dollars, determined at the spot rate on the date of disposition if the amount realized is denominated in a foreign currency). Gain or loss recognized by a U.S. holder on such sale or other disposition generally will be long-term capital gain or loss if, at the time of disposition, the shares or ADSs have been held for more than one year. Long-term capital gain recognized by a U.S. holder that is an individual is taxable at reduced rates. The deductibility of a capital loss is subject to limitations.

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

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Information Reporting and Backup Withholding

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

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

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

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

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

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

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

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

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PART V:

CORPORATE GOVERNANCE

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Corporate Governance

MANAGEMENT

DIRECTORS

Our Board of Directors has broad authority to manage our company. Our bylaws provide for the Board of Directors to consist of between five and 21 directors and allow for the election of an equal number of alternate directors. Directors need not be shareholders. A majority of our directors and a majority of the alternate directors must be Mexican citizens and elected by Mexican shareholders. A majority of the holders of the AA Shares and A Shares voting together elect a majority of the directors and alternate directors, provided that any holder or group of holders of at least 10.0% of the total AA Shares and A Shares is entitled to name one director and one alternate director. Two directors and two alternate directors, if any, are elected by a majority vote of the holders of L Shares. Each alternate director may attend meetings of the Board of Directors and vote in the absence of the corresponding director. Directors and alternate directors are elected or reelected at each annual general meeting of shareholders and each annual ordinary special meeting of holders of L Shares, and each serves until a successor is elected and takes office. In accordance with the Mexican Securities Market Law (*Ley del Mercado de Valores*), the determination as to the independence of our directors is made by our shareholders, though the CNBV may challenge this determination. Pursuant to our bylaws and the Mexican Securities Market Law, at least 25.0% of our directors must be independent. In order to have a quorum for a meeting of the Board of Directors, a majority of those present must be Mexican nationals.

All of the current members of the Board of Directors, the Executive Committee and the Audit and Corporate Practices Committee were reelected, and the Corporate Secretary and the Corporate Pro-Secretary were reappointed, at the annual general shareholders meeting held on April 5, 2017, with 14 directors elected by the AA Shares and A Shares voting together and two directors elected by the L Shares. The only alternate director was also reelected.

Our bylaws provide that the members of the Board of Directors are elected for a term of one year. Pursuant to Mexican law, members of the Board continue in their positions after the expiration of their terms for up to an additional 30-day period if new members are not elected. Furthermore, in certain circumstances provided under the Mexican Securities Law, the Board of Directors may elect temporary directors who then may be elected or replaced at the shareholders meetings. The names and positions of the members of the Board reelected at the annual general shareholders meeting held on April 5, 2017, their year of birth, and information concerning their committee membership and principal business activities outside América Móvil are set forth below:

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

Carlos Slim Domit	Born:	1967
Chairman of the Board and the Executive Committee	First elected:	2011
	Term expires:	2018

Principal occupation:	Chairman of the Board of Telmex
Other directorships:	Chairman of the Board of Grupo Carso, Grupo Sanborns, S.A.B. de C.V. (Grupo Sanborns) and U.S. Commercial Corp, S.A. de C.V.
Business experience:	Chief Executive Officer of Sanborn Hermanos, S.A. de C.V. (Sanborn Hermanos)

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Corporate Governance

Patrick Slim Domit	Born:	1969
Vice Chairman and Member of the Executive Committee	First elected:	2004
	Term expires:	2018
	Principal occupation:	Vice Chairman of our Board of Directors
	Other directorships:	Director of Grupo Carso, Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. (IDEAL) and Telmex
	Business experience:	Chief Executive Officer of Grupo Carso and Vice President of Commercial Markets of Telmex
Daniel Hajj Aboumrad	Born:	1966
Director and Member of the Executive Committee	First elected:	2000
	Term expires:	2018
	Principal occupation:	Chief Executive Officer of América Móvil
	Other directorships:	Director of Grupo Carso and Telmex
	Business experience:	Chief Executive Officer of Compañía Hulera Euzkadi, S.A. de C.V.
Carlos Slim Helú	Born:	1940
Director	First elected:	2015
	Term expires:	2018
	Principal occupation and Business experience:	Chairman of the Board of Minera Frisco, S.A.B. de C.V. and Carso Infraestructura y Construcción, S.A. de C.V.; Director of IDEAL, Grupo Sanborns and Inmuebles Carso, S.A.B. de C.V. (Inmuebles Carso)
Luis Alejandro Soberón Kuri	Born:	1960

Director	First elected:	2000
	Term expires:	2018
	Principal occupation:	Chief Executive Officer and Chairman of the Board of Servicios Corporativos CIE, S.A. de C.V. (a subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V. (CIE))
	Other directorships:	Director of CIE; Director of Banco Nacional de México, S.A.
	Business experience:	Various positions at CIE
Carlos Bremer Gutiérrez	Born:	1960
Director and Member of the Audit and Corporate Practices Committee	First elected:	2004
	Term expires:	2018
	Principal occupation:	Chief Executive Officer of Value Grupo Financiero, S.A.B. de C.V. and Value S.A. de C.V., Casa de Bolsa
	Other directorships:	Chairman of Value Grupo Financiero, S.A.B. de C.V.
	Business experience:	Chief Operating Officer of Abaco Casa de Bolsa, S.A. de C.V.
Juan Antonio Pérez Simón	Born:	1941
Director	First elected:	2012
	Term expires:	2018
	Principal occupation:	Chairman of the Board of Sanborn Hermanos
	Other directorships:	Director of Grupo Carso, Grupo Financiero Inbursa, Sears and Elementia, S.A., Telmex
	Business experience:	Various positions at Grupo Carso

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Corporate Governance

Ernesto Vega Velasco	Born:	1937
Director, Chairman of the Audit and Corporate Practices Committee	First elected:	2007
	Term expires:	2018
	Principal occupation:	Retired. Member of the board of directors and audit and corporate practices, planning and finance and evaluation and compensation committees of certain companies.
	Other directorships:	Director of Kuo, S.A.B. de C.V., Dine, S.A.B. de C.V., Inmuebles Carso, IDEAL; Alternate Director of Industrias Peñoles, S.A.B. de C.V.
	Business experience:	Various positions in Desc Group, including Corporate Vice-President
Rafael Moisés Kalach Mizrahi	Born:	1946
Director and Member of the Audit and Corporate Practices Committee	First elected:	2012
	Term expires:	2018
	Principal occupation:	Chairman and Chief Executive Officer of Grupo Kaltex, S.A. de C.V. (Grupo Kaltex)
	Other directorships:	Director of Telmex, Grupo Carso and Sears Roebuck, S.A. de C.V.
	Business experience:	Various positions in Grupo Kaltex
Antonio Cosío Pando	Born:	1968
Director	First elected:	2015
	Term expires:	2018
	Principal occupation:	Vice President of Grupo Hotelero las Brisas, S.A. de C.V. (Grupo Brisas), Compañía Industrial Tepeji del Río, S.A. de C.V., and Bodegas de Santo Tomás, S.A. de C.V.
	Other directorships:	Director of Grupo Financiero Inbursa, Grupo Carso, Grupo Sanborns, Corporación Actinver S.A.B. de C.V., Corporación Moctezuma S.A.B. de C.V., Kimberly Clark de México, S.A.B. de C.V. (Kimberly Clark de México) and Telmex

	Business experience:	Various positions in Grupo Brisas and Compañía Industrial Tepeji del Río, S.A. de C.V.
Arturo Elías Ayub	Born:	1966
Director	First elected:	2011
	Term expires:	2018
	Principal occupation:	Head of Strategic Alliances, Communications and Institutional Relations of Telmex; Chief Executive Officer of Fundación Telmex
	Other directorships:	Chairman of the Board of Publicidad y Contenido Editorial, S.A. de C.V.; Director of Grupo Sanborns, Grupo Carso, Sears and TM&MS LLC
	Business experience:	Chief Executive Officer of Sociedad Comercial Cadena, President of Pastelería Francesa (El Globo) and President of Club Universidad Nacional, A.C.

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Corporate Governance

Oscar Von Hauske Solís	Born:	1957
Director	First elected:	2011
	Term expires:	2018
	Principal occupation:	Chief Fixed-line Operations Officer of América Móvil
	Other directorships:	Alternate Director of Telmex, Claro S.A. (Claro Brasil); Member of Telekom Austria s Supervisory Board
	Business experience:	Chief Executive Officer of Telmex Internacional and Chief Systems and Telecommunications Operators Officer of Telmex
Louis C. Camilleri	Born:	1955
Director	First elected:	2011
	Term expires:	2018
	Principal occupation:	Chairman of Philip Morris International
	Other directorships:	Director of Ferrari N.V.
	Business experience:	Chairman and Chief Executive Officer of Altria and various positions in Philip Morris International

Directors elected by holders of Series L Shares:

Pablo Roberto González Guajardo	Born:	1967
	First elected:	2007
Director and Member of the Audit and Corporate Practices Committee	Term expires:	2018
	Principal occupation:	Chief Executive Officer of Kimberly Clark de México
	Other directorships:	

		Director of Kimberly Clark de México, GE International México, S. de R. L. de C. V., Sistema Integral de Abasto Rural, S.A.P.I de C.V., Grupo Sanborns, and Grupo Lala, S.A.B. de C.V.
	Business experience:	Various positions in the Kimberly Clark Corporation and Kimberly Clark de México
David Ibarra Muñoz	Born:	1930
Director	First elected:	2000
	Term expires:	2018
	Principal occupation:	Retired
	Other directorships:	Director of Grupo Financiero Inbursa, IDEAL and Grupo Carso
	Business experience:	Chief Executive Officer of Nacional Financiera, S.N.C., served in the Mexican Ministry of Finance and Public Credit

The annual ordinary general shareholders meeting held on April 5, 2017, determined that the following directors are independent: Messrs. Ernesto Vega Velasco, Carlos Bremer Gutiérrez, Pablo Roberto González Guajardo, David Ibarra Muñoz, Antonio Cosío Pando, Louis C. Camilleri and Rafael Moisés Kalach Mizrahi.

María José Pérez Simón Carrera serves as alternate director for Juan Antonio Pérez Simón and was reelected for a one-year term at the annual ordinary general shareholders meeting held on April 5, 2017.

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

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

EXECUTIVE COMMITTEE

Our bylaws provide that the Executive Committee may generally exercise the powers of the Board of Directors, with certain exceptions. In addition, the Board of Directors is required to consult the Executive Committee before deciding on certain matters set forth in the bylaws, and the Executive Committee must provide its views within 10 calendar days following a request from the Board of Directors, the Chief Executive Officer or the Chairman of the Board of Directors. If the Executive Committee is unable to make a recommendation within ten calendar days, or if a majority of the Board of Directors or any other corporate body duly acting within its mandate determines in good faith that action cannot be deferred until the Executive Committee makes a recommendation, the Board of Directors is authorized to act without such recommendation. The Executive Committee may not delegate its powers to special delegates or attorneys-in-fact.

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

AUDIT AND CORPORATE PRACTICES COMMITTEE

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

- provide opinions to the Board of Directors on certain matters as provided by the Mexican Securities Market Law;
- call shareholders meetings and recommend inclusion of matters it deems appropriate on the agenda;

inform the Board of Directors of our internal controls and their adequacy;

select our auditors, review and pre-approve the scope and terms of their engagement, and determine their compensation;

monitor the performance of our auditors and re-evaluate the terms of their engagement;

recommend procedures for preparing financial statements and internal controls;

monitor internal controls and accounting for specified types of matters;

propose procedures for the preparation of financial statements for internal use that are consistent with the published financial statements;

assist the Board of Directors in preparing reports as provided by the Mexican Securities Market Law;

discuss with our auditors the annual financial statements and the accounting principles being applied in the annual and the interim financial statements and, based on such discussions, recommend their approval to the Board of Directors;

resolve disagreements between our management and auditors relating to our financial statements;

request the opinion of independent experts, when deemed appropriate or when required by law;

approve services to be provided by our auditors or establish policies and procedures for the pre-approval of services by our auditors;

obtain from our auditors a report that includes a discussion of critical accounting policies used by us, any alternative accounting treatments for material items that have been discussed by management with our auditor and any other written communications between our auditors and management;

report to the Board of Directors on its activities;

develop procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including for the confidential submission of concerns regarding such matters by employees;

evaluate the performance of the external auditors;

review and discuss our financial statements and advise the Board of Directors of the committee s recommendations for approval of such financial statements;

receive and analyze recommendations and observations to its functions from shareholders, members of the Board of Directors and senior management and the authority to act upon such recommendations and observations;

recommend to the Board of Directors procedures for the selection and succession of our Chief Executive Officer and our other principal executives;

propose criteria for evaluating executive performance;

analyze the proposals of the Chief Executive Officer concerning the structure and amount of compensation for our senior executives and raise them with the Board of Directors;

review new executive compensation programs and the operations of existing programs;

establish contracting practices to avoid excessive payments to executives;

assist the Board of Directors in developing appropriate personnel policies;

participate with the Board of Directors in developing a plan for employees to invest in our L Shares and review the implementation of such plan; and

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perform any other functions the Board of Directors may delegate to the Audit and Corporate Practices Committee.

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

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

SENIOR MANAGEMENT

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

Daniel Hajj Aboumrad	Appointed:	2000
Chief Executive Officer	Business experience:	Director of Telmex; Chief Executive Officer of Compañía Hulera Euzkadi, S.A. de C.V.
Carlos José García Moreno Elizondo	Appointed:	2001
Chief Financial Officer	Business experience:	General Director of Public Credit at the Ministry of Finance and Public Credit; Managing Director of UBS Warburg; Associate Director of Financing at Petróleos Mexicanos (Pemex); Member of Telekom Austria s Supervisory Board; Member of KPN Supervisory Board
Alejandro Cantú Jiménez	Appointed:	2001
General Counsel	Business experience:	Member of Telekom Austria s Supervisory Board; Attorney at Mijares, Angoitia, Cortésy Fuentes, S.C.

Oscar Von Hauske Solís	Appointed:	2010
Chief Fixed-line Operations Officer	Business experience:	Chief Executive Officer of Telmex Internacional; Chief Systems and Telecommunications Officer of Telmex; Head of Finance at Grupo Condumex, S.A. de C.V.; Director of Telmex, Telmex Internacional, Empresa Brasileira de Telecomunicações S.A. (Embratel), and Net Serviços de Comunicação S.A. (Net Serviços); Member of Telekom Austria s Supervisory Board
Angel Alija Guerrero	Appointed:	2012
Chief Wireless Operations Officer	Business experience:	Various positions in América Móvil

AUDIT COMMITTEE FINANCIAL EXPERT

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

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MANAGEMENT COMPENSATION

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate compensation paid to our directors (including compensation paid to members of our Audit and Corporate Practices Committee) and senior management in 2016 was approximately Ps.4.0 million and Ps.64.0 million, respectively. None of our directors is a party to any contract with us or any of our subsidiaries that provides for benefits upon termination of employment. We do not provide pension, retirement or similar benefits to our directors in their capacity as directors. Our executive officers are eligible for retirement and severance benefits required by Mexican law on the same terms as all other employees, and we do not separately set aside, accrue or determine the amount of our costs that is attributable to executive officers.

SHARE OWNERSHIP OF DIRECTORS AND SENIOR MANAGEMENT

Carlos Slim Domit, Chairman of our Board of Directors, holds 647 million (or 3.1%) of our AA Shares and 1,567 million (or 3.5%) of our L Shares directly. Patrick Slim Domit, Vice Chairman of our Board of Directors, holds 323 million (or 1.6%) of our AA Shares and 859 million (or 1.9%) of our L Shares directly. Carlos Slim Helú, member of our Board of Directors, holds 1,879 million (or 9.1%) of our AA Shares and 3,072 million (or 6.9%) of our L shares directly. In addition, according to beneficial ownership reports filed with the SEC, Patrick Slim Domit and Carlos Slim Domit are beneficiaries of a trust that owns shares of the Company. See Major Shareholders under Part IV and Bylaws Share Capital under Part IV of this annual report.

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

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Corporate Governance

CORPORATE GOVERNANCE

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

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

NYSE Standards	Our Corporate Governance Practices
Director Independence	
Majority of board of directors must be independent. §303A.01. Controlled companies are exempt from this requirement. A controlled company is one in which more than 50.0% of the voting power is held by an individual, group or another company, rather than the public. §303A.00.	Pursuant to the Mexican Securities Market Law, our shareholders are required to appoint a board of directors of no more than 21 members, 25% of whom must be independent. Certain persons are per se non-independent, including insiders, control persons, major suppliers and any relatives of such persons. In accordance with the Mexican Securities Market Law, our shareholders meeting is required to make a determination as to the independence of our directors, though such determination may be challenged by the CNBV.
As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.	There is no exemption from the independence requirement for controlled companies.
Executive Sessions	
Non-management directors must meet at regularly scheduled executive sessions without management. Independent directors should meet alone in an executive session at least once a year. §303A.03.	Our non-management directors have not held executive sessions without management in the past, and they are not required to do so.
Nominating/Corporate Governance Committee	
Nominating/corporate governance committee composed entirely of independent directors is required. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.04.	We currently do not have a nominating committee or a corporate governance committee. We are not required to have a nominating committee. However, Mexican law requires us to have one or more committees that oversee certain corporate practices, including appointment of

Controlled companies are exempt from these requirements §303A.00.	directors and executives. Under the Mexican Securities Market Law, committees overseeing certain corporate practices must be composed of independent directors. However, in the case of controlled companies, such as ours, only a majority of the committee members must be independent.
As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.	Under the Mexican Securities Market Law, certain corporate governance functions must be delegated to one or more committees. Under our bylaws, the Audit and Corporate Practices Committee performs our corporate governance functions. See Management under Part V of this annual report.

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NYSE Standards	Our Corporate Governance Practices
Compensation Committee	
Compensation committee composed entirely of independent directors is required, which must evaluate and approve executive officer compensation. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee. §303A.02(a)(ii) and §303A.05. Controlled companies are exempt from this requirement. §303A.00. As a controlled company, we would be exempt from this requirement if we were a U.S. issuer.	We currently do not have a compensation committee. We are not required to have a compensation committee since our Audit and Corporate Practices Committee, which is comprised solely of independent directors, evaluates and approves compensation of management (including our CEO) and directors.
Audit Committee	
Audit committee satisfying the independence and other requirements of Rule 10A-3 under the Exchange Act and the additional requirements under the NYSE standards is required. §§303A.06, 303A.07.	We have an audit and corporate practices committee of four members. Each member of the audit and corporate practices committee is independent, as independence is defined under the Mexican Securities Market Law, and also meets the independence requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. Our audit and corporate practices committee operates primarily pursuant to (1) a written charter adopted by our board of directors, which assigns to the committee responsibility over those matters required by Rule 10A-3 (2) our bylaws and (3) Mexican law. For a more detailed description of the duties of our audit and corporate practices committee, see Management under Part V of this annual report.
Equity Compensation Plans	
Equity compensation plans and all material revisions thereto require shareholder approval, subject to limited exemptions. §§303A.08 and 312.03.	Shareholder approval is expressly required under Mexican law for the adoption and amendment of an equity compensation plan. Such plans must provide for similar treatment of executives in comparable positions.
Shareholder Approval for Issuance of Securities	
Issuances of securities (1) that will result in a change of control of the issuer, (2) that are to a related party or someone closely related to a related party, (3) that have voting power equal to at least 20.0% of the outstanding common stock voting power before such issuance or (4) that will increase the number of shares of common stock by at least 20.0% of the number of outstanding shares before such issuance requires shareholder approval. §§312.03(b)-(d).	Mexican law requires us to obtain shareholder approval of the issuance of equity securities. Under certain circumstances, however, treasury stock may be sold by the board of directors without shareholder approval.

Code of Business Conduct and Ethics

Corporate governance guidelines and a code of business conduct and ethics are required, with disclosure of any waiver for directors or executive officers. The code must contain compliance standards and procedures that will facilitate the effective operation of the code. §303A.10.	We have adopted a code of ethics, which has been accepted by all of our directors and executive officers and other personnel.

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Corporate Governance

NYSE Standards	Our Corporate Governance Practices
Conflicts of Interest	
Determination of how to review and oversee related party transactions is left to the listed company. The audit committee or comparable body, however, could be considered the forum for such review and oversight. §314.00. Certain issuances of common stock to a related party require shareholder approval. §312.03(b).	In accordance with Mexican law, an independent audit committee must provide an opinion to the board of directors regarding any transaction with a related party that is outside of the ordinary course of business, which must be approved by the board of directors. Pursuant to the Mexican Securities Market Law, our board of directors may establish certain guidelines regarding related party transactions that do not require specific board approval.
Solicitation of Proxies	
Solicitation of proxies and provision of proxy materials is required for all meetings of shareholders. Copies of such proxy solicitations are to be provided to NYSE. §§402.01 and 402.04.	We are not required to solicit proxies from our shareholders. In accordance with Mexican law and our bylaws, we inform shareholders of all meetings by public notice, which states the requirements for admission to the meeting. Under the deposit agreement relating to our ADSs, holders of our ADSs receive notices of shareholders meetings and, where applicable, instructions on how to instruct the depositary to vote at the meeting. Under the deposit agreement relating to our ADS, we may direct the voting of any ADS as to which no voting instructions are received by the depositary, except with respect to any matter where substantial opposition exists or that materially and adversely affects the rights of holders.

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Corporate Governance

CONTROLS AND PROCEDURES

(a) *Disclosure controls and procedures.* We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2016. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

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

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

Based on our evaluation under the framework in Internal Control Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Mancera, S.C. (Mancera), a member practice of Ernst & Young Global Limited, an independent registered public accounting firm, our independent auditor, issued an attestation report on our internal control over financial reporting on April 24, 2017.

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

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

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

We have audited América Móvil, S.A.B. de C.V. and subsidiaries internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). América Móvil, S.A.B. de C.V. and subsidiaries management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, América Móvil, S.A.B. de C.V. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2015 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2016, and our report dated April 24, 2017, expressed an unqualified opinion thereon.

/s/ MANCERA, S.C.

Mexico City, Mexico

April 24, 2017

(d) *Changes in internal control over financial reporting.* There has been no change in our internal control over financial reporting during 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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CODE OF ETHICS

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

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PART VI:

REGULATION

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REGULATION

MEXICO

Legal Framework

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

Under the current legal framework, the IFT determines whether there is a preponderant economic agent in the telecommunications sector, based on number of customers, traffic or network capacity. In 2014, the IFT determined that an economic interest group consisting of us and our Mexican operating subsidiaries (Telcel, Telmex and Teléfonos del Noroeste, S.A. de C.V. (Telnor)), as well as Grupo Carso and Grupo Financiero Inbursa, constitutes the preponderant economic agent in the telecommunications sector, based on a finding that we serve more than half of the customers in Mexico as measured by the IFT on a national basis.

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

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

Principal Regulatory Authorities

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

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

transferred to the IFT, there are a few specific public policy matters over which it retains authority.

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

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

Asymmetric Regulation of the Preponderant Economic Agent

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

Interconnection Rates. We may not charge other carriers for the termination services we provide in our networks. We continue to pay such carriers for their interconnection services.

Sharing of Wireless Infrastructure and Services. We must provide other carriers access to (i) passive infrastructure, including towers, sites, ducts and rights of way; (ii) elements of our network that allow other carriers and mobile virtual network operators (MVNOs) to resell those services we provide to our customers; and (iii) domestic roaming services, in each case, pursuant to IFT pre-approved reference terms (*ofertas públicas de referencia*). If we cannot reach an agreement with other carriers or MVNOs, our rates may be determined by the IFT using, as applicable, a long-run average incremental costs methodology or, in the case of MVNOs, a retail-minus methodology.

For mobile services, the IFT has the right to verify the economic replicability of the end user rates with respect to rates applicable to services provided by mobile virtual network operators.

Sharing of Fixed Infrastructure and Services. We must provide other carriers access to (i) passive infrastructure, including towers, sites, ducts and rights of way; (ii) elements of our network that allow other carriers to resell those services we provide to our customers and (iii) our dedicated links. The IFT will determine the rates applicable to all wholesale regulated fixed services based on long-run average incremental cost methodologies.

For fixed services, the IFT has the right to verify the economic replicability of the end user rates.

Access to Local Loop. We must offer other carriers access to elements of our local network separately on terms and conditions pre-approved by the IFT. In addition, the IFT has ordered the functional separation of the provision of wholesale regulated fixed services related to local loop (*acceso local*) and shared

access and use of passive infrastructure. To that effect, the IFT has ordered the incorporation of a legal entity with independent management and operations from Telmex, Telnor and Telcel, but not necessarily outside the Company s ownership structure, that will exclusively provide such wholesale services. Implementation of the functional separation will be based on a separation plan that will be presented by Telmex and Telnor for the IFT s approval. This functional separation must be implemented no later than two years from the IFT s approval of the separation plan.

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Certain Obligations Relating to Retail Services. Certain rates for the provision of telecommunications services to our customers are subject to the IFT s prior authorization, in the case of fixed-line and wireless services, and to rate controls, in the case of fixed-line services only, using historical cost methodologies to determine the maximum prices Telmex may charge its customers. We are also subject to certain obligations and exclusivity restrictions relating to the sale of our services and products; such obligations include unlocking handsets and tablets for our customers and offering individually all services that we previously offered under a bundled scheme.

Content. We are subject to specific limitations on acquisitions of exclusive transmission rights to relevant content (*contenidos audiovisuales relevantes*), as determined from time to time by the IFT, including, but not limited to, certain Mexican national soccer matches, the opening and closing ceremonies of the Summer Olympics, the opening and closing ceremonies and certain matches of the FIFA world cup soccer tournament and the finals of the *Liga MX* soccer tournament and any other event where large audiences are expected at a national or regional level.

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

The measures are transitory and may be terminated if the IFT declares that effective competition conditions exist in the telecommunications sector or if we cease to be considered a preponderant economic agent. The IFT reviews the impact of the asymmetrical measures every two years and may modify or eliminate measures or set forth new measures, including the structural or functional separation or divestiture of assets of the preponderant economic agent. In March 2017, the IFT issued a resolution that modified and added asymmetrical regulations for mobile and fixed services. We are reviewing and analyzing that resolution s possible effects on the Company and its subsidiaries. The Company cannot predict how these measures will be finally implemented or their effects on our operations.

In March 2014, the Company, Telcel, Telmex and Telnor filed challenges (*juicios de amparo*) against the declaration by the IFT that Telcel, Telmex and Telnor, together with certain affiliates, constitute an economic interest group that is a preponderant economic agent (*agente económico preponderante*) in the Mexican telecommunications market and imposed certain specific asymmetrical regulations. These challenges were denied in the case of Telmex, Telnor and the Company, and a final resolution is still pending in the case of Telcel. We have also challenged the 2017 resolution. However, given that under the new regulatory framework IFT s determinations are not suspended while legal challenges against them are resolved, the enforceability of the IFT s declaration cannot be suspended.

Substantial Market Power Investigations

In 2007, the Federal Antitrust Commission (*Comisión Federal de Competencia*, or Cofeco) initiated two substantial market power investigations against Telcel and determined that Telcel had substantial market power in the mobile termination services market and in the nationwide wireless voice and data services market. Telcel filed challenges against both decisions and a final resolution of these challenges is still pending. If upheld, these decisions would allow

the IFT to impose additional requirements as to rates, quality of service and information, among other matters.

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In 2007, Cofeco initiated various investigations to evaluate whether Telmex and its subsidiary Telnor have substantial power in the markets for termination, origination, transit and wholesale dedicated-link circuits. Cofeco issued final resolutions concluding that Telmex and Telnor have substantial power in all four markets, which were challenged by Telmex and Telnor. The challenges related to each one of these markets have been denied, effectively upholding Cofeco s findings. Consequently, the IFT may impose specific tariff requirements or other special regulations with respect to the matters for which the challenges were denied, such as additional requirements regarding disclosure of information or quality of service.

In the case of the market for wholesale dedicated-link leasing, the IFT s predecessor, Cofetel, published an agreement in the Official Gazette, establishing requirements regarding tariffs, quality of service and information for dedicated-link circuits. Telmex and Telnor have filed petitions for relief against such resolutions, which are still pending. However, an adverse resolution could have an impact on the Company s future revenues in this market.

Concessions

Under the current legal framework, a carrier of public telecommunications networks, such as Telcel or Telmex, must operate under a concession. The IFT is the government authority that grants new or extends existing concessions, which may only be granted to a Mexican citizen or corporation that has agreed to the concession terms and may not be transferred or assigned without the approval of the IFT. There are two types of concessions:

Network concessions. Telcel, Telmex and its subsidiary Telnor hold network concessions, granted under the previous regulatory framework, to provide specified types of services. Their ability to migrate to the new regime of unified concessions and, consequently, to provide any and all telecommunications and broadcasting services, is subject to conditions, as described under Migration of Concessions and Additional Services below.

Spectrum concessions. Telcel holds multiple concessions, granted under the previous regulatory framework, to provide wireless services that utilize frequencies of radio-electric spectrum. These concessions have terms of 15 to 20 years and may be extended for an additional term of equal length.

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

Termination of Concessions

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

Migration of Concessions and Additional Services

The new legislative framework established the unified concession (*concesión única*), which allows the holder to provide all types of telecommunications and broadcasting services, and a regime under which an existing concession can be migrated to the new unified concession at the end of its term or upon request by

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the concession holder. A unified concession has a term of up to 30 years, extendable for up to an equal term. Also, under this new framework a current concession may be modified to add services not previously contemplated therein.

However, as a result of our preponderant economic agent status, we are subject to additional conditions for the migration to a unified concession or the addition of a service, such as Pay TV, to a current concession, including: (i) payment of any new concession fee to be determined by the IFT, (ii) compliance with current requirements under the network concession, the 2013 constitutional amendments, the 2014 legislation and any additional measures imposed by the IFT on the preponderant economic agent and (iii) such other requirements, terms and conditions as the IFT may establish in the concession itself. We expect the process of migration or additional services to be lengthy and complex. Consequently, we may not be able to provide additional services, such as broadcasting, in the near term.

Telcel s Concessions

Telcel operates under several different network and spectrum concessions covering particular frequencies and regions, holding an average of 129.5 MHz of capacity in Mexico s nine regions in the 850 MHz, 1900 MHz and 1.7/2.1 GHz bands. The following tables summarize Telcel s concessions.

Frequency	Region in Mexico	Initial Date	Termination Date	Fee Structure
Band A (1900 MHz)	Nationwide	Sept. 1999	Sept. 2039	Annual
Band B (850 MHz)	Regions 1, 2, 3	Aug. 2011	Aug. 2026	Annual
Band B (850 MHz)	Regions 4, 8	Aug. 2010	Aug. 2025	Annual
Band B (850 MHz)	Regions 5, 6, 7	Oct. 2011	Oct. 2026	Annual
Band B (850 MHz)	Region 9	Oct. 2015	Oct. 2030	Upfront
Band D (1900MHz)	Nationwide	Oct. 1998	Oct. 2018	Upfront
Band F (1900 MHz)	Nationwide	Apr. 2005	Apr. 2025	Annual
Bands A and B (1.7/2.1 GHz)	Nationwide	Oct. 2010	Oct. 2030	Annual
Bands H, I and J (1.7/2.1 GHz)	Nationwide	May 2016	Oct. 2030	Annual

In December 2016, Telcel agreed to purchase from Mexico s Grupo MVS are 60MHz of spectrum in the 2.5 GHz band. The acquisition and its terms remain subject to regulatory review and approval.

Concession Fees

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

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Service Quality Requirements

The concessions set forth requirements for the quality and continuity of Telcel s services, including, in some cases, maximum rates of incomplete and dropped calls and connection time. Additionally, we are subject to the Quality of Local Wireless Services (*Plan Técnico Fundamental de Calidad del Servicio Local Móvil*, or the 2011 Technical Plan), which imposes extensive additional service quality requirements for voice, SMS and internet services and fines for non-compliance with voice-quality requirements. Telcel has been notified of a number of proceedings seeking to impose penalties on the basis of alleged non-compliance with service quality requirements. See Note 16 to our audited consolidated financial statements included in this annual report.

Telmex s Concessions

Telmex s concession was granted in 1976 and is currently set to expire in 2026. In December 2016, the IFT granted Telmex a 30-year extension of this concession, which will become effective in 2026 and will be valid until 2056. The new terms of this concession will be issued in early 2023.

Telmex s subsidiary, Telnor, holds a separate concession in a region located in two states in northwestern Mexico that will expire in 2026. The IFT also granted Telnor a 30-year extension of its concession, which will be effective in 2026 and will be valid until 2056. The material terms of Telnor s concession are similar to those of Telmex s concession.

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

Wireless Rates

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

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

The IFT is also authorized to impose specific rate requirements on any carrier that is determined by the IFT to have substantial market power under the Federal Antitrust Law (*Ley Federal de Competencia Económica*) and the 2014 legislation. For more information on litigation related to the Federal Antitrust Law and the 2014 legislation, see Substantial Market Power Investigations under this Part VI.

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Fixed Rates

Telmex s concessions subject its rates for basic retail telephone services in any period, including installation, monthly rent, measured local-service and long-distance service, to a ceiling on the price of a basket of such services, weighted to reflect the volume of each service provided by Telmex during the preceding period. Telmex is required to file a survey with the IFT every four years with its projections of units of operation for basic services, costs and prices. Telmex is free to determine the structure of its own rates, with the exception of domestic long-distance rates, which were eliminated in 2015 under the 2014 legislation, and of the residential fixed-line rates, which have a cap based on the long-run average incremental cost. As a result of the preponderance determination, Telmex s retail prices are subject to pre-approval by the IFT before they can take effect.

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

In addition, basic retail telephone services as well as broadband services and calling party pays charges are subject to a separate price ceiling scheme based on productivity indicators. In each case, Telmex is required to submit a survey on productivity indicators to the IFT every two years, including a total factor productivity. The IFT establishes the productivity factor that will apply over the next two years and based on this the IFT will approve the customer prices before they can take effect.

Prices for Telmex s wholesale services are established by the IFT, some of them are based on the long-run average incremental cost model and the rest on the retail-minus methodology.

BRAZIL

Legal Framework and Principal Regulatory Authorities

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

As of the date of this annual report, Brazilian lawmakers are considering the passage of a revamped legal telecommunications framework aimed at modernizing the current concession-based model to an authorization-based model. The telecom reform bill under review allows fixed-line concessionaires, such as Claro Brasil, to provide services under an authorization instead of a concession, as long as certain investment-related obligations are met.

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Regulation

Licenses

In 2014, we simplified our corporate structure, and our subsidiaries Embratel, Embratel Participações S.A. (Embrapar) and Net Serviços were merged into Claro Brasil. As a result, all licenses previously granted to Embratel and Net Serviços were transferred to Claro Brasil. Embrapar held no licenses to transfer.

Following its acquisition of Brasil Telecomunicações S.A. in 2016, Claro Brasil was transferred an additional cable TV license. This license has the same terms and conditions as Claro Brasil s other cable TV license.

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

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

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

Authorization Type	Contract Number	Orbital Position	Issue Date	Expiration Date[1]
Orbital Position	PVSS/SPV 007/2006	63°W, 65°W, 68°W, 70°W and 84°W C Band	Jan. 2006	Jan. 2021

Orbital Position	PVSS/SPV 001/2003	65°W	Ku Band	Feb. 2003	Feb. 2018
Orbital Position	PVSS/SPV 12/2007	92°W	C and Ku Band	Nov. 2007	Nov. 2022
Orbital Position	PVSS/SPV 002/2003	70°W	Ku Band	Oct. 2003	Oct. 2018
Orbital Position	PVSS/SPV 001/2007	75°W	C and Ku Band	Feb. 2007	Feb. 2022
Orbital Position	PVSS/SPV 156/2012	70°W	Ka and Ku Band	Mar. 2012	Mar. 2027
Orbital Position	PVSS/SPV 076/2012	84°W	Ka and Ku Band	Feb. 2012	Feb. 2027
Landing Rights	PVSS/SPV 002/2009	37.5°W	C Band	May 2009	May 2019(2)

(1) Unless otherwise noted, the standard license term is 15 years.
(2) Expiration date to the landing rights coincides with the end of C12 Satellite s lifetime.

Our Brazilian subsidiaries expect to continue acquiring spectrum in the event Anatel conducts additional public auctions, although Claro Brasil, like all of its peer competitors, are subject to a cap on the additional spectrum it may acquire per frequency band.

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Regulation

The following table sets forth the regions in Brazil in which Claro Brasil holds licenses to provide PCS as well as their termination dates:

Frequency and Geographical Block	Termination Date
2500 MHz:	
Nationwide	Oct. 2027
Regional	Oct. 2027
Regional	Feb. 2024
Regional[(1)]	Oct. 2031
700 MHz:	
Nationwide	Dec. 2029
1900-2100 MHz:	
Nationwide	Mar. 2023
1800 MHz:	
Regional	Mar. 2023
Regional	July 2027
Regional	Aug. 2027
Regional	Apr. 2028
Regional	Mar. 2028
Regional	Dec. 2022
Regional	Dec. 2017[(2)]
900 MHz:	
Regional	Apr. 2020
Regional	Dec. 2022
Regional	Dec. 2017[(2)]
Regional	July 2027
Regional	Aug. 2027
Regional	Apr. 2028
Regional	Mar. 2028
850 MHz:	
Regional	July 2027
Regional	Aug. 2027
Regional	Apr. 2028
Regional	Mar. 2028
Regional	Mar. 2023
450MHz:	
Regional	Oct. 2027

(1) This is Claro Brasil s most recent license acquisition from a spectrum auction held by Anatel in 2015, in which it acquired 19 licenses (10+10 MHz Band P) in different regional blocks.

(2) Requests for renewals have been submitted and are currently subject to approval.

Concessions

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

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Concession Fees

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

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

Termination of Concessions

Our domestic and international long-distance fixed-line concessions provide that certain of our assets deemed indispensable for the provision of these services will revert to the Brazilian state upon termination of these concession. Compensation for those assets would be their depreciated cost. See Note 16 to our audited consolidated financial statements included in this annual report.

Regulation of Rates

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

Regulation of Wholesale Market Competition

In November 2012, Anatel approved the General Competition Plan (*Plano Geral de Metas da Competição*, or PGMC), a comprehensive regulatory framework aimed at increasing competition in the telecommunications sector. The PGMC imposes asymmetric measures upon economic groups determined by Anatel to have significant market power in any of five wholesale markets in the telecommunications sector, on the basis of several criteria, including having over 20.0% of market share in the applicable market.

In 2012, Claro Brasil and three of its primary competitors were determined to have significant market power in the wireless termination and national roaming markets. As a result, Claro Brasil was required to reduce wireless termination rates to 75.0% of the 2013 rates by February 2014, and to 50.0% of the 2013 rates by February 2015. In July 2014, Anatel established termination rates for wireless services applicable to operators with significant market power through 2019. Claro Brasil is also required to publish, and Anatel must approve, its reference roaming prices for voice, data and SMS on a semi-annual basis, among other measures.

In addition, Embratel was determined to have significant market power in the market for long-distance leased lines, Claro Brasil and Embratel were determined to have significant market power in the telecommunications infrastructure market and Net Serviços was determined to have significant market power in the local coaxial transmissions market,

together with several of their wireless and fixed-line competitors. Following the merger of Embratel and Net Serviços into Claro Brasil in 2014, Claro Brasil is required to publish and Anatel must approve its reference offers in each such market. Moreover, wholesale

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contracts entered into by operators determined to have significant market power, for the sale of such operators services, are overseen by independent third-party companies.

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

In light of evolving market conditions, Anatel reviews its determination of which operators have significant market power on a biennial basis. Anatel began its first review of all telecom operators in 2014, but this first review has not been completed. Depending on the results of the review, Anatel may propose modifications to the asymmetric measures applicable under the PGMC, which would be subject to public comment.

Network Usage Fees and Fixed-Line Interconnection Rates

In July 2014, Anatel approved a resolution establishing the reference terms for fees charged in connection with wireless network and leased lines usage, and setting a price cap on fees charged for fixed network usage to operators deemed to have significant market power. Such fees, based on the cost allocation of services by telecom providers, have been applicable since February 2016.

Fixed-line operators determined by Anatel to have significant market power in the local fixed-line market may freely negotiate interconnection rates, subject to a price cap established by Anatel. Claro Brasil was not determined to have significant market power in the local fixed-line market and thus may set interconnection rates up to 20.0% higher than such cap.

Other Obligations

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

COLOMBIA

Legal Framework and Principal Regulatory Authorities

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

Concessions

Comunicación Celular S.A. (Comcel) is qualified to provide fixed and wireless services and was included in the register of networks and services administered by the ICT Ministry. Such general authorization superseded all of Comcel s former concession contracts and, consequently, such former concessions were terminated.

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Regulation

As a result of the termination of Comcel s former concessions, the ICT Ministry and Comcel began discussions with respect to the liquidation of the agreements governing those concessions. In light of the decision of the Colombian Constitutional Court (*Corte Constitucional de Colombia*) holding that certain laws limiting the reversion of assets of telecommunications providers did not apply to concessions granted prior to 1998 and, consequently, that reversion of assets under those earlier concessions would be governed by their contractual terms, the ICT Ministry took the position that assets under Comcel s earlier concessions should revert to the Colombian government. Comcel disputes the ICT Ministry s interpretation of that decision. The Company and the ICT Ministry have both filed arbitration claims arising from this ruling. For further information on this arbitration claim, see Note 16 to our audited consolidated financial statements included in this annual report.

Licenses and Permits

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

Frequency	Bandwidth	Termination Date
850 MHz	25 MHz	Mar. 2024
1900 MHz	10 MHz	Dec. 2019
	5 MHz	Sept. 2021
	15 MHz	Apr. 2024
	5 MHz	June 2017[1]
2.5 GHz	30 MHz	Aug. 2023

(1) An application for the renewal of this license has been made.

In 2013, Telmex Colombia S.A. obtained permission to provide Pay TV services under any available technology, pursuant to ANTV s unified licensing system. The permission will expire in 2020 and may be renewed at the appropriate time for another 10-year term.

In February 2017, the ICT Ministry published for comments a draft resolution increasing the cap on spectrum acquisitions by 45 MHz per operator in low frequency bands, in connection with a new spectrum auction in the 700 and 1900 MHz bands. If approved, the resolution would permit our participation in the new spectrum auction. The ICT Ministry is expected to issue a final resolution in the 2017.

Asymmetric Charges

In 2012, the CRC issued resolutions seeking to correct an alleged market failure and imposing the following measures on Comcel: (i) asymmetric charges for call terminations by other operators on Comcel s wireless and long distance network, with access rates lower than the rates we pay our competitors and (ii) restrictions on the rates we charge our users for calls outside our network (off-net calls), which must not exceed the rates we charge for calls within our network (on-net calls).

These asymmetric access charges ended in December 2016. In January 2017, the Colombian government approved symmetrical access charges among established operators like Comcel, Movistar and Tigo. Under general telecommunication regulation, new entrants continue to receive a higher access rate from established operators for a limited period.

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Regulation

In February 2017, the CRC issued a resolution updating the list of regulated telecommunication markets by merging the subscription and on-demand wireless data markets and creating two separate wireless services markets for wholesale and retail wireless services. In connection with the wireless retail services market, the CRC initiated a proceeding to evaluate Comcel s substantial market power in this new market and, if applicable, the imposition of asymmetric regulatory measures that could affect Comcel.

SOUTHERN CONE

Argentina

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

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

However, a January 2017 decree permits telecommunications providers, such as AMX Argentina S.A. (AMX Argentina), to provide Pay TV services as of January 2018 within a limited number of territories. The start date for the rest of the country will be determined by Enacom. We expect implementing regulations in connection with this decree to be announced.

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

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

Chile

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

Claro Chile S.A. (Claro Chile) holds concessions to provide wireless and fixed-line services in the 700 MHz, 850 MHz, 1900 MHz, 2.6 GHz, 3.4 to 3.6 GHz and 5.8 GHz frequency bands. Additionally, Claro Chile holds a 10-year license to provide DTH technology services and a license with an indefinite term to provide Pay TV services.

Certain of Claro Chile s concessions impose additional requirements such as coverage, reporting and service quality requirements. The Chilean Transportation and Communications Ministry is authorized to terminate

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any concession in the event of specified breaches under the terms of such concessions. Additionally, Claro Chile s concession in the 700 MHz band imposes certain obligations to expand mobile and data services in rural areas.

Paraguay

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

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

Uruguay

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

AM Wireless Uruguay, S.A. holds various licenses for the provision of PCS and IMT-2000 services that expire in 2024 and 2033, and Telstar, S.A. holds licenses to provide international long distance communications and wireless data services that have no expiration date.

In 2013, the Court of Administrative Disputes (*Tribunal de lo Contencioso Administrativo*) notified Flimay S.A. (Flimay) that the license granted to provide DTH technology services was again in force, following an initial revocation. Later that year, the administrative authorities revoked that license for a second time. Flimay filed a lawsuit to suspend and revoke that administrative decision and, in December 2014, was notified by the TCA that the second revocation act was suspended, thus Flimay s DTH license, which expires in 2024, is provisionally valid. As of the date of this annual report, the challenge is pending.

ANDEAN REGION

Ecuador

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

In 2015, a new Telecommunications Law (*Ley Orgánica de Telecomunicaciones*) went into effect. It established new regulations for operators with significant market power, new penalties based on their gross incomes as well as additional fees also based on an operator s gross income but can vary depending on their market share of customers.

Consorcio Ecuatoriano de Telecomunicaciones, S.A. (Conecel) has been deemed to have significant market power in the advanced wireless services market, and as a result, we make such fee payments on a quarterly basis on the dates established by Arcotel. For fiscal year 2016, Conecel had an obligation to pay the Ecuadorian government 5.0% of its advanced wireless services

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revenues for 2016, which represented approximately Ps.1.2 billion (U.S.$57.5 million). As of the date of this annual report, Conecel has paid the fee in full, along with the fees paid for fiscal year 2015. The regulator s determination and the fee paid by Conecel are under dispute and subject to an arbitration proceeding.

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

Ecuador Telecom, S.A. (Ecuador Telecom) holds a concession to offer wireless voice and fixed-line voice, public telephone and domestic and international long-distance wholesale services, as well as a license to use the 3.5 GHz frequency band that expires in August 2017, and a Pay TV license that expires in 2031. Renewal of the license expiring in 2017 is pending approval by the government.

In 2015, Arcotel authorized the transfer of Ecuador Telecom s concessions for fixed-line voice, public telephone and domestic and international long-distance wholesale services, as well as its Pay TV license to Conecel. In November 2016, the Ecuadorian government also authorized the merger of Ecuador Telecom into Conecel.

Ecuador Telecom dissolved at the close of the merger, and Conecel is now the successor to all the rights and obligations arising from Ecuador Telecom s concessions and licenses.

Recalculation of Concession Rights

Arcotel has initiated several proceedings to recalculate the variable portion of the concession fees payable under Conecel s concession, equivalent to 2.93% of Conecel s annual revenues. In November 2016, Conecel paid Ps.0.6 billion (U.S.$31.3 million) in connection with such variable fees for the 2009 to 2011 period and Ps.0.3 billion (U.S.$13.8 million) for the 2012 to 2014 period. Similar recalculations are likely to occur in connection with the 2015 and 2016 fiscal years.

Peru

América Móvil Perú, S.A.C. (Claro Perú) holds nationwide concessions to provide wireless, PCS, fixed-line, local wholesale, domestic and international long-distance, Pay TV services (through DTH and HFC technologies), public telephone and value-added services (including internet access). The concessions allow Claro Perú to operate on the 450 MHz, 700 MHz, 850 MHz, 1900 MHz, 3.5 GHz and 10.5 GHz bands. In 2016, Claro Perú had plans to acquire 10 MHz in the 1.7/2.1 GHz band from a third-party operator but mutually agreed with the government to terminate that acquisition.

Each of the concessions was awarded by the MTC and covers a 20-year period. The concessions contain coverage, reporting, service requirement and spectral efficiency goals. The MTC is authorized to cancel any of the concessions in the case of specified breaches of its terms.

In April 2015, new mobile termination rates were issued for 2015 through 2017, establishing two different rates, one for Claro Perú and Telefónica del Perú and a different one for our competitors, Viettel Perú S.A.C. and Entel. The ratespost-2017 are expected to be announced at the end of the year.

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Regulation

As part of Claro Perú s acquisitions of Olo del Perú S.A.C., TVS Wireless S.A.C. and their respective subsidiaries in 2016, we acquired additional licenses to operate on the 2.5 GHz band.

EUROPE

Legal Framework and Principal Regulatory Authorities

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

In 2015, the EU enacted Regulation (EU) 2015/2120, also known as the Telecoms Single Market Regulation, concerning retail roaming charges and net neutrality. The regulation (i) implemented additional regulations on net neutrality to protect the right of every European to non-discriminatory access to the internet, which came into effect in April 2016 and (ii) aims to end retail roaming charges by June 2017. Prior to the elimination of roaming charges, the caps on the roaming charges were reduced in April 2016; operators are only permitted to charge a small additional amount to domestic prices (up to 0.05 per minute of calls made, 0.01 per minute of calls received, 0.02 per SMS sent and 0.05 per MB of data). The net neutrality rules in the EU are similar to those in the United States with all traffic treated equally, subject to strict and clearly-identified exceptions. Telecommunications providers will still be able to offer specialized services, so long as these services are not supplied at the expense of the quality of the open internet.

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

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Regulation

Licenses

Country	Frequency	Termination date
Austria	800 MHz	Dec. 2029
	900 MHz	Dec. 2034
	1800 MHz	Dec. 2034
	2100 MHz	Dec. 2020
	2600 MHz	Dec. 2026
Bulgaria	900 MHz	June 2024
	1800 MHz	June 2024
	2100 MHz	Apr. 2025
Croatia	800 MHz	Oct. 2024
	900 MHz	Oct. 2024
	1800 MHz	Oct. 2024
	2100 MHz	Oct. 2024
Belarus	900 MHz	Dec. 2020
	1800 MHz	Dec. 2020
	2100 MHz	Dec. 2020
Slovenia	800 MHz	May 2029
	900 MHz	Jan. 2031
	1800 MHz	Jan. 2031
	2600 MHz	May 2029
	2100 MHz	Sept. 2021
Serbia	800 MHz	Jan. 2026
	900 MHz	Nov. 2026
	1800 MHz	Nov. 2026
	2100 MHz	Nov. 2026
Macedonia	800 MHz	Dec. 2033
	1800 MHz	Dec. 2033
	900 MHz	Sept. 2023
	2100 MHz	Feb. 2018

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Regulation

OTHER JURISDICTIONS

Country	Principal Regulatory Authorities	Concession and Licenses
Costa Rica	Superintendency of Telecommunications (*Superintendencia de Telecomunicaciones*)	Concessions in the 1800 MHz and 2100 MHz bands that all expire in 2026
	Ministry of Science, Technology and Telecommunications (*Ministerio de Ciencia, Tecnología y Telecomunicaciones*)	License to operate Pay TV services using DTH technology that will expire in 2027
El Salvador	Electricity and Telecommunications Superintendency (*Superintendencia General de Electricidad y Telecomunicaciones*)	Concession of 50 MHz in the 1900 MHz band of which 30 MHz will expire in December 2017 and an application for renewal has been submitted; 10 MHz will expire in 2021; and 10 MHz will expire in 2028
		Licenses to provide Pay TV Services through HFC and DTH technologies have an indefinite term
Guatemala	Guatemalan Telecommunications Agency (*Superintendencia de Telecomunicaciones*)	Licenses in the 900 MHz and 1900 MHz bands that all expire in 2033
Nicaragua	Nicaraguan Telecommunications and Mailing Institute (*Instituto Nicaragüense de Telecomunicaciones y Correos*)	Concessions in the 700 MHz, 850 MHz, 1900 MHz and 1700/2100 MHz bands that all expire in 2022
		Concession of 50 MHz in the 3.5 GHz band that will expire in 2022
		Licenses to provide DTH technology that will expire in 2018 and Pay TV services that has an indefinite term

Honduras	Honduran National Telecommunications Commission (*Comisión Nacional de Telecomunicaciones*)	Concessions to use 80 MHz in the 1900 MHz PCS band and 40 MHz in the LTE-4G 1700/2100 MHz band that all expire in 2033
		Licenses to operate Pay TV services through (i) HFC technology that will expire in 2017 and will undergo a process for renewal and (ii) DTH technology that will expire in 2020
Panama	National Authority of Public Services (*Autoridad Nacional de los Servicios Públicos*)	License to use 40 MHz in the 1900 MHz and 20 MHz in the 700 MHz bands that all expire in 2028
		Licenses to provide international long-distance, value-added services and Pay TV service through DTH technology, which expire in 2028, 2030 and 2034, respectively
United States (TracFone)	The Federal Communications Commission (FCC)	Not required to hold wireless licenses to carry out its business

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Regulation

Country	Principal Regulatory Authorities	Concession and Licenses
Dominican Republic	Dominican Institute of Telecommunications (*Instituto Dominicano de las Telecomunicaciones*)	Concessions to use 26 MHz in the 800 MHz band, 30 MHz in the 1900 MHz band, 30 MHz in the 3.5 GHz band and 40 MHz in the 1.7/2.1 GHz (AWS) band that expire in 2030
		Licenses to provide Pay TV Services through DTH and IPTV technologies that expire in 2030
Puerto Rico	FCC and the Telecommunications Regulatory Board of Puerto Rico	Concessions to use the 700 MHz and 1900 MHz bands that expire in 2021 and 2017, respectively
		Concessions to use the 800 MHz that expire in 2018, 2020, 2021 and 2026
		Concessions to use the 1.7/2.1 GHz bands that expire in 2026 and 2028
		Franchise to operate Pay TV Services using IPTV technology that expires in 2030

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PART VII:

ADDITIONAL INFORMATION

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Additional Information

EMPLOYEES

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

The following table sets forth the total number of employees and a breakdown of employees by main category of activity and geographic location, as of the end of each year in the three-year period ended December 31, 2016.

	December 31,		
	2014	2015	2016
Number of employees	**191,156**	**195,475**	**194,193**
Category of activity:			
Wireless	75,846	77,701	78,649
Fixed	103,577	101,077	97,104
Other businesses	11,733	16,697	18,440
Geographic location:			
Mexico	83,484	88,446	90,306
South America	71,596	69,269	65,817
Central America	9,319	9,581	9,767
United States	849	902	848
Caribbean	9,666	9,605	9,488
Europe	16,242	17,672	17,967

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Additional Information

LEGAL PROCEEDINGS

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

Our material legal proceedings are described in Note 16 to our audited consolidated financial statements included in this annual report and in Regulation under Part VI.

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Additional Information

PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT AND NON-AUDIT FEES

The following table sets forth the fees billed to us and our subsidiaries by our independent registered public accounting firm, Mancera S.C. (Mancera), during the fiscal years ended December 31, 2015 and 2016:

	Year ended December 31,	
	2015	2016
	(*in millions of Mexican pesos*)	
Audit fees[1]	Ps. 207	Ps. 241
Audit-related fees[2]	14	15
Tax fees[3]	10	31
Total fees	**Ps. 231**	**Ps. 287**

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

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

(3) Tax fees represent fees billed by Mancera and its Ernst & Young Global affiliated firms for tax compliance services, tax planning services and tax advice services.

AUDIT AND CORPORATE PRACTICES COMMITTEE APPROVAL POLICIES AND PROCEDURES

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

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Additional Information

EXCHANGE RATES

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

The following table sets forth, for the periods indicated, the high, low, average and period-end rate reported by Banco de México for December 31, 2016 as published in the Official Gazette, expressed in pesos per U.S. dollar.

Period	High	Low	Average [1]	Period End
2012	14.3949	12.6299	13.1670	13.0101
2013	13.4394	11.9807	12.8210	13.0765
2014	14.7853	12.8462	13.3580	14.7180
2015	17.3776	14.5559	16.0379	17.2065
2016	21.0511	17.1767	18.6567	20.6640
October	19.4086	18.5147	18.9732	18.8443
November	21.0511	18.5089	19.9695	20.5521
December	20.7488	20.2226	20.5428	20.6640
2017				
January	21.9076	20.6194	21.3955	21.0212
February	20.7908	19.7011	20.3525	19.8335
March	19.9957	18.8092	18.4165	18.8092
April (through April 19)	18.8334	18.5582	18.7366	18.5582

(1) Average of month-end rates.

On April 19, 2017, the rate published by the Official Gazette was Ps.18.5582 to U.S.$1.00.

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Additional Information

ADDITIONAL INFORMATION

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

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

1.1	Amended and Restated Bylaws (*estatutos sociales*) of América Móvil, S.A.B. de C.V., dated as of January 13, 2016 (together with an English translation) (incorporated by reference to Exhibit 1.1 to our annual report on Form 20-F, File No. 001-16269, filed on April 26, 2016).
7.1	Computation of Ratios of Earnings to Fixed Charges.
8.1	List of certain subsidiaries of América Móvil, S.A.B. de C.V.
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of independent registered public accounting firm.

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Additional Information

FORWARD-LOOKING STATEMENTS

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

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

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under Risk Factors, include economic and political conditions and government policies in Mexico, Brazil, Colombia, Europe and elsewhere,

inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors.

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

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Additional Information

GLOSSARY

Term	Definition
AWS	Advanced Wireless Services. This is a wireless telecommunications spectrum band used for wireless voice and data services, video and messaging.
Broadband	High-speed data transmission in which a single cable (coaxial cable or optical fiber) can carry a large amount of data at once.
Bundle or bundling	The marketing of different services as one combined service.
Churn rate	Disconnection rate. The ratio of wireless subscribers disconnected during a given period to the number of subscribers at the beginning of that period.
Covered population	Population covered by our wireless networks, expressed as the population count or as a percentage of the total population.
Cloud services	Internet-based services providing users with on-demand access to resources, data and information.
Data administration	Services that plan, organize and control data resources for customers according to their needs.
Data center	A facility used to house computer systems and associated components. We use our data centers to manage a number of cloud solutions.
DTH	Direct-to-home broadcasting is a method for transmitting satellite signals directly to the subscriber s home.
Fixed-line	Telephone services requiring the use of a metal wire or fiber optic telephone line for transmission.
Fixed RGUs	RGUs from fixed voice, fixed data and Pay TV services.
GSM	Global System for Mobile Communications. A standard used to describe the protocols for certain digital cellular networks.
GSM EDGE	Enhanced Data Rates for GSM Evolution is a 3rd generation (3G) standard for wireless communication of data for mobile phones and data terminals.
HFC	Hybrid fiber-coaxial is a broadband network that combines optical fiber and coaxial cable.
Hosting services	Services allowing customers to provide content on the internet, either through maintaining a webpage, an email address or other services.
IAAS	Infrastructure as a service is a cloud-service model offering virtual machines and other resources.
IMT-2000	International Mobile Telecommunciations-2000 is a set of global standards by the International Telecommunication Union for 3G wireless telecommunications services and equipment.
Interconnection rates	The charges that one telecommunications network operator charges another network operator for allowing customers to access its network.
Licensed population	Population covered by the licenses that each of our subsidiaries manages.
Long-distance	Long-distance calls are calls made outside a defined area and may incur additional charges or be subject to specific regulations.

LTE/4G	Long-term evolution is a 4th generation (4G) standard for wireless communication of high-speed data for mobile phones and data terminals.
Machine-to-machine services	Services allowing direct communication between devices over a network, including fixed and wireless devices.

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Term	Definition
Market share	A company s subscriber base in a given country divided by the total number of subscribers in that country.
Mobile payment	Refers to payment services and applications operated and performed on a mobile device.
MHz	Megahertz. The unit of frequency to measure one thousand cycles per second that is used to determine radio frequencies.
MVNO	Mobile Virtual Network Operator. A wireless communications services provider that does not own the wireless network infrastructure but enters into agreements with other mobile service providers for the use of their networks.
Net debt	Total debt minus cash and cash equivalents, minus marketable securities or other short-term investments.
On-demand	Describes services providing customers with the ability to stream content over our network immediately upon their request.
OTT services	Over-the-top Services. The provision of content, including videos, television and other information, directly from the content provider to the viewer or end user.
Pay TV	Pay Television. This refers to television services we offer to subscribers through cable and satellite networks.
PCS	Personal Communications Service refers to a wide range of wireless communication technologies, including cellular, mobile data, Internet or paging services. Similar but distinct from cellular telephone services in the frequencies on which they operate and the power levels each uses to transmit signals, among other differences.
Prepaid subscriber	A subscriber who does not hold a contract with the company for voice and data services but pays in advance for specific use of services.
Postpaid subscriber	A subscriber who has a contract with the company for voice and data services and is billed recurrently for use of services.
RGU	Revenue Generating Unit. This is an individual subscriber who provides recurring revenue.
Roaming	Allows wireless subscribers to access networks other than our own, enabling them to use their devices, including for voice and data transmission. Typically refers to using accessing a network while abroad.
SMS	Short Message Service. A text messaging service component of a fixed or wireless communication system.
SAAS	Software as a service is a cloud-service model offering users access to software applications and databases.
Subscriber acquisition cost	The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is the difference between equipment cost and equipment revenues.
Total RGUs	Fixed RGUs and wireless subscribers.
UMTS	Universal Mobile Telecommunications System is a 3G mobile cellular system for networks based on the GSM standard.
VPN	Virtual private network grants users access to a private network virtually across a public network.
Wireless penetration	Total wireless subscribers in a given country divided by the total population in that country.

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Additional Information

FORM 20-F CROSS REFERENCE GUIDE

Item	Form 20-F caption	Location in this report	Pages
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2	**Offer statistics and expected timetable**	**Not applicable**	
3	**Key information**		
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	3B Capitalization and indebtedness	Not applicable	
	3C Reasons for the offer and use of proceeds	Not applicable	
	3D Risk factors	Risk factors	51
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	4C Organizational structure	Exhibit 8.1	
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		Note 10 Property Plant, and Equipment, Net	F-44
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		Regulation	105
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5	**Operating and financial review and prospects**		
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	5C Research and development, patents and licenses, etc.	Not applicable	
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	9D Selling shareholders	Not applicable	
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SIGNATURES

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

Dated: April 24, 2017

AMÉRICA MÓVIL, S.A.B. DE C.V.

By: /s/ Carlos José García Moreno Elizondo
Name: Carlos José García Moreno Elizondo
Title: Chief Financial Officer

By: /s/ Alejandro Cantú Jiménez
Name: Alejandro Cantú Jiménez
Title: General Counsel

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PART VIII:

CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidated Financial Statements

Years Ended December 31, 2014, 2015 and 2016

with Report of Independent Registered Public Accounting Firm

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

Consolidated Financial Statements

Years Ended December 31, 2014, 2015 and 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of

América Móvil, S.A.B. de C.V.

We have audited the accompanying consolidated statements of financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2015 and 2016 and the related consolidated statements of comprehensive income, changes in equity and cash flows for each of three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2015 and 2016, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), América Móvil, S.A.B. de C.V. and subsidiaries internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated April 24, 2017, expressed an unqualified opinion thereon.

/s/ MANCERA, S.C.

Mexico City, Mexico

April 24, 2017

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

Consolidated Statements of Financial Position

(In thousands of Mexican pesos)

		At December 31,		
	Note	2015	2016	2016 Millions of U.S. dollars
Assets				
Current assets:				
Cash and cash equivalents	3	Ps. 45,160,032	**Ps. 23,218,383**	**US$ 1,120**
Marketable securities and other short-term investments	4	56,347,469	**54,857,157**	**2,646**
Accounts receivable:				
Subscribers, distributors, recoverable taxes and other, net	5	145,355,527	**205,774,539**	**9,926**
Related parties	6	845,633	**740,492**	**36**
Derivative financial instruments	7	40,882,008	**909,051**	**44**
Inventories, net	8	35,577,472	**36,871,292**	**1,779**
Other current assets, net	9	17,277,913	**19,538,093**	**942**
Total current assets		Ps. 341,446,054	**Ps. 341,909,007**	**US$ 16,493**
Non-current assets:				
Property, plant and equipment, net	10	Ps. 573,528,878	**Ps. 701,190,066**	**US$ 33,823**
Intangibles, net	11	124,745,040	**152,369,446**	**7,350**
Goodwill	11	137,113,716	**152,632,635**	**7,362**
Investments in associated companies		3,110,570	**3,603,484**	**174**
Deferred income taxes	13	81,407,012	**112,651,699**	**5,434**
Accounts receivable, subscribers and distributors	5	9,885,600	**11,184,860**	**540**
Other assets, net	9	25,249,943	**39,501,077**	**1,905**
Total assets		Ps. 1,296,486,813	**Ps. 1,515,042,274**	**US$ 73,081**
Liabilities and equity				
Current liabilities:				
Short-term debt and current portion of long-term debt	14	Ps. 119,589,786	**Ps. 82,607,259**	**US$ 3,985**
Accounts payable	15a	189,938,381	**237,265,126**	**11,445**
Accrued liabilities	15b	52,243,228	**70,479,230**	**3,400**
Income tax	13	3,726,613	**3,200,673**	**154**
Other taxes payable		16,623,389	**22,087,957**	**1,065**
Derivative financial instruments	7	7,450,790	**14,136,351**	**682**
Related parties	6	2,246,834	**2,971,325**	**143**

Deferred revenues			33,399,892		**37,255,328**		**1,797**
Total current liabilities		Ps.	425,218,913	**Ps.**	**470,003,249**	**US$**	**22,671**
Non-current-liabilities:							
Long-term debt	14	Ps.	563,626,958	**Ps.**	**625,194,144**	**US$**	**30,157**
Deferred income taxes	13		11,589,865		**14,061,881**		**678**
Income tax	13		316,546		**2,348,069**		**113**
Deferred revenues			1,052,940		**1,625,270**		**78**
Derivative financial instruments	7		3,314,146		**3,448,396**		**166**
Asset retirement obligations	15c		11,569,897		**16,288,631**		**786**
Employee benefits	17		118,943,362		**111,048,867**		**5,357**
Total non-current liabilities		Ps.	710,413,714	**Ps.**	**774,015,258**	**US$**	**37,335**
Total liabilities		Ps.	1,135,632,627	**Ps.**	**1,244,018,507**	**US$**	**60,006**
Equity:							
Capital stock	19		96,338,477		**96,337,514**		**4,647**
Retained earnings:							
Prior years			137,276,667		**149,065,873**		**7,190**
Profit for the year			35,054,772		**8,649,427**		**417**
Total retained earnings			172,331,439		**157,715,300**		**7,607**
Other comprehensive loss items			(156,391,921)		**(45,137,571)**		**(2,175)**
Equity attributable to equity holders of the parent			112,277,995		**208,915,243**		**10,079**
Non-controlling interests			48,576,191		**62,108,524**		**2,996**
Total equity			160,854,186		**271,023,767**		**13,075**
Total liabilities and equity		Ps.	1,296,486,813	**Ps.**	**1,515,042,274**	**US$**	**73,081**

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

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

Consolidated Statements of Comprehensive Income

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

		For the year ended December 31			
	Note	2014	2015	**2016**	**2016 Millions of U.S. dollars, except for earnings per share**
Operating revenues:					
Mobile voice services		Ps. 258,220,093	Ps. 256,146,766	**Ps. 242,302,380**	**US$ 11,688**
Fixed voice services		111,512,520	95,470,187	**95,299,154**	**4,597**
Mobile data services		192,590,454	226,723,039	**256,936,895**	**12,394**
Fixed data services		99,932,561	109,257,140	**126,278,206**	**6,091**
Paid television		68,894,060	66,050,857	**78,268,778**	**3,775**
Sales of equipment, accessories and computers		95,847,058	115,938,623	**143,527,123**	**6,923**
Other related services		21,583,254	24,151,127	**32,799,952**	**1,582**
		Ps. 848,580,000	Ps. 893,737,739	**Ps. 975,412,488**	**US$ 47,050**
Operating costs and expenses:					
Cost of sales and services		386,707,682	420,263,931	**485,060,579**	**23,397**
Commercial, administrative and general expenses		185,567,848	201,360,956	**228,101,116**	**11,003**
Other expenses		4,756,669	4,984,956	**4,114,562**	**198**
Depreciation and amortization	9,10 and 11	114,993,551	125,714,735	**148,525,921**	**7,164**
		Ps. 692,025,750	Ps. 752,324,578	**Ps. 865,802,178**	**US$ 41,762**
Operating income		Ps. 156,554,250	Ps. 141,413,161	**Ps. 109,610,310**	**US$ 5,288**
Interest income		7,052,271	4,853,012	**4,192,595**	**202**
Interest expense		(31,522,523)	(31,197,372)	**(33,862,012)**	**(1,633)**
Foreign currency exchange loss, net		(28,615,459)	(78,997,988)	**(40,427,407)**	**(1,951)**
Valuation of derivatives, interest cost from labor obligations and other	21	(10,190,261)	21,496,316	**(16,225,841)**	**(783)**

financial items, net								
Equity interest in net (loss) income of associated companies			(6,073,009)		(1,426,696)	**189,950**		**9**
Profit before income tax			87,205,269		56,140,433	**23,477,595**		**1,132**
Income tax	13		39,707,549		19,179,651	**11,398,856**		**550**
Net profit for the year		Ps.	47,497,720	Ps.	36,960,782	**Ps. 12,078,739**	**US$**	**582**
Net profit for the year attributable to:								
Equity holders of the parent		Ps.	46,146,370	Ps.	35,054,772	**Ps. 8,649,427**	**US$**	**417**
Non-controlling interests			1,351,350		1,906,010	**3,429,312**		**165**
		Ps.	47,497,720	Ps.	36,960,782	**Ps. 12,078,739**	**US$**	**582**
Basic and diluted earnings per share attributable to equity holders of the parent		Ps.	0.67	Ps.	0.52	**Ps. 0.13**	**US$**	**0.01**
Other comprehensive income (loss) items:								
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent years:								
Effect of translation of foreign entities and affiliates		Ps.	(6,255,715)	Ps.	(35,606,320)	**Ps. 107,498,708**	**US$**	**5,185**
Effect of fair value of derivatives, net of deferred taxes			(313,572)		37,495	**49,129**		**2**
Unrealized gain (loss) on available for sale securities, net of deferred taxes					4,011	**(6,673,731)**		**(322)**
Items that will not be reclassified to profit or (loss) in subsequent years:								
Re-measurement of defined benefit plan, net of deferred taxes			(6,807,975)		(17,980,418)	**14,773,399**		**713**
Total other comprehensive (loss) income items for the year, net of deferred taxes	20		(13,377,262)		(53,545,232)	**115,647,505**		**5,578**

Total comprehensive income (loss) for the year	Ps.	34,120,458	Ps.	(16,584,450)	**Ps.**	**127,726,244**	**US$**	**6,160**
Comprehensive income (loss) for the year attributable to:								
Equity holders of the parent	Ps.	33,404,912	Ps.	(16,750,963)	**Ps.**	**120,974,842**	**US$**	**5,835**
Non-controlling interests		715,546		166,513		**6,751,402**		**325**
	Ps.	34,120,458	Ps.	(16,584,450)	**Ps.**	**127,726,244**	**US$**	**6,160**

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

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

Consolidated Statements of Changes in Shareholders Equity

For the year ended December 31, 2014, 2015 and 2016

(In thousands of Mexican pesos)

Legal reserve	Retained earnings	Effect of derivative financial instruments acquired for hedging purposes	Unrealized gain (loss) on available for sale securities	Re-measurement of defined benefit plans	Cumulative Translation adjustment	Total equity attributable to equity holders of the parent	co i
Ps. 358,440	Ps. 196,960,472	Ps. (1,237,332)	Ps.	Ps. (56,367,265)	Ps. (33,706,043)	Ps. 202,400,611	Ps.
	46,146,370					46,146,370	
		(329,112)				(329,112)	
				(6,625,463)		(6,625,463)	
					(5,786,883)	(5,786,883)	
	46,146,370	(329,112)		(6,625,463)	(5,786,883)	33,404,912	
	(16,539,294)					(16,539,294)	
	(34,646,254)					(34,655,962)	
		9,751		45	(290,461)	(280,665)	

	54,674					54,674
358,440	191,975,968	(1,556,693)		(62,992,683)	(39,783,387)	184,384,276
	35,054,772					35,054,772
		37,011				37,011
			4,011			4,011
				(17,791,354)		(17,791,354)
					(34,055,403)	(34,055,403)
	35,054,772	37,011	4,011	(17,791,354)	(34,055,403)	(16,750,963)
	(37,192,594)					(37,192,594)
	(33,942,627)					(33,951,781)
	16,193,640					16,158,640
		1,458,894		(2,060,910)	348,593	(253,423)

	(116,160)					(116,160)
358,440	171,972,999	(60,788)	4,011	(82,844,947)	(73,490,197)	112,277,995
	8,649,427					**8,649,427**
		48,496				**48,496**
			(6,673,731)			**(6,673,731)**
				14,771,770		**14,771,770**
					104,178,880	**104,178,880**
	8,649,427	**48,496**	**(6,673,731)**	**14,771,770**	**104,178,880**	**120,974,842**
	(18,339,294)					**(18,339,294)**
	4,606,274					**4,607,786**
	(7,213,397)					**(7,215,872)**
				68,127	**(1,139,192)**	**(1,071,065)**

(2,319,149)								**(2,319,149)**
Ps. 358,440	**Ps. 157,356,860**	**Ps. (12,292)**	**Ps. (6,669,720)**	**Ps. (68,005,050)**	**Ps. 29,549,491**	**Ps. 208,915,243**	**Ps.**	

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

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

Consolidated Statements of Cash Flows

(In thousands of Mexican pesos)

		For the year ended December 31			
	Note	2014	2015	2016	2016 Millions of U.S. dollars
Operating activities					
Profit before income tax		Ps. 87,205,269	Ps. 56,140,433	**Ps. 23,477,595**	**US$ 1,132**
Items not requiring the use of cash:					
Depreciation	10	106,386,514	110,155,403	**127,662,344**	**6,158**
Amortization of intangible and other assets	9 and 11	8,607,037	15,559,332	**20,863,577**	**1,006**
Equity interest in net loss (income) of associated companies		6,073,009	1,426,696	**(189,950)**	**(9)**
Loss (gain) on derecognition of equity method investment		3,172,218	(11,988,038)		
Loss on sale of property, plant and equipment		297,609	127,379	**8,059**	
Net period cost of labor obligations	17	7,855,714	9,278,081	**14,240,271**	**687**
Foreign currency exchange loss, net		36,559,881	59,251,486	**34,049,726**	**1,642**
Interest income		(7,052,271)	(4,853,012)	**(4,192,595)**	**(202)**
Interest expense		31,522,523	31,197,372	**33,862,012**	**1,633**
Employee profit sharing		4,058,158	3,311,887	**2,235,267**	**108**
Loss on partial sales of shares of associated company		5,554,612	545		
(Gain) loss in valuation of derivative financial instruments, capitalized interest expense and other, net		(3,410,626)	(18,313,877)	**85,216**	**4**
Working capital changes:					
Accounts receivable from subscribers, distributors and other		(11,791,213)	(17,641,833)	**(14,192,651)**	**(685)**
Prepaid expenses		7,469,217	(1,765,071)	**792,979**	**38**
Related parties		470,719	113,662	**829,632**	**40**

Inventories	2,470,754	(83,902)	**3,076,159**		**148**
Other assets	(7,996,680)	(8,378,977)	**(2,944,581)**		**(142)**
Employee benefits	(14,916,385)	(3,058,536)	**(5,384,944)**		**(260)**
Accounts payable and accrued liabilities	14,260,208	(6,269,338)	**18,196,349**		**878**
Employee profit sharing paid	(4,737,467)	(4,055,711)	**(3,297,439)**		**(159)**
Financial instruments and other	(3,984,891)	(1,882,540)	**28,878,632**		**1,396**
Deferred revenues	1,356,453	782,803	**(972,376)**		**(47)**
Interest received	4,722,621	5,275,303	**3,239,845**		**156**
Income taxes paid	(33,542,469)	(50,602,556)	**(44,525,073)**		**(2,148)**
Net cash flows provided by operating activities	Ps. 240,610,514	Ps. 163,726,991	**Ps. 235,798,054**	**US$**	**11,374**
Investing activities					
Purchase of property, plant and equipment	(126,265,297)	(128,039,913)	**(138,707,157)**		**(6,691)**
Acquisition of intangibles	(19,319,656)	(23,532,826)	**(16,316,738)**		**(787)**
Dividends received from associates	359,413	1,645,712	**5,740,092**		**277**
Proceeds from sale of plant, property and equipment	96,781	27,329	**115,600**		**6**
Acquisition of businesses, net of cash acquired	(11,910,582)	(3,457,153)	**(1,823,813)**		**(88)**
Partial sale of shares of associated company	12,066,037	633,270			
Proceeds from repayment of related party loan		21,000,000			
Investments in associate companies	(2,654,342)	(177,965)	**(3,487)**		
Net cash flows used in investing activities	Ps. (147,627,646)	Ps. (131,901,546)	**Ps. (150,995,503)**	**US$**	**(7,283)**
Financing activities					
Loans obtained	44,174,698	189,073,791	**64,281,631**		**3,101**
Repayment of loans	(36,683,909)	(133,110,776)	**(125,672,444)**		**(6,062)**
Interest paid	(33,283,418)	(32,830,432)	**(32,125,872)**		**(1,550)**
Repurchase of shares	(35,049,327)	(34,443,084)	**(7,021,247)**		**(339)**
Dividends paid	(17,054,829)	(37,359,600)	**(13,809,957)**		**(666)**
Derivative financial instruments	653,116	(503,444)	**(351,213)**		**(17)**
Capital stock increase in Telekom Austria	7,181,894				
Partial sale of shares in subsidiary			**6,323,336**		**305**
Acquisition of non-controlling interests	(4,696,245)	(1,031,049)	**(2,280,278)**		**(110)**

Net cash flows used in financing activities	Ps.	(74,758,020)	Ps.	(50,204,594)	**Ps.**	**(110,656,044)**	**US$**	**(5,338)**
Net increase (decrease) in cash and cash equivalents	Ps.	18,224,848	Ps.	(18,379,149)	**Ps.**	**(25,853,493)**	**US$**	**(1,247)**
Adjustment to cash flows due to exchange rate fluctuations, net		85,305		(2,934,522)		**3,911,844**		**189**
Cash and cash equivalents at beginning of the year		48,163,550		66,473,703		**45,160,032**		**2,178**
Cash and cash equivalents at end of the year	Ps.	66,473,703	Ps.	45,160,032	**Ps.**	**23,218,383**	**US$**	**1,120**
Non-cash transactions related to:								
Acquisitions of property, plant and equipment in accounts payable at end of year	Ps.	16,771,745	Ps.	12,785,347	**Ps.**	**13,497,804**	**US$**	**652**

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

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

Notes to Consolidated Financial Statements

Years ended December 31, 2014, 2015 and 2016

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

1. Description of the Business and Relevant Events

I. Corporate Information

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

The voice services provided by the Company, both wireless and fixed, mainly include the following: airtime, local, domestic and international long-distance services, and network interconnection services.

The data services provided by the Company include the following: value added, corporate networks, data and Internet services.

Pay TV represents basic services, as well as pay per view and additional programming and advertising services.

Equipment, accessories and computer sales

Other related revenues from advertising in telephone directories, publishing and call center services.

Sell video, audio and other media content that is delivered through the internet directly from the content provider to the viewer or end user.

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

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

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

The accompanying consolidated financial statements were approved for their issuance by the Company s Chief Financial Officer on April 24, 2017, and subsequent events have been considered through that date.

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II. Relevant events in 2016

a) During 2016, there was currency depreciation mainly in the Mexican peso against the US dollar and the euro, and the Brazilian real against the US dollar, euro and the Mexican peso. Because a significant portion of the Company s debt is denominated in US dollars and euros, as well as the fact that a significant portion of the Company s subsidiary operations have the Brazilian real as functional currency, the currency depreciation adversely affected the results of the Company as part of the foreign currency exchange loss of the period.

b) In December 2016, Radiomóvil Dipsa, S.A. de C.V. (Telcel) agreed to purchase from Mexico s Grupo MVS, 60MHz of spectrum in the 2.5 GHz band. The acquisition and its terms remain subject to regulatory review and approval.

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

a) Basis of preparation

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

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

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

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

i) Basis of consolidation

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

According to the IFRS 10 Consolidated Financial Statements , control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee, if and only if, the Company has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

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

(a) The contractual arrangement with the other vote holders of the investee.

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(b) Rights arising from other contractual arrangements; and

(c) The Company s voting rights and potential voting rights.

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

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

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

Derecognizes the assets (including goodwill) and liabilities of the subsidiary;

Derecognizes the carrying amount of any non-controlling interests;

Derecognizes the cumulative translation differences recorded in equity;

Recognizes the fair value of the consideration received;

Recognizes the fair value of any investment retained;

Recognizes any surplus or deficit in profit or loss; and

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

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

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

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

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

Associates:

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

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

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

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

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

The equity interest in the most significant subsidiaries and associated companies at December 31, 2015 and 2016, is as follows:

		Equity interest at December 31	
Company name	**Country**	**2015**	**2016**
Subsidiaries:			
AMX Tenedora, S.A. de C.V. [a)]	Mexico	100.0%	**100.0%**
América Móvil B.V. [a)]	Netherlands	100.0%	**100.0%**
AMOV Canadá, S.A. [a)]	Mexico	100.0%	**100.0%**
Compañía Dominicana de Teléfonos, S.A. (Codetel[b)])	Dominican Republic	100.0%	**100.0%**
Sercotel, S.A. de C.V. [a)]	Mexico	100.0%	**100.0%**
Radiomóvil Dipsa, S.A. de C.V. and subsidiaries (Telcel[b)])	Mexico	100.0%	**100.0%**
Telecomunicaciones de Puerto Rico, Inc. [b)]	Puerto Rico	100.0%	**100.0%**
Puerto Rico Telephone Company, Inc. [b)]	Puerto Rico	100.0%	**100.0%**
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Sercom Honduras[b)])	Honduras	100.0%	**100.0%**
AMX USA Holding, S.A. de C.V. [a)]	Mexico	100.0%	**100.0%**
TracFone Wireless, Inc. (TracFone[b)]) [b)]	USA	98.2%	**100.0%**
Claro Telecom Participacoes, S.A. [a)]	Brazil	100.0%	**100.0%**
Americel, S.A. [b)]	Brazil	99.9%	**99.9%**
Claro S.A. (Claro Brasil) [b)]	Brazil	96.4%	**97.7%**
América Central Tel, S.A. de C.V. (ACT[a)])	Mexico	100.0%	**100.0%**
Telecomunicaciones de Guatemala, S.A. (Telgua[b)])	Guatemala	99.3%	**99.3%**
Empresa Nicaragüense de Telecomunicaciones, S.A. (Enitel[b)])	Nicaragua	99.6%	**99.6%**
Estesa Holding Corp. [a)]	Panama	100.0%	**100.0%**
Cablenet, S.A. [b)]	Nicaragua	100.0%	**100.0%**
Estaciones Terrenas de Satélite, S.A. (Estesa[b)])	Nicaragua	100.0%	**100.0%**
AMX El Salvador, S.A de C.V. [a)]	Mexico	100.0%	**100.0%**
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE[b)])	El Salvador	95.8%	**95.8%**
Cablenet, S.A. (Cablenet[b)])	Guatemala	95.8%	**95.8%**

Telecomoda, S.A. de C.V. (Telecomoda[b)])	El Salvador	95.8%	**95.8%**
Telecom Publicar Directorios, S.A. de C.V. (Publicom[c)])	El Salvador	48.8%	**48.8%**
CTE Telecom Personal, S.A. de C.V. (Personal[b)])	El Salvador	95.8%	**95.8%**
Comunicación Celular, S.A. (Comcel[b)])	Colombia	99.4%	**99.4%**
Telmex Colombia, S.A. [b)]	Colombia	99.3%	**99.3%**

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Company name	Country	Equity interest at December 31 2015	2016
Consorcio Ecuatoriano de Telecomunicaciones, S.A. (Conecel[b)])	Ecuador	100.0%	**100.0%**
AMX Argentina, S.A. [b)]	Argentina	100.0%	**100.0%**
AMX Wellington Gardens, S.A. de C.V. [a)]	Mexico	100.0%	**100.0%**
Widcombe, S.A. de C.V. [a)]	Mexico	100.0%	**100.0%**
AMX Paraguay, S.A. [b)]	Paraguay	100.0%	**100.0%**
AM Wireless Uruguay, S.A. [b)]	Uruguay	100.0%	**100.0%**
Claro Chile, S.A. [b)]	Chile	100.0%	**100.0%**
América Móvil Perú, S.A.C [b)]	Peru	100.0%	**100.0%**
Claro Panamá, S.A. [b)]	Panama	100.0%	**100.0%**
CGTEL, S.A.P.I. de C.V.(f.k.a.Carso Global Telecom, S.A. de C.V). [a)]	Mexico	99.9%	**99.9%**
Empresas y Controles en Comunicaciones, S.A. de C.V. [a)]	Mexico	99.9%	**99.9%**
Teléfonos de México, S.A.B. de C.V. [b)]	Mexico	98.7%	**98.7%**
Telmex Internacional, S.A. de C.V. [a)]	Mexico	97.8%	**97.8%**
Controladora de Servicios de Telecomunicaciones, S.A. de C.V.(Consertel) [a)]	Mexico	98.4%	**98.4%**
Telmex Argentina, S.A. [b)]	Argentina	99.7%	**99.7%**
Ertach, S.A. [b)]	Argentina	99.8%	**99.8%**
Telstar, S.A. [b)]	Uruguay	99.9%	**99.9%**
Ecuador Telecom, S.A. [b)2)]	Ecuador	98.4%	
Claro 110, S.A. [b)]	Chile	99.9%	**99.9%**
Sección Amarilla USA, LLC. [c)]	USA	98.4%	**98.4%**
Publicidad y Contenido Editorial, S.A. de C.V. [c)]	Mexico	98.4%	**98.4%**
Editorial Contenido, S.A. de C.V. [c)]	Mexico	98.4%	**98.4%**
Plaza VIP COM, S.A.P.I. de C.V. [c)]	Mexico	100.0%	
Grupo Telvista, S.A. de C.V. [c)]	Mexico	89.4%	**89.4%**
Telekom Austria AG [b)]	Austria	59.7%	**51.0%**
Hitss Solutions, S.A. de C.V. [c)]	Mexico	68.9%	**69.9%**
Associates			
Plaza VIP COM, S.A.P.I. de C.V. [c)]	Mexico		**25.5%**

a) Holding companies
b) Operating companies of mobile and fixed services
c) Advertising media, content companies and/or other businesses
1) See Note 12 for further details on the accounting for change in equity interest.
2) In December 2016, this entity was merged with Conecel

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

The operating revenues of foreign subsidiaries (those outside of Mexico) jointly represent approximately 66%, 69% and 72% of consolidated operating revenues of 2014, 2015 and 2016, respectively, and their total assets jointly represent approximately 74% and 83% of consolidated total assets at December 31, 2015 and 2016, respectively.

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

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

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

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

The difference resulting from the translation process is recognized in equity in the caption Effect of translation of foreign entities . At December 31, 2015 and 2016, the cumulative translation (loss) gain was Ps. (73,490,197) and Ps. 29,549,491, respectively.

b) Revenue recognition

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

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

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

- Mobile voice

Mobile data

Fixed voice

Fixed data

Pay TV

Sales of equipment, accessories and computers

Other related services (including over the top services)

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

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Voice services

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

Revenues from local services are derived from charges for line installations, monthly rent for services and monthly charges for metered services based on the number of minutes. These revenues depend on the number of lines in service, the number of newly installed lines and volume of minutes.

Revenues for interconnection services, which represent calls from other carriers entering the Company s mobile and fixed line networks (incoming interconnection services), are recognized at the time the service is provided. Such services are invoiced based on the rates previously agreed with other carriers.

Long-distance revenues originate from airtime or minutes used in making calls in a region or coverage area outside of the area where the customer s service is activated. These revenues are recognized at the time the service is provided.

Revenues from roaming charges are related to airtime charged to customers for making or receiving calls when visiting a local service area, country or region outside the local service area where the customer s service is activated. The related revenues are recognized at the time the service is provided based on the rates established and agreed upon by our subsidiaries with other domestic and international mobile carriers.

Data

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

Revenues from internet services and the sale of point-to-point and point-to-multipoint links are recognized on the date of installation, which is similar to the date when the respective traffic begins.

Revenues from corporate networks are obtained mainly from private lines and from providing virtual private network services. These revenues are recognized at the time the respective traffic begins.

Pay television

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

Sales of equipment, accessories and computers

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

In some subsidiaries of the Company, mobile equipment is sold to customers as part of postpaid plans, where the sale of such equipment may be financed over twelve to twenty four months.

The accounting policy of the Company is to recognize the revenue and the cost of the mobile equipment at the time of the sale. Interest earned as a consequence of the financing of mobile equipment is considered immaterial over the life of the contract.

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Other related services

Transmission rights

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

Marketing revenues

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

Over the top services

The provision of content, including videos, television and other information, directly from the content provider to the viewer or end user. The revenues services provided as Pay TV content and videos included in both fixed and mobile plans are recognized at the time the service is provided.

Any additional services such as additional programming or content that exceeds the plans original contract with customers is recognized and invoiced as revenue when such services are provided to customers.

Loyalty programs

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

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

c) Cost of mobile equipment and computers

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

d) Cost of services

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

also recognized at the time the services are received.

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

e) Commissions to distributors

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

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

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

f) Cash and cash equivalents

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

The Company also maintains restricted cash held as collateral to meet certain contractual obligations (see Note 9). Restricted cash is presented as part of Other assets within other non-current financial assets given that the restrictions are long-term in nature (See Note 9).

g) Marketable securities and other short term investments

Marketable securities and other short term investments are primarily composed of investment securities available for sale, although this line item also includes other short-term financial investments. Amounts are initially recorded at cost and adjusted to their estimated fair value. Fair value adjustments for available for sale securities are recorded through other comprehensive income, while fair value adjustments for other short-term investments are recorded in the income statement as they occur. An available-for-sale equity security is considered to be impaired if there is objective evidence that the cost may not be recovered. The Company considers whether there is a significant or prolonged decline in the fair value of an investment in such instruments below its cost to determine if such impairment exists.

h) Allowance for bad debts

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

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

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

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

i) Inventories

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

value.

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

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

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

j) Business combinations and goodwill

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

(i) Identify the acquirer

(ii) Determine the acquisition date

(iii) Value the acquired identifiable assets and assumed liabilities

(iv) Recognize the goodwill or a bargain purchase gain

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

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

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

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

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

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

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

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

For the years ended December 31, 2014, 2015 and 2016, no impairment losses were recognized for the goodwill shown in the Company s consolidated statements of financial position.

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k) Property, plant and equipment

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

Borrowing costs that are incurred for general financing for construction in progress for periods exceeding six months are capitalized as part of the cost of the asset. During 2014, 2015 and 2016 the borrowing costs that were capitalized amounted to Ps. 3,258,928, Ps. 3,524,841 and Ps. 2,861,307, respectively.

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

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

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

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

Annual depreciation rates are as follows:

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

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

During the years ended December 31, 2014, 2015 and 2016, no impairment losses were recognized.

v) Inventories for operation of the plant

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

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

l) Intangibles

i) Licenses

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

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

ii) Concessions

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

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

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

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of its concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. In Brazil, for example, Claro Brasil is required to maintain and file before the Brazilian Agency of Telecommunications (Agência Nacional de Telecomunicações, or Anatel) a list of assets potentially subject to reversion. The most recent publicly available filing, published by Anatel in 2016 (referring to the base year 2015), lists potentially reversible assets for an estimated book value of Ps. 24,129,223 (3,793,247 Brazilian reals). The Company believes that this list significantly overstates the extent of assets that would as a legal matter be subject to reversion, but there is no regulatory requirement or legal basis for a more refined analysis. See also Notes 10 and 16c).

iii) Trademarks

Trademarks are recorded at their fair value at the valuation date when acquired. The useful lives of trademarks are assessed as either finite or indefinite. Trademarks with finite useful lives are amortized using the straight-line

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method over a period ranging from 1 to 10 years. Trademarks with indefinite useful lives are not amortized, but are tested for impairment annually at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, if not, the change in useful life from indefinite to finite is made on a prospective basis.

iv) Rights of use

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

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

v) Customer relationships

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

During the years ended December 31, 2014, 2015 and 2016, no impairment losses were recognized for licenses, trademarks, rights of use or customer relationships.

m) Impairment in the value of long-lived assets

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

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

Key assumptions used in value in use calculations

The forecasts were performed by the Company s management in real terms (net of inflation) and in the functional currency of the subsidiary as of December 31, 2016.

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

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

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

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

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

The recoverable amounts are based on value in use. The value in use was determined based on the method of discounted cash flows. The key assumptions used in projecting cash flows are:

- Margin on EBITDA is determined by dividing EBITDA (operating income plus depreciation and amortization) by total revenue.
- Margin on CAPEX is determined by dividing capital expenditures (CAPEX) by total revenue.
- Pre-tax weighted average cost of capital (WACC) used to discount the projected cash flows.

To determine the discount rate, the Company uses the WACC which was determined for each of the cash generating units and is described in following paragraphs.

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

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

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

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

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The most significant forward looking estimates used for the 2015 and 2016 impairment evaluations are shown below:

	Average margin on EBIDTA	Average margin on CAPEX	Average pre-tax discount rate (WACC)
2015:			
Europe (7 countries)	24.50% - 49.46%	13.88% - 22.8%	5.19% - 15.34%
Brazil (fixed line, wireless and TV)	29.82%	19.01%	8.89%
Puerto Rico	18.97%	5.28%	5.26%
Dominican Republic	45.32%	10.90%	18.98%
Mexico (fixed line and wireless)	34.26%	10.97%	13.22%
Ecuador	32.37%	9.70%	22.52%
Peru	34.52%	14.60%	15.34%
El Salvador	41.45%	16.43%	13.30%
Chile	44.58%	33.14%	12.26%
Colombia	41.31%	17.04%	12.85%
Other countries	7.90% - 49.25%	0.5% - 17.39%	8.48% - 22.10%

	Average margin on EBITDA	Average margin on CAPEX	Average pre-tax discount rate (WACC)
2016:			
Europe (7 countries)	23.61% - 51.58%	8.29% - 20.72%	8.74% - 20.07%
Brazil (fixed line, wireless and TV)	31.65%	18.21%	9.70%
Puerto Rico	28.91%	9.08%	11.29%
Dominican Republic	45.83%	10.55%	19.70%
Mexico (fixed line and wireless)	33.38%	10.75%	14.34%
Ecuador	35.80%	7.92%	22.84%
Peru	28.92%	14.18%	14.20%
El Salvador	39.43%	23.69%	21.95%
Chile	25.92%	8.61%	7.87%
Colombia	38.34%	14.40%	13.93%
Other countries	10.1% - 48.92%	0.5% - 21.39%	7.39% - 23.79%

Sensitivity to changes in assumptions:

The implications of the key assumptions for the recoverable amount are discussed below:

Margin on CAPEX- The Company performed a sensitivity analysis by increasing its CAPEX by 5% and maintaining all other assumptions the same. The sensitivity analysis would require the Company to adjust the amount of its long-life assets in its CGUs, by approximately Ps. 505,000.

WACC- Additionally, should the Company increase by 50 basis points the WACC and maintain all other assumptions the same, the carrying amount of the long-life assets, mainly in the Central America, region would be impaired by approximately Ps. 1,664,000.

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n) Leases

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

Operating leases

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

Finance leases

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

o) Financial assets and liabilities

Financial assets

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

Initial recognition and measurement

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

items .

Held-to-maturity investments

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

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Available-for-sale financial assets

Available-for-sale financial assets are recorded at fair value, with gains and losses, net of tax, reported in other comprehensive income. Interest and dividends on investments classified as available-for-sale are included in valuation of derivatives, interest cost from labor obligations and other financial items The fair value of investments is readily available based on market value. The foreign exchange gain or losses of securities available for sale are recognized in the caption ¨Foreign currency exchange loss, net¨ of the consolidated statement of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. Loans and receivables with a relevant period (including accounts receivable to subscribers, distributors and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for accounts receivable from subscribers, distributors and other in the short term when the recognition of interest would be immaterial.

This category generally applies to accounts receivable from subscribers, distributors and other receivables.

Derecognition

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

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

Impairment of financial assets

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

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial

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

Financial liabilities

Financial liabilities are classified into the following categories based on the nature of the financial instruments contracted or issued: (i) financial liabilities measured at fair value, and (ii) financial liabilities measured at amortized cost. The Company s financial liabilities include accounts payable to suppliers, deferred revenues, other accounts payable, loans and derivative financial instruments. Derivative financial instruments are measured at fair value; short- and long-term debt and accounts payable, are accounted for as financial liabilities and measured at amortized cost.

Initial recognition

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on financial liabilities held for trading are recognized in the consolidated statements of valuation of derivatives, interest cost from labor obligations and other financial items .

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

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

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

comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 14.

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Derecognition

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

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

Offsetting of financial instruments

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

(i) a currently a legally enforceable right to offset the recognized amounts, and

(ii) the intention to either settle them on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

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

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

Note 7 and 18 provides an analysis of the fair values of the Company s financial instruments.

p) Transactions in foreign currency

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

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

		Average exchange rate			Closing exchange rate at December 31,	
Country or Zone	**Currency**	**2014**	**2015**	**2016**	**2015**	**2016**
Argentina [1]	Argentine Peso	1.6405	1.7152	**1.2632**	1.3195	**1.3047**
Brazil	Real	5.6574	4.8068	**5.3868**	4.4065	**6.3611**
Colombia	Colombian Peso	0.0067	0.0058	**0.0061**	0.0055	**0.0069**
Guatemala	Quetzal	1.7195	2.0704	**2.4548**	2.2544	**2.7561**
U.S.A. [2]	US Dollar	13.2969	15.8504	**18.6529**	17.2065	**20.7314**
Uruguay	Uruguay Peso	0.5726	0.5810	**0.6206**	0.5745	**0.7066**
Nicaragua	Cordobas	0.5122	0.5813	**0.6515**	0.6161	**0.7071**
Honduras	Lempiras	0.6291	0.7171	**0.8109**	0.7639	**0.8759**
Chile	Chilean Peso	0.0233	0.0243	**0.0276**	0.0242	**0.0310**
Paraguay	Guaraní	0.0030	0.0031	**0.0033**	0.0030	**0.0036**
Peru	Soles	4.6830	4.9746	**5.5232**	5.0415	**6.1701**
Dominican Republic	Dominican Peso	0.3050	0.3515	**0.4048**	0.3776	**0.4438**
Costa Rica	Colon	0.0244	0.0293	**0.0338**	0.0316	**0.0369**
European Union	Euro	17.6507	17.3886	**20.6334**	18.6828	**21.8032**
Bulgaria	Lev	8.8045	9.3785	**10.5483**	9.5527	**11.1561**
Belarus [3]	Belarusian Ruble	0.0012	0.0009	**0.0009**	0.0009	**0.0011**
Croatia	Croatian Kuna	2.2508	2.4096	**2.7392**	2.4452	**2.8886**
Macedonia	Macedonian Denar	0.2805	0.2984	**0.3350**	0.3037	**0.3546**
Serbia	Serbian Denar	0.1449	0.1517	**0.1676**	0.1537	**0.1768**

(1) In the years ended December 31, 2015 and 2016, the Argentine peso depreciated against the US dollar by 52.5% and 21.8%, respectively, considering the exchange rate of that foreign currency in the single and free market of changes. The Company believes that general market sentiment is that on the basis of the quantitative and qualitative indicators in IAS 29, the economy of Argentina should not be considered as hyperinflationary as of December 31, 2016. However, it is possible that certain market participants and regulators could have varying views on this topic both during 2016 and as Argentina s economy continue to evolve in 2017. The Company will continue to carefully monitor the situation and make appropriate changes if and when necessary.

(2) Includes U.S.A., Ecuador, El Salvador, Puerto Rico and Panama.

(3) Year-end rates were used for the translation of revenues and expenses as IAS 29 Financial Reporting in Hyperinflationary Economies was applied in 2014. In January 2015, hyperinflation accounting has been discontinued, as the characteristics indicating hyperinflation have no longer been met

(4) On the disposal of a foreign operation (i.e. a disposal of the Company s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in other comprehensive income in respect of that operation attributable to the owners of the Company are recognized in the consolidated statements of comprehensive income.

(5) As of April 19, 2017, the exchange rate between the US dollar and the Mexican Peso was 18.5582.

q) Accounts payable, accrued liabilities and provisions

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

When the effect of the time value of money is significant, the amount of the liability is determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis

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and reflects current market conditions at the financial statement reporting date and, where appropriate, the risks specific to the liability. Where discounting is used, an increase in the liability is recognized as finance expense.

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

r) Employee benefits

The Company has defined benefit pension plans for its subsidiaries Radiomóvil Dipsa, S.A. de C.V., Telecomunicaciones de Puerto Rico, S.A., Teléfonos de México, Claro Brasil and Telekom Austria. Claro Brasil also has medical plans and defined contribution plans and Telekom Austria provides retirement benefits to its employees under a defined contribution plan. The Company recognizes the costs of these plans based upon independent actuarial computations, and are determined using the projected unit credit method. The latest actuarial computations were prepared as of December 31, 2016.

Mexico

Mexican subsidiaries have the obligation to pay seniority premiums to personnel based on the Mexican Federal labor law which also establishes the obligation to make certain payments to personnel who cease to provide services under certain circumstances. Pensions and seniority premiums are determined based on the salary of employees in their final year of service, the number of years worked at Telmex and their age at retirements.

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

Telmex has established an irrevocable trust fund and makes annual contributions to that fund.

Puerto Rico

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

The pension benefit is composed of two elements:

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

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

Brazil

In Brazil, the Company provides a defined benefit plan and post-retirement medical assistance plan, and a defined contribution plan, through a pension fund that supplements the government retirement benefit, for certain employees.

Under the defined benefit plan, the Company makes monthly contributions to the pension fund equal to 17.5% of the employee s aggregate salary. In addition, the Company contributes a percentage of the aggregate salary base for funding the post-retirement medical assistance plan for the employees who remain in the defined benefit plan. Each employee makes contributions to the pension fund based on age and salary. All newly hired employees automatically adhere to the defined contribution plan and no further admittance to the defined benefit plan is allowed. For the defined contribution plan, see Note 17.

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Austria

In Austria, the Company provides retirement benefits to its employees under defined contribution and defined benefit plans.

The Company pays contributions to publicly or privately administered pension or severance insurance plans on mandatory or contractual basis. Once the contributions have been paid, the Company has no further payment obligations. The regular contributions are recognized as employee expenses in the year in which they are due.

All other employee benefit obligations provided in Austria are unfunded defined benefit plans for which the Company records provisions which are calculated using the projected unit credit method. The future benefit obligations are measured using actuarial methods on the basis of an appropriate assessment of the discount rate, rate of employee turnover, rate of compensation increase and rate of increase in pensions.

For severance and pensions, Austria recognizes actuarial gains and losses in other comprehensive income. The re-measurement of defined benefit plans relates to actuarial gains and losses only as Austria holds no plan assets. Interest expense related to employee benefit obligations is reported in the Valuation of derivatives, interests cost from labor obligation and other financial item, net.

Ecuador

The Company s subsidiary Consorcio Ecuatoriano de Telecomunicaciones, S.A. has a pension plan in which employees who have rendered a continuous and uninterrupted service for twenty five years or more are entitled to retirement benefits from their employer. In addition, employees who on the date of their dismissal had fulfilled twenty years or more and less than twenty-five years of continuous or uninterrupted work shall be entitled to a proportionate share of such retirement. In addition, the Company will have to pay certain benefits to employees as a result of the termination of employment by the Company or as a result of the employee leaving the Company. These benefits are approximately 25% of the last monthly payment made for each of the years of service by the employee to the Company. These plans are classified as defined benefit plans.

Other subsidiaries

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

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

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

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognizes restructuring-related costs

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

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Paid absences

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

s) Employee profit sharing

Employee profit sharing is paid by certain subsidiaries of the Company to its eligible employees. The Company has employee profit sharing in Mexico, Ecuador and Peru. In Mexico, employee profit sharing was computed at the rate of 10% of the individual company taxable income, except for depreciation of historical rather than restated values, foreign exchange gains and losses, which are not included until the asset is disposed of or the liability is due and other effects of inflation are also excluded. Effective January 1, 2014, employee profit sharing in Mexico is calculated using the same taxable income for income tax, except for the following:

i) Neither tax losses from prior years nor the employee profit sharing paid during year are deductible.

ii) Payments exempt from taxes for the employees are fully deductible in the employee profit sharing computation. Employee profit sharing is presented as an operating expense in the consolidated statements of comprehensive income.

t) Taxes

Income taxes

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

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

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

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

Deferred tax consequences on unremitted foreign earnings are accounted for as temporary differences, except to the extent that the Company is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future. Taxes paid on remitted foreign earnings are able to be offset against Mexican taxes, thus to the extent that a remittance is to be made, the deferred tax would be limited to

the incremental difference between the Mexican tax rate and the rate of the remitting country. As of December 31, 2015 and 2016, the Company has not provided for any deferred taxes related to unremitted foreign earnings.

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

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Sales tax

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the current receivables or payables in the consolidated statements of financial position unless they are due in more than a year in which case they are classified as non-current.

u) Advertising

Advertising expenses are expensed as incurred. for the years ended December 31, 2014, 2015 and 2016, advertising expenses were Ps. 21,772,454, Ps. 24,673,557 and Ps.28,180,538 respectively, and are recorded in the consolidated statements of comprehensive income in the caption Commercial, administrative and general expenses .

v) Earnings per share

Basic and diluted earnings per share are determined by dividing net profit of the year by the weighted-average number of shares outstanding during the year. In determining the weighted average number of shares issued and outstanding, shares repurchased by the Company have been excluded.

w) Financial risks

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

i) Liquidity risk

Liquidity risk is the risk that the Company may not meet its financial obligations associated with financial instruments when they are due. The Company s financial obligations and commitments are included in Notes 14 and 16.

ii) Market risk

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

Additionally, the Company occasionally uses interest rate swaps to adjust its exposure to the variability of the interest rates or to reduce their financing costs. The Company s practices vary from time to time depending on their judgments about the level of risk, expectations of change in the movements of interest rates and the costs of using derivatives. The Company may terminate or modify a derivative financial instrument at any time. See Note 7 for disclosure of the fair value of derivatives as of December 31, 2015 and 2016.

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iii) Credit risk

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

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

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

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

iv) Sensitivity analysis for market risks

The Company uses sensitivity analyses to measure the potential losses based on a theoretical increase of 100 basis points in interest rates and a 5% fluctuation in exchange rates:

Exchange rate fluctuations

Should the Company s debt at December 31, 2016 of Ps. 744,005,256, suffer a 5% increase/(decrease) in exchange rates, the debt would increase/(decrease) by Ps.36,203,853 and Ps.(34,653,790) respectively.

Interest rate

In the event that the Company s agreed-upon interest rates at December 31, 2016 increased/(decreased) by 100 basis points, the increase in net interest expense would increase/(decrease) by Ps. 6,428,515 and Ps.(13,717,022), respectively.

v) Concentration of risk

The Company depends on several key suppliers and sellers. During the years ended December 31, 2014, 2015 and 2016, approximately 55%, 67% and 73%, respectively, of the total cost of the cellular equipment of América Móvil represented purchases made from three suppliers, and approximately 19%, 17% and 25%, respectively, of the telephony plant equipment was purchased from two suppliers. If any of these suppliers were to cease to provide equipment and services to the Company, or to provide them in a timely manner and at a reasonable cost, the Company s business and results of operations might be adversely affected.

vi) Capital management

The Company manages its capital to ensure that its subsidiaries to continue as going concerns while maximizing the return to stakeholders through the optimization of their balances and debt capital to maintain the lowest cost of capital available. The Company manages its capital structure and makes adjustments according to economic conditions. To

maintain the capital structure, the Company may adjust the dividend payment to shareholders or its share buyback program, for which the Company holds a reserve. In addition, the Company creates a legal reserve, as required by law (See Note 19).

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x) Derivative financial instruments

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

The Company is exposed to interest rate and foreign currency risks, which it tries to mitigate through a controlled risk management program that includes the use of derivative financial instruments. The Company principally uses cross-currency swaps and foreign currency forwards to offset the risk of exchange rate fluctuations. For purposes of reducing the risks from changes in interest rates, the Company utilizes interest rate swaps through which it pays or receives the net amount resulting from paying or receiving a fixed rate, and from receiving or paying cash based on a variable rate. For the years ended December 31, 2014, 2015 and 2016, some of the Company s derivative financial instruments have been designated, and have qualified, as cash flow hedges.

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

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

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

y) Current versus non-current classification

The Company presents assets and liabilities in its consolidated statements of financial position based on current/non-current classification. An asset is current when it is either:

(i) Expected to be realized or intended to be sold or consumed in the normal operating cycle.

(ii) Held primarily for the purpose of trading.

(iii) Expected to be realized within twelve months after the reporting period.

(iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the normal operating cycle.

It is held primarily for the purpose of trading.

It is due to be settled within twelve months after the reporting period.

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

y.1) Presentation of consolidated statement of comprehensive income

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

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

The employee benefits expense recognized in 2014, 2015 and 2016 of Ps. 36,939,601, Ps. 41,366,183 and Ps. 46,759,415 recognized as Cost of sales and services , respectively and Ps. 53,938,718, Ps. 58,977,212 and Ps. 63,691,855 recognized in Commercial, administrative and general expenses , respectively.

y.2) Operating Segments

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

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

Intersegment revenues and costs, intercompany balances as well as investments in shares in consolidated entities are eliminated upon consolidation and reflected in the eliminations column.

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

y.3) Convenience Translation

At December 31, 2016, amounts in U.S. dollars have been included in the financial statements solely for the convenience of the reader and have been translated to Mexican pesos at December 31, 2016 at an exchange rate of Ps. 20.7314 per U.S. dollar, which was the exchange rate at that date. Such translation should not be construed as a representation that the Mexican peso can be converted to U.S. dollars at the exchange rate in effect on December 31, 2016 or any other exchange rate.

y.4) Significant Accounting Judgments, Estimates and Assumptions

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

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

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Fair Value of Financial Assets and Liabilities

América Móvil has substantial financial assets and liabilities that it recognizes at their fair value, which is an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties. The methodologies and assumptions América Móvil uses to estimate an instrument s fair value depend on the type of instrument and include (i) recognizing cash and cash equivalents and trade receivables and trade payables and other current liabilities at close to their carrying amount, (ii) recognizing quoted instruments at their price quotations on the reporting date, (iii) recognizing unquoted instruments, such as loans from banks and obligations under financial leases, by discounting future cash flows using rates for similar instruments and (iv) applying various valuation techniques, such as present value calculations, to derivative instruments. Using different methodologies or assumptions to estimate the fair value of América Móvil s financial assets and liabilities could materially impact the reported financial results. See Note 18.

The Company maintains investments in available for sale securities that are valued at market prices obtained from the stock exchange where these shares are listed. At each reporting date, the Company evaluates whether an impairment exists on its available for sale securities according to the accounting policy outlined in Note 2. This analysis first involves an evaluation of the objective measures of impairment as described in IAS 39. The Company will then evaluate whether the loss recognized in other comprehensive income on its available for sale securities is either prolonged or significant, as described in the accounting policies in Note 2. At December 31, 2016, the Company has not observed an objective measure of impairment on its available for sale securities, nor have unrealized losses on its available for sale securities been considered either significant or prolonged.

Estimated useful lives of plant, property and equipment

América Móvil currently depreciates most of its telephone plant and equipment based on an estimated useful life determined upon the expected particular conditions of operations and maintenance in each of the countries in which it operates. The estimates are based on AMX s historical experience with similar assets, anticipated technological changes and other factors, taking into account the practices of other telecommunications companies. América Móvil reviews estimated useful lives each year to determine whether they should be changed, and at times, it changes them for particular classes of assets. América Móvil may shorten the estimated useful life of an asset class in response to technological changes, changes in the market or other developments. This results in increased depreciation expense. See Note 2k) and 10.

Impairment of Long-Lived Assets

América Móvil has large amounts of long-lived assets, including property, plant and equipment, intangible assets, investments in affiliates and goodwill, on its consolidated statement of financial position. América Móvil is required to test long-lived assets for impairment when circumstances indicate a potential impairment or, in some cases, at least on an annual basis. The impairment analysis for long-lived assets requires the Company to estimate the recovery value of the asset, which is the higher of its fair value (minus any disposal costs) and its value in use. To estimate the fair value of a long-lived asset, América Móvil typically takes into account recent market transactions or, if no such transactions can be identified, América Móvil uses a valuation model that requires the making of certain assumptions and estimates. Similarly, to estimate the value in use of long-lived assets, América Móvil typically makes various assumptions about the future prospects for the business to which the asset relates, consider market factors specific to that business and estimate future cash flows to be generated by that business. Based on this impairment analysis, including all assumptions and estimates related thereto, as well as guidance provided by IFRS relating to the impairment of long-lived assets, América Móvil determines whether it needs to take an impairment charge to reduce the net carrying value of the asset as stated on its consolidated statement of financial position. Assumptions and

estimates about future values and remaining useful lives are complex and often subjective. They can be affected by a variety of factors, including external factors, such as industry and economic trends, and internal factors, such as changes in the Company s business strategy and its internal forecasts. Different assumptions and estimates could materially impact the Company s reported

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financial results. More conservative assumptions of the anticipated future benefits from these businesses could result in impairment charges, which would decrease net income and result in lower asset values on the consolidated statement of financial position. Conversely, less conservative assumptions could result in smaller or no impairment charges, higher net income and higher asset values. The key assumptions used to determine the recoverable amount for the Company s CGUs, are further explained in Notes 2m), Note 10 and Note 11.

Deferred Income Taxes

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

América Móvil records deferred tax assets based on the amount that it believes is probable to be realized. In assessing the future realization of deferred tax assets, the Company considers future taxable income and ongoing tax planning strategies. In the event that the estimates of projected future taxable income and benefits from tax planning strategies are lowered, or changes in current tax regulations are enacted that would impose restrictions on the timing or extent of the ability to utilize the tax benefits of net operating loss carry-forwards in the future, an adjustment to the recorded amount of deferred tax assets would be made, with a related charge to income. See Note 13.

Accruals

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

If América Móvil is unable to reliably measure the obligation, no accrual is recorded and information is then presented in the notes to its consolidated financial statements. Because of the inherent uncertainties in this estimation, actual expenditures may be different from the originally estimated amount recognized. See Note 15.

América Móvil is subject to various claims and contingencies related to tax, labor and legal proceedings as described in Note 16(c).

Labor Obligations

América Móvil recognizes liabilities on its consolidated statement of financial position and expenses in its statement of comprehensive income to reflect its obligations related to its post-retirement seniority premiums,

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pension and retirement plans in the countries in which it operates and offer defined contribution and benefit pension plans. The amounts the Company recognizes are determined on an actuarial basis that involves many estimates and accounts for post-retirement and termination benefits in accordance with IFRS.

América Móvil uses estimates in four specific areas that have a significant effect on these amounts: (i) the rate of return América Móvil assumes its pension plan will achieve on its investments, (ii) the rate of increase in salaries that the Company assumes it will observe in future years, (iii) the discount rates that the Company uses to calculate the present value of its future obligations and (iv) the expected rate of inflation. The assumptions América Móvil has applied are further disclosed in Note 17. These estimates are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

Allowance for Bad Debts

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

y.5) Retrospective adjustments

The following amounts in consolidated statements of financial position, comprehensive income and cash flows as of December 31, 2014 and 2015, respectively, have been retrospectively adjusted to conform to the presentation for the year ended December 31, 2016:

In the Consolidated Statements of Financial Position:

	2015, As previously reported	Retrospective adjustments	2015, As adjusted
Assets:			
Subscribers, distributors, recoverable taxes and other, net	Ps.155,241,127	Ps.(9,885,600)	Ps.145,355,527
Subscribers, distributors, non-current		9,885,600	9,885,600
Liabilities:			
Income tax		3,726,613	3,726,613
Other taxes payable	20,666,548	(4,043,159)	16,623,389
Non-current income tax	Ps.	Ps. 316,546	Ps. 316,546

The Company reclassified Ps.9,885,600 of accounts receivable as of December 31, 2015, from short-term to long-term related to installment accounts receivable related to the sale of mobile equipment sold to customers, where the sale of such equipment was financed over twelve to twenty-four months. In addition, to conform with the 2016 presentation, the Company presented income taxes payable separately from other taxes payable on the consolidated statements of financial position.

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In the Consolidated Statements of Comprehensive Income:

	2014, As previously reported	Retrospective adjustments	2014, As adjusted
Operating revenues:			
Mobile voice services	Ps. 255,606,335	Ps. 2,613,758	Ps. 258,220,093
Fixed voice services	114,687,475	(3,174,955)	111,512,520
Mobile data services	194,882,905	(2,292,451)	192,590,454
Fixed data services	97,533,378	2,399,183	99,932,561
Paid television	68,378,623	515,437	68,894,060
Sales of equipment, accessories and computers	95,632,868	214,190	95,847,058
Other related services	21,540,236	43,018	21,583,254
	848,261,820	318,180	848,580,000
Operating costs and expenses:			
Cost of sales and services	386,102,139	605,543	386,707,682
Commercial, administrative and general expenses	185,683,205	(115,357)	185,567,848
Other expenses	4,928,675	(172,006)	4,756,669
Depreciation and amortization	114,993,551		114,993,551
	691,707,570	318,180	692,025,750
Operating income	Ps. 156,554,250	Ps.	Ps. 156,554,250

	2015, As previously reported	Retrospective adjustments	2015, As adjusted
Operating revenues:			
Mobile voice services	Ps. 243,576,248	Ps. 12,570,518	Ps. 256,146,766
Fixed voice services	104,754,844	(9,284,657)	95,470,187
Mobile data voice services	235,087,506	(8,364,467)	226,723,039
Fixed data services	104,853,471	4,403,669	109,257,140
Paid television	65,259,697	791,160	66,050,857
Sale of equipment, accessories and computers	115,557,754	380,869	115,938,623
Other related services	25,127,107	(975,980)	24,151,127
	894,216,627	(478,888)	893,737,739
Operating costs and expenses:			
Cost of sales and services	418,061,856	2,202,075	420,263,931
Commercial, administrative and general expenses	203,524,778	(2,163,822)	201,360,956
Other expenses	5,440,338	(455,382)	4,984,956
Depreciation and amortization	125,735,395	(20,660)	125,714,735

	752,762,367	(437,789)	752,324,578
Operating income	141,454,260	(41,099)	141,413,161
Interest income	4,774,894	78,118	4,853,012
Interest expense	(31,200,286)	2,914	(31,197,372)
Foreign currency exchange loss, net	(78,997,898)	(90)	(78,997,988)
Valuation of derivatives, interest cost from labor obligations and other financial items, net	21,536,159	(39,843)	21,496,316
Equity interest in net loss of associated companies	(1,426,696)		(1,426,696)
Profit before income tax	Ps. 56,140,433	Ps.	Ps. 56,140,433

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In the Consolidated Statements of Cash Flows:

	2015, As previously reported	Retrospective adjustments	2015, As adjusted
Depreciation	Ps. 110,177,127	Ps. (21,724)	Ps. 110,155,403
Amortization of intangible assets and other assets	15,558,268	1,064	15,559,332
Foreign currency exchange loss, net	59,251,396	90	59,251,486
Interest income	(4,774,894)	(78,118)	(4,853,012)
Interest expense	31,200,286	(2,914)	31,197,372
Gain in valuation of derivative financial instruments, capitalized interest expense and other, net	(18,274,034)	(39,843)	(18,313,877)
Accounts payable and accrued liabilities	Ps. (6,410,783)	Ps. 141,445	Ps. (6,269,338)

Retrospective adjustments in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014 and the consolidated statement of cash flows for the year ended December 31, 2015, reflect reclassifications made to align the presentation of certain accounts from Telekom Austria and subsidiaries with the Company´s reporting.

3. Cash and Cash Equivalents

Cash and cash equivalents are comprised of short-term deposits with different financial institutions across the globe. Cash equivalents only include instruments with purchased maturity of less than three months. The amount includes the amount deposited, plus any interest earned.

4. Marketable securities and other short-term investments

As of December 31, 2015 and 2016, marketable securities and other short-term investments includes an available for sale investment in KPN for Ps. 44,089,801 and Ps. 41,463,511, respectively, and other short-term investments for Ps. 12,257,668 and Ps. 13,393,646, respectively.

As explained in Note 12, the investment in KPN is carried at fair value with changes in fair value being recognized through other comprehensive loss (equity) in the Company s consolidated statements of financial position. When the Company changed the classification of its KPN investment, the Company recorded a pre-tax gain of approximately Ps. 11,988,038, in its 2015 consolidated statements of comprehensive income. As of December 31, 2015 and 2016, the Company has recognized changes in fair value of the investment of Ps. 4,011 and Ps. (6,673,731), respectively, net of deferred taxes, through other comprehensive loss (equity).

At December 31, 2016, the Company has not observed an objective measure of impairment on its available for sale securities, nor have unrealized losses on its available for sale securities been considered either significant or prolonged.

During the years ended December 31, 2015 and 2016, the Company received dividends from KPN for an amount of Ps. 1,645,712 and Ps. 5,740,092, respectively; which are included within Valuation of derivatives, interest cost from labor obligations, and other financial items, net in the consolidated statements of comprehensive income. The other short-term investments of Ps. 13,393,646, as of December 31, 2016 (Ps. 12,257,668 in 2015) represents a cash deposit

used to guarantee a short term obligation for one of the Company s foreign subsidiaries and are presented at their carrying value, which approximates fair value.

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

a) An analysis of accounts receivable by component at December 31, 2015 and 2016 is as follows:

	At December 31,	
	2015	**2016**
Subscribers and distributors	Ps. 131,592,906	**Ps. 186,744,954**
Mobile phone carriers for network interconnection and other services	6,898,229	**9,649,849**
Recoverable taxes	26,042,534	**41,899,517**
Sundry debtors	18,202,616	**16,016,756**
	182,736,285	**254,311,076**
Less: Allowance for bad debts	(27,495,158)	**(37,351,677)**
Net	Ps. 155,241,127	**Ps. 216,959,399**
Non-current subscribers and distributors	9,885,600	**11,184,860**
Total current Subscribers , distributors, recoverable taxes and other, net	Ps. 145,355,527	**Ps. 205,774,539**

b) Changes in the allowance for bad debts were as follows:

	For the years ended December31,		
	2014	2015	**2016**
Balance at beginning of year	Ps. (20,292,099)	Ps. (25,685,528)	**Ps. (27,495,158)**
Increases recorded in expenses	(11,770,721)	(13,171,120)	**(16,987,769)**
Write-offs	4,978,376	9,555,734	**12,587,567**
Translation effect	1,398,916	1,805,756	**(5,456,317)**
Balance at end of year	Ps. (25,685,528)	Ps. (27,495,158)	**Ps. (37,351,677)**

c) The following table shows the aging of accounts receivable at December 31, 2015 and 2016, for subscribers and distributors:

			Past due			
	Total	**Unbilled services provided**	**1- 30 days**	**31-60 days**	**61-90 days**	**Greater than 90 days**
December 31, 2015	Ps. 131,592,906	Ps. 78,181,506	Ps. 16,372,947	Ps. 3,766,200	Ps. 2,693,750	Ps. 30,578,503
	Ps. 186,744,954	**Ps. 113,014,706**	**Ps. 19,175,008**	**Ps. 5,835,162**	**Ps. 4,209,456**	**Ps. 44,510,622**

December 31,
2016

In accordance with the Company s accounting policy for the allowance for bad debts, as of December 31, 2015 and 2016, there are certain accounts receivable greater than 90 days that are not impaired as they are primarily due from governmental institutions and distributors for which the Company has collateral. To estimate the recoverability of accounts receivable, the Company considers any change in the credit quality of the subscribers and distributors from the date the credit was granted until the end of period.

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d) The following table shows the accounts receivable from subscribers and distributors included in the allowance for doubtful accounts, as of December 31, 2015 and 2016:

	Total	61-90 days	Greater than 90 days
December 31, 2015	Ps. 27,495,158	Ps. 1,442,029	Ps. 26,053,129
December 31, 2016	**Ps. 37,351,677**	**Ps. 3,970,770**	**Ps. 33,380,907**

6. Related Parties

a) The following is an analysis of the balances with related parties as of December 31, 2015 and 2016. All of the companies were considered affiliates of América Móvil since the Company or the Company s principal shareholders are also direct or indirect shareholders in the related parties.

	2015	2016
Accounts receivable:		
Sears Roebuck de México, S.A. de C.V.	Ps. 219,338	**Ps. 230,974**
Sanborns Hermanos, S.A.	140,058	**119,423**
Carso Infraestructura y Construcción, S.A. de C.V and Subsidiaries	399,297	**112,834**
Enesa, S.A. de C.V. and Subsidiaries	5,430	**93,360**
Grupo Condumex, S.A. de C.V. and Subsidiaries	8,913	**41,057**
Operadora de Sites Mexicanos, S.A. de C.V.		**22,629**
Patrimonial Inbursa, S.A.	8,399	**9,299**
Other	64,198	**110,916**
Total	**Ps. 845,633**	**Ps. 740,492**

	2015	2016
Accounts payable:		
Carso Infraestructura y Construcción, S.A. de C.V and Subsidiaries	Ps. 1,091,128	**Ps. 1,291,062**
Grupo Condumex, S.A. de C.V. and Subsidiaries	232,312	**753,603**
Fianzas Guardiana Inbursa, S.A. de C.V.	506,658	**409,293**
PC Industrial, S.A. de C.V. and Subsidiaries	192,499	**117,841**
Grupo Financiero Inbursa, S.A.B. de C.V.	34,622	**40,737**
Enesa, S.A. de C.V. and Subsidiaries	35,685	**53,670**
Other	153,930	**305,119**
Total	Ps. 2,246,834	**Ps. 2,971,325**

For the years ended December 31, 2014, 2015 and 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

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b) For the years ended December 31, 2014, 2015 and 2016, the Company conducted the following transactions with related parties:

	2014	2015	2016
Investments and expenses:			
Construction services, purchases of materials, inventories and property, plant and equipment [(i)]	Ps. 5,424,826	Ps. 5,975,677	**Ps. 9,917,280**
Insurance premiums, fees paid for administrative and operating services, brokerage services and others [(ii)]	2,188,261	4,332,331	**4,118,469**
Call termination costs [(iii)]	6,141,063	353,937	
Interconnection cost	120,119		
Rent of towers		927,678	**4,748,503**
Other services	955,833	1,025,332	**1,899,818**
	Ps. 14,830,102	Ps. 12,614,955	**Ps. 20,684,070**
Revenues:			
Sale of long-distance services and other telecommunications services	Ps. 291,038	Ps. 271,196	**Ps. 411,076**
Sale of materials and other services [(iv)]	506,100	2,397,520	**2,662,829**
Voice services	201,990	1,474	**16,762**
	Ps. 999,128	Ps. 2,670,190	**Ps. 3,090,667**

i) In 2016, this amount includes Ps.9,547,530 (Ps. 5,823,537 in 2015 and Ps. 5,330,989 in 2014) for network construction services and construction materials purchased from subsidiaries of Grupo Carso, S.A.B. de C.V. (Grupo Carso).

ii) In 2016, this amount includes Ps.812,247 (Ps. 721,416 in 2015 and Ps. 537,904 in 2014) for network maintenance services performed by Grupo Carso subsidiaries; Ps.705,074 in 2016 (Ps. 216,910 and Ps.634,368, in 2015 and 2014, respectively) for software services provided by an associate; Ps.2,406,058 in 2016 (Ps. 2,635,342 and Ps. 676,335 in 2015 and 2014, respectively) for insurance premiums with Seguros Inbursa S.A. and Fianzas Guardiana Inbursa, S.A., which, in turn, places most of such insurance with reinsurers.

iii) Includes the cost of buying airtime, long-distance services and megabytes navigation for value added services of Ps. 6,008,380 in 2014 from AT&T subsidiaries.

iv) In 2016, this amount includes Ps.1,811,363 for the sale of inventories for distribution to Sanborns Hermanos, S.A. and Sears Operadora de México, S.A. de C.V. (Ps. 1,560,204 in 2015).

c) During 2016, the Company paid Ps. 1,255,326 (Ps. 915,135 and Ps. 1,037,513 in 2015 and 2014, respectively) for short-term direct benefits to its executives.

The aggregate compensation paid to the Company s, directors (including compensation paid to members of the Audit and Corporate Practices Committee), and senior management in 2016 was approximately Ps. 4,000 and Ps. 64,000,

respectively. None of the Company s directors is a party to any contract with the Company or any of its subsidiaries that provides for benefits upon termination of employment. The Company does not provide pension, retirement or similar benefits to its directors in their capacity as directors. The Company s executive officers are eligible for retirement and severance benefits required by Mexican law on the same terms as all other employees who are not located in Mexico, and the Company does not separately set aside, accrue or determine the amount of our costs that is attributable to executive officers.

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d) On June 27, 2014, Inmobiliaria Carso, S.A. de C.V. and Control Empresarial de Capitales, S.A. de C.V. acquired AT&T s ownership interest in the Company. Therefore, since such date, AT&T is no longer considered a related party and is thus not included in the December 31, 2015 and 2016 related party disclosures with respect to the analysis of the balances with related parties. AT&T is included as a related party in the disclosures up for to the period ended June 27, 2014.

e) Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) is considered a related party due to it is a significant non-controlling shareholder in Telekom Austria. Through Telekom Austria, América Móvil is related to the Republic of Austria and its subsidiaries, which are mainly ÖBB Group, ASFINAG Group and Post Group as well as Rundfunk und Telekom Reguliegungs-GmbH, all of which these are related parties. In 2016 and 2015, none of the individual transactions associated with government agencies or government-owned entities of Austria are considering significant to América Móvil.

7. Derivative Financial Instruments

To mitigate the risks of future increases in interest rates for the servicing of its debt, the Company has entered into interest-rate swap contracts in over-the-counter transactions carried out with financial institutions from which the Company has obtained the loans. No collateral is given as security in connection with these transactions. In 2016 the weighted-average interest rate of the total debt including the impact of interest rate derivatives held by the Company is 3.7% (3.9% and 3.5% in 2015 and 2014, respectively).

An analysis of the derivative financial instruments contracted by the Company at December 31, 2015 and 2016 is as follows:

	At December 31,			
	2015		2016	
Instrument	Notional amount in millions	Fair value	**Notional amount in millions**	**Fair value**
Swaps US Dollar-Mexican peso	US$ 2,550	Ps. 16,657,149	**US$**	**Ps.**
Swaps Euro-Mexican peso	100	395,571	**70**	**479,007**
Swaps US Dollar-Euro	4,505	22,200,837		
Swaps GBP-Euro	£ 740	836,665	**£**	
Swaps Yen-US Dollar	¥		**¥ 13,000**	**430,044**
Forwards US Dollar-Mexican peso	US$ 390	130,121	**US$**	
Forwards Euro-US Dollar	535	661,665		
Total Assets		Ps. 40,882,008		**Ps. 909,051**

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	At December 31,			
	2015		2016	
Instrument	Notional amount in millions	Fair value	Notional amount in millions	Fair value
Interest rate swaps in Mexican peso	Ps. 19,800	Ps. (1,053,397)	**Ps. 15,750**	**Ps. (131,998)**
Forwards US Dollar Mexican Peso	US$ 946	(465,905)	**US$ 80**	**(99,228)**
Forwards Euro US Dollar	1,575	(2,304,322)	**460**	**(1,142,155)**
Swaps Euro-US Dollar	505	(1,335,040)	**500**	**(1,807,332)**
Swaps Yen-US Dollar	¥ 18,100	(347,776)	**¥**	
Swaps US Dollar-Euro	US$		**US$ 2,192**	**(698,917)**
Swaps CHF-US Dollar	CHF 745	(405,213)	**CHF 745**	**(745,263)**
Swaps GBP-Euro	£		**£ 740**	**(2,585,890)**
Swaps GBP-US Dollar	£ 1,510	(1,179,866)	**£ 2,010**	**(5,961,324)**
Call spread option			**750**	**(155,950)**
Put option			**374**	**(2,379,434)**
Call option	3,000	(3,673,417)	**3,000**	**(1,877,256)**
Total liability		Ps. (10,764,936)		**Ps. (17,584,747)**
Non-current liability		Ps. (3,314,146)		**Ps. (3,448,396)**
Total current liability		Ps. (7,450,790)		**Ps. (14,136,351)**

The changes in the fair value of these derivative financial instruments for the years ended December 31, 2014, 2015 and 2016 amounted to a gain (loss) of Ps. 7,397,142, Ps. 15,128,269 and Ps. (9,622,233), respectively, and such amounts are included in the consolidated statements of comprehensive income as part of the caption Valuation of derivatives interest cost from labor obligations and other financial items, net and Ps. (329,112), Ps. 37,011 and Ps. 48,496, net of tax, respectively, that are accounted for as Effect of derivative financial instruments acquired for hedging purposes in equity.

The maturities of the notional amount of the derivatives are as follows:

Instrument	Notional amount in millions	2017	2018	2019	2020	Thereafter
Assets						
Swaps Euro-Mexican peso	**70**	70				
Swaps Yen-US Dollar	**¥ 13,000**					13,000
Liabilities						
Interest rate swaps in Mexican peso	**Ps. 15,750**	15,350		400		
Swaps CHF-US Dollar	**CHF 745**	270	475			
Swaps Euro-US Dollar	**500**	500				
Swaps Sterling pound-Euro	**£ 740**					740
Swaps Sterling pound-US Dollar	**£ 2,010**				550	1,460

Swaps US Dollar-Euro	**US$**	**2,192**		67	125		2,000
Forwards US Dollar-Mexican Peso	**US$**	**80**	80				
Forwards Euro-US Dollar		**460**	430	30			
Call option		**3,000**				3,000	
Call spread option		**750**		750			
Put option		**374**					374

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8. Inventories, net

An analysis of inventories at December 31, 2015 and 2016 is as follows:

	2015	2016
Mobile phones, accessories, computers, TVs, cards and other materials	Ps. 39,076,612	**Ps. 41,020,172**
Less: Reserve for obsolete and slow-moving inventories	(3,499,140)	**(4,148,880)**
Total	Ps. 35,577,472	**Ps. 36,871,292**

For the years ended December 31, 2014, 2015 and 2016, the cost of inventories recognized in cost of sales was Ps. 129,634,613, Ps. 145,491,598 and Ps.172,495,376, respectively.

9. Other assets, net

An analysis of other assets at December 31, 2015 and 2016 is as follows:

	2015	2016
Current portion:		
Advances to suppliers (different from PP&E and inventories)	Ps. 9,557,420	**Ps. 12,078,114**
Costs of mobile equipment and computers associated with deferred revenues	6,270,374	**5,914,166**
Prepaid insurance	697,211	**786,683**
Other	752,908	**759,130**
	Ps. 17,277,913	**Ps. 19,538,093**
Non-current portion:		
Recoverable taxes	Ps. 5,137,336	**Ps. 9,971,482**
Prepayments for the use of fiber optics	2,890,010	**4,262,387**
Prepaid expenses and judicial deposits [(1)]	17,222,597	**25,267,208**
Total	Ps. 25,249,943	**Ps. 39,501,077**

For the years ended December 31, 2014, 2015 and 2016, amortization expense for other assets was Ps. 284,088, Ps. 558,457 and Ps. 1,340,609, respectively.

(1) Judicial deposits represent cash and cash equivalents pledged in order to fulfill the collateral requirements for tax contingencies in Brazil. At December 31, 2015 and 2016, the amount for these deposits is Ps. 12,426,915 and Ps.

20,030,041, respectively. Based on its evaluation of the underlying contingencies, the Company believes that such amounts are recoverable.

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10. Property, Plant and Equipment, net

a) An analysis of property, plant and equipment, net at December 31, 2014, 2015 and 2016 is as follows:

At December 31, 2013	Additions	Retirements	Business combinations	Effect of translation of foreign subsidiaries	Hyperinflation restatement	Depreciation of the year	
Ps. 509,908,646	Ps. 108,661,794	Ps. (30,933,135)	Ps. 54,202,020	Ps. 634,026	Ps. 143,886	Ps.	
48,227,443	3,650,705	(823,850)	5,271,503	124,621	13,114		
78,010,934	30,940,997	(11,426,188)	5,417,138	2,586,726	21,200		
39,831,975	13,543,305	(16,386,806)	2,600,498	(491,799)	10,012		
17,366,081	15,580,184	(12,958,645)	962,017	(100,923)			
693,345,079	172,376,985	(72,528,624)	68,453,176	2,752,651	188,212		
161,596,258		(16,618,742)		(2,950,031)	98,918	92,400,728	
1,607,313		(185,421)		125,881	1,364	2,179,268	
29,060,833		(3,596,940)		981,659	18,933	11,811,543	
(26,276)		(29,199)		10,235		(5,025)	
Ps. 192,238,128	Ps.	Ps. (20,430,302)	Ps.	Ps. (1,832,256)	Ps. 119,215	Ps. 106,386,514	
Ps. 501,106,951	Ps. 172,376,985	Ps. (52,098,322)	Ps. 68,453,176	Ps. 4,584,907	Ps. 68,997	Ps. (106,386,514)	

At December 31,	Additions	Retirements	Business combinations	Spin-off effects (Note 12)	Effect of translation of	Depreciation of

2014					foreign subsidiaries	the year
Ps. 642,617,237	Ps. 78,632,899	Ps. (16,061,956)	Ps. 4,293,671	Ps.	Ps. (68,097,149)	Ps.
56,463,536	2,559,088	(2,492,288)	54,902		(1,790,852)	
105,550,807	27,711,493	(10,169,829)	820,329	(12,643,381)	(4,800,817)	
39,107,185	72,899,705	(68,666,020)	160,311	(348,395)	(4,302,010)	
20,848,714	44,423,898	(43,911,307)			(1,018,916)	
864,587,479	226,227,083	(141,301,400)	5,329,213	(12,991,776)	(80,009,744)	
234,527,131		(31,529,529)		(7,403,656)	(51,082,202)	92,219,984
3,728,405		(433,368)			(1,334,962)	2,607,513
38,276,028		(4,533,893)			(1,995,119)	15,310,068
(50,265)		(13,405)			1,409	17,838
Ps. 276,481,299	Ps.	Ps. (36,510,195)	Ps.	Ps. (7,403,656)	Ps. (54,410,874)	Ps. 110,155,403
Ps. 588,106,180	Ps. 226,227,083	Ps. (104,791,205)	Ps. 5,329,213	Ps. (5,588,120)	Ps. (25,598,870)	Ps. (110,155,403)

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	At December 31, 2015	Additions	Retirements	Business combinations	Effect of translation of foreign subsidiaries	Depreciation of the year	At Decembe 2016
nic							
n and ent	Ps. 641,384,702	Ps. 101,794,197	Ps. (8,963,076)	Ps. 1,873,445	Ps. 235,186,745	Ps.	Ps. 971,2
d s	54,794,386	2,900,511	(2,845,298)	3,839	7,281,973		62,1
sets	106,468,602	24,368,918	(10,717,096)	69,937	24,736,655		144,9
ction ss and s plant s [1]	38,850,776	70,517,319	(70,911,593)	11,255	11,252,127		49,7
ies for n ant	20,342,389	34,010,751	(27,641,919)	5,520	1,566,307		28,2
	861,840,855	233,591,696	(121,078,982)	1,963,996	280,023,807		1,256,3
ulated ation							
nic							
n and ent	236,731,728		(1,968,376)		153,147,349	107,976,385	495,8
d s	4,567,588		(975,284)		3,709,952	3,179,066	10,4
sets	47,057,084		(25,099,710)		10,396,438	16,105,885	48,4
ies for n of t	(44,423)		(54,280)		20,896	401,008	3
	Ps. 288,311,977	Ps.	Ps. (28,097,650)	Ps.	Ps. 167,274,635	Ps. 127,662,344	Ps. 555,1
t	Ps. 573,528,878	Ps. 233,591,696	Ps. (92,981,332)	Ps. 1,963,996	Ps. 112,749,172	Ps. (127,662,344)	Ps. 701,1

[1] Construction in progress includes fixed and mobile telephone facilities as well as satellite developments and fiber optic which is in the process of being installed.

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

b) At December 31, 2015 and 2016, property, plant and equipment include the following assets under capital leases:

	2015	2016
Assets under capital leases	Ps. 6,707,087	**Ps. 8,210,557**
Accumulated depreciation	(2,379,602)	**(4,839,007)**
	Ps. 4,327,485	**Ps. 3,371,550**

c) On September 30, 2014, the Company completed the process for capitalizing the submarine cable system. The cable extends from the U.S. to Central America and Brazil, which provides international connectivity to all the Company subsidiaries in these geographic areas. The total investment capitalized at December 31, 2014 is Ps.4,275,682 (US$ 290,507).

d) At December 31, 2016, Claro Brasil has land and buildings and other equipment that is pledged in guarantee of legal proceedings in the amount of Ps. 3,530,845 (Ps. 6,206,771 as of December 31, 2015).

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

	Years ended December 31,		
	2014	2015	2016
Amount invested in the acquisition of qualifying assets	Ps. 47,332,317	Ps. 52,922,105	**Ps. 52,974,400**
Capitalized interest	3,258,928	3,524,841	**2,861,307**
Capitalization rate	6.9%	6.7%	**5.4%**

Capitalized interest is being amortized over a period of seven years, which is the estimated useful life of the related assets.

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f) On July 9, 2013, Star One signed an agreement denominated in US dollars with a manufacturer for construction and launching of the Star One D1 satellite, which will be equipped with transponders in Bands C, Ku and Ka. The cost of this project is estimated to be approximately Ps. 5,946,072 (US$ 404,000). The Star One D1 will replace the satellite Brazilsat B4. At December 31, 2016, the amount recorded in Construction in progress amounts to Ps 8,209,565.

g) The Company s concessions in Brazil establish certain conditions under which assets may be reverted to the government, as discussed in Note 16(c).

h) During 2016, Claro Brasil reviewed the useful life of its set top boxes. Such review was supported by historical data, change in the economic environment in which Claro Brasil operates and based on a professional technical evaluation. Based on the review of the remaining economic useful life of its set top boxes, Parabolic Antennas and Low Noise Block with Feed Horn, the Company shortened such useful lives and recorded an increase in depreciation expense for Ps. 2,468,415 (R$458,234).

In some of the jurisdictions where the Company operates and under certain circumstances, the Company may be required to transfer certain assets covered by some of their concessions to the government pursuant to valuation methodologies that vary in each jurisdiction. It is uncertain whether reversion would ever be applied and how reversion provisions would be interpreted in practice.

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

11. Intangible assets, net and goodwill

a) An analysis of intangible assets at December 31, 2014, 2015 and 2016 is as follows:

	For the year ended December 31, 2014						
	Balance at beginning of year	**Acquisitions**	**Acquisitions in business combinations**	**Disposals and other**	**Amortization of the year**	**Effect of translation of foreign subsidiaries**	**Balance at end of year**
Licenses and rights of use	Ps. 123,083,514	Ps. 24,946,015	Ps. 27,504,303	Ps.	Ps.	Ps. (738,738)	Ps. 174,795,094
Accumulated amortization	(86,029,682)				(6,013,565)	811,998	(91,231,249)
Net	37,053,832	24,946,015	27,504,303		(6,013,565)	73,260	83,563,845
Trademarks	11,700,606	1,584,189	8,930,690			59,506	22,274,991
Accumulated amortization	(10,534,300)				(300,778)	5,676	(10,829,402)
Net	1,166,306	1,584,189	8,930,690		(300,778)	65,182	11,445,589

Customer relationships		15,249,879				56,288	15,306,167
Accumulated amortization				(485,951)			(485,951)
Net		15,249,879		(485,951)		56,288	14,820,216
Software licenses	1,169,260	5,455,642	641,280			30,995	7,297,177
Accumulated amortization				(1,521,693)		11,179	(1,510,514)
Net	1,169,260	5,455,642	641,280	(1,521,693)		42,174	5,786,663
Content rights	2,303,675		(770,486)			328,841	1,862,030
Accumulated amortization				(962)		(157,593)	(158,555)
Net	2,303,675		(770,486)	(962)		171,248	1,703,475
Total of intangibles, net	Ps. 38,220,138	Ps. 30,003,139	Ps. 57,140,514	Ps. (129,206)	Ps. (8,322,949)	Ps. 408,152	Ps. 117,319,788
Goodwill (Note 12)	Ps. 92,486,284	Ps.	Ps. 51,316,970	Ps. (1,642,939)	Ps.	Ps. (1,256,924)	Ps. 140,903,391

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	For the year ended December 31, 2015						
	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
Licenses and rights of use	Ps. 174,795,094	Ps. 19,507,462	Ps. 448,364	Ps. 1,109,172	Ps.	Ps. (20,564,317)	Ps. 175,295,775
Accumulated amortization	(91,231,249)	Ps.	Ps.	Ps. (25,976)	Ps. (7,419,551)	Ps. 13,830,252	Ps. (84,846,524)
Net	83,563,845	19,507,462	448,364	1,083,196	(7,419,551)	(6,734,065)	90,449,251
Trademarks	22,274,991		252,728	207,251		89,043	22,824,013
Accumulated amortization	(10,829,402)				(936,606)	242,301	(11,523,707)
Net	11,445,589		252,728	207,251	(936,606)	331,344	11,300,306
Customer relationships	15,306,167		949,915	791,548		1,346,777	18,394,407
Accumulated amortization	(485,951)				(3,452,760)	(24,164)	(3,962,875)
Net	14,820,216		949,915	791,548	(3,452,760)	1,322,613	14,431,532
Software licenses	7,297,177	2,245,027	42,760	(307,955)		(494,241)	8,782,768
Accumulated amortization	(1,510,514)			1,434,129	(2,921,767)	573,554	(2,424,598)
Net	5,786,663	2,245,027	42,760	1,126,174	(2,921,767)	79,313	6,358,170
Content rights	1,862,030	768,888				3,609	2,634,527
Accumulated amortization	(158,555)				(270,191)		(428,746)
Net	1,703,475	768,888			(270,191)	3,609	2,205,781
Total of intangibles, net	Ps. 117,319,788	Ps. 22,521,377	Ps. 1,693,767	Ps. 3,208,169	Ps. (15,000,875)	Ps. (4,997,186)	Ps. 124,745,040
Goodwill (Note 12)	Ps. 140,903,391	Ps. 220,124	Ps. 711,723	Ps.	Ps.	Ps. (4,721,522)	Ps. 137,113,716

For the year ended December 31, 2016

	Balance at beginning of year	Acquisitions	Acquisitions in business combinations	Disposals and other	Amortization of the year	Effect of translation of foreign subsidiaries	Balance at end of year
icenses and ghts of use	**Ps. 175,295,775**	**Ps. 9,129,949**	**Ps. 360,144**	**Ps. 1,269,478**	**Ps.**	**Ps. 56,684,016**	**Ps. 242,739,362**
ccumulated mortization	**(84,846,524)**	**Ps.**	**Ps.**	**Ps.**	**Ps. (10,255,271)**	**Ps. (31,606,303)**	**Ps. (126,708,098**
et	**90,449,251**	**9,129,949**	**360,144**	**1,269,478**	**(10,255,271)**	**25,077,713**	**116,031,264**
rademarks	**22,824,013**		**101,655**	**(13,820)**		**4,877,302**	**27,789,150**
ccumulated mortization	**(11,523,707)**				**(330,576)**	**(3,367,974)**	**(15,222,257**
et	**11,300,306**		**101,655**	**(13,820)**	**(330,576)**	**1,509,328**	**12,566,893**
ustomer elationships	**18,394,407**		**1,904,503**			**5,946,598**	**26,245,508**
ccumulated mortization	**(3,962,875)**				**(3,231,518)**	**(5,240,681)**	**(12,435,074**
et	**14,431,532**		**1,904,503**		**(3,231,518)**	**705,917**	**13,810,434**
oftware censes	**8,782,768**	**3,854,066**	**26,871**	**(829,680)**		**1,040,771**	**12,874,796**
ccumulated mortization	**(2,424,598)**	**(41,185)**	**(8,367)**	**829,680**	**(3,469,461)**	**(9,809)**	**(5,123,740**
et	**6,358,170**	**3,812,881**	**18,504**		**(3,469,461)**	**1,030,962**	**7,751,056**
ontent ghts	**2,634,527**	**2,242,556**		**(217,057)**		**216,272**	**4,876,298**
ccumulated mortization	**(428,746)**			**(1,612)**	**(2,236,141)**		**(2,666,499**
et	**2,205,781**	**2,242,556**		**(218,669)**	**(2,236,141)**	**216,272**	**2,209,799**
otal of ntangibles, et	**Ps. 124,745,040**	**Ps. 15,185,386**	**Ps. 2,384,806**	**Ps. 1,036,989**	**Ps. (19,522,967)**	**Ps. 28,540,192**	**Ps. 152,369,446**
oodwill Note 12)	**Ps. 137,113,716**	**Ps.**	**Ps. 3,953,023**	**Ps. (356,832)**	**Ps.**	**Ps. 11,922,728**	**Ps. 152,632,635**

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b) The aggregate carrying amount of goodwill is allocated as follows:

	December 31,	
	2015	**2016**
Europe (7 countries)	Ps.51,737,157	**Ps.52,207,877**
Brazil (Fixed, wireless and TV)	17,931,543	**26,106,623**
Puerto Rico	17,463,393	**17,463,393**
Dominican Republic	14,186,724	**14,186,724**
Mexico (includes Telmex)	10,114,275	**9,936,857**
Ecuador	2,155,385	**2,155,385**
Peru	2,240,706	**3,792,950**
El Salvador	2,510,596	**2,510,596**
Chile	2,306,705	**2,758,653**
Colombia	11,612,051	**14,659,892**
Other countries	4,855,181	**6,853,685**
	Ps.137,113,716	**Ps.152,632,635**

c) The following is a description of the major changes in the Licenses and rights of use caption during the years ended December 31, 2014, 2015 and 2016:

2014 Acquisitions

i) In March 2014, Claro Colombia renewed a license for the use of the radio spectrum granted to Comunicación Celular, S.A. (Claro) in the 824.040 Mhz to 891.480 Mhz and 1.877 Mhz to 1,965 Mhz bands for a period that ends in March 2024. The amount paid was Ps. 1,018,190.

ii) On September 30, 2014, Claro Brasil obtained a license to provide cellular service in the 700 national MHz frequency band. On December 8, 2014, Anatel assigned formally to Claro Brasil the frequency band. The total consideration for the acquisition of this band was Ps. 15,588,866. Claro Brasil paid Ps. 9,662,144 in 2014 and the remaining amount will be paid in four equal annual installments. The frequency band expires in 2029.

iii) As a part of the business combination of Telekom Austria, the Company recognized licenses for amount of Ps. 27,504,380. Telekom Austria holds mobile telecommunication licenses provided by regulatory authorities in Austria, Croatia, Slovenia, Serbia, Bulgaria, Belarus and Macedonia. These licenses are estimated to have a remaining useful life of 10 years.

iv) In 2014, Argentina paid Ps. 4,151,753 (AR$ 2,385,379) for the acquisition of 4G licenses to increase the service in all the country.

v) Additionally, the Company acquired other licenses in the Dominican Republic, Brazil and others in the amount of Ps. 4,174,614.

2015 Acquisitions

i) In October 2015, Radio Móvil Dipsa renewed a license to provide cellular service in the 800 MHz frequency band. The frequency band expires in 2030. The amount paid was Ps.1,007,410.

ii) In May 2015, Claro Ecuador acquired licenses related to 4G/LTE services. The frequency band expires in 2023. The amount paid was Ps. 2,861,060.

iii) In 2015, Claro Brasil obtained renewals related with the frequency bands of national 700Mhz, auction conducted by Anatel on September 30, 2014. Funding for these procedures must be transmitted by operators in four annual installments adjusted by the IGP-ID of Ps. 4,412,730 (R$ 1,001,414) for which the corresponding renewal was performed.

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iv) In November 2015, Vipnet located in Croatia acquired 2 x 3 MHz and 2 x 4.8 MHz in the 1.800 MHz spectrum for EUR 18,513. Vipnet already holds 2 x 29.4 MHz in the lower frequency band (below 1 GHz), 2 x 25.0 in the higher frequency band (above 1 GHz) as well as 5.0 MHz TDD spectrum. The amount paid was Ps. 321,915.

v) In November 2015, Vip mobile, the Serbian subsidiary acquired 2 x 5 MHz of the 800 MHz spectrum. The new spectrum will be used by VIP mobile for the LTE rollout and will enhance the high-speed data service in rural areas as well as data usage in connection with smartphones. Vip mobile already holds a 2 x 4.2 MHz in the lower frequency band (below 1 GHz) as well as 2 x 45.0 MHz in the higher frequency band (above 1 GHz). The amount paid was Ps. 1,129,988 (EUR $ 60,942).

As a part of the business combinations, the Company recognized licenses for an amount of Ps. 448,364. The Company holds licenses provided by the regulatory authorities in those jurisdictions. These licenses are estimated to have a remaining useful life of 10 years.

vi) In 2015, Argentina paid Ps. 5,599,745 (AR$ 3,269,312) for the acquisition of 4G licenses to increase the service throughout the country.

vii) Additionally the Company acquired other licenses in Puerto Rico, Panama and others countries in the amount of Ps. 4,174,614.

2016 Acquisitions

i) In February 2016, the Company´s subsidiary in Paraguay was granted with the use of 30 MHz of spectrum in the 1700/2100 Mhz frequency. The total cost was Ps. 830,719 (US$ 46,000).

ii) In February 2016, the Company through its subsidiary Radiomóvil Dipsa, S.A. de C.V. (Telcel), acquired through an auction a total of 20MHz in the national wide AWS-1 band and 40 MHz in the AWS-3 band. The concession expires in October 2030. The Company paid an amount of Ps. 2,098,060.

iii) In May 2016, Mtel, located in Bulgaria, acquired 2 x 5 MHz in the 1,800-MHz spectrum for Ps. 135,441 (EUR 6,212). During 2016, Telekom Austria paid Ps. 410,713 (EUR 18,837) for the renewals referring to an obligation obtained from concessions granted in previous years.

iv) On May 26, 2016, the Company s subsidiary in Peru acquired spectrum in a public auction of the 700 MHz band. The frequency band expires in 2036. The cost of the spectrum was Ps. 5, 627,316 (S$.1,002,523).

v) In July 2016, Ecuador Telecom acquired a license to operate TV in Ecuador for a period that ends in 2031. The amount paid was Ps. 27,700 (US$ 1,500).

Amortization of intangibles for the years ended December 31, 2014, 2015 and 2016 amounted to Ps. 8,322,949, Ps. 15,000,875 and Ps. 19,522,968, respectively.

12. Business combinations, acquisitions, sale, non-controlling interest and spin-offs

a) The following is a description of the major acquisitions of investments in associates and subsidiaries during the years ended December 31, 2014, 2015 and 2016:

Acquisitions 2014

i) Telekom Austria

On July 10, 2014, the Company through both a share acquisition and a Shareholders´ Agreement obtained control of the telecommunications company Telekom Austria, acquiring an additional 22.79% of the outstanding shares

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to reach share ownership of 50.81%. The main goal for the Company was the further development of Telekom Austria. This acquisition was measured at its fair value on the purchase date. The total purchase price was Ps. 28,637,635. Acquisition costs were expensed by the Company as incurred and recorded as a part of Other expenses in the consolidated statement of comprehensive income for an immaterial amount. Telekom Austria was included in operating results as of July 1, 2014.

As a result, the Company derecognized the investment in Telekom Austria upon consolidation. As part of the recognition of its previous equity investment in Telekom Austria, the Company recognized a loss of Ps.3,172,218 in the Valuation of derivatives, interest cost from labor obligations and other financial items, net caption on the consolidated statement of comprehensive income. See Note 21.

The Company s purchase price was based upon a valuation and the Company s estimates and assumptions.

The Company s fair values of the net identifiable assets and liabilities as at the date of the transaction are as follows:

Cash and cash equivalents	Ps.	2,180,899
Trade receivables		12,023,422
Other current assets		4,745,510
Property and equipment		68,453,157
Licenses and rights of use		27,504,303
Trademarks		8,930,690
Customer relationships		14,184,227
Investments in shares		180,900
Deferred tax asset		2,146,300
Total assets acquired	**Ps.**	**140,349,408**
Liabilities and account payable short-term	Ps.	34,041,011
Liabilities and account payable long-term		18,560,409
Deferred tax liability		8,518,783
Long term debt		62,307,922
Total liabilities assumed	**Ps.**	**123,428,125**
Total identified net assets at fair value	Ps.	16,921,283
Non-controlling interest measured at fair value (49.19% of net assets)		(39,239,141)
Goodwill arising on acquisition		50,955,493
Fair value of the investment in Telekom Austria at the acquisition date	**Ps.**	**28,637,635**
Consideration transferred:		
Fair value of the prior equity method investment	Ps.	15,381,507
Cash paid		13,256,128

Total consideration transferred	**Ps. 28,637,635**

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Analysis of cash flows for acquisition:

	Cash-flows for acquisition
Cash paid	Ps.(13,256,128)
Cash acquired with the subsidiary	2,180,899
Net cash flow on acquisition	**Ps. (11,075,229)**

Goodwill at the date of the consolidation:

	Goodwill
Controlling interest	Ps.25,890,485
Non-controlling interest	25,065,008
Total	**Ps.50,955,493**

The fair value of the trade receivables which approximates its book value amounted to Ps.12,023,422. However, none of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the European segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

During the period from July 1, 2014 through December 31, 2014, the Company acquired an additional 38.4 million shares of Telekom Austria, which equates to an additional shareholding of approximately 8.68%. The Company paid Ps. 4,796,332 for these shares, and now owns 59.70% of Telekom Austria as of December 31, 2014. This additional acquisition of shares was accounted as equity transactions as the Company has control over this subsidiary.

ii) Unaudited pro forma financial data

The following pro forma consolidated financial data for the year ended December 31, 2014, is based on the consolidated financial statements of the Company adjusted to give effect to (i) the acquisition of Telekom Austria; and (ii) certain accounting adjustments of the assets and liabilities of the acquired company.

The pro forma results of operations assume that the acquisition was completed at the beginning of the year of acquisition and are based both on the information available and additional considerations that management believes are reasonable. The pro forma financial data is not intended to indicate what the operations of the Company had been if the operations had occurred such date, or predict the results of the operations of the Company.

	2014
Operating revenues	**Ps. 883,831,810**
Profit before income taxes	**85,047,796**
Net income	**Ps. 45,713,130**

The pro-forma financial data does not reflect the other 2014 acquisitions discussed below as they were not material to the Company s financial position or results of operations.

iii) Page Plus

On January 16, 2014, Tracfone Wireless Inc. (subsidiary of the Company) acquired Start Wireless Group for the brand known as Page Plus. This business was acquired in order to expand the Company s distribution channels,

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add an incremental revenue stream, and assist in the growth of subscribers. The purchase price of the acquisition was Ps. 1,583,773 (US$120,000). The cash used in the acquisition was approximately Ps. 835,353 (US$63,900). The results of operations of Page Plus are included in the results of operations from January 16, 2014. The goodwill recorded as part of this acquisition is Ps. 277,911.

iv) V-Sys

On April 9, 2014, Telmex acquired 100% of the shares of V-sys, a company that offers value added services of unified companies and information technologies for an amount of Ps.174,182. The goodwill recognized amounted to Ps. 83,559.

Acquisitions 2015

1) In February 2015, the Company acquired throughout its Telmex and Consertel subsidiaries an additional 35% of Hitss Solutions, S. A. de C.V. (Hitss) increasing its equity interest in this entity to 68.9%. Hitss offers information technology service. This acquisition was valued at is fair value at the purchase date. The Company started consolidating this subsidiary beginning March, 2015. The amount paid for the additional equity interest was Ps. 472,481, net of cash, and the goodwill recorded as part of this acquisition is Ps. 205,141. The identified goodwill has been allocated to the Mexico segment. The goodwill recognized is not deductible for income tax purposes.

2) The following entities were acquired by Telekom Austria:

i) In June 2015, acquired 100% of eight cable operators in the Republic of Macedonia through its subsidiary Blizoo.

ii) In September 2015, acquired 100% of Amisco NV (Amis), the holding entity of Amis Slovenia and Amis Croatia. Amis operates as a fixed-line reseller in Slovenia and owns a fiber network in Croatia. The companies offer internet, IPTV and telephone services to approximately 66,000 customers in Slovenia and approximately 24,000 customers in Croatia as of year-end 2015.

iii) In September 2015, acquired 100% of Bultel Cable Bulgaria EAD (Blizoo Bulgaria). Blizoo Bulgaria is the second largest fixed-line operator in Bulgaria and holds an 8% share in the fixed broadband market and an 11% share in the TV market. Blizoo Bulgaria currently has approximately 378,000 subscribers, which obtain fixed voice, broadband and TV products via DOCSIS 3 technology. In total Blizoo Bulgaria has network coverage of 1.3 million households.

The acquired companies were consolidated beginning October 2015. The amount paid was Ps. 2,864,968, net of cash, and the goodwill recognized as part of these acquisitions was Ps. 711,723. The identified goodwill has been allocated to the Europe segment. The goodwill recognized is not deductible for income tax purposes.

3) During 2015, the Company acquired throughout its Mexican and Brazil subsidiaries other entities for which paid Ps.119,704, net of cash.

4) The Company acquired an additional non-controlling interest in its Mexican and Brazil entities for an amount of Ps.1,031,049.

Acquisitions and sale 2016

a) In January 2016, in order to expand and strengthen its operations in Brazil, the Company through its Brazilian subsidiary, acquired a controlling interest of 99.99% in Brazil Telecomunicações S.A. (BRTel), a company operating in the market for Pay TV, Internet and broadband services and serving various municipalities of Brazil under the BLUE brand. The amount paid for the business acquisition was Ps. 1,088,668, net of acquired cash. The goodwill recognized amounted to Ps. 1,046,253.

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b) In May 2016, the Company acquired an additional non-controlling interest of 1.8% of Tracfone Wireless Inc. thereby obtaining 100% of its capital stock. The amount paid was Ps. 2,300,553 (US$ 124,673). This transaction was recorded as an equity transaction, that is, no gain or loss was recognized.

c) In May 2016, the Company through his subsidiary, América Móvil Perú, S.A.C. acquired 100% of the capital stock of Olo del Perú S.A.C. (Olo), and TVS Wireless S.A.C. (TVS). Olo and TVS provide telecommunications services throughout Peru and hold radio spectrum in the 2.5 GHz band. The amount of the transaction was Ps. 1,854,379 (US$. 102,343) net of acquired cash, and at the date of this financial statements the Company has paid Ps. 152,214 (US$ 7,554). The Company is in process to determine the fair value of the assets and liabilities of Olo and TVS . The goodwill recognized amounted to Ps. 1,454,333.

d) Based on a 2014 shareholder agreement, the Company agreed to ensure a minimal free float of Telekom Austria shares in the market. Consequently, in July 2016, the Company sold shares corresponding to 7.8% of the outstanding common stock of Telekom Austria AG. This sale reduced the overall shareholding of América Movil in Telekom Austria AG from 59.70% to 51.89%. Additionally, in August 2016, the Company sold 0.89% of the outstanding common stock of Telekom Austria AG. Following the successful completion of this transaction, AMX s stake was reduced to 51.0%. The amount of cash received for these transactions was Ps. 6,323,336. As América Móvil still retains control over Telekom Austria AG, these transactions were recorded as equity transactions.

e) In September 2016, the Company, through his subsidiary Tracfone, acquired certain assets of T-Mobile, that represented a business, which included the brands known as Walmart Mobile and Go Smart. These assets were acquired in order to expand the Company s distribution channels, add an incremental revenue stream, and assist in the growth of subscribers. There was no cash exchanged in the acquisition. The goodwill recognized amounted to Ps. 1,251,464.

f) In November 2016, Telekom Austria Group acquired 100% of the Belarusian fixed-line operator Atlant Telecom (Atlant) and its subsidiary TeleSet. After the acquisition, Atlant was renamed velcom ACS. Both companies are the leading privately owned fixed-line operators in Belarus offering fixed-line broadband, IPTV and cable TV as well as a video and audio library. The acquisition of Atlant and TeleSet is a further step in Telekom Austria Group s convergence strategy. The final allocation of consideration transferred will be determined once all necessary information regarding identifiable assets is available. The amount paid for the business acquisition was Ps. 582,931, net of acquired cash. The goodwill recognized amounted to Ps. 200,973.

b) Consolidated subsidiaries with non-controlling interests

The subsidiary that has a material non-controlling interest is Telekom Austria. Set out below is summarized financial information as of December 31, 2015 and 2016 for the non-controlling interests of the TKA s consolidated financial statements. The amounts disclosed for this subsidiary are before inter-company eliminations and using the same accounting policies of América Móvil.

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Selected financial data from the statements of financial position

	December 31,	
	2015	**2016**
Assets:		
Current assets	Ps. 34,621,840	**Ps. 31,371,809**
Non-current assets	127,544,176	**143,708,470**
Total assets	Ps. 162,166,016	**Ps. 175,080,279**
Liabilities and equity:		
Current liabilities	Ps. 43,643,550	**Ps. 40,961,299**
Non-current liabilities	78,038,244	**80,966,903**
Total liabilities	121,681,794	**121,928,202**
Equity attributable to equity holders of the parent	17,113,774	**23,527,370**
Non-controlling interest [(1)]	23,370,448	**29,624,707**
Total equity	Ps. 40,484,222	**Ps. 53,152,077**
Total liabilities and equity	Ps. 162,166,016	**Ps. 175,080,279**

(1) Includes Ps. 13,715,747, for the undated subordinated fixed rate bond (see Note 19).

Summarized statements of comprehensive income

	For the year ended December 31,		
	2014	**2015**	**2016**
Operating revenues	Ps. 37,392,067	Ps. 73,159,960	**Ps. 85,185,177**
Operating costs and expenses	33,526,607	66,913,434	**81,590,233**
Operating income	3,865,460	6,246,526	**3,594,944**
Net income	2,358,676	6,157,758	**7,065,770**
Total comprehensive income	Ps. 1,747,203	Ps. 4,968,909	**Ps. 8,450,837**
Net income attributable to:			
Equity holders of the parent	Ps. 1,246,451	Ps. 3,674,886	**Ps. 3,241,556**
Non-controlling interest	1,112,225	2,482,872	**3,824,214**
	Ps. 2,358,676	Ps. 6,157,758	**Ps. 7,065,770**

Comprehensive income attributable to:			
Equity holders of the parent	Ps. 1,043,080	Ps. 2,967,698	**Ps. 4,311,801**
Non-controlling interest	704,123	2,001,211	**4,139,036**
	Ps. 1,747,203	Ps. 4,968,909	**Ps. 8,450,837**

c) Tower operations and other passive infrastructure in Mexico (spin-off)

In October 2015, following the approval of the Federal Telecommunications Institute (*Instituto Federal de Telecomunicaciones*, or IFT) and confirmation by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) of its tax implications. The Company completed the spin-off process of Telesites, S.A.B. de C.V. (Telesites), its telecom towers located in Mexico, which had been approved by an extraordinary meeting of shareholders held in April 2015. The National Securities and Banking Commission (Comisión Nacional Bancaria y de Valores) authorized the registration of the shares of Telesites in December 2015, and the Company concluded the listing process on December 21, 2015.

As of the date of the spin-off, the assets and liabilities of Telesites no longer appear on the Company s consolidated statement of financial position, and the Company transferred to Telesites as part of the spin-off

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Ps. 4,937,752 in property, plant and equipment, Ps. 21,000,000 in debt and other net liabilities of Ps. 96,392 resulting in a net gain of Ps. 16,158,640 recognized directly in equity. In December, 2015 Telesites repaid to the Company the debt amounting Ps. 21,000,000.

The Company has entered into lease agreements for the use of tower space from Telesites, a related party. Lease terms are for five years, with options for renewal for five more years.

13. Income Taxes

As explained previously in these consolidated financial statements, the Company is a Mexican corporation which has numerous consolidated subsidiaries operating throughout the world. Presented below is a discussion of income tax matters that relates to the Company s consolidated operations, its Mexican operations and significant foreign operations.

i) Consolidated income tax matters

The composition of income tax expense for the years ended December 31, 2014, 2015 and 2016 is as follows:

	2014	2015	2016
In Mexico:			
Current year income tax	Ps. 26,891,333	Ps. 17,156,638	**Ps. 14,316,005**
Deferred income tax	304,231	(4,095,128)	**(12,086,232)**
Foreign:			
Current year income tax	18,212,915	17,775,360	**15,367,903**
Deferred income tax	(5,700,930)	(11,657,219)	**(6,198,820)**
	Ps. 39,707,549	Ps. 19,179,651	**Ps. 11,398,856**

Deferred tax related to items recognized in OCI during the year:

	2014	2015	2016
Remeasurement of defined benefit plans	Ps. (1,650,959)	Ps. 7,786,292	**Ps. (7,734,732)**
Effect of financial instruments acquired for hedging purposes	23,267	(16,069)	**(21,046)**
Available for sale securities		169,529	**2,858,452**
Other	278,776	(4,019)	**136,879**
Deferred tax charged to OCI	Ps.(1,348,916)	Ps. 7,935,733	**Ps. (4,760,447)**

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A reconciliation of the statutory income tax rate in Mexico to the consolidated effective income tax rate recognized by the Company is as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
Statutory income tax rate in Mexico	30.0%	30.0%	**30.0%**
Impact of non-deductible and non-taxable items:			
Tax inflation effects	6.0%	6.2%	**15.9%**
Derivatives		0.5%	**8.0%**
Employee benefits	1.5%	1.7%	**4.4%**
Operations of foreign subsidiaries	(0.9%)		
Other	(0.8%)	(0.1%)	**9.8%**
Effective tax rate on Mexican operations	35.8%	38.3%	**68.1%**
Change in estimated realization of deferred tax assets in Brazil	0.2%		
Use of tax credits in Brazil	(0.1%)	0.4%	**(0.6%)**
Equity interest in net loss of associated companies	2.1%	0.8%	**(0.2%)**
Loss (gain) on derecognition of equity method investment	1.1%	(6.4%)	
Loss on partial sale of investment in associated company	1.9%		
Dividends received from associates	(0.1%)	(0.9%)	**(7.9%)**
Foreign subsidiaries and other items non-deductible, net	4.6%	2.0%	**(10.8%)**
Effective tax rate	45.5%	34.2%	**48.6%**

An analysis of temporary differences giving rise to the net deferred tax liability is as follows:

	Consolidated statement of financial position		**Consolidated statement of comprehensive income**		
	2015	**2016**	**2014**	**2015**	**2016**
Provisions	Ps. 19,637,868	**Ps. 25,850,131**	Ps. (2,556,720)	Ps. (126,330)	**Ps. 1,622,132**
Deferred revenues	8,234,540	**8,222,412**	1,146,039	1,065,242	**(12,128)**
Tax losses carry forward	19,271,677	**38,208,079**	1,378,615	(1,222,172)	**12,706,245**
Property, plant and equipment	(12,302,621)	**(9,716,615)**	2,805,277	7,110,085	**2,445,783**
Inventories	1,752,310	**1,522,739**	(769,095)	(1,527,453)	**(229,571)**
Licenses and rights of use	(2,525,550)	**(2,530,747)**	136,034	2,548,353	**54,182**
Employee benefits	30,612,286	**28,243,207**	3,263,517	2,614,932	**3,616,952**
Other	5,136,637	**8,790,612**	(6,967)	5,289,690	**(1,918,543)**
Net deferred tax assets/(liabilities)	Ps. 69,817,147	**Ps. 98,589,818**			

Deferred tax expense/(benefit) in net profit for the year	Ps. 5,396,700	Ps. 15,752,347	**Ps. 18,285,052**

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Reconciliation of deferred tax assets and liabilities, net:

	2014	2015	2016
Opening balance as of January 1,	Ps. 52,504,635	Ps. 52,310,097	**Ps. 69,817,147**
Deferred tax benefit and effect of changes in tax rate recognized in profit or loss	5,396,700	15,752,347	**18,285,052**
Effect of translation	(95,599)	(6,259,252)	**15,273,228**
Benefit for tax credits in Brazil	1,138,742		
Deferred tax benefit (expense) recognized in OCI	(1,348,916)	7,935,732	**(4,760,447)**
Deferred taxes acquired in business combinations	(5,285,465)	78,223	**(25,162)**
Closing balance as of December 31,	Ps. 52,310,097	Ps. 69,817,147	**Ps. 98,589,818**
Presented in the consolidated statements of financial position as follows:			
Deferred income tax assets	Ps. 66,500,539	Ps. 81,407,012	**Ps. 112,651,699**
Deferred income tax liabilities	(14,190,442)	(11,589,865)	**(14,061,881)**
	Ps. 52,310,097	Ps. 69,817,147	**Ps. 98,589,818**

The deferred tax assets are in tax jurisdictions in which the Company considers that based on financial projections of its cash flows, results of operations and synergies between subsidiaries, will generate sufficient taxable income in subsequent periods to utilize/realize such assets.

The Company does not recognize a deferred tax liability related to the undistributed earnings of its subsidiaries, because it currently does not expect these earnings to be taxable or to be repatriated in the near future. The Company s policy has been to distribute the profits when it has paid the corresponding taxes in its home jurisdiction and the tax can be accredited in Mexico.

At December 31, 2015 and 2016, the balance of the contributed capital account (CUCA) is Ps. 460,432,409 and Ps. 478,087,224, respectively. On January 1, 2014, the CUFIN is computed on an América Móvil s stand-alone basis. The balance of the América Móvil s stand-alone basis amounted to Ps. 200,300,352 and Ps. 191,795,991 as of December 31, 2015 and 2016, respectively.

Optional Regime

The new Income Tax Law establishes the optional regime for corporate groups to defer the remittance of the deferred income tax of the group s subsidiaries, under the terms and conditions established in Articles 59 to 71 of the MITL. In addition to the above, the Company meets the requirements for adopting this regime in conformity with Article 60 of the MITL and accordingly, the Company filed its notice of incorporation into the optional regime under the terms and

conditions published by the tax authority on February 17, 2014. Also, in conformity with rule 1.3.22.8 of the Miscellaneous Tax Rules, the Company has declared its intention to take the option contained in such rule, which allows companies with unused tax losses at December 31, 2013 to carry forward these losses under the new regime. At December 31, 2015 and 2016, the non-current income taxes amounted to Ps. 316,546 and Ps. 2,348,069, respectively.

Corporate tax rate

The income tax rate applicable in Mexico from 2014 through 2016 was 30%.

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ii) Significant foreign income tax matters

a) Results of operations

The foreign subsidiaries determine their taxes on profits based on their individual taxable income, in accordance with the specific tax regimes of each country.

The combined income before taxes and the combined provision for taxes of such subsidiaries in 2014, 2015 and 2016 are as follows:

	2014	2015	2016
Combined income before taxes	Ps. 13,256,266	Ps. 27,933,182	**Ps. 45,697,258**
Combined tax provision differences not deductible-not cumulative in the foreign subsidiaries	Ps. 12,511,984	Ps. 6,118,142	**Ps. 9,169,083**

The effective income tax rate for the Company s foreign jurisdiction was 94% in 2014, 22% in 2015 and 20% in 2016 as shown in the table above. The statutory tax rates in these jurisdictions vary, although many approximate 22% to 40%. The primary difference between the statutory rates and the effective rates in 2014 was attributable to the loss on derecognition of the equity method of Telekom Austria, the loss on partial sales of KPN shares and equity method recognized on KPN. The primary difference between the statutory rates and the effective rates in 2015 was attributable to the gain on derecognition of the equity method investment in KPN. The primary difference between the statutory rates and the effective rates in 2016 was attributable to dividends received from associates and other non-deductible items.

iii) Tax losses

a) At December 31, 2016, the available tax loss carryforwards recorded in deferred tax assets are as follows on a country by country basis:

Country	Balance of available tax loss carryforwards at December 31, 2016	Tax loss carryforward benefit
Brazil	**Ps. 74,798,142**	**Ps.25,431,368**
Mexico	**31,139,313**	**9,341,794**
Colombia	**85,497**	**34,199**
Peru	**419,687**	**125,906**
Austria	**13,095,184**	**3,273,796**
United States	**2,673**	**1,016**
Total	**Ps. 119,540,496**	**Ps.38,208,079**

b) The tax loss carryforwards in the different countries in which the Company operates have the following terms and characteristics:

bi) The Company has accumulated Ps.74,798,142 in net operating loss carryforwards (NOL s) in Brazil as of December 31, 2016. In Brazil there is no expiration of the NOL s. However, the NOL´s amount used against taxable income in each year may not exceed 30% of the taxable income for such year. Consequently, in the year in which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate tax rate.

The Company believes that it is more likely than not that the accumulated balances of its net deferred tax assets are recoverable, based on the positive evidence of the Company to generate taxable temporary differences related to the same taxation authority which will result in taxable amounts against which the available tax losses can be utilized before they expire. Positive evidence includes the Company s recent merger in 2014 of its operations in Brazil, resulting in an organizational structure that is anticipated to be more efficient and profitable.

bii) The Company has accumulated Ps. 31,139,313 in NOL´s in Mexico as of December 31, 2016. In Mexico, the NOL´s expire in ten years on a stand-alone basis. The NOL´s mainly relates to foreign currency exchange losses.

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biii) The Company has accumulated Ps. 13,095,184 in NOL s in Austria as of December 31, 2016. In Austria, the NOL´s have no expiration, but its annual usage is limited to 75% of the taxable income of the year.

14. Debt

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

		At December 31, 2015		
Currency	**Loan**	**Interest rate**	**Maturity**	**Total**
U.S. dollars				
	Fixed-rate Senior notes (i)	2.375% - 6.375%	2042	Ps. 205,099,106
	Floating rates Senior notes (i)	L + 1.0%	2016	12,904,875
	Lines of credit (iii)	1.5% - 8.0% and L + 0.20% - 0.28%	2024	39,488,198
	Subtotal U.S. dollars			Ps. 257,492,179
Mexican pesos				
	Fixed-rate Senior notes (i) (ii)	6.00% - 9.00%	2037	Ps. 81,782,648
	Floating rate Senior notes (i) (ii)	TIIE + 1.25%%	2016	2,000,000
	Lines of credit (iii)	TIIE + 0.05% - 1.00%	2016	2,632,549
	Subtotal Mexican pesos			Ps. 86,415,197
Euros				
	Fixed-rate Senior notes (i)	1.00% - 6.375%	2023	Ps. 209,987,492
	Lines of credit (iii)	3.10% - 5.41%	2019	7,316,507
	Series A and B Capital Securities (iv)	5.125% and 6.375%	2073	27,090,086
	Subtotal Euros			Ps. 244,394,085
Sterling Pounds				
	Fixed-rate Senior notes (i)	4.375% - 5.750%	2041	Ps. 55,751,813
	Capital Securities (iv)	6.375%	2073	13,937,953
	Subtotal Sterling pounds			Ps. 69,689,766
Swiss francs				

	Fixed-rate Senior notes (i)	1.125% and 2.00%	2018	Ps.	14,085,385
	Subtotal Swiss francs			Ps.	14,085,385
Brazilian reals					
	Lines of credit (iii)	3.00% - 9.50%	2020	Ps.	2,752,089
	Subtotal Brazilian reals			Ps.	2,752,089
Colombian pesos					
	Fixed-rate Senior notes (i)	7.59%	2016	Ps.	2,458,485
	Subtotal Colombian pesos			Ps.	2,458,485
Other currencies					
	Fixed-rate Senior notes (i)	1.53% - 3.96%	2039		5,695,406
	Financial Leases	5.05% - 8.97%	2027	Ps.	234,152
	Subtotal other currencies				5,929,558
	Total debt			Ps.	683,216,744
	Less: Short-term debt and current portion of long-term debt				119,589,786
	Long-term debt			Ps.	563,626,958

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		At December 31, 2016		
rency	Loan	Interest rate	Maturity	Total
dollars				
	Fixed-rate Senior notes (i)	3.125% - 6.375%	2042	Ps. 205,984,
	Lines of credit (iii)	1.5% - 8.5%	2019	14,929,
	Subtotal U.S. dollars			Ps. 220,914,
ican pesos				
	Fixed-rate Senior notes (i) (ii)	6.00% - 8.60%	2037	Ps. 72,415,
	Lines of credit (iii)	TIIE + 0.15% - TIIE + 2.00%	2017	15,111,
	Subtotal Mexican pesos			Ps. 87,526,
os				
	Fixed-rate Senior notes (i)	1.00% - 4.750%	2028	Ps. 270,240,
	Series A and B Capital Securities (iv)	5.125% and 6.375%	2073	31,614,
	Lines of credit (iii)	3.52%	2018	491,
	Subtotal Euros			Ps. 302,346,
ling Pounds				
	Fixed-rate Senior notes (i)	4.375% - 5.750%	2041	Ps. 56,281,
	Capital Securities (iv)	6.375%	2073	14,070,
	Subtotal Sterling pounds			Ps. 70,352,
ss francs				
	Fixed-rate Senior notes (i)	1.125% and 2.00%	2018	Ps. 16,682,
	Subtotal Swiss francs			Ps. 16,682,
zilian reals				
	Lines of credit (iii)	3.00% - 9.50%	2021	Ps. 3,467,
	Subtotal Brazilian reals			Ps. 3,467,
er currencies				
	Fixed-rate Senior notes (i)	2.95% - 3.96%	2039	Ps. 6,386,
	Financial Leases	8.70% - 8.97%	2027	126,
	Subtotal other currencies			Ps. 6,512,
	Total debt			Ps. 707,801,
	Less: Short-term debt and current portion of long-term debt			82,607,

Long-term debt	**Ps. 625,194,**

L = LIBOR (London Interbank Offer Rate)

TIIE = Mexican Interbank Rate

EURIBOR = Euro Interbank Offered Rate

Except for the fixed-rate notes, interest rates on the Company s debt are subject to variances in international and local rates. The Company s weighted average cost of borrowed funds at December 31, 2015, and December 31, 2016 was approximately 4.2% for both periods.

Such rates do not include commissions or the reimbursements for Mexican tax withholdings (typically a tax rate of 4.9%) that the Company must pay to international lenders.

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An analysis of the Company s short-term debt maturities as of December 31, 2015, and December 31, 2016, is as follows:

	2015	2016
Domestic Senior Notes	Ps. 2,000,000	**Ps. 2,000,000**
International Senior Notes	75,878,612	**50,955,191**
Lines of credit	41,573,097	**29,619,908**
Financial Leases	138,077	**32,160**
Total	Ps.119,589,786	**Ps. 82,607,259**
Weighted average interest rate	3.5%	**5.1%**

The Company s long-term debt maturities are as follows:

Years	**Amount**
2018	**Ps. 30,484,832**
2019	**57,266,310**
2020	**113,820,541**
2021 and thereafter	**423,622,461**
Total	**Ps. 625,194,144**

(i) Senior Notes

The outstanding Senior Notes at December 31, 2015, and December 31, 2016, are as follows:

Currency*	**2015**	**2016**
U.S. dollars	Ps. 218,003,981	**Ps. 205,984,329**
Mexican pesos	83,782,648	**72,415,602**
Euros**	209,987,492	**270,240,624**
Sterling pounds**	55,751,813	**56,281,605**
Swiss francs	14,085,385	**16,682,775**
Japanese yens	2,590,564	**2,306,643**
Colombian pesos	2,458,485	
Chilean pesos	3,104,842	**4,079,443**

* Thousands of Mexican pesos
** Includes secured and unsecured senior notes.

In May 2015, the Company placed 5 year bonds for an amount of EUR $3,000 million which may be exchanged for ordinary shares of KPN, at an exercise price of 4.9007, 45% higher than the reference price on the date of issuance. In

December 31, 2015, the closing price of the stock of KPN was 3.4920. Given the terms of the bond, we have identified an embedded option with a fair value of EUR $86.1 million reflected as a liability within derivative financial instruments on the Consolidated Statement of Financial Position as of December 31, 2016. Under the terms of the exchangeable bond agreement, none of the exchanged property (specifically, the KPN shares) has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Company s obligations. At any time, the Company may or may not be the owner of the whole or any part of this property and may sell or otherwise dispose of the same or take any action or exercise any rights or options in respect of the same at any time.

In September 2015, the Company completed the placement of EUR $750 million principal amount of exchangeable bonds that will be mandatorily exchangeable into ordinary shares of KPN at maturity. The bonds have a maturity of 3 years and will pay a coupon of 5.5% per year payable quarterly in arrears, as well as the

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corresponding cash dividends paid by KPN net of withholding taxes. The reference price of the KPN shares for its exchange was set at 3.3374 but could be as high as 4.2552 (reference price plus 27.5%). As a result of the Company s mandatory exchangeable bond, the Company placed 224.7 million of ordinary shares of KPN in a trust in favor of the bond trustee and the bond holders. The aforementioned conditions allowed the Company to derecognize a portion of its investment in shares in KPN corresponding to the 224.7 million of ordinary shares on its Consolidated Statement of Financial Position as of December 31, 2015.

The exchangeable bonds described above have provisions that will allow for their settlement in cash if AMX wishes to retain ownership of the shares.

In March 2016, AMX placed an international bond for a total amount of EUR $1,500 million divided in two tranches, the first one for EUR $850 million with a coupon of 1.5% and maturity in 2024, and a second one for EUR $650 million with a coupon of 2.125% and maturity in 2028.

In December 2016, Telekom Austria placed an international bond for a total amount of EUR 500 million with a coupon of 1.5% and maturity in 2026, issued to cover a bond amortization in January 2017.

(ii) Domestic Senior Notes

At December 31, 2015, and December 31, 2016, debt under Domestic Senior Notes aggregated to Ps. $22,910.9 million and Ps. $21,043.9 million, respectively. In general these issues bear a fixed-rate or floating rate determined as a differential on the TIIE rate.

(iii) Lines of credit

At December 31, 2015, and December 31, 2016, debt under lines of credit aggregated to Ps. $52,189.3 million and Ps. $33,999.1 million, respectively.

The Company has two undrawn revolving syndicated facilities one for the Euro equivalent of U.S. $2,000 million and the other for U.S. $2,500 million maturing in 2021 and 2019 respectively. These loans bear interest at variable rates based on LIBOR and EURIBOR. Telekom Austria has also an undrawn revolving syndicated facility in Euros for $1,000 million at a variable rate based on EURIBOR.

(iv) Hybrid Notes

The Company issued three series of Capital Securities (hybrid notes) maturing in 2073: two series denominated in Euros for 1,450 million with a coupon of 5.125% and 6.375% respectively, and one series denominated in sterling pounds in the amount of £550 million with a coupon of 6.375%. The Capital Securities are deeply subordinated, and when they were issued the principal rating agencies stated that they would treat only half of the principal amount as indebtedness for purposes of evaluating our leverage (an analysis referred to as 50.0% equity credit). The Capital Securities are subject to redemption at our option at varying dates beginning in 2018 and 2023, respectively, for the euro-denominated series and beginning in 2020 for the sterling-denominated series.

Restrictions

A portion of the debt is subject to certain restrictions with respect to maintaining certain financial ratios, as well as restrictions on selling a significant portion of groups of assets, among others. At December 31, 2016, the Company was in compliance with all these requirements.

A portion of the debt is also subject to early maturity or repurchase at the option of the holders in the event of a change in control of the Company, as defined in each instrument. The definition of change in control varies from instrument to instrument; however, no change in control shall be considered to have occurred as long as Carso Global Telecom or its current shareholders continue to hold the majority of the Company s voting shares.

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Covenants

In conformity with the credit agreements, the Company is obliged to comply with certain financial and operating commitments. Such covenants limit in certain cases, the ability of the Company or the guarantor to: pledge assets, carry out certain types of mergers, sell all or substantially all of its assets, and sell control of Telcel.

Such covenants do not restrict the ability of AMX s subsidiaries to pay dividends or other payment distributions to AMX. The more restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA (defined as operating income plus depreciation and amortization) that does not exceed 4 to 1, and a consolidated ratio of EBITDA to interest paid that is not below 2.5 to 1 (in accordance with the clauses included in the credit agreements).

Several of the financing instruments of the Company may be accelerated, at the option of the debt holder in the case that a change in control occurs.

At December 31, 2016, the Company was in compliance with all the covenants.

15. Accounts Payable, Accrued Liabilities and Asset Retirement Obligations

a) The components of the caption accounts payable and accrued liabilities is as follows:

	At December 31,	
	2015	**2016**
Suppliers	Ps.106,399,877	**Ps.132,796,101**
Sundry creditors	68,700,378	**89,494,976**
Interest payable	9,810,698	**9,971,959**
Guarantee deposits from clients	1,424,428	**1,258,065**
Dividends payable	3,603,000	**3,744,025**
Total	Ps.189,938,381	**Ps.237,265,126**

b) The balance of accrued liabilities at December 31, 2015 and 2016, are as follows:

	At December 31,	
	2015	**2016**
Current liabilities		
Direct employee benefits payable	Ps.17,632,137	**Ps.19,713,160**
Contingencies	34,611,091	**50,766,070**
Total	Ps.52,243,228	Ps.70,479,230

The movements in contingencies for the years ended December 31, 2015 and 2016 are as follows:

	Balance at December 31, 2014	Business combination	Effect of translation	Increase of the year	Applications		Balance at December 31, 2015
					Payments	Reversals	
Contingencies	Ps.33,232,749	Ps.68,896	Ps.(3,951,150)	Ps.11,414,777	Ps.(3,643,533)	Ps.(2,510,648)	Ps.34,611,091

	Balance at December 31, 2015	Business combination	Effect of translation	Increase of the year	Applications		Balance at December 31, 2016
					Payments	Reversals	
Contingencies	**Ps.34,611,091**	**Ps.30,333**	**Ps.15,397,279**	**Ps.12,199,311**	**Ps.(8,959,551)**	**Ps.(2,512,393)**	**Ps.50,766,070**

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Contingencies include tax, labor, regulatory and other legal type contingencies. See Note 16 c) for detail of contingencies.

c) The movements in the asset retirement obligations for the years ended December 31, 2015 and 2016, are as follows:

	Balance at December 31, 2014	Effect of translation	Increase of the year	Applications		Balance at December 31, 2015
				Payments	Reversals	
Asset retirement obligations	Ps. 13,451,407	Ps. (608,012)	Ps. 1,356,088	Ps. (20,219)	Ps. (2,609,367)	Ps. 11,569,897

	Balance at December 31, 2015	Effect of translation	Increase of the year	Applications		Balance at December 31, 2016
				Payments	Reversals	
Asset retirement obligations	**Ps. 11,569,897**	**Ps. 2,806,374**	**Ps. 2,510,635**	**Ps. (121,317)**	**Ps. (476,958)**	**Ps. 16,288,631**

The discount rates used for the asset retirement obligation are based on market rates that are expected to be undertaken by the dismantling or restoration of cell sites, and may include labor costs. Reversals for 2015 are primarily related to the Telesites spin-off, as described in further detail within Note 12.

16. Commitments and Contingencies

a) Leases

At December 31, 2015 and 2016, the Company has entered into several lease agreements with related parties and third parties for the buildings where its offices are located (as a lessee), as well as with the owners of towers and or premises where the Company has installed radio bases. The lease agreements generally have terms from one to fourteen years.

An analysis of the minimum rental payments for the next five years is shown below. In some cases, rental amounts are increased each year based on the National Consumer Price Index.

The Company has the following non-cancelable commitments under finance leases:

Year ended December 31,	
2017	**Ps.42,904**
2018	**42,904**
2019	**9,692**
2020	**9,692**
2021	**9,692**
2022 and thereafter	**54,918**

Total	**169,802**
Less: amounts representing finance charges	**(43,569)**
Present value of net minimum lease payments	**126,233**
Less current portion	**(76,979)**
Long-term obligations	**Ps.49,254**

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An analysis of non-cancellable operating leases in the next five years is as follows:

Year ended December 31,	
2017	Ps.12,949,848
2018	12,323,819
2019	11,140,350
2020	10,528,831
2021	10,143,715
2022 and thereafter	42,068,717
Total	**Ps.99,155,280**

Rent expense for the years ended December 31, 2014, 2015 and 2016 was Ps. 18,925,361, Ps. 22,015,761 and Ps. 32,300,963, respectively.

b) Commitments

At December 31, 2016, there were commitments in certain subsidiaries for the acquisition of equipment for incorporation into their 4G networks for an amount up to approximately Ps. 19,203,236 (US$ 926,287). The completion period of these projects depends upon the type of fixed assets under construction. In the case of telephone plant (switching transmission), it takes six months on average; for others, it may take more than 2 years.

These commitments will be paid as follows:

Less than 1 year	**Ps.17,359,726**
1 to 3 years	**1,843,510**
Total	**Ps.19,203,236**

As of December 31, 2016, the Company has purchase commitments with telephone manufacturers for cellular phones for resale for approximately Ps.7,027,945 (US$ 339,000), for delivery through March 2017.

In addition, the Company subsidiary Tracfone has entered into long-term contracts with wireless carriers for the purchase of airtime minutes at current market prices. The purchase commitments are with two carriers and at December 31, 2016, are as follows:

Year ended December 31,	
2017	Ps.31,097,100
2018	18,658,260
2019	18,658,260
2020	18,658,260

Total	**Ps.87,071,880**

c) Contingencies

I. MEXICO

a. América Móvil

Tax Assessment

In December 2014, the Mexican Tax Administration Service (*Servicio de Administración Tributaria*, or SAT) notified the Company of a Ps.529,700 tax assessment related to the Company s tax return for the fiscal year

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ended December 31, 2005, and reduced the Company s consolidated tax loss for that year from Ps.8,556,000 to zero. The Company has challenged this assessment in federal tax court, and the challenge is still pending. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from this assessment, which it does not consider probable.

ICSID (Additional Facility) Arbitration Proceedings

In August 2016, AMX initiated an arbitration claim against the Republic of Colombia (the ICSID Arbitration) on behalf of itself and its subsidiary Comcel under the ICSID Additional Facility Rules pursuant to the investment chapter of the Mexico-Colombia Free Trade Agreement (the Mexico-Colombia FTA). The claim relates to certain measures adopted by Colombia since August 2013, including the Colombian Constitutional Court s decision of 2013 holding that certain laws eliminating the reversion of telecommunication assets did not apply to concessions granted prior to 1998, among them, Comcel s concessions. As a result, the Ministry of Information Technology and Communications (*Ministerio de Tecnologías de la Información y las Comunicaciones* or ITC Ministry) refused to recognize Comcel s property rights over its assets following the termination of its concession contracts and decided that Comcel must pay a fee to rent those assets. Moreover, the ITC Ministry initiated an arbitration proceeding pursuant to the concession contracts seeking the reversion of all assets related to those contracts. This has prevented Comcel from using or disposing of their assets freely. AMX has requested compensation on the basis of Colombia s breach of the Mexico-Colombia FTA and other international legal obligations. The parties are currently in the process of selecting the members who will comprise the arbitral tribunal.

The rights and obligations involved in the ICSID Arbitration are separate from those involved in the local arbitration proceedings administered by the Bogotá Chamber of Commerce (*Centro de Arbitraje y Conciliación de la Cámara de Comercio de Bogotá*). AMX s international claims do not affect Comcel s right to defend against any legal actions initiated by the ITC Ministry or any other government entity pursuant to Colombian law.

b. Telcel

Tax Assessment related to Short Message Service Revenues

In 2014, the SAT notified Telcel of a Ps.320,000 tax assessment for alleged nonpayment of revenues generated by short message services (SMS) during 2004 and 2005. The SAT claims that Telcel owed such amounts because SMS constitute services under Telcel s concession. Telcel challenged SAT s claim on the grounds that SMS are value-added services which are not under concession. In 2015, both claims were unfavorably resolved by the judicial authorities, and in 2016, Telcel paid both assessments, which were accrued in previous years.

Monopolistic Practices Investigations

In June 2015, the IFT issued a resolution declaring that Telcel had complied with all of the undertakings that had been proposed by IFT s predecessor, Cofeco, in connection with Cofeco s investigations into Telcel s alleged relative monopolistic practices and the revocation of a related fine imposed by Cofeco in May 2012. Six operators challenged the conclusion of the investigations and the revocation of the fine. All of those proceedings were resolved on terms favorable to Telcel between 2013 and 2015. However, the resolution to a civil proceeding filed by one of these operators alleging damages arising from the IFT s revocation of the fine and Telcel s undertakings is still pending.

In March 2016, the IFT resolved a related investigation of Telcel s alleged relative monopolistic practices on terms favorable to Telcel, due to the fact that the alleged monopolistic practices had been taken into consideration by Cofeco in connection with previous investigations proceedings. This resolution was challenged by the operator that initially

filed the claim, which also claims that such alleged monopolistic behavior was unlawfully being repeated (*incidente de repetición de acto reclamado*). A final resolution to these proceedings is still pending.

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Mobile Termination Rates

The mobile termination rates between Telcel and other operators have been the subject of various legal proceedings, including the following:

- One proceeding (*desacuerdo de interconexión*) for the years 2009 and 2010 filed with Cofetel by an operator is still pending resolution by the IFT.

- In connection with certain proceedings (*desacuerdos de interconexión*) originally filed with Cofetel by several operators, including Telcel, requesting that the regulator set mobile termination rates and other interconnection conditions for the years 2011 through 2017, the IFT set the applicable rates for 2012 through 2016, while the applicable rates for 2011 were previously set by Cofetel. The applicable rates set by the IFT were challenged by several operators, including Telcel. As of the date of this report, only the proceedings related to the applicable rates for 2011 and 2012 have been resolved, confirming the rates previously set by the IFT. However, given that under the new regulatory framework the IFT s determinations are not suspended pending the resolution of the legal challenges against them, Telcel has applied the rates originally determined by IFT.

- Telcel has challenged all resolutions under the current regulatory framework imposing asymmetric interconnection rates. These challenges are still pending.

In addition, the Company expects that mobile termination rates, as well as other rates applicable to mobile interconnection (such as transit), will continue to be the subject of litigation and administrative proceedings in Mexico. The Company cannot predict when or how these matters will be resolved or the financial effects of any such resolution. As of December 31, 2016, the Company has a provision of approximately Ps.494,488 in the accompanying consolidated financial statements to cover the losses considered probable.

Class Action Lawsuits

The Federal Consumer Bureau (*Procuraduría Federal del Consumidor*, or Profeco) initiated a proceeding before Mexican courts in 2011 on behalf of customers who alleged deficiencies in the quality of Telcel s network in 2010 and breach of customer agreements. This proceeding is still pending and if resolved in favor of Profeco, Telcel s customers would be entitled to compensation for damages.

Telcel was also subject to four class actions lawsuits initiated by customers allegedly affected by Telcel s quality of service and wireless and broadband rates. One of the lawsuits, filed in Mexico City, was recently dismissed with prejudice because the plaintiffs had filed two practically identical lawsuits, leaving three class action lawsuits that are still pending.

The Company does not currently have enough information on these proceedings to determine whether any of the remaining three class action lawsuits could have an adverse effect on the Company s business and results of operations in the event that they are resolved against Telcel. Consequently, the Company has not established a provision in the accompanying consolidated financial statements for a loss arising from these proceedings.

c. Telmex and Telnor

Monopolistic Practices Investigations

Since 2007, Cofeco initiated three investigations into alleged monopolistic practices of Telmex and Telnor. Two of the investigations have been concluded by the payment of penalties following appeals. One of these investigations is still pending.

IFT Proceedings Against Telmex

In November 2008, Telmex entered into certain commercial agreements with Dish México Holdings, S. de R.L. de C.V. and its related companies (Dish), involving billing, collection services, distribution and equipment

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leasing. In addition, Telmex had an option that allowed it to purchase shares representing 51% of the capital stock of Dish México, S. de R.L. de C.V. (Dish México). In July 2014, Telmex waived its rights under such option.

In January 2015, the IFT imposed a fine on Telmex for an amount of Ps.14,414 on the grounds that an alleged merger (*concentración*) took place between Telmex and Dish in November 2008 and was not disclosed. Telmex filed an appeal for relief against this resolution and the case is pending. The Company cannot predict the outcome of such proceedings.

In August 2015, the IFT initiated several proceedings in order to determine potential violations of: (i) Telmex s concession, with respect to an alleged direct or indirect exploitation of a public television services concession in the country and (ii) certain provisions of the Mexican Constitution (*Constitución Política de los Estados Unidos Mexicanos*) and the Federal Telecommunications and Broadcasting Law (*Ley Federal de Telecomunicaciones y Radiodifusión*) regarding the cost-free rule of re-transmission of television broadcast signals (commonly known as must offer), through other operators.

In June 2016, the IFT determined that the internet service known as Uno TV and its access through Telmex s network do not breach the prohibition to distribute television signals established under Telmex s concession.

d. CGTEL, S.A.P.I. de C.V. (formerly Carso Global Telecom, S.A. de C.V.)

Tax Assessment

In November 2010, the SAT notified the Company s subsidiary, CGTEL, S.A.P.I. de C.V. (formerly Carso Global Telecom, S.A. de C.V., CGT), of a Ps.3,392,000 tax assessment related to the change in the scope of the tax consolidation for the fiscal year ended December 31, 2005. The SAT alleges that this change generated a reduction in the participation of CGT in its subsidiaries, resulting in increased income taxes. In 2016, CGT obtained a favorable judicial decision that resulted in the elimination of the tax assessment previously determined by the SAT.

e. America Central Tel

Tax Assessment

In August 2016, the SAT notified the Company s subsidiary ACT of a tax assessment of approximately Ps 1,244,000, for alleged tax improprieties for the fiscal year ended December 31, 2008. The SAT alleged that certain taxes paid by ACT in Guatemala in relation to dividends received in Mexico could not be applied as tax credits for income tax purposes in Mexico. ACT has challenged the SAT s assessment before the federal tax court and a resolution is still pending. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from this assessment, which the Company does not consider probable.

f. Sercotel

Tax Assessment

In March 2012, the SAT notified the Company and its subsidiary Sercotel, S.A. de C.V. (Sercotel) of a fine of approximately Ps.1,400,000 for alleged tax improprieties arising from the transfer of certain accounts receivable from one of the Company s other subsidiaries to Sercotel. In July 2014, the Company challenged the fine before the federal tax court, and the challenge is still pending. The Company also expects the SAT to issue an additional tax assessment of Ps.2,750,000 in connection with this matter. The Company has not established a provision in the accompanying

consolidated financial statements for a loss arising from this fine, which the Company does not consider probable.

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II. BRAZIL

Following the merger in 2014 of the Company s subsidiaries Empresa Brasileira de Telecomunicações S.A. (Embratel), Embratel Participações S.A. (Embrapar) and Net Serviços de Comunicação S.A. (Net Serviços) into Claro S.A. (Claro Brasil), Claro Brasil became the legal successor of Embratel, Embrapar and Net Serviços.

a. Tax Matters

The principal tax imposed on telecommunications services is a state-level value-added tax (*Imposto sobre Operações relativas à Circulação de Mercadorias e sobre Prestações de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação*, or ICMS). Each Brazilian state imposes its own tax rate on gross revenues derived from telecommunications services, which varies from state to state and averages 26% nationwide.

Corporate income tax (*Imposto Sobre Renda de Pessoa Jurídica*, or IRPJ), is applied at a rate of 25%. The social contribution on net income (*Contribuição Social Sobre o Lucro Líquido*, or CSLL) is applied at a rate of 9% and subject to calculation and payment rules similar to those applicable to IRPJ.

Withholding tax (*Imposto de Renda Retido na Fonte*, or IRRF), is a modality of federal tax over taxable income that applies, among other types of income, to labor and capital income, remittances abroad and remuneration of services provided by legal entities. There are several IRRF rates, each according to the specific activity which generated the earnings.

The principal federal taxes collected on gross revenues include:

The social integration program (*Programa de Integração Social*, or PIS). PIS contributions are applied at a rate of 0.65% on gross revenues derived from telecommunications services in the cumulative method and at a rate of 1.65% in the non-cumulative method.

The contribution for social security financing (*Contribuição para Financiamento da Seguridade Social*, or COFINS). COFINS contributions are applied at a rate of 3.0% on gross revenues derived from telecommunications services in the cumulative method and at a rate of 7.60% in the non-cumulative method.

The principal taxes collected on net revenues include:

The universalization fund of telecommunications services (*Fundo de Universalização dos Serviços de Telecomunicações*, or FUST), and the telecommunications technologic development fund (*Fundo para o Desenvolvimento Tecnológico das Telecomunicações*, or FUNTTEL). These taxes are applied at a rate of 1% and 0.5%, respectively.

The telecommunications inspection fund (*Fundo de Fiscalização das Telecomunicações*, or FISTEL). The taxes charged to raise this fund aim to provide resources to cover inspection expenditures of telecommunication equipment.

ICMS

As of December 31, 2016, the Company s Brazilian subsidiaries Claro Brasil, Star One S.A. (Star One), Primesys Soluções Empresariais S.A. (Primesys), Telmex Do Brasil Ltda. (TdB), Americel S.A. (Americel), Brasil Telecomunicações S.A. (BrTel) and TVSAT Telecomunicações S.A. (TV SAT), had aggregate tax contingencies related to ICMS of approximately Ps.64,405,948 (R$10,125 million). As of December 31, 2016, the Company has established a provision of Ps.3,517,678 (R$553 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable. Such ICMS contingencies include:

Tax assessments against Star One in the amount of Ps.23,618,695 (R$3,713 million) based on allegations that the provision of satellite capacity by Star One is subject to ICMS. The Company is

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contesting these tax assessments in separate proceedings at different litigation stages and has obtained favorable judicial decisions in two proceedings. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these assessments, which the Company does not consider probable.

Tax assessments against Claro Brasil and Americel in the amount of Ps.6,933,579 (R$1,090 million), due to a decision holding unconstitutional certain benefits granted by the Brazilian states. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these assessments, which the Company does not consider probable.

A tax assessment against Primesys in the amount of Ps.4,535,451 (R$713 million), related to ICMS over certain activities not deemed as part of data communication services. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this assessment, which the Company does not consider probable.

CSLL/IRPJ

As of December 31, 2016, Claro Brasil, Americel, BrTel and Star One had aggregate tax contingencies related to CSLL, IRPJ and the non-delivery of certain tax files in an amount of Ps.25,565,186 (R$4,019 million). As of December 31, 2016, the Company has established a provision of Ps.3,212,346 (R$505 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

The aforementioned CSLL/IRPJ contingencies include a tax assessment against Claro Brasil in the amount of Ps.12,365,942 (R$1,944 million) alleging the undue amortization of goodwill amounts between 2009 and 2012, and charging CSLL, IRPJ and penalties due to the late payment of taxes. Claro Brasil has challenged this assessment at the administrative level and the challenge is still pending. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this assessment, which the Company does not consider probable.

PIS/COFINS

As of December 31, 2016, Claro Brasil, Americel, Star One, TdB and Brasil Center Comunicações Ltda. (Brasil Center) had aggregate tax assessments related to PIS and COFINS in the amount of Ps.32,651,430 (R$5,133 million). As of December 31, 2016, the Company has established a provision of Ps.16,303,451 (R$2,563 million) in the accompanying consolidated financial statements for the losses arising from the PIS/COFINS assessments that the Company considers probable. With respect to such PIS/COFINS assessments:

Claro Brasil and Americel have commenced lawsuits against the Brazilian Federal Revenue Service seeking a ruling on constitutional grounds to exclude ICMS payments and interconnection fees from the base used to calculate PIS and COFINS tax obligations. Pending a final ruling and pursuant to applicable Brazilian procedure, the companies have paid the tax based on their position in the lawsuits, and have established a provision for the disputed amounts. As of December 31, 2016, the total amount in dispute was approximately Ps.18,822,440 (R$2,959 million).

Tax assessments against Claro Brasil and Americel related to the offset of PIS and COFINS credits recorded in the non-cumulative method in an amount of Ps.9,452,567 (approximately R$1,486 million) as of December 31, 2016. The Company has not established a provision in the accompanying consolidated financial statements to cover the losses arising from this contingency, which the Company does not consider probable.

FUST/FUNTTEL

Anatel has initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One, BrTel and TVSAT an aggregate amount of Ps.16,049,008 (R$2,523 million) based on an allegedly improper exclusion

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of interconnection revenues and costs from the basis used to calculate its FUST obligations. The companies are contesting these assessments. As of December 31, 2016, the Company has established a provision of Ps.12,722 (R$2 million) in the accompanying consolidated financial statements to cover the losses arising from these assessments that the Company considers probable.

In addition, Anatel and the Brazilian Ministry of Communications (*Ministério das Comunicações*) have initiated administrative proceedings against Claro Brasil, Americel, Primesys, TdB, Star One, BrTel and TVSAT totaling an amount of Ps.5,763,140 (R$906 million) as of December 31, 2016, due to an alleged underpayment of their obligations to FUST and FUNTTEL. The companies have challenged these assessments, which are still pending. As of December 31, 2016, the Company has established a provision of Ps.6,361 (R$1 million) in the accompanying consolidated financial statements to cover the losses arising from these assessments that the Company considers probable.

ISS

The Municipal Revenue Services have issued tax assessments against Claro Brasil, Brasil Center and Primesys, totaling an aggregate amount of approximately Ps.3,371,373 (R$530 million) due to the alleged nonpayment of ISS over several telecommunication services, including Pay TV services, considered as taxable for ISS by these authorities. The companies have challenged the tax assessments on the grounds that the services cited are not subject to ISS tax and these challenges are still pending. As of December 31, 2016, the Company has established a provision of Ps.25,444 (R$4 million) in the accompanying financial statements for the losses arising from these assessments that the Company considers probable.

TFI

As of December 31, 2016, Anatel has fined Claro Brasil and Americel a total of Ps.13,797,185 (R$2,169 million), for an unpaid installation inspection fee (*Taxa de Fiscalização de Instalação,* or TFI) allegedly due for the renovation of radio base stations. Claro Brasil and Americel have challenged the fine, arguing that there was no new equipment installation that could lead to this charge, and the challenges are still pending. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from these proceedings, which the Company does not consider probable.

Other Tax Contingencies

There are several other tax contingencies involving Claro Brasil, Americel, Star One, TdB and Primesys in an aggregate amount of Ps.13,778,102 (R$2,166 million), mainly related to telecommunication taxes, the funding of the Brazilian Communication Company (*Empresa Brasileira de Comunicação*, or EBC), IRPJ, CSLL, social security taxes (*Instituto Nacional do Seguro Social,* or INSS), taxes on industrial products (*Imposto Sobre Produtos Industrializados,* or IPI), taxes on financial transactions (*Contribuição Provisória sobre Movimentações Financeiras,* or CPMF), the offsetting of IRPJ, COFINS, CSLL and IRRF against allegedly improper IRPJ credits, and for not making certain filings in the correct form from 2002 through 2005, the allegedly nonpayment of the IRRF and the economic domain intervention contribution (*Contribuição de Intervenção no Domínio Econômico*, or CIDE), overpayments related to outbound traffic, the public price concerning the administration of numbering resources (*Preço Público Relativo à Administração dos Recursos de Numeração,* or PPNUM) and import taxes (*Imposto de Importação,* or II). As of December 31, 2016, the Company has established a provision of Ps.4,656,311 (R$732 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

b. Regulatory Matters

Inflation-Related Adjustments

Anatel has challenged the calculation of inflation-related adjustments due under the concession agreements with Tess S.A. (Tess), and Algar Telecom Leste S.A. (ATL), two of the Company s subsidiaries that were

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previously merged into Claro Brasil. Anatel rejected Tess and ATL s calculation of the inflation-related adjustments applicable to 60% of the concessions price (which was due in three equal annual installments, subject to inflation-related adjustments and interest), claiming that the companies calculation of the inflation-related adjustments resulted in a shortfall of the installment payments. The companies have filed declaratory and consignment actions seeking resolution of the disputes and have obtained injunctions from a federal appeals court suspending payment until the pending appeals are resolved.

The amount of the alleged shortfall as well as the method used to calculate monetary correction are subject to judicial disputes. If other methods or assumptions are applied, the amount may increase. In December 2016, Anatel calculated the monetary correction in a total amount of Ps.15,571,927 (R$2,448 million). As of December 31, 2016, the Company has established a provision of Ps.4,102,897 (R$645 million) in the accompanying consolidated financial statements for the losses arising from these contingencies that the Company considers probable.

Reversible Assets

Claro Brasil s long-distance fixed-line concessions provide that the concessionaire s assets that are indispensable for the provision of domestic and international long-distance fixed-line services cannot be disconnected, replaced or sold without the prior regulatory approval of Anatel. Upon expiration of these concessions, those assets that are indispensable to provide domestic and international long distance fixed-line services will revert to the Brazilian government, in which case any compensation for investments made in those assets would be the depreciated cost of such assets. Brazilian law does not provide any guidance as to which assets would be subject to reversion under these concessions, and there is no precedent establishing: (i) which assets are indispensable under these concessions at the time of their expiration or (ii) the treatment of assets that are also used for telecommunications services not regulated by the concessions. Those assets Claro Brasil uses exclusively in the provision of wireless and Pay TV services are not subject to reversion. See Note 2.

In the second half of 2015, Anatel fined Claro Brasil approximately Ps.63,611 (R$10 million) and imposed the obligations listed below on Claro Brasil in connection with the alleged non-compliance with requirements set out in the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*).

To make a deposit within 180 days of approximately Ps.5,534,141 (R$870 million) in an escrow account to buy other assets which would be subject to reversion and thereby replace the assets removed. However, if the assets were replaced, Claro Brasil may instead deposit the difference between their sale price and the price of assets purchase to replace them. According to Anatel, such amount represents the value of the assets that were being allegedly removed from the assets list reported to Anatel without a justification for the alleged removal.

Within 180 days following Anatel s decision, the inclusion in all agreements executed after the Reversible Assets Regulation (*Regulamento de Bens Reversíveis*) came into effect, of mandatory provisions related, among others, to the indispensability of those assets for the provision of the services under the concessions, Anatel s subrogation rights under those agreements and the obligation of their counterparty not to encumber the assets used by Claro Brasil thereunder.

To file an appeal against any order imposing a lien on any Claro Brasil s reversible assets within 30 days from the date Claro Brasil received notice of the decision.

In 2015, Claro Brasil appealed the decision, causing a temporary suspension of its obligations, and this appeal is still pending.

Other regulatory disputes

Claro Brasil is party to other judicial disputes with Anatel in an aggregate amount of Ps.7,817,769 (R$1,229 million). As of December 31, 2016, the Company has established a provision of Ps.674,275 (R$106 million) in the accompanying consolidated financial statements for the losses arising from these disputes that the Company considers probable.

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c. Other Civil, Environmental and Labor Contingencies

Claro Brasil and its subsidiaries are party to other civil, environmental and labor claims, as described below. In each case, the Company is contesting the claims at different stages. As of December 31, 2016, the Company has established the following provisions for those losses arising from these claims that the Company considers probable.

Civil: Claims for Ps.30,571,357 (R$4,806 million), including those filed by its Pay TV, internet access and telephone service customers and a provision of Ps.1,036,856 (R$163 million) in the accompanying consolidated financial statements.

Environmental: Claims for Ps.4,611,784 (R$725 million) and a provision of Ps.63,611 (R$10 million) in the accompanying consolidated financial statements.

Labor: Claims for Ps.42,752,827 (R$6,721 million) filed by current and former employees and a provision of Ps.2,830,681 (R$445 million) in the accompanying consolidated financial statements.

d. Third-Party Disputes

Claro Brasil, Americel, TdB, Primesys, Brasil Center and their subsidiaries are parties to certain disputes with third parties in connection with former sales agents, outsourced companies contract cancellation, increases in monthly subscription rates and channel transmission, class actions, real estate issues, disputes with former employees regarding health care payments and other matters. The cases, which are in advanced stages of litigation, are for claims in an aggregate amount of Ps.22,384,645 (R$3,519 million). As of December 31, 2016, the Company has established a provision of Ps.2,309,073 (R$363 million) in the accompanying consolidated financial statements for the losses arising from these disputes that the Company considers probable.

III. COLOMBIA

Local Arbitration Proceedings (Bogotá Chamber of Commerce)

In 2013, the Colombian Constitutional Court rendered a decision holding that certain laws eliminating the reversion of telecommunication assets in Colombia did not apply to concessions granted prior to 1998 and that the reversion of assets under those earlier concession agreements would be governed by their contractual terms. Following the termination of Comcel s concession contracts, Comcel and the ITC Ministry initiated discussions with respect to the liquidation of Comcel s concession contracts. However, as a result of the Constitutional Court s decision, the ITC Ministry took the position that assets under Comcel s concession contracts should revert to the Colombian government. Comcel disputes the ITC Ministry s interpretation of the Constitutional Court s decision and contends that the reversion of assets should not apply.

In February 2016, the ITC Ministry initiated an arbitration claim against Comcel before the Bogotá Chamber of Commerce pursuant to the concession contracts. In its claim, the ITC Ministry requested: (a) the liquidation of the concession contracts; (b) the reversion of all assets related to the concession contracts and (c) monetary compensation in case the assets cannot be reverted without affecting the continuity of the mobile services. In May 2016, Comcel was served with the ITC Ministry s arbitration claim and in July 2016 answered the complaint rejecting the ITC Ministry s claim. The proceedings are currently at the evidentiary stage.

IV. ECUADOR

a. Conecel

Tax Assessments

In 2011 and 2012, the Ecuadorian Internal Revenue Services (*Servicios de Rentas Internas del Ecuador,* or SRI) notified Conecel of tax assessments of Ps.2,467,037 (US$119,000) relating to income tax for fiscal years

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2007 through 2009, which were challenged by Conecel. Following an amnesty law enacted by the National Assembly (*Asamblea Nacional*) in May 2015, that granted the remission of interest and penalties from tax obligations, Conecel applied for amnesty pursuant this new law in connection with the tax assessments for the 2007 and 2009 fiscal years and paid a total amount of Ps.1,339,248 (US$64,600) in connection with such fiscal years. In October 2015, the National Court of Justice (*Corte Nacional de Justicia*) ruled in favor of SRI with regard to the tax assessment for the fiscal year 2008.

As of December 31, 2016, Conecel has made payments in the amount of Ps.935,111 (US$45,106) in connection with the 2008 tax assessment and filed an extraordinary protection action before the Constitutional Court. However such action does not suspend the enforcement of the National Court of Justice s decision. As of December 31, 2016, Conecel has established a provision of Ps.238,453 (US$11,502), representing the outstanding amount of the 2008 tax assessment, in the accompanying consolidated financial statements for the losses arising from this assessment that the Company considers probable.

Monopolistic Practices Proceedings

In February 2014, following a regulatory claim filed in 2012 by state-owned operator *Corporación Nacional de Telecomunicaciones* (CNT), the Superintendency of Control of Market Power (*Superintendencia de Control del Poder del Mercado,* or SCPM) imposed a fine on Conecel of Ps.2,869,226 (US$138,400) for alleged monopolistic practices. CNT alleged that Conecel had exclusive rights to deploy its network in five locations and was thereby preventing CNT from deploying its own network in the same locations. In March 2014, Conecel challenged the fine and posted a guarantee for 50% of its value. Through a judicial order issued the same month, the fine was suspended while it is pending. Conecel denies any wrongdoing and contends that CNT had other alternative sites in the same locations where it could have deployed its network. The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this proceeding that the Company does not consider probable.

Conecel is also subject to one proceeding initiated by the SCPM to assess Conecel s compliance with the administrative injunction issued by the SCPM as part of its decision that admitted the claim filed by CNT in 2012. In August 2016, the SCPM, imposed a fine on Conecel of Ps.1,699,975 (US$82 million). Conecel has challenged this decision and posted a guarantee for Ps.856,207 (US$41.3 million). The Company has not established a provision in the accompanying consolidated financial statements to cover losses arising from this proceeding, which the Company does not consider probable.

Rounded Rates

In February 2015, the National Assembly enacted a new Telecommunications Law (*Ley Orgánica de Telecomunicaciones*), which included a provision requiring Conecel to pay the Telecommunication Regulatory Agency (*Agencia de Regulación y Control de las Telecomunicaciones,* or Arcotel) any amounts rounded per minute charged to the users between 1999 and 2000. Until 2000, charging rates on a per minute basis (and rounding up to the next full minute for any fractions of a minute) was a legal pricing scheme used by mobile telephony operators.

In 2015, Conecel challenged the validity of the application of this provision of the Telecommunications Law. However, all legal actions were decided in a manner adverse to Conecel and no decision was issued by the Ecuadorian State Attorney with respect to the applicable interest rate of the obligation. Accordingly, in November 2016, Conecel paid Arcotel approximately Ps.352,434 (US$17,000) in addition to the Ps.1,015,839 (US$49,000) previously paid by Conecel. This matter has been resolved.

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V. BULGARIA

a. Mobiltel

Tax Assessments

In June 2014, the Bulgarian tax authorities issued a tax assessment against Mobiltel EAD (Mobiltel) in connection with the amortization of its brand name and customer base for fiscal year 2007, in an amount of approximately Ps.494,933 (22.7 million), including interest as of December 31, 2016. In 2015, Mobiltel challenged this assessment. In October 2015, the Administrative Court issued a ruling favorable to Mobiltel, which was subsequently challenged by the tax authorities and forwarded to the Supreme Administrative Court for a final determination. Mobiltel has obtained bank guarantees to secure the tax liability of up to Ps.497,113 (22.8 million).

In September 2015, the tax authorities issued a second tax assessment based on the same allegations for fiscal year 2008, in an amount of approximately Ps.464,408 (21.3 million), including interest as of December 31, 2016. In 2015, Mobiltel challenged this assessment and obtained the suspension of the administrative proceeding until the challenge of the 2007 tax assessment is resolved. Three additional bank guarantees were issued to secure the tax liability related to 2008, totaling an amount of Ps.466,589 (21.4 million).

In October 2016, the tax authorities issued a third tax assessment based on the same allegations for the year 2009, in an amount of approximately Ps.396,818 (18.2 million), including interest as of December 31, 2016. Mobiltel has challenged this assessment before the highest Bulgarian tax authority and obtained the suspension of the administrative proceeding until the challenge of the 2007 tax assessment is resolved. The obligation of the third tax assessment is secured by one bank guarantee for an amount of Ps.401,179 (18.4 million).

In case of an unfavorable decision by the competent courts, Mobiltel might face a further potential additional claim for the years 2010 to 2012 in the amount of up to Ps.978,964 (44.9 million) including interest as of December 31, 2016. The Company has not established a provision in the accompanying consolidated financial statements for a loss arising from these assessments, which the Company does not consider probable.

17. Employee Benefits

An analysis of the net liability and net period cost for employee benefits is as follows:

	At December 31,	
	2015	**2016**
Liabilities:		
Mexico	Ps. 84,801,485	**Ps. 70,073,351**
Puerto Rico	15,621,619	**17,736,616**
Brazil	3,534,739	**7,222,762**
Europe	14,788,678	**15,748,433**
Ecuador	196,841	**267,705**
Total	Ps.118,943,362	**Ps.111,048,867**

	For the year ended December 31,		
	2014	**2015**	**2016**
Net period cost (benefit):			
Mexico	Ps.8,755,823	Ps.8,962,953	**Ps.12,281,154**
Puerto Rico	(1,631,225)	(455,117)	**1,058,131**
Brazil	436,753	451,353	**633,159**
Europe	267,604	260,850	**226,447**
Ecuador	26,759	58,042	**41,380**
Total	Ps.7,855,714	Ps.9,278,081	**Ps.14,240,271**

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a) Defined benefit plans

The defined benefit obligation (DBO) and plan assets for the pension and other benefit obligation plans are as follows:

At December 31							
2015				2016			
DBO	Plan Assets	Effect of asset celling	Net employee benefit liability	DBO	Plan Assets	Effect of asset celling	Net e be lia
Ps.266,548,490	Ps.(182,436,376)	Ps.	Ps. 84,112,114	**Ps.249,101,141**	**Ps.(179,871,258)**	Ps.	**Ps.69**
32,929,155	(17,307,536)		15,621,619	**39,909,853**	**(22,173,237)**		**17**
10,909,086	(12,490,528)	4,823,147	3,241,705	**19,752,908**	**(20,301,126)**	**7,083,218**	**6**
3,544,587			3,544,587	**4,366,245**			4
Ps.313,931,318	Ps.(212,234,440)	Ps.4,823,147	Ps.106,520,025	**Ps.313,130,147**	**Ps.(222,345,621)**	**Ps.7,083,218**	**Ps.97**

Below is a summary of the actuarial results generated for the pension and retirement plans as well as the medical services in Puerto Rico and Brazil; the pension plans and seniority premiums related to Telmex; the pension plan, the service awards plan and severance in Austria corresponding to the years ended December 31, 2014, 2015 and 2016:

	At December 31, 2014			
	DBO	Plan Assets	Effect of asset celling	Net employee benefit liability
Balance at the beginning of the year	Ps. 290,188,853	Ps. (230,393,171)	Ps. 6,414,645	Ps. 66,210,327
Current service cost	4,673,010			4,673,010
Interest cost on projected benefit obligation	25,052,769			25,052,769
Expected return on plan assets		(20,853,857)		(20,853,857)
Changes in the asset ceiling during the period and others			734,171	734,171
Past service costs and other	(2,530,502)	101,554		(2,428,948)
Actuarial loss for changes in experience	11,307			11,307
Actuarial gain from changes in demographic assumptions	(89)			(89)
Actuarial loss from changes in financial assumptions	132,529			132,529
Net period cost	Ps. 27,339,024	Ps. (20,752,303)	Ps. 734,171	Ps. 7,320,892
Actuarial loss for changes in experience	1,709,077			1,709,077
	1,295,107			1,295,107

Actuarial loss from changes in demographic assumptions				
Actuarial loss from changes in financial assumptions	3,885,510			3,885,510
Changes in the asset ceiling during the period and others			(844,575)	(844,575)
Return on plan assets greater than discount rate		4,076,445		4,076,445
Recognized in Other comprehensive income	Ps. 6,889,694	Ps. 4,076,445	Ps. (844,575)	Ps. 10,121,564
Contributions made by plan participants	191,622			191,622
Contributions to the pension plan by the Company		(2,183,939)		(2,183,939)
Benefits paid	(8,523,259)	8,523,259		
Payments to employees	(12,720,278)			(12,720,278)
Acquisition of subsidiary	2,934,794			2,934,794
Effect of translation	3,339,349	(1,630,620)	(47,167)	1,661,562
Others	Ps. (14,777,772)	Ps. 4,708,700	Ps. (47,167)	Ps. (10,116,239)
Balance at the end of the year	Ps. 309,639,799	Ps. (242,360,329)	Ps. 6,257,074	Ps. 73,536,544
Less short-term portion	(126,439)			(126,439)
Non-current obligation	Ps. 309,513,360	Ps. (242,360,329)	Ps. 6,257,074	Ps. 73,410,105

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	At December 31, 2015			
	DBO	Plan Assets	Effect of asset celling	Net employee benefit liability
Balance at the beginning of the year	Ps. 309,639,799	Ps. (242,360,329)	Ps. 6,257,074	Ps. 73,536,544
Current service cost	4,540,925			4,540,925
Interest cost on projected benefit obligation	25,811,047			25,811,047
Expected return on plan assets		(20,710,965)		(20,710,965)
Changes in the asset ceiling during the period and others			601,540	601,540
Past service costs and other	(1,365,096)	118,725		(1,246,371)
Actuarial gain for changes in experience	(27,949)			(27,949)
Actuarial loss from changes in financial assumptions	30,285			30,285
Net period cost	Ps. 28,989,212	Ps. (20,592,240)	Ps. 601,540	Ps. 8,998,512
Actuarial gain for changes in experience	(2,021,790)			(2,021,790)
Actuarial gain from changes in demographic assumptions	(685,110)			(685,110)
Actuarial gain from changes in financial assumptions	(2,502,344)			(2,502,344)
Changes in the asset ceiling during the period and others			(754,357)	(754,357)
Return on plan assets greater than discount rate		31,026,539		31,026,539
Recognized in Other comprehensive income	Ps. (5,209,244)	Ps. 31,026,539	Ps. (754,357)	Ps. 25,062,938
Contributions made by plan participants	231,619			231,619
Contributions to the pension plan by the Company		(2,954,839)		(2,954,839)
Benefits paid	(22,321,686)	22,149,262		(172,424)
Payments to employees	(19,929)			(19,929)
Effect of translation	2,739,958	497,167	(1,281,110)	1,956,015
Others	Ps. (19,370,038)	Ps. 19,691,590	Ps. (1,281,110)	Ps. (959,558)
Balance at the end of the year	Ps. 314,049,729	Ps. (212,234,440)	Ps. 4,823,147	Ps. 106,638,436
Less short-term portion	(118,411)			(118,411)
Non-current obligation	Ps. 313,931,318	Ps. (212,234,440)	Ps. 4,823,147	Ps. 106,520,025

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	At December 31, 2016			
	DBO	Plan Assets	Effect of asset celling	Net employee benefit liability
Balance at the beginning of the year	**Ps. 314,049,729**	**Ps. (212,234,440)**	**Ps. 4,823,147**	**Ps. 106,638,436**
Current service cost	**4,606,856**			**4,606,856**
Interest cost on projected benefit obligation	**27,275,363**			**27,275,363**
Expected return on plan assets		**(18,972,042)**		**(18,972,042)**
Changes in the asset ceiling during the period and others			**875,192**	**875,192**
Past service costs and other		**165,851**		**165,851**
Actuarial gain for changes in experience	**(28,867)**			**(28,867)**
Actuarial loss from changes in financial assumptions	**7,784**			**7,784**
Net period cost	**Ps. 31,861,136**	**Ps. (18,806,191)**	**Ps. 875,192**	**Ps. 13,930,137**
Actuarial gain for changes in experience	**(20,976,837)**			**(20,976,837)**
Actuarial loss from changes in demographic assumptions	**397,985**			**397,985**
Actuarial loss from changes in financial assumptions	**1,718,189**			**1,718,189**
Changes in the asset ceiling during the period and others			**(754,535)**	**(754,535)**
Return on plan assets lower than discount rate		**(4,724,041)**		**(4,724,041)**
Recognized in Other comprehensive income	**Ps. (18,860,663)**	**Ps. (4,724,041)**	**Ps. (754,535)**	**Ps. (24,339,239)**
Contributions made by plan participants	**255,760**	**(255,760)**		
Contributions to the pension plan by the Company		**(2,756,519)**		**(2,756,519)**
Benefits paid	**(25,694,301)**	**25,517,599**		**(176,702)**
Payments to employees	**(525,612)**			**(525,612)**
Effect of translation	**12,196,546**	**(9,086,269)**	**2,139,414**	**5,249,691**
Others	**Ps. (13,767,607)**	**Ps. 13,419,051**	**Ps. 2,139,414**	**Ps. 1,790,858**
Balance at the end of the year	**Ps. 313,282,595**	**Ps. (222,345,621)**	**Ps. 7,083,218**	**Ps. 98,020,192**
Less short-term portion	**(152,448)**			**(152,448)**
Non-current obligation	**Ps. 313,130,147**	**Ps. (222,345,621)**	**Ps. 7,083,218**	**Ps. 97,867,744**

In the case of other subsidiaries in Mexico, the net period cost of other employee benefits for the years ended December 31, 2014, 2015 and 2016 was Ps. 573,733, Ps. 160,835 and Ps.200,455, respectively. The balance of other employee benefits at December 31, 2015 and 2016 was Ps. 689,471 and Ps.843,467, respectively.

In the case of Ecuador, the net period cost of other benefits for the years ended December 31, 2014 and 2015 and 2016 was Ps.26,759, Ps. 58,042 and Ps.41,380, respectively. The balance of employee benefits at December 31, 2015 and 2016 was Ps. 196,841 and Ps.267,705, respectively.

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Plan assets are invested in:

	At December 31					
	2015			2016		
	Puerto Rico	Brazil	Mexico	Puerto Rico	Brazil	Mexico
Equity instruments	35%	7%	57%	**30%**	**4%**	**65%**
Debt instruments	64%	88%	43%	**68%**	**90%**	**35%**
Others	1%	5%		**2%**	**6%**	
	100%	100%	100%	**100%**	**100%**	**100%**

Included in Telmex s net pension plan liability are plan assets of Ps. 182,436,377 and Ps. 179,871,258 as of December 31, 2015 and 2016, respectively, of which 28.1% and 31.6% during 2015 and 2016, respectively, were invested in equity and debt instruments of both América Movil and also of related parties, primarily entities that are under common control of the Company s principal shareholder. The Telmex pension plan recorded a re-measurement of its defined pension plan of Ps. 25,954,494 and Ps. (26,940,226) during 2015 and 2016, respectively, attributable to a change in actuarial assumptions, and also a decline in the fair value of plan investments from December 31, 2015 to December 31, 2016. The increase in fair value of the aforementioned related party pension plan investments approximated Ps. (28,793,765) and Ps. 3,071,275 during the years ended December 31, 2015 and 2016, respectively.

The assumptions used in determining the net period cost were as follows:

	2014				2015				2016			
	Puerto Rico	Brazil	Mexico	Europe	Puerto Rico	Brazil	Mexico	Europe	Puerto Rico	Brazil	Mexico	Eu
								1.25% &				
n	4.80%	12.09%	9.20%	2.00%	Varies	12.57%	9.20%	2.25%	**Varies**	**10.84%**	**10.70%**	
				5.5%,				4.9%,				
				3.1% &				3.0% &				
	4.00%	5.40%	4.50%	4.5%	3.50%	5.00%	4.50%	4.5%	**3.50%**	**4.85%**	**4.50%**	
e												
e												
	5.80%	11.90%			5.70%	11.50%			**4.20%**	**11.35%**		
	2027				2027				**N/A**	**2017**		
s												

d		
f		
	1.60%	1.60%
	0.0%-2.01%	0.0%-2.06%

* Depending on years of service

Biometric

Puerto Rico:	
Mortality:	RP 2014, MSS 2016 Tables.
Disability:	1985 Pension Disability Table
Brazil:	
Mortality:	2000 Basic AT Table for gender
Disability for assets:	UP 84 modified table for gender
Disability retirement:	80 CSO Code Table
Rotation:	Probability of leaving the Company other than death, disability and retirement is zero

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Europe

Life expectancy in Austria is based on AVÖ 2008-P- Rechnungsgrundlagen für die Pensionsversicherung-Pagler & Pagler .

Mexico

Mortality:	Mexican 2000 (CNSF) adjusted
Disability:	Mexican Social Security adjusted by Telmex experience
Turnover:	Telmex experience
Retirement:	Telmex experience

For the year ended December 31, 2016, the Company conducted a sensitivity analysis on the most significant variables that affect the DBO, simulating independently, reasonable changes to roughly 100 basis points in each of these variables. The increase (decrease) would have resulted in the DBO pension and other benefits at December 31, 2016 are as follows:

	-100 points	+100 points
Discount rate	Ps. 27,507,189	Ps. (22,260,296)
Health care cost trend rate	Ps. 718,149	Ps. (616,499)

Telmex Plans

A percentage of the Telmex´s employees are covered under defined benefit pension plans and seniority premiums. Pension benefits and seniority premiums are determined on the basis of compensation received by employees in their final year of employment, their seniority, and their retirement age. Telmex has set up an irrevocable trust fund to finance these employee benefits and has adopted the policy of making contributions to such fund when it is considered necessary.

Defined benefits plan in Austria

Telekom Austria provides defined benefits for certain former employees in Austria. All such employees are retired and were employed prior to January 1, 1975. This unfunded plan provides benefits based on a percentage of salary and years employed, not exceeding 80% of the salary before retirement, and taking into consideration the pension provided by the social security system. Telekom Austria is exposed to the risk of development of life expectancy and inflation because the benefits from pension plans are lifetime benefits.

Service awards in Austria

Civil servants and certain employees are eligible to receive certain service awards. Under such plans, eligible employees receive a cash bonus of two months salary after 25 years of service and four months salary after 40 years of service. Employees with at least 35 years of service when retiring (at the age of 65) or who are retiring under a specific legal regime are eligible to receive four monthly salaries. The compensation is accrued as earned over the period of service, taking into account the employee turnover rate.

Severance in Austria

Employees starting to work for Austria on or after January 1, 2003 are covered by a defined contribution plan. Telekom Austria paid Ps. 36,917 and Ps. 44,217 (1.53% of the salary) into this defined contribution plan (*BAWAG Allianz Mitarbeitervorsorgekasse AG*) in 2015 and 2016, respectively.

Severance benefit obligations for employees hired before January 1, 2003 are covered by defined benefit plans. Upon termination by Telekom Austria or retirement, eligible employees receive severance payments equal to a multiple of their monthly compensation which comprises fixed compensation plus variable elements such as

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overtime or bonuses. Maximum severance is equal to a multiple of twelve times the eligible monthly compensation. Up to three months of benefits are paid upon termination, with any benefit in excess of that amount being paid in monthly installments over a period not exceeding ten months. In case of death, the heirs of eligible employees receive 50% of the severance benefits.

b) The defined contribution plans (DCP)

Brazil

Claro makes contributions to the DCP through Embratel Social Security Fund Telos. Contributions are computed based on the salaries of the employees, who decide on the percentage of their contributions to the plan (between 3% and 8% of their salaries). Claro contributes the same percentage as the employee, capped at 8% of the participant s balance for the employees that are eligible to participate in this plan.

The unfunded liability represents Claro s obligation for those participants that migrated from the DBP to the DCP. This liability is being paid over a term of 20 years as of January 1, 1999. Unpaid balances are adjusted monthly based on the yield of the asset portfolio at that date and is increased based on the General Price Index of Brazil plus 6 percentage points per year. At December 31, 2015 and 2016, the balance of the DCP liability was Ps. 293,034 and Ps. 687,762, respectively.

For the years ended December 31, 2014, 2015 and 2016 the cost of labor were Ps. 38,583, Ps. 23,319 and Ps. 64,166, respectively.

Austria

In Austria, pension benefits generally are provided by the social security system for employees and by the government for civil servants. Telekom Austria is required to assist in funding the Austrian government s pension and health care obligations to Telekom Austria current and former civil servants and their surviving dependents. In 2015 and 2014, the rate of contribution for active civil servants amounted to a maximum of 28.3% depending on the age of the civil servant. 15.75% are borne by Telekom Austria and the remaining portion is contributed by the civil servants. Contributions to the government, net of the share contributed by civil servants, amounted to Ps. 718,934 in 2015 and Ps. 836,655 in 2016. From January 1, 2017, the rate of contribution will be reduced to a maximum of 25.1% depending on the age of the civil servant 12.55% are borne by Telekom Austria and the remaining portion is contributed by the civil servants.

Additionally, Telekom Austria sponsors a defined contribution plan for employees of some of its Austrian subsidiaries. Telekom Austria contributions to this plan are based on a percentage of the compensation not exceeding 5%. The annual expenses for this plan amounted to Ps. 252,368 in 2015 and Ps.258,891 in 2016.

As of December 31, 2015 and 2016 the liability related to this defined contribution plan amounted to Ps. 127,510 and Ps. 130,689, respectively.

Other countries

For the rest of the countries where the Company operates and that do not have defined benefit plans or defined contribution plans, the Company makes contributions to the respective governmental social security agencies which are recognized in results of operations as they are incurred.

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c) Long-term direct employee benefits

	Balance at December 31, 2014	Effect of translation	Increase of the year	Applications		Balance at December 31, 2015
				Payments	Reversals	
Long-term direct employee benefits	Ps. 12,160,824	Ps. 569,955	Ps. 2,022,865	Ps. (1,720,080)	Ps.(1,916,983)	Ps. 11,116,581

	Balance at December 31, 2015	Effect of translation	Increase of the year	Applications		Balance at December 31, 2016
				Payments	Reversals	
Long-term direct employee benefits	**Ps. 11,116,581**	**Ps. 1,856,606**	**Ps. 2,210,026**	**Ps. (1,832,675)**	**Ps.(2,099,039)**	**Ps. 11,251,499**

In 2008, a comprehensive restructuring program was initiated in Austria. The provision for restructuring includes future compensation for employees, who will no longer provide services for Telekom Austria but who cannot be laid off due to their status as civil servants. These employee contracts are onerous contracts under IAS 37, as the unavoidable cost related to the contractual obligation exceeds the future economic benefit. The restructuring program also includes social plans for employees whose employments will be terminated in a socially responsible way.

Changes in the provision are recognized in employee expense and reported in the line item selling, general & administrative expenses, while the accretion expense is reported in the financial result in the line item interest on employee benefits and restructuring and other financial items. A part of the provision was released since a number of employees returned to regular operations, were transferred to the government or opted for schemes such as golden handshakes, special severance packages and early retirement to an extent not foreseeable at the time of the measurement of the provision in the previous year. The changes in estimate are due to adjustments of the discount rate and the rate of compensation as well as an adjustment of the employee turnover rate from 22.9% in 2015 to 34.3% in 2016. The employee turnover rate takes into consideration employees leaving in the future as well as temporary re-employment within Telekom Austria and is only applicable to the provision for employees permanently leaving the service process and not to provisions for social plans.

Based on the general agreement for the transfer of personnel, which was concluded with the Austrian government in 2013, employees transferring voluntarily to the government can apply for a permanent transfer after a probation period of six months. During this probation period, Telekom Austria bears the salary expense. In case of a permanent transfer, Telekom Austria has to compensate the government for any excess expense arising due to differing professional classifications of work places. Furthermore, compensation payments have to be effected to civil servants up to the age of 62 (optionally also one-off payments).

Furthermore, restructuring includes agreements from previous years concluded with the Austrian government relating to the voluntary transfer of civil servants with tenure, whose positions are eliminated due to technological progress, to employment with the government. Civil servants in Austria can voluntarily transfer to administrative employment with the government. After a period of six to twelve months of public service and subjects to a positive performance evaluation, the civil servants have the option to apply for a permanent transfer, in which case the right to return to

Telekom Austria is forfeited. Telekom Austria bore the salary expense for these civil servants up to June 30, 2016. The civil servants are compensated for any shortfall in salary or pension payments.

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18. Financial Assets and Liabilities

Set out below is the categorization of the financial instruments, excluding cash and cash equivalents, held by the Company as of December 31, 2015 and 2016:

	December 31, 2015		
	Loans and Receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Marketable securities and other short term investments	Ps. 12,257,668	Ps.	Ps. 44,089,801
Accounts receivable from subscribers, distributors, and other, net	129,198,593		
Related parties	845,633		
Derivative financial instruments		40,882,008	
Total	Ps.142,301,894	Ps.40,882,008	Ps.44,089,801
Financial Liabilities:			
Debt	Ps. 683,216,744	Ps.	Ps.
Accounts payable	189,938,381		
Related parties	2,246,834		
Derivative financial instruments		10,664,337	100,599
Total	Ps. 875,401,959	Ps. 10,664,337	Ps. 100,599

	December 31, 2016		
	Loans and Receivables	Fair value through profit or loss	Fair value through OCI
Financial Assets:			
Marketable securities and other short term investments	**Ps. 13,393,646**	**Ps.**	**Ps. 41,463,511**
Accounts receivable from subscribers, distributors, and other, net	**175,059,881**		
Related parties	**740,492**		
Derivative financial instruments		**909,051**	
Total	**Ps. 189,194,019**	**Ps. 909,051**	**Ps. 41,463,511**
Financial Liabilities:			
Debt	**Ps. 707,801,403**	**Ps.**	**Ps.**

Accounts payable		**237,265,126**				
Related parties		**2,971,325**				
Derivative financial instruments				**17,504,910**		**79,837**
Total	**Ps.**	**948,037,854**	**Ps.**	**17,504,910**	**Ps.**	**79,837**

Fair value hierarchy

The Company s valuation techniques used to determine and disclose the fair value of its financial instruments are based on the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Variables other than quoted prices in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

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Level 3: Variables used for the asset or liability that are not based on any observable market data (non-observable variables).

The fair value for the financial assets (excluding cash and cash equivalents) and financial liabilities shown in the consolidated statements of financial position at December 31, 2015 and 2016 is as follows:

	Measurement of fair value at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other short term investments	Ps. 44,089,801	Ps. 12,257,668	Ps.	Ps. 56,347,469
Derivative financial instruments		40,882,008		40,882,008
Pension plan assets	205,383,139	6,749,645	101,656	212,234,440
Total	Ps. 249,472,940	Ps. 59,889,321	Ps. 101,656	Ps. 309,463,917
Liabilities:				
Debt	Ps. 656,026,844	Ps. 59,400,873	Ps.	Ps. 715,427,717
Derivative financial instruments		10,764,936		10,764,936
Total	Ps. 656,026,844	Ps. 70,165,809	Ps.	Ps. 726,192,653

	Measurement of fair value at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other short term investments	**Ps. 41,463,511**	**Ps. 13,393,646**	**Ps.**	**Ps. 54,857,157**
Derivative financial instruments		**909,051**		**909,051**
Pension plan assets	**214,051,693**	**8,175,469**	**118,459**	**222,345,621**
Total	**Ps. 255,515,204**	**Ps. 22,478,166**	**Ps. 118,459**	**Ps. 278,111,829**
Liabilities:				
Debt	**Ps. 666,457,233**	**Ps. 80,214,836**	**Ps.**	**Ps. 746,672,069**
Derivative financial instruments		**17,584,747**		**17,584,747**
Total	**Ps. 666,457,233**	**Ps. 97,799,583**	**Ps.**	**Ps. 764,256,816**

Fair value of derivative financial instruments is valued using valuation techniques with market observable inputs. To determine its Level 2 fair value, the Company applies different valuation techniques including forward pricing and swaps models, using present value calculations. The models incorporate various inputs including credit quality of

counterparties, foreign exchange spot and forward rates and interest rate curves. Fair value of debt Level 2 has been determined using a model based on present value calculation incorporating credit quality of AMX. The Company s investment in available for sale securities, specifically the investment in KPN, is valued using the quoted prices (unadjusted) in active markets for identical assets. The net realized gains (losses) related to derivative financial instruments for the years ended December 31, 2015 and 2016 was Ps.2,986,939 and Ps.(28,878,632), respectively.

For the years ended December 31, 2014, 2015 and 2016, no transfers were made between Level 1 and Level 2 fair value measurement hierarchies.

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19. Shareholders Equity

a) Pursuant to the Company s bylaws, the capital stock of the Company consists of a minimum fixed portion of Ps.362,873 (nominal amount), represented by a total of 95,489,724,196 shares (including treasury shares available for placement in accordance with the provisions of the *Ley del Mercado de Valores*), of which (i) 23,384,632,660 are AA shares (full voting rights); (ii) 642,279,095 are A shares (full voting rights); and (iii) 71,462,812,441 are L shares (limited voting rights), all of them fully subscribed and paid.

b) As of December 31, 2016 and 2015, the Company s capital stock was represented by 65,798,000,000 (20,634,632,660 AA shares, 592,084,871 A shares and 44,571,282,469 L shares), and 66,000,000,000 (23,384,632,660 AA shares, 625,416,402 A shares and 41,989,950,938 L shares), respectively.

c) As of December 31, 2016 and 2015, the Company s treasury held for placement in accordance with the provisions of the *Ley del Mercado de Valores* and the *Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes en el Mercado de valores* issued by the *Comisión Nacional Bancaria y de Valores,* a total amount of (i) 29,691,724,196 shares (29,691,076,321 L shares and 647,875 A shares); and 29,489,724,196 shares (29,486,009,139 L shares and 3,715,057 A shares), respectively. It is important to mention, that on November 14, 2016, the Company placed in circulation a total amount of 397,909,031 L treasury shares as a result of the option granted to all Company s shareholders to receive the payment of a scrip dividend either in (i) cash; (ii) L shares, or (iii) a combination thereof.

d) The holders of AA and A shares are entitled to full voting rights. The holders of L shares may only vote in limited circumstances, and they are only entitled to appoint two members of the Board of Directors and their respective alternates. The matters in which the shareholders who are entitled to vote are the following: extension of the term of the Company, early dissolution of the Company, change of corporate purpose of the Company, change of nationality of the Company, transformation of the Company, a merger with another company, as well as the cancellation of the registration of the shares issued by the Company in the *Registro Nacional de Valores* and any other foreign stock exchanges where they may be registered, except for quotation systems or other markets not organized as stock exchanges where they may be registered. Within their respective series, all shares confer the same rights to their holders.

The Company s bylaws contain restrictions and limitations related to the subscription and acquisition of AA shares by non-Mexican investors.

e) Pursuant to the Company s bylaws, AA shares must at all times represent no less than 20% and no more than 51% of the Company s capital stock, and they also must represent at all times no less than 51% of the common shares (entitled to full voting rights, represented by AA and A shares) representing said capital stock.

AA shares may only be subscribed to or acquired by Mexican investors, Mexican corporations and/or trusts expressly empowered for such purposes in accordance with the applicable legislation in force. A shares, which may be freely subscribed, may not represent more than 19.6% of capital stock and may not exceed 49% of the common shares representing such capital. Common shares (entitled to full voting rights, represented by AA and A shares), may represent no more than 51% of the Company s capital stock.

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

Dividends

On October 6, 2016, the Company s shareholders approved, among others resolutions, the simultaneous grant to Company s shareholders of a right, at the election of each shareholder, to receive in either cash or series L shares (or a combination thereof), as dividend payment. Holders of 50.3% of the outstanding shares made the election to receive shares, resulting in the issuance of 397,909,031 additional L shares.

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On April 18, 2016, the Company s shareholders approved, among others resolutions, the (i) payment of a cash dividend of Ps.$0.28 per share to each of the shares of its capital stock AA , A and L ; and (ii) allocation of Ps. 12,000 million to increase the available funds of Company s buyback program.

On April 30, 2015, the Company s shareholders approved, among others resolutions, the (i) payment of a cash dividend of Ps.$0.26 per share to each of the shares of its capital stock AA , A and L ; (ii) payment of an extraordinary cash dividend of Ps.$0.30 pesos to each of the shares of its capital stock AA , A and L ; and (iii) increase the amount of funds available for the Company s buyback program by Ps.35 billion.

Legal Reserve

According to the *Ley General de Sociedades Mercantiles*, companies must allocate from the net profit of each year, at least 5% to increase the legal reserve until it reaches 20% of its capital stock at par value. This reserve may not be distributed to shareholders during the existence of the Company. As of December 31, 2015 and 2016, the legal reserve amounted to Ps. 358,440.

Restrictions on Certain Transactions

Pursuant to the Company s bylaws any transfer of more than 10% of the full voting shares (A shares and AA shares), effected in one or more transactions by any person or group of persons acting in concert, requires prior approval by our Board of Directors. If the Board of Directors denies such approval, however, Mexican law and the Company bylaws require it to designate an alternate transferee, who must pay market price for the shares as quoted on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*

Payment of Dividends

Dividends, either in cash or in kind, paid with respect to the L Shares, A Shares, L Share ADSs or A Share ADSs w generally be subject to a 10% Mexican withholding tax (provided that no Mexican withholding tax will apply to distributions of net taxable profits generated before 2015). Nonresident holders could be subject to a lower tax rate, to the extent that they eligible for benefits under an income tax treaty to which Mexico is a party.

Earnings per Share

The following table shows the computation of the basic and diluted earnings per share:

	For the years ended December 31,		
	2014	**2015**	**2016**
Net profit for the period attributable to equity holders of the parent	Ps. 46,146,370	Ps. 35,054,772	**Ps. 8,649,427**
Weighted average shares (in millions)	69,254	66,869	**65,693**
Earnings per share attributable to equity holders of the parent	Ps. 0.67	Ps. 0.52	**Ps. 0.13**

Undated Subordinated Fixed Rate Bond

In January 2013, Telekom Austria issued an Undated Subordinated Fixed Rate Bond with a face value of 600 million euros, which is subordinated with indefinite maturity and which is, based on its conditions, classified as stockholders equity according to IFRS.

The bond pays an annual coupon of 5.625%. Telekom Austria has the right (call), to redeem the bond on February 1, 2018. Telekom Austria has an early termination right under certain conditions. After that period

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(2018), the bond establishes conditions and increases the coupon rate every five years. After analyzing the conditions of the issuance, Telekom Austria recognized the instrument in equity, since it does not meet the criteria for classification as financial liability, not because it does not represent an obligation to pay.

On the consolidated statements of financial position, the Company recognized this bond as a component of equity (non-controlling interest), as financial instruments issued by its subsidiary are classified as equity in the subsidiary s financial statements and are thus considered non-controlling interest in the Company s consolidated financial statements.

20. Components of other comprehensive (loss) income

The movement on the components of the other comprehensive (loss) income for the years ended December 31, 2014, 2015 and 2016 is as follows:

	2014	2015	2016
Controlling interest:			
Valuation of the derivative financial instruments, net of deferred taxes	Ps. (329,112)	Ps. 37,011	**Ps. 48,496**
Available for sale securities, net of deferred taxes		4,011	**(6,673,731)**
Translation effect of foreign subsidiaries and associates	(5,786,883)	(34,055,403)	**104,178,880**
Remeasurement of defined benefit plan, net of deferred taxes	(6,625,463)	(17,791,354)	**14,771,770**
Non-controlling interest of the items above	(635,804)	(1,739,497)	**3,322,090**
Other comprehensive (loss) income	Ps. (13,377,262)	Ps. (53,545,232)	**Ps. 115,647,505**

21. Valuation of derivatives, interest cost from labor obligations and other financial items, net

For the years ended December 31, 2014, 2015 and 2016, valuation of derivatives and other financial items was as follows:

	2014	2015	2016
Gain (loss) in valuation of derivatives, net	Ps. 7,397,142	Ps. 15,128,269	**Ps. (9,622,233)**
Capitalized interest expense (Note 10 e)	3,258,928	3,524,841	**2,861,307**
Commissions	(1,612,395)	(1,399,479)	**(2,034,972)**
Interest cost of labor obligations (Note 17)	(4,933,083)	(5,701,622)	**(9,178,513)**
Interest expense on taxes	(2,115,730)	(135,569)	**(245,922)**
Dividend received		1,645,712	**5,740,092**
Loss on partial sale of shares in associated Company	(5,554,612)	(545)	

(Loss) gain on de-recognition of equity method investment (Note 12)	(3,172,218)	11,988,038	
Other financial cost	(3,458,293)	(3,553,329)	**(3,745,600)**
	Ps. (10,190,261)	Ps. 21,496,316	**Ps. (16,225,841)**

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22. Segments

América Móvil operates in different countries. As mentioned in Note 1, the Company has operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Costa Rica, Brazil, Argentina, Colombia, United States, Honduras, Chile, Peru, Paraguay, Uruguay, Dominican Republic, Puerto Rico, Panama, Austria, Croatia, Bulgaria, Belarus, Macedonian, Serbia and Slovenia. The accounting policies for the segments are the same as those described in Note 2.

The Chief Executive Officer, who is the Chief Operating Decision Maker (CODM), analyzes the financial and operating information by operating segment. All operating segments that (i) represent more than 10% of consolidated revenues, (ii) more than the absolute amount of its reported 10% of profits or loss or (iii) more than 10% of consolidated assets, are presented separately.

The Company presents the following reportable segments for the purposes of its consolidated financial statements: Mexico (includes Telcel and Corporate operations and Assets), Telmex (Mexico), Brazil, Southern Cone (includes Argentina, Chile, Paraguay and Uruguay), Colombia, Andean (includes Ecuador and Perú), Central-América (which aggregates the operating segments of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama), U.S.A. (excludes Puerto Rico), Caribbean (which aggregates the operating segments of Dominican Republic and Puerto Rico), and Europe (includes Austria, Bulgaria, Croatia, Belarus, Slovenia, Macedonia and Serbia).

The Company considers that the quantitative and qualitative aspects of any aggregated operating segments (that is, Central America and Caribbean reportable segments) are similar in nature for all periods presented. In evaluating the appropriateness of aggregating operating segments, the key indicators considered included but were not limited to: (i) the similarity of key financial statement measures and trends, (ii) all entities provide telecommunications services, (iii) similarities of customer base and services, (iv) the methods to distribute services are the same, based on telephone plant in both cases, wireless and fixed lines, (v) similarities of governments and regulatory entities that oversee the activities and services that telecom companies, (vi) inflation trends and, and (vii) currency trends.

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Telmex	Brazil	Southern Cone	Colombia	Andean	Central America	U.S.A.	Caribbean	Europe	E
100,753,221	201,346,118	56,415,660	75,749,655	47,638,268	26,911,181	91,097,363	25,827,251	37,710,246	
6,764,446	3,300,831	116,703	241,953	163,908	111,963		14,521		
107,517,667	204,646,949	56,532,363	75,991,608	47,802,176	27,023,144	91,097,363	25,841,772	37,710,246	
15,508,063	41,054,736	6,844,209	9,636,630	5,409,431	8,497,557	564,952	4,923,004	4,916,757	
22,284,356	12,669,105	6,592,505	17,668,690	12,131,925	(212,229)	1,519,741	4,923,349	5,228,573	
306,061	4,580,129	2,914,330	678,055	1,118,629	182,037	162,890	459,998	134,899	
1,930,074	12,083,113	834,485	759,198	413,769	154,958		54,609	1,446,442	
5,361,854	(860,825)	3,173,025	5,149,614	4,290,993	1,244,570	699,237	1,442,656	(2,088,063)	
45,346	(57,246)	(4,099)						(3,415,620)	
9,359,177	(4,765,722)	(2,099,324)	9,297,693	6,994,299	(1,306,575)	1,245,720	3,505,502	2,319,109	
138,855,469	365,026,179	100,358,878	98,009,919	82,779,795	57,727,606	33,018,415	72,259,136	187,958,436	
94,616,938	180,062,462	51,809,436	44,986,383	26,529,773	34,803,570	3,604,645	26,481,689	63,557,526	
187,382	21,864,430	2,570,885	13,063,780	4,386,035	4,936,560	1,741,418	31,650,117	50,955,500	
385,251	480,884	9,567	1,002	29			212,465	8,928,464	
102,248	34,241,704	5,063,150	3,922,260	3,645,244	2,387,686		3,047,521	26,856,395	
1,876,389	592	129,431	29,314		18,737			812,895	
107,172,821	235,793,721	81,439,115	45,796,322	26,833,960	27,219,970	29,029,234	31,476,106	122,601,259	

93,657,944	174,722,286	68,520,541	65,871,301	51,738,731	34,515,781	110,653,812	29,625,274	72,681,072
7,420,418	3,451,846	427,609	265,474	220,094	235,779		32,699	
101,078,362	178,174,132	68,948,150	66,136,775	51,958,825	34,751,560	110,653,812	29,657,973	72,681,072
15,416,456	38,219,152	8,608,518	9,279,871	6,368,233	9,699,082	741,038	5,315,349	17,938,198
15,947,164	10,878,548	9,185,471	13,361,859	7,853,311	1,750,027	1,293,706	3,891,263	6,205,426
272,284	1,616,356	3,505,616	366,533	743,028	227,590	232,856	396,314	474,826
1,413,686	16,450,388	2,599,901	577,440	713,895	349,449		48,751	2,861,655
2,896,465	(4,846,932)	2,621,598	3,997,944	2,944,548	2,257,695	605,809	1,483,187	(756,774)
65,033	(5,243)	21,856						3,884
5,852,674	(12,785,017)	(6,806,573)	3,468,029	3,766,425	(680,599)	1,142,975	2,073,287	6,157,757
163,955,665	311,838,555	118,217,618	81,170,568	87,619,264	68,425,540	36,072,729	76,084,634	182,087,483
105,177,653	147,884,562	52,735,563	44,811,656	30,254,858	37,930,783	1,783,612	29,063,549	66,838,636
392,523	17,931,543	2,672,724	11,612,051	4,396,090	5,213,703	1,903,762	14,186,723	51,737,156
346,566	341,750		522			686,052	242,175	8,856,795
72,557	28,442,759	8,318,161	3,661,838	6,256,297	3,660,240		6,443,439	29,198,262
1,955,186	700	115,452	371		16,259			908,995
139,362,960	221,907,486	101,601,641	31,254,646	33,048,503	33,514,380	31,170,822	31,727,281	121,586,194

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93,343,612	193,796,237	71,553,356	67,330,768	55,825,972	42,131,666	140,856,365	36,467,781	86,978,828
8,872,248	3,560,388	776,719	257,767	304,834	289,465		30,210	
102,215,860	197,356,625	72,330,075	67,588,535	56,130,806	42,421,131	140,856,365	36,497,991	86,978,828
17,150,013	47,170,935	9,739,634	11,283,749	7,764,474	10,474,681	1,073,623	5,225,498	22,525,050
12,275,892	6,325,323	8,317,053	11,209,959	6,086,638	3,830,974	1,220,601	6,143,183	5,388,595
303,915	3,747,684	2,649,539	104,304	944,945	462,779	239,797	691,132	286,784
1,135,552	22,970,335	5,049,457	1,079,989	1,147,380	411,597		143,322	2,953,033
921,803	(4,294,040)	2,021,090	4,456,750	1,768,066	3,291,776	767,295	2,542,080	(2,578,206)
116,368	(270)	(23,319)			171			29,528
902,282	(10,357,493)	3,765,015	4,022,633	3,621,863	538,890	987,790	3,318,960	7,065,769
161,133,722	461,831,754	140,617,162	103,361,235	113,839,981	80,832,029	42,812,349	93,941,695	227,288,156
112,220,236	203,270,555	67,023,143	59,690,886	37,716,772	41,808,573	1,949,166	33,854,428	78,763,065
213,926	26,106,622	3,006,448	14,659,891	5,948,335	5,652,268	3,464,217	14,186,723	52,207,877
307,881	366,727		194			788,228	284,665	10,203,880
42,867	41,496,209	8,760,860	4,603,793	12,882,210	3,993,120		7,694,798	30,670,315
2,218,824	699	81,284	470		17,390			1,072,778
117,663,161	349,915,118	124,149,687	40,811,337	52,949,608	38,095,161	41,369,767	44,790,656	121,928,202

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23. Future Impact of Recently Issued Accounting Standards not yet in Effect

The Company has not adopted the following standards and interpretations that have been issued, but are not effective, up to the date of issuance of the Company s financial statements. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued the new standard IFRS 15 Revenue from Contracts with Customers . The new standard for revenue recognition aims at standardizing the multitude of regulations previously included in various standards, and may require more judgment and estimates than with the revenue recognition processes that are required under the existing revenue recognition standards. The amount of revenue recognized and its timing is determined based on a five-step model. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and uncertainties of revenue and the resulting cash flows arising from contracts with customers. Under IFRS 15, revenue is recognized for an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or providing services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

IFRS allows two adoption methods under IFRS 15: retrospectively to each reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the standard in beginning retained earnings. The Company currently plans to adopt the standard using the modified retrospective method . Under that method, it expects to apply the rules to all contracts existing as of January 1, 2018, recognizing in retained earnings an adjustment for the cumulative effect of the change and providing additional disclosures comparing results to previously recorded revenue.

IFRS 15 provides presentation and disclosure requirements which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and increases the volume of disclosures required in Company s financial statements. Many of the disclosure requirements in IFRS 15 are completely new.

The Company initiated a group wide two-phase project for the implementation of IFRS 15. In phase I, certain employees were first trained, then deviations in revenue recognition, based on contractual agreements, were identified for individual business transactions and the possibility of establishing portfolios was assessed. In phase II, the analysis of contracts will be continued with a special focus on the adaption of IT and system processes.

Based on work performed to date, we believe the key changes in the standard that may impact our revenue recognition relate to the allocation of contract revenue services between various services and equipment and the timing when such revenues are recorded. We also expect a change in the timing of the recognition of the commissions we pay which were approximately Ps.35,141,660 in 2016 and were expensed when paid and may be deferred and amortized over future periods under the new standard. Additionally, the requirement to defer incremental contract acquisition costs and recognize them over the contract period or expected customer life may result in an amortizable deferred asset on the Company s consolidated statement of financial position.

IFRS 16, Leases

In January 2016, the IASB issued the new accounting standard, IFRS 16 Leases. The fundamental changes in this new standard affect the lessees recognition of leases in the financial statements. Generally, all leases have to be recognized based on the right of use approach .

The new standard is effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted. The standard includes two recognition exemptions for lessees leases of low-value assets (e.g.,

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personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

According to the initial assessment made by the Company, the primary effect of the new standard will be to require the Company to establish a liability and a right of use asset equal to the value of most of the Company s leases that are currently accounted for as operating leases.

Based on a preliminary analysis, the Company may need to record on the consolidated statement of financial position, liabilities and right of use assets of operating leases as disclosed in Note 16a under non-cancellable operating leases.

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, was issued in July 2014 and relates to the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The new standard is effective on or after January 1, 2018, with early adoption permitted. The Company does not expect significant changes to its existing accounting policies surrounding classification and measurement for available-for-sale securities as they are currently recognized at fair value on the consolidated statement of financial condition with changes in fair value recognized in other comprehensive income. As for the recognition of impairment of financial assets as they would relate to accounts receivable trade, the Company currently expects to adopt the simplified approach of IFRS 9. Although management does not expect major measurement changes in financial instruments, the possible impact on the consolidated financial statements of the Company from the initial adoption of IFRS 9 cannot currently be estimated.

IAS 7 Disclosure Initiative Amendments to IAS 7

In October 2015, the IASB decided to separate the liquidity portion of the project, which would require further and more extensive analysis, and proceed only with the reconciliation of liabilities for the time being. This part of the project is now complete.

Changes Amendments to the Disclosure Initiative (Amendments to IAS 7) are intended to enable entities to disclose information that enables users of financial statements to assess changes in liabilities arising from financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities be disclosed (to the extent necessary): (i) changes in financing cash flows; (ii) changes resulting from the acquisition or loss of control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair value; and (v) other changes.

The IASB defines liabilities arising from financing activities as liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. It also emphasizes that

new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments establish that a way to meet the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This is a starting point for the draft December 2014 standard which had proposed that such reconciliation should be required.

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Finally, the amendments stipulate that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Amendments to IAS 7 Statement of Cash Flows form part of the IASB Disclosure Initiative and require the entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017.

The implementation of this standard is not expected to have a material impact on the Company s consolidated financial statements.

Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealized Losses

These amendments were published in January 2016. The amendments clarify that unrealized losses on debt instruments measured at fair value in financial instruments but at cost for tax purposes, may give rise to deductible temporary differences. The amendments also clarify that:

the carrying amount of an asset does not limit the estimate of probable future taxable profits; and that,

when comparing deductible temporary differences with future taxable profits, future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences. The amendments are to be applied retrospectively and are effective as of January 1, 2017.

24. Subsequent Events

In March 2017, the Company, Telcel, Telmex and Teléfonos del Noroeste (Telnor) were notified of a resolution issued by the IFT modifying certain asymmetrical regulations and adding new asymmetrical regulations, for mobile and fixed services.

Functional Separation

With respect to the functional separation of the provision of wholesale regulated fixed services, the IFT ordered the incorporation of a legal entity independent from Telmex and Telnor that will exclusively provide wholesale services related to local loop (acceso local) and shared access and use of passive infrastructure. All other wholesale services will be provided by a business unit within Telmex-Telnor different from the one that provides telecommunication services to end users. Implementation of the functional separation will be based on a separation plan that will be presented by Telmex and Telnor for IFT approval, under the terms and conditions determined by the IFT. América Móvil is currently reviewing the resolution and analyzing its possible effects on América Móvil and its subsidiaries. The resolution will be challenged in accordance with applicable law. The Company cannot predict when or how these matters will be resolved or the financial effects of this resolution. However, an adverse resolution could have an impact on the Company s future revenues and results of operations. In addition, given that under the new regulatory framework IFT s determinations are not suspended while legal challenges against them are resolved, the enforceability of the IFT s resolution cannot be suspended.

25. Supplemental Guarantor Information

The Company has issued senior notes in certain countries. These notes are fully and unconditionally guaranteed by Telcel.

Condensed Consolidating Financial Information

The following consolidating information presents condensed consolidating statements of financial position as of December 31, 2015 and 2016 and condensed consolidating statements of comprehensive income and cash flows for each of the three years in the period ended December 31, 2016 of the Company and Telcel (the wholly-

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owned Guarantor Subsidiary). The unconsolidated financial statements of América Móvil and Telcel reflect their investments in subsidiaries on the basis of the equity method. These unconsolidated entities are the Guarantors of most of América Móvil s consolidated obligations. The guarantees of the Guarantor are full and unconditional.

The Company s consolidating condensed financial information for the (i) Company; (ii) its wholly-owned guarantor subsidiary Telcel (on standalone basis), which is a wholly and unconditional guarantor under the Senior Notes; (iii) the combined non-guarantor subsidiaries; iv) eliminations and v) the Company s consolidated financial statements are as follows:

Condensed consolidating statements of financial position

	As of December 31, 2015				
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 13,803,586	Ps. 1,468,038	Ps. 29,888,408	Ps.	Ps. 45,160,032
Marketable securities	10,166,094		46,181,375		56,347,469
Accounts receivable, net	95,232,364	15,262,365	75,742,806		186,237,535
Related parties	260,915,156	11,637,524	377,552,973	(649,260,020)	845,633
Inventories, net	184,451	17,555,058	18,083,328	(245,365)	35,577,472
Other current assets		742,703	16,535,210		17,277,913
Property, plant and equipment, net	4,232,704	21,604,972	547,691,202		573,528,878
Investments in associated companies	542,312,759	87,164,278	22,039,223	(648,405,690)	3,110,570
Intangible assets and other non-current assets, net	6,443,333	21,373,076	350,584,902		378,401,311
Total assets	Ps. 933,290,447	Ps. 176,808,014	Ps. 1,484,299,427	Ps. (1,297,911,075)	Ps. 1,296,486,813
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 81,442,584	Ps.	Ps. 38,147,202	Ps.	Ps. 119,589,786
Current liabilities	238,376,515	158,848,080	552,349,847	(643,945,315)	305,629,127

Long-term debt	497,879,208		65,747,750		563,626,958
Other non-current liabilities	3,314,145	701,377	149,756,035	(6,984,801)	146,786,756
Total liabilities	Ps. 821,012,452	Ps. 159,549,457	Ps. 806,000,834	Ps. (650,930,116)	Ps. 1,135,632,627
Equity attributable to equity holders of the parent	112,277,995	17,258,557	599,986,501	(617,245,058)	112,277,995
Non-controlling interests			78,312,092	(29,735,901)	48,576,191
Total equity	112,277,995	17,258,557	678,298,593	(646,980,959)	160,854,186
Total liabilities and equity	Ps. 933,290,447	Ps. 176,808,014	Ps. 1,484,299,427	Ps. (1,297,911,075)	Ps. 1,296,486,813

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	As of December 31, 2016				
	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Assets:					
Cash and cash equivalents	Ps. 4,107,645	Ps. 1,948,159	Ps. 17,162,579	Ps.	Ps. 23,218,383
Marketable securities	11,716,039		43,141,118		54,857,157
Accounts receivable, net	41,086,859	23,541,672	142,056,406	(1,347)	206,683,590
Related parties	271,373,391	14,461,731	379,358,127	(664,452,757)	740,492
Inventories, net	323,642	10,246,083	26,575,972	(274,405)	36,871,292
Other current assets		951,739	18,586,354		19,538,093
Property, plant and equipment, Net	2,774,540	24,124,644	674,290,882		701,190,066
Investments in associated companies	704,272,725	134,150,348	59,589,480	(894,409,069)	3,603,484
Intangible assets and other non-current assets, net	11,734,707	25,653,093	430,951,917		468,339,717
Total assets	Ps. 1,047,389,548	Ps. 235,077,469	Ps. 1,791,712,835	Ps. (1,559,137,578)	Ps. 1,515,042,274
Liabilities:					
Short-term debt and current portion of long-term debt	Ps. 57,213,648	Ps.	Ps. 25,393,611	Ps.	Ps. 82,607,259
Current liabilities	222,336,894	178,205,640	643,759,333	(656,905,877)	387,395,990
Long-term debt	555,475,368		69,718,776		625,194,144
Other non-current liabilities	3,448,396	885,834	152,707,752	(8,220,868)	148,821,114
Total liabilities	Ps. 838,474,306	Ps. 179,091,474	Ps. 891,579,472	Ps. (665,126,745)	Ps. 1,244,018,507
Equity attributable to equity holders	208,915,242	55,985,995	714,469,820	(770,455,814)	208,915,243

of the parent					
Non-controlling interests			**185,663,543**	**(123,555,019)**	**62,108,524**
Total equity	**208,915,242**	**55,985,995**	**900,133,363**	**(894,010,833)**	**271,023,767**
Total liabilities and equity	**Ps. 1,047,389,548**	**Ps. 235,077,469**	**Ps. 1,791,712,835**	**Ps. (1,559,137,578)**	**Ps. 1,515,042,274**

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2014

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 177,253,309	Ps. 160,813,209	Ps. 685,186,743	Ps. (174,673,261)	Ps. 848,580,000
Total cost and operating expenses	128,116,283	141,434,298	605,228,384	(182,753,215)	692,025,750
Operating income	49,137,026	19,378,911	79,958,359	8,079,954	156,554,250
Interest (expense) income, net	(28,644,460)	(9,557,003)	13,877,738	(146,527)	(24,470,252)
Foreign currency exchange (loss) gain, net	(9,171,796)	(1,067,727)	(18,375,936)		(28,615,459)
Other financing cost, net	5,940,256		(16,135,030)	4,513	(10,190,261)
Income tax	9,988,723	4,917,194	24,801,632		39,707,549
Equity interest in net income of associated companies	38,649,910	(4,185,854)	(348,866)	(40,188,199)	(6,073,009)
Net profit (loss) for year	Ps. 45,922,213	Ps. (348,867)	Ps. 34,174,633	Ps. (32,250,259)	Ps. 47,497,720
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 45,922,213	Ps. (348,867)	Ps. 32,717,012	Ps. (32,143,988)	Ps. 46,146,370
Non-controlling interest			1,457,621	(106,271)	1,351,350
Net profit (loss)	Ps. 45,922,213	Ps. (348,867)	Ps. 34,174,633	Ps. (32,250,259)	Ps. 47,497,720
Other comprehensive income items:					
Net other comprehensive					

income (loss) to be reclassified to profit or loss in subsequent years:					
Effect of translation of foreign entities	Ps. (5,786,883)	Ps. 2,718,279	Ps. (1,209,846)	Ps. (1,977,265)	Ps. (6,255,715)
Effect of fair value of derivatives, net of deferred taxes	(329,112)	(815,484)	(366,195)	1,197,219	(313,572)
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect	(6,625,463)		(6,512,408)	6,329,896	(6,807,975)
Total other comprehensive income items for the period	(12,741,458)	1,902,795	(8,088,449)	5,549,850	(13,377,262)
Total comprehensive income for the period	Ps. 33,180,755	Ps. 1,553,928	Ps. 26,086,184	Ps. (26,700,409)	Ps. 34,120,458
Comprehensive income for the period attributable to:					
Equity holders of the parent	Ps. 33,180,755	Ps. 1,553,928	Ps. 25,370,638	Ps. (26,700,409)	Ps. 33,404,912
Non-controlling interests			715,546		715,546
	Ps. 33,180,755	Ps. 1,553,928	Ps. 26,086,184	Ps. (26,700,409)	Ps. 34,120,458

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	Ps. 173,615,615	Ps. 157,930,068	Ps. 743,147,639	Ps. (180,955,583)	Ps. 893,737,739
Total cost and operating expenses	126,724,721	142,902,403	663,102,125	(180,404,671)	752,324,578
Operating income	46,890,894	15,027,665	80,045,514	(550,912)	141,413,161
Interest (expense) income, net	(16,668,472)	(9,031,432)	(872,237)	227,781	(26,344,360)
Foreign currency exchange (loss) gain, net	(51,209,235)	(2,060,917)	(25,727,836)		(78,997,988)
Other financing cost, net	14,115,563		7,380,753		21,496,316
Income tax	1,150,992	1,747,302	16,281,357		19,179,651
Equity interest in net income of associated companies	43,077,014	(4,722,363)	(2,534,350)	(37,246,997)	(1,426,696)
Net profit (loss) for year	Ps. 35,054,772	Ps. (2,534,349)	Ps. 42,010,487	Ps. (37,570,128)	Ps. 36,960,782
Distribution of the net profit (loss) to:					
Equity owners of holding company	Ps. 35,054,772	Ps. (2,534,349)	Ps. 41,711,424	Ps. (39,177,075)	Ps. 35,054,772
Non-controlling interest			299,063	1,606,947	1,906,010
Net profit (loss)	Ps. 35,054,772	Ps. (2,534,349)	Ps. 42,010,487	Ps. (37,570,128)	Ps. 36,960,782
Other comprehensive income (loss) items:					
Net other comprehensive					

income (loss) to be reclassified to profit or loss in subsequent years:									
Effect of translation of foreign entities	Ps.	(34,224,932)	Ps.	(4,664,901)	Ps.	(34,129,089)	Ps.	37,412,602	Ps. (35,606,320)
Effect of fair value of derivatives, net of deferred taxes		37,011				22,482		(21,998)	37,495
Items not to be reclassified to profit or loss in subsequent years:									
Remeasurement of defined benefit plan, net of income tax effect		(17,791,354)				(10,750,136)		10,561,072	(17,980,418)
Available for sale		173,540				(169,529)			4,011
Total other comprehensive income items for the period		(51,805,735)		(4,664,901)		(45,026,272)		47,951,676	(53,545,232)
Total comprehensive income for the period	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(3,015,785)	Ps.	10,381,548	Ps. (16,584,450)
Comprehensive income for the period attributable to:									
Equity holders of the parent	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(10,304,830)	Ps.	17,504,080	Ps. (16,750,963)
Non-controlling interests						7,289,045		(7,122,532)	166,513
	Ps.	(16,750,963)	Ps.	(7,199,250)	Ps.	(3,015,785)	Ps.	10,381,548	Ps. (16,584,450)

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Condensed consolidating statements of comprehensive income

For the year ended December 31, 2016

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Total revenues	**Ps. 137,236,301**	**Ps. 173,714,225**	**Ps. 857,137,822**	**Ps. (192,675,860)**	**Ps. 975,412,488**
Total cost and operating expenses	**117,835,634**	**160,949,691**	**778,483,079**	**(191,466,226)**	**865,802,178**
Operating income	**19,400,667**	**12,764,534**	**78,654,743**	**(1,209,634)**	**109,610,310**
Interest (expense) income, net	**(12,331,095)**	**97,314**	**(17,207,855)**	**(227,781)**	**(29,669,417)**
Foreign currency exchange (loss) gain, net	**(46,625,392)**	**(5,853,669)**	**12,051,654**		**(40,427,407)**
Other financing cost, net	**(10,475,673)**	**(11,203,533)**	**5,453,365**		**(16,225,841)**
Income tax	**(7,712,179)**	**1,139,631**	**17,971,404**		**11,398,856**
Equity interest in net income of associated companies	**50,968,741**	**(1,342,073)**	**(6,677,059)**	**(42,759,659)**	**189,950**
Net profit (loss) for year	**Ps. 8,649,427**	**Ps. (6,677,058)**	**Ps. 54,303,444**	**Ps. (44,197,074)**	**Ps. 12,078,739**
Distribution of the net profit (loss) to:					
Equity owners of holding company	**8,649,427**	**(6,677,058)**	**50,049,280**	**(43,372,222)**	**8,649,427**
Non-controlling interest			**4,254,164**	**(824,852)**	**3,429,312**
Net profit (loss)	**Ps. 8,649,427**	**Ps. (6,677,058)**	**Ps. 54,303,444**	**Ps. (44,197,074)**	**Ps. 12,078,739**
Other comprehensive income items:					

Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:					
Effect of translation of foreign entities	**104,178,880**	**755,978**	**108,291,984**	**(105,728,134)**	**107,498,708**
Effect of fair value of derivatives, net of deferred taxes	**48,496**		**30,206**	**(29,573)**	**49,129**
Items not to be reclassified to profit or loss in subsequent years:					
Remeasurement of defined benefit plan, net of income tax effect	**14,771,770**	**(12,300)**	**7,477,926**	**(7,463,997)**	**14,773,399**
Available for sale	**(6,673,731)**		**(6,673,731)**	**6,673,731**	**(6,673,731)**
Total other comprehensive income items for the period	**Ps. 112,325,415**	**Ps. 743,678**	**Ps. 109,126,385**	**Ps. (106,547,973)**	**Ps. 115,647,505**
Total comprehensive income for the period	**Ps. 120,974,842**	**Ps. (5,933,380)**	**Ps. 163,429,829**	**Ps. (150,745,047)**	**Ps. 127,726,244**
Comprehensive income for the period attributable to:					
Equity holders of the parent	**Ps. 120,974,842**	**Ps. (5,933,380)**	**Ps. 150,900,984**	**Ps. (144,967,604)**	**Ps. 120,974,842**
Non-controlling interests			**12,528,845**	**(5,777,443)**	**6,751,402**
	Ps. 120,974,842	**Ps. (5,933,380)**	**Ps. 163,429,829**	**Ps. (150,745,047)**	**Ps. 127,726,244**

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Condensed consolidating statements of cash flows

For the year ended December 31, 2014

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 55,910,936	Ps. 4,568,327	Ps. 58,976,264	Ps. (32,250,258)	Ps. 87,205,269
Non-cash items	76,781,705	20,102,297	62,552,178	40,188,198	199,624,378
Changes in working capital:	(59,801,260)	(24,312,700)	45,832,767	(7,937,940)	(46,219,133)
Net cash flows provided by operating activities	Ps. 72,891,381	Ps. 357,924	Ps. 167,361,209	Ps.	Ps. 240,610,514
Investing activities:					
Acquisition of plant, property and equipment	289,705	(8,850,170)	(117,704,832)		(126,265,297)
Acquisition of licenses		(1,225,966)	(18,093,690)		(19,319,656)
Dividends received	(6,265)	7,070,000	(1,497)	(6,702,825)	359,413
Investment in associates and business combinations	7,664,566		(19,575,148)		(11,910,582)
Acquisition of business, net of cash acquired	(10,400,293)	24,648,037	(12,582,000)	10,400,293	12,066,037
Cash acquired in business combination			(2,654,342)		(2,654,342)
Proceeds from fixed asset sales			96,781		96,781
Net cash flows provided by (used in) investing activities	Ps. (2,452,287)	Ps. 21,641,901	Ps. (170,514,728)	Ps. 3,697,468	Ps. (147,627,646)
Financing activities:					
Bank loans, net	11,556,519		(4,065,730)		7,490,789
Acquisition of no controlling interest			(4,696,245)		(4,696,245)
Interest paid	(20,818,380)	(21,833,128)	9,368,090		(33,283,418)

Paid-In capital			10,400,293	(10,400,293)	
Repurchase of shares and others	(35,049,327)				(35,049,327)
Increase of non-controlling Interests			7,181,894		7,181,894
Payment of dividends	(16,291,799)		(7,465,855)	6,702,825	(17,054,829)
Financial instruments			653,116		653,116
Net cash flows (used in) provided by financing activities	Ps. (60,602,987)	Ps. (21,833,128)	Ps. 11,375,563	Ps. (3,697,468)	Ps. (74,758,020)
Net increase in cash and cash equivalents	9,836,107	166,697	8,222,044		18,224,848
Adjustment to cash flow for exchange rate differences			85,305		85,305
Cash and cash equivalents at beginning of the period	15,818,207	1,227,994	31,117,349		48,163,550
Cash and cash equivalents at end of the period	Ps. 25,654,314	Ps. 1,394,691	Ps. 39,424,698	Ps.	Ps. 66,473,703

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Condensed consolidating statements of cash flows

For the year ended December 31, 2015

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 36,205,763	Ps. (787,047)	Ps. 58,291,845	Ps. (37,570,128)	Ps. 56,140,433
Non-cash items	(4,256,606)	20,449,298	141,713,565	37,246,997	195,153,254
Changes in working capital:	(72,746,155)	(1,580,787)	(13,562,885)	323,131	(87,566,696)
Net cash flows (used in) provided by operating activities	Ps. (40,796,998)	Ps. 18,081,464	Ps. 186,442,525	Ps.	Ps. 163,726,991
Investing activities:					
Purchase of property, plant and equipment	1,498	(6,894,071)	(121,147,340)		(128,039,913)
Acquisition of intangibles		(3,292,490)	(20,240,336)		(23,532,826)
Dividends received from associates	74,901,349			(73,255,637)	1,645,712
Proceeds from sale of plant, property and equipment			27,329		27,329
Acquisition of business, net of cash acquired			(3,457,153)		(3,457,153)
Partial sale of shares of associate company			633,270		633,270
Spin of company		(216,626)	21,216,626		21,000,000
Investment in associates companies	(2,213,277)	(1,404,489)	3,439,801		(177,965)
Net cash flows provided by (used in) investing activities	Ps. 72,689,570	Ps. (11,807,676)	Ps. (119,527,803)	Ps. (73,255,637)	Ps. (131,901,546)
Financing activities:					
Bank loans, net	50,879,779		5,083,236		55,963,015
Acquisition of no controlling interest	(34,970)		(996,079)		(1,031,049)
Interest paid	(23,379,273)	(6,200,848)	(3,250,311)		(32,830,432)
Paid-In capital					

Repurchase of shares and others	(34,684,520)		241,436		(34,443,084)
Increase of non-controlling interests					
Payment of dividends	(36,524,317)		(74,090,920)	73,255,637	(37,359,600)
Financial instruments			(503,444)		(503,444)
Net cash flows (used in) financing activities	Ps. (43,743,301)	Ps. (6,200,848)	Ps. (73,516,082)	Ps. 73,255,637	Ps. (50,204,594)
Net (decrease) increase in cash and cash equivalents	(11,850,729)	72,940	(6,601,360)		(18,379,149)
Adjustment to cash flow for exchange rate differences			(2,934,522)		(2,934,522)
Cash and cash equivalents at beginning of the period	25,654,313	1,395,096	39,424,294		66,473,703
Cash and cash equivalents at end of the period	Ps. 13,803,584	Ps. 1,468,036	Ps. 29,888,412	Ps.	Ps. 45,160,032

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Condensed consolidating statements of cash flows

For the year ended December 31, 2016

	Parent	Wholly-owned Guarantor Subsidiary	Combined non-guarantor Subsidiaries	Eliminations	Consolidated Total
Operating activities:					
Profit before taxes	Ps. 937,247	Ps. (5,537,427)	Ps. 28,077,775	Ps.	Ps. 23,477,595
Non-cash items	(997,587)	19,800,396	209,821,118		228,623,927
Changes in working capital:	74,520,320	9,130,768	(93,359,195)	(6,595,361)	(16,303,468)
Net cash flows provided by operating activities	Ps. 74,459,980	Ps. 23,393,737	Ps. 144,539,698	Ps. (6,595,361)	Ps. 235,798,054
Investing activities:					
Purchase of property, plant and equipment		(7,860,232)	(130,846,925)		(138,707,157)
Acquisition of intangibles		(4,947,506)	(11,369,232)		(16,316,738)
Dividends received from associates	21,950		5,988,938	(270,796)	5,740,092
Proceeds from sale of plant, property and equipment	20,078		95,522		115,600
Acquisition of business, net of cash acquired		(2,796,254)	(1,823,813)	2,796,254	(1,823,813)
Partial sale of shares of associate company	756,444		2,796,254	(3,552,698)	
Investment in associates companies		663,203	(666,690)		(3,487)
Net cash flows provided by (used in) investing activities	Ps. 798,472	Ps. (14,940,789)	Ps. (135,825,946)	Ps. (1,027,240)	Ps. (150,995,503)
Financing activities:					

Bank loans, net	**(39,598,698)**		**(21,792,115)**		**(61,390,813)**
Acquisition of no controlling interest			**(2,280,278)**		**(2,280,278)**
Interest paid	**(24,826,139)**	**(7,972,827)**	**(5,922,267)**	**6,595,361**	**(32,125,872)**
Paid-In capital			**(756,444)**	**756,444**	
Sale of shares of subsidiaries			**6,323,336**		**6,323,336**
Repurchase of shares and others	**(7,092,385)**		**71,138**		**(7,021,247)**
Payment of dividends	**(13,437,168)**		**(643,585)**	**270,796**	**(13,809,957)**
Financial instruments			**(351,213)**		**(351,213)**
Net cash flows (used in) financing activities	**Ps. (84,954,390)**	**Ps. (7,972,827)**	**Ps. (25,351,428)**	**Ps. 7,622,601**	**Ps. (110,656,044)**
Net (decrease) increase in cash and cash equivalents	**(9,695,938)**	**480,121**	**(16,637,676)**		**(25,853,493)**
Adjustment to cash flow for exchange rate differences			**3,911,844**		**3,911,844**
Cash and cash equivalents at beginning of the period	**13,803,583**	**1,468,038**	**29,888,411**		**45,160,032**
Cash and cash equivalents at end of the period	**Ps. 4,107,645**	**Ps. 1,948,159**	**Ps. 17,162,579**	**Ps.**	**Ps. 23,218,383**