

AMERICA MOVIL SAB DE CV/
Form 6-K
November 07, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of November 2011

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)

Lago Zurich 245

Plaza Carso / Edificio Telcel

Colonia Granada Ampliación

11529 Mexico, D.F., Mexico

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the Registrant is submitting this Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form 6-K is also thereby furnishing the
information to the

Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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Highlights

Events

Subscribers

América Móvil
Consolidated

*Mexican
Operations*

Mexico
Telcel
Telmex

*International
Operations*

Mercosur
Claro Argentina
Claro Paraguay
Claro Uruguay
Claro Chile

Brazil
Claro
Embratel
NET

Andeans
Comcel Colombia
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USA
TracFone

AMÉRICA MÓVIL'S THIRD QUARTER OF 2011
FINANCIAL AND OPERATING REPORT

Mexico City, October 27, 2011 - América Móvil, S.A.B. de C.V. (“América Móvil”) [BMV: AMX] [NYSE: AMX] [NASDAQ: AMOV] [LATIBEX: XAMXL], announced today its financial and operating results for the third quarter of 2011.

298M accesses•

América Móvil finished September with 298 million accesses, 11.7% more than in the same quarter of 2010. This figure comprises 241.5 million wireless subscribers, 29.3 million landlines, 14.6 million broadband accesses and 12.5 million PayTV units. Wireless subscribers increased 11.4% and fixed-line RGUs 12.9%.

**5.5M wireless •
net adds**

We added 5.5 million wireless subscribers in the third quarter, slightly more than the prior year, with postpaid subscribers growing twice as fast, 22%, as prepaids. They now account for 15% of our subscribers in the region excluding the US.

**Revenue •
growth in all
markets**

Our third quarter revenues were up nearly 8% from the prior year to 167 billion pesos buoyed by the growth of fixed and mobile data services and by PayTV. Absolutely all our operations registered revenue increases from a year before.

**3Q EBITDA •
margin at
38.2%**

The quarter's EBITDA was up 1.0% from the prior year to 64 billion pesos, and the margin for the period stood at 38.2%. It was down as a result of greater costs associated with the

expansion, maintenance and integration of our mobile and wire-line networks primarily in Mexico and Brazil and to greater costs associated with the growth of our postpaid and PayTV subscriber base and the procurement of content.

**Net profits of •
MxP 19Bn**

Operating profits of nearly 40 billion pesos in the quarter were down 3.3% year-on-year whereas our net profit of 18.7 billion pesos declined 21% on account of foreign exchange losses registered in the quarter. Our net profit was equivalent to 24 peso cents per share. Year-to-date net profit was slightly higher than the year before, 0.8%.

**Distributions •
to
shareholders
of MxP 56Bn**

Our cash flow helped us finance most of the 134 billion pesos in outlays in the first nine months of the year. These include capital expenditures of 73 billion pesos, the purchase of minority interests in the aggregate amount of 5 billion pesos and share buybacks and dividends totaling 56 billion pesos. Our net debt increased 40 billion pesos in the period to 247 billion pesos.

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América Móvil Fundamentals (IFRS)

	3Q11	3Q10	Var. %
EPS (Mex\$)⁽¹⁾	0.24	0.29	-18.2%
Earning per ADR (US\$)⁽²⁾	0.39	0.46	-14.6%
Net Income (millions of Mex\$)⁽³⁾	18,682	23,706	-21.2%
Shares Outstanding (billion)	77.47	80.61	-3.9%
ADRs Outstanding (millions)⁽³⁾	908	1,147	-20.9%

(1) Net Income / Average Shares outstanding

(2) 20 shares per ADR

(3) As per Bank of NY Mellon

(4) All figures in the table reflect retroactively the 2:1 split that became effective on June 29th, 2011.(1) Net Income / Average Shares outstanding

Relevant Events

Bond issues for USD 5.1Bn equivalent

In September, we issued a two billion dollar-denominated bond with a 5-year tenor and a coupon of 2.375%, tapped our 2040 dollar bond increasing its size by 750 million dollars at a yield of approximately 5.5% and issued a Swiss francs-denominated bond in the amount of 270 million (330 million dollars equivalent) that expires 2017 and pays 2%. In October, we issued a one billion Euro-denominated bond due 2019 that pays 4.125% per year and notes for 500 million pounds sterling that expire 2026 and carry a coupon of 5%. We were the first company in Latam to sell Japanese yen bonds without any governmental support issuing 3-year bonds in the amount of 6.9 billion yen with a coupon of 1.23% and 5.1 billion yen in 5-year bonds with a 1.53% coupon.

Tender offer for TMX shares begins

On October 11th, América Móvil announced the commencement of the tender offer for the shares of Teléfonos de México. AMX is offering Ps. 10.50 in cash for each share. The offer will expire on November 11th, unless extended.

Acquisition of DLA

The following week we announced we had entered into an agreement with Claxson Interactive Group to acquire 100% of DLA, Inc., which is the leading corporation in the development, integration and delivery of entertainment products made for digital distribution in Latam. The completion of the transaction is subject to certain approvals and is expected to occur before year-end.

Conditions on closing of Digicel swap

In March 2011, we entered into an agreement with Digicel Group Limited to acquire 100% of Digicel's operations in Honduras and El Salvador selling to them in the process our operation in Jamaica. The completion of the transaction is subject to governmental and regulatory approvals. The competition authority in El Salvador has imposed conditions on the transaction, and we are evaluating our options and the timing of any possible closing.

América Móvil Subsidiaries as of September 2011

Country	Brand	Business	Equity Participation	Consolidation Method
Mexico	Telcel	Wireless	100%	Global Consolidation Method
	Telmex	Wireline	60%	Global Consolidation Method
	Sección Amarilla	Other	100%	Global Consolidation Method
	Telvista	Other	100%	Global Consolidation Method
Argentina	Claro	Wireless	100%	Global Consolidation Method
	Telmex	Wireline	96.70%	Global Consolidation Method
Brazil	Claro	Wireless	100%	Global Consolidation Method
	Embratel	Wireline	97.60%	Global Consolidation Method
	Net	Cable	91.90%	Equity Method
Chile	Claro	Wireless	100%	Global Consolidation Method
	Telmex	Wireline	100%	Global Consolidation Method
Colombia	Comcel	Wireless	99.40%	Global Consolidation Method
	Telmex	Wireline	99.40%	Global Consolidation Method
Dominicana	Claro	Wireless/Wireline	100%	Global Consolidation Method
Ecuador	Claro	Wireless	100%	Global Consolidation Method
	Telmex	Wireline	100%	Global Consolidation Method
El Salvador	Claro	Wireless/Wireline	95.80%	Global Consolidation Method
Guatemala	Claro	Wireless/Wireline	99.30%	Global Consolidation Method
Honduras	Claro	Wireless/Wireline	100%	Global Consolidation Method
Jamaica	Claro	Wireless	99.60%	Global Consolidation Method
Nicaragua	Claro	Wireless/Wireline	99.60%	Global Consolidation Method
Panama	Claro	Wireless	99.70%	Global Consolidation Method
Paraguay	Claro	Wireless	100%	Global Consolidation Method
Peru	Claro	Wireless	100%	Global Consolidation Method
	Telmex	Wireline	99.60%	Global Consolidation Method
Puerto Rico	Claro	Wireless/Wireline	100%	Global Consolidation Method
Uruguay	Claro	Wireless/Wireline	100%	Global Consolidation Method
USA	Tracfone	Wireless	98.20%	Global Consolidation Method

(1) Equity Participation of Telmex Internacional of which América Móvil owns 97.5%

(2) Telmex owns the remaining 3.3% of the stock

(3) AMX owns directly 45% and 26.9% through its subsidiary Telmex

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298 M
accesses

Total Accesses

América Móvil finished September with 298 million accesses, comprising 241.5 million wireless subscribers, 29.3 million landlines, 14.6 million broadband accesses and 12.5 million PayTV units. The annual increase of total accesses was 11.7% with PayTV the fastest growing division: 32.9%. Broadband accesses rose 16.4% over the prior year while our wireless subscriber base was up 11.4% year-on-year.

Wireless Subscribers

We added 5.5 million subscribers in the third quarter, 3.5% more than the prior year, bringing to 16.4 million the total for the nine months to September. Brazil was the leader in net subscriber gains with almost two million followed by Mexico with 1.1 million. Colombia and Tracfone gained just over 500 thousand subs each and Argentina and Peru almost 400 thousand each. Our operations in Central America and the Caribbean registered 311 thousand additions in the quarter and Chile and Ecuador 162 and 152 thousand subscribers, respectively.

241M
Wireless subs

Net additions in Brazil, Argentina, Colombia and Peru were greater than those of the same quarter of the prior year. In the postpaid segment, net adds exceeded by 15.6% those obtained the year before; in Colombia and the Caribbean, they were seven times greater rising by more than 20% in Brazil Ecuador and Peru. At the end of September, we had 33.0 million postpaid wireless subscribers in our region of operations, 22.2% more than in the year-earlier quarter.

33M postpaid
subs, +22%
YoY

At the end of the September, our subscriber base comprised 68 million subscribers in Mexico, 57.5 million in Brazil, 31.2 million in Colombia and 19 million in each Argentina and the United States. Chile exhibited the fastest pace of growth, 22.3% year-on-year, and finished the period with 5.4 million subscribers.

58M subs in
Brazil

Wireless Subscribers as of September 2011

Thousands

Country	Total(1)			Sep'10	Var. %
	Sep'11	Jun'11	Var. %		
Mexico	68,002	66,912	1.6%	62,440	8.9%
Brazil	57,514	55,534	3.6%	48,767	17.9%
Chile	5,361	5,199	3.1%	4,385	22.3%
Argentina, Paraguay & Uruguay	20,123	19,733	2.0%	19,442	3.5%
Colombia	31,197	30,683	1.7%	28,641	8.9%
Ecuador	11,209	11,056	1.4%	10,328	8.5%
Colombia	31,197	30,683	1.7%	28,641	8.9%
Peru	10,756	10,376	3.7%	9,294	15.7%
Central America & The Caribbean	18,021	17,709	1.8%	16,883	6.7%
USA	19,269	18,754	2.7%	16,657	15.7%
Total Wireless Lines	241,451	235,957	2.3%	216,836	11.4%

*Includes total subscribers of all companies in which América Móvil holds an economic interest; does not consider the date in which the companies started being consolidated. *Central America includes Panama in every table.*

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Fixed Revenue Generating Units

**57M RGUs,
 +13% YoY**

We had 56.4 million revenue generating units (RGUs) at the end of September, 12.9% more than a year before. Our operations in the South Cone, which have shown high dynamism, registered an annual growth rate of 26.5%, with broadband accesses rising 28.7% and PayTV subscriptions 32.4%.

**22M RGUs in
 Brazil**

At the end of the period, we had almost as many RGUs in Brazil as in Mexico. Our fastest growing operations were Peru and Ecuador, which registered annual increases of 59.5% and 68.3%, respectively; followed by Brazil, 28.1%, and Chile, 27.4 %.

Fixed-Line and Other Accesses (RGUs) as of September 2011

Thousands

Country	Total*			Sep'10	Var. %
	Sep'11	Jun'11	Var. %		
Mexico	22,950	22,934	0.1%	22,796	0.7%
Brazil	22,279	20,764	7.3%	17,515	27.2%
Colombia	3,400	3,240	4.9%	2,939	15.7%
Ecuador	157	141	11.5%	93	68.3%
Peru	627	561	11.7%	393	59.5%

Argentina, Uruguay & Paraguay	275	248	11.2%	205	34.6%
Chile	1,014	979	3.5%	796	27.4%
Central America & Caribbean	5,729	5,625	1.8%	5,259	8.9%
Total RGUs	56,430	54,492	3.6%	49,995	12.9%

**Fixed Line, Broadband and Television (Cable & DTH)*

América Móvil Consolidated Results

Good economic momentum kept subscriber and top line growth of our Latin American operations at sound levels, with third quarter wireless net additions up nearly 10% over the second one—even though the second one had Mother’s Day, the second best sales holiday in the year—and fixed-line Revenue Generating Units (RGUs) sticking to their 13% annual growth pace. Our greater 3G coverage and data capabilities allowed us to continue to expand our postpaid base twice as fast, 22%, as the prepaid one.

3Q Revenues +8% YoY

Our third quarter revenues were up nearly 8% from the prior year (8.6% at constant exchange rates) to 167 billion pesos buoyed by data services that expanded rapidly on both the mobile and fixed platforms and by PayTV revenues that climbed 58%. Mobile revenues increased 10.7% and fixed-line revenues 3.2%; in South America they were up 12.0% at constant exchange rates.

Absolutely all our operations registered revenue increases from a year before, with growth rates in Colombia, Chile, Ecuador, and Peru in the teens and that of Argentina slightly above 20%. Revenues of our U.S. operation, Tracfone, continued to expand rapidly—35% year-on-year.

Growth in all revenue lines in South America

Our South American operations presented strong revenue increases across all product lines whereas Mexico, Central America and the Caribbean saw solid increases in mobile data revenues but continued declines in fixed-line voice revenues.

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TracFone

**EBITDA up
1% YoY**

Third quarter EBITDA was up 1.0% from the year-earlier quarter to 64 billion pesos as costs expanded more rapidly than revenues in Mexico and Brazil on account of work being done to expand the reach and capacity of fiber networks—including backbones, metropolitan rings, backhaul, fiber to the node and to the home and generally all the elements of IP-MPLS networks—of greater maintenance expenditures; of the accelerated growth of our postpaid base; and—in Brazil—of the costs associated with the development of PayTV services including the purchase of content. Whereas EBITDA declined 2.7% in Mexico, and around 7% in Brazil and the Caribbean, it expanded approximately 40% in Chile and the U.S., more than 20% in Peru and Colombia and between 10% and 20% in Argentina and Ecuador, with Central America's rising 8%.

**3Q Net profit
down 21%
YoY on FX
losses**

We obtained an operating profit of nearly 40 billion pesos in the quarter and a net profit of 18.7 billion pesos. The latter was off 21% from the year before on account of foreign exchange losses registered in the quarter given the sharp depreciation of various currencies vis-à-vis the U.S. dollar and the fact that a portion of our net debt is exposed to dollars and other hard currencies. It is to be noted that a share of our revenues, approximately 12.5%, is dollar-based, coming from the U.S., Puerto Rico, El Salvador and Ecuador, with nearly 4.0% more coming from countries whose currency is pegged to the U.S. dollar, as is the case with most Central American countries. Exchange rate depreciations generate foreign exchange losses on the dollar exposure on the debt side but do not generate the corresponding gains on the expected stream of dollar-based revenues.

America Movil's Income Statement (IFRS)

Millions of Mexican pesos

	3Q11	3Q10	Var.%	Jan - Sep 11	Jan - Sep 10	Var.%
Net Service Revenues	152,306	141,728	7.5%	440,371	411,193	7.1%
Equipment Revenues	14,953	13,267	12.7%	42,822	38,831	10.3%
Total Revenues	167,258	154,995	7.9%	483,193	450,024	7.4%
Cost of Service	50,961	45,048	13.1%	141,493	126,121	12.2%
Cost of Equipment	22,701	20,779	9.3%	65,234	59,616	9.4%
Selling, General & Administrative Expenses	28,764	25,105	14.6%	85,642	75,298	13.7%
Others	883	759	16.3%	2,769	2,436	13.7%
Total Costs and Expenses	103,309	91,691	12.7%	295,138	263,470	12.0%
EBITDA	63,949	63,305	1.0%	188,054	186,553	0.8%
% of Total Revenues	38.2%	40.8%		38.9%	41.5%	
Depreciation & Amortization	23,738	21,706	9.4%	68,837	63,332	8.7%
Employee Profit Sharing	890	953	-6.7%	2,984	3,135	-4.8%
EBIT	39,321	40,645	-3.3%	116,234	120,086	-3.2%
% of Total Revenues	23.5%	26.2%		24.1%	26.7%	
Net Interest Expense	3,396	3,766	-9.8%	9,901	9,306	6.4%
Other Financial Expenses	-12,847	4,646	-376.5%	-8,544	10,897	-178.4%
Foreign Exchange Loss	22,185	-62	n.m.	15,694	-3,665	n.m.
Comprehensive Financing Cost (Income)	12,735	8,350	52.5%	17,051	16,538	3.1%
Income & Deferred Taxes	6,926	7,705	-10.1%	30,070	31,766	-5.3%
Net Income before Minority Interest and Equity Participation in Results of Affiliates	19,660	24,590	-20.0%	69,113	71,782	-3.7%
<i>minus</i>						
Equity Participation in Results of Affiliates	505	274	84.1%	1,804	632	185.5%
Minority Interest	-1,483	-1,158	-28.0%	-4,573	-6,577	30.5%
Net Income	18,682	23,706	-21.2%	66,344	65,836	0.8%

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Balance Sheet (in accordance with IFRS)

América Móvil Consolidated

Millions of Mexican Pesos

	Sep '11	Dec '10	Var.%		Sep '11	Dec '10	Var%
Current Assets				Current Liabilities			
Cash & Securities	126,658	114,069	11.0%	Short Term Debt**	41,928	9,039	363.9%
Accounts Receivable	122,988	98,486	24.9%	Accounts Payable	162,258	146,049	11.1%
Other Current Assets	17,375	13,206	31.6%	Other Current Liabilities	40,431	49,455	-18.2%
Inventories	28,868	26,082	10.7%		244,617	204,543	19.6%
	295,890	251,842	17.5%				
Non Current Assets				Non Current Liabilities			
Plant & Equipment	429,757	411,820	4.4%	Long Term Debt	332,065	312,083	6.4%
Investments in Affiliates	52,506	50,539	3.9%	Other Non Current Liabilities	44,009	42,053	4.7%
Deferred Assets					376,074	354,136	6.2%
Goodwill (Net)	72,134	70,919	1.7%	Shareholder's Equity	341,856	336,146	1.7%
Intangible	42,303	49,053	-13.8%				
Deferred Assets	69,957	60,651	15.3%	Total Liabilities and Equity	962,547	894,825	7.6%
Total Assets	962,547	894,825	7.6%				

YTD

**Revenues
+7% YoY**

Through September revenues totaled 483 billion pesos and EBITDA 188 billion pesos. They were up 7.4% and 0.8% respectively relative to the same period of 2010. Comprehensive financing costs—which include foreign exchange losses—came in at 17 billion pesos and were 3% higher than the prior year. Our net profit for the period, 66 billion pesos, rose at the same pace as EBITDA.

**Capital
outlays of
MxP 134Bn**

Net debt increased 40 billion pesos in the nine months to September to 247 billion pesos to help fund capital expenditures of 73 billion pesos, the purchase of minority interests in the aggregate amount of 5 billion pesos (in Net Serviços, Telmex Internacional and its subsidiary Star One), and share buybacks and dividends totaling 56 billion pesos. These outlays added up to 134 billion pesos.

Financial Debt of América Móvil*

Millions of U.S. Dollars

	Sep-11	Dec-10
Peso Denominated Debt	5,529	6,362
<i>Bonds and other securities</i>	5,525	6,359
<i>Banks and others</i>	4	4
U.S. Dollar - denominated debt	14,116	11,930
<i>Bonds and other securities</i>	11,998	9,250
<i>Banks and others</i>	2,118	2,679
Debt denominated in other currencies	8,220	7,695
<i>Bonds and other securities</i>	6,403	6,003
<i>Banks and others</i>	1,817	1,692
Total Debt	27,865	25,987

* This table does not include the effect of forwards and derivatives used to hedge the foreign exchange exposure

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Mexico

1.1M Wireless net adds in 3Q

We finished September with 90 million accesses in Mexico, of which 68 million were wireless subscribers. We added 1.1 million wireless clients in the third quarter, roughly as many as the previous year. Through September our wireless subscriber base had increased 9% year-on-year, with postpaid subs growing twice as fast. On the wireline platform RGUs were almost flat, +1% annually, as the decline in telephony lines offset for the most part the increase in fixed-broadband lines.

Revenues +2.5% YoY

Third quarter revenues were up 2.5% year-on-year to 63.5 billion pesos after factoring in the 70% effective reduction in mobile termination rates that took place in May (considering both the change in the rate itself and the elimination of the rounding of traffic billed to the next minute; it is now billed per second). Although part of the impact of this reduction had been incorporated previously, the third quarter was the first one reflecting the full impact of the change.

Wireless Data Revenues +24% YoY

Compared to the year-earlier quarter, mobile revenues—which accounted for 59% of total revenues—increased 2.7% whereas fixed-line revenues declined 3.8%. Mobile revenues were driven by wireless data revenues, which rose 24.2%. On the fixed-line platform data revenues increased 5.4%, while voice revenues continued their decline.

EBITDA of MxP 32Bn

EBITDA totaled 32 billion pesos in the quarter. It was down 2.7% from the year-earlier quarter as a consequence of a) greater subscriber acquisition costs on the mobile platform, reflecting the rapid growth of gross subscriber additions, 9.9%, and the impact of the currency depreciation on the cost of handsets, and b) higher costs on the fixed line platform mostly associated with the deployment of more fiber links and the migration of existing clients from copper networks to fiber networks.

YTD EBITDA margin at 51.2%

Through September our revenues totaled 188 billion pesos and EBITDA 96 billion pesos, with revenues up 2.0% from the year before and EBITDA down 2.6%. The EBITDA margin for the first nine months of the year stood at 51.2%.

INCOME STATEMENT (IFRS)**México**

Millions of MxP

	3Q11	3Q10	Var. %	Jan - Sep 11	Jan - Sep 10	Var. %
Total Revenues	63,525	62,001	2.5%	187,900	184,254	2.0%
Wireless Revenues	37,434	36,440	2.7%	111,643	107,723	3.6%
Fixed Line and Other Revenues	27,456	28,549	-3.8%	81,973	85,426	-4.0%
EBITDA	32,002	32,894	-2.7%	96,198	98,808	-2.6%
% total revenues	50.4%	53.1%		51.2%	53.6%	
EBIT	25,269	25,761	-1.9%	75,448	76,854	-1.8%
%	39.8%	41.5%		40.2%	41.7%	

**Total Revenues reflect eliminations derived from the overlap of fixed and mobile operations as well as intercompany transactions; Wireless Revenues and Fixed Line and Other Revenues only exclude intercompany transactions with foreign subsidiaries. The sum of the parts will not equal Total Revenues.*

Mexico Operating Data (IFRS)

	3Q11	3Q10	Var. %
Wireless Subscribers (thousands)	68,002	62,440	8.9%
<i>Postpaid</i>	7,104	5,996	18.5%
<i>Prepaid</i>	60,898	56,444	7.9%
MOU	221	211	4.8%
ARPU (MxP)	154	164	-6.2%
Churn (%)	3.2%	3.1%	0.0
Revenue Generating Units (RGUs)*	22,950	22,796	0.7%

* Fixed Line and Broadband

Highlights

Relevant
Events

Subscribers

América Móvil
Consolidated

*Mexican
Operations*

Mexico
Telcel
Telmex

*International
Operations*

Mercosur
Claro Argentina
Claro Paraguay
Claro Uruguay
Claro Chile

Claro
Embratel
NET

Andeans
Comcel Colombia
Telmex Colombia
Claro Ecuador
Claro Peru

Central America
Claro Guatemala
Claro El Salvador
Claro Nicaragua

Claro Honduras
Claro Panama

Caribbean
Claro Dominicana
Claro Puerto Rico
Claro Jamaica

USA
TracFone

Argentina, Paraguay and Uruguay

20M accesses

Our combined operations in Argentina, Paraguay and Uruguay added 390 thousand wireless subscribers in the quarter (36.9% more than in 2010) and broke the 20 million-subscriber mark. Our subscriber base was 3.5% higher than in the precedent year. We also had 275 thousand RGUs, 34.6% more than a year before.

3Q Revenues +20% YoY

Revenues topped three billion Argentinean pesos in the quarter, and were up 20.4% relative to the prior year. The bulk of our revenues came from the wireless business that saw gross service revenues rise 21.5% as compared to the same period of 2010 (19.6% net of commissions). The increase of data revenues was key to bring about a surge of 18% in ARPU. Fixed line revenues were up 16.3% relative to the previous year.

3Q EBITDA +12% YoY

Third quarter EBITDA, 1.2 billion Argentinean pesos, was 11.6% above that of last year and the margin was equivalent to 39.6% of revenues, as the greater pace of subscriber growth resulted in higher subscriber acquisition costs.

YTD EBITDA margin at 41.2%

In the first nine months of the year our revenues totaled 8.7 billion Argentinean pesos and our EBITDA 3.6 billion Argentinean pesos; they rose at rates of 20.9% and 17.6%, respectively from the year before. The EBITDA margin was 41.2% for the period.

INCOME STATEMENT (IFRS)

Argentina, Paraguay & Uruguay

Millions of ARP

	3Q11	3Q10	Var. %	Jan - Sep 11	Jan - Sep 10	Var. %
Total Revenues	3,031	2,518	20.4%	8,689	7,187	20.9%
Wireless Revenues	2,858	2,373	20.5%	8,185	6,776	20.8%
Fixed Line and Other Revenues	178	153	16.3%	516	434	19.1%
EBITDA	1,199	1,074	11.6%	3,583	3,048	17.6%
% total revenues	39.6%	42.7%		41.2%	42.4%	

EBIT	986	885	11.4%	2,970	2,489	19.3%
%	32.5%	35.1%		34.2%	34.6%	

*Total Revenues reflect eliminations derived from the overlap of fixed and mobile operations as well as intercompany transactions; Wireless Revenues and Fixed Line and Other Revenues only exclude intercompany transactions with foreign subsidiaries. The sum of the parts will not equal Total Revenues.

Argentina, Uruguay & Paraguay Operating Data (IFRS)

	3Q11	3Q10	Var.%
Wireless Subscribers (thousands)	20,123	19,442	3.5%
<i>Postpaid</i>	2,704	2,460	9.9%
<i>Prepaid</i>	17,419	16,982	2.6%
MOU	153	141	8.8%
ARPU (ARP)	46	39	18.0%
Churn (%)	2.4%	2.4%	(0.0)
Revenue Generating Units (RGUs)	275	205	34.6%

* Fixed Line and Broadband

Highlights 6/2013 - 6/2016

Monthly interest payments were recognized as an increase or decrease in interest expense as follows:

Type	Classification of Income (Expense)	For the Three Months Ended March 31,	
		2011	2010
Cash Flow Hedge Swap Agreements	Interest expense	\$ (970)	\$ (632)

Information relating to the gains recognized on the interest rate swap agreements is as follows:

Type	Gain (loss) recognized in OCI March 31, 2011	Location of amounts reclassified from OCI into income	Gain (loss) reclassified from
			OCI Three months ended March 31, 2011
Cash Flow Hedge Swap Agreements	\$ (1,163)	Interest expense	\$ (970)

The interest rate swap agreements were highly effective for the three months ended March 31, 2011. The gain (loss) reclassified from other comprehensive income (OCI) in the preceding table represents the effective portion of the Company's cash flow hedges reclassified from OCI to interest expense during the three months ended March 31, 2011.

The balance sheet classification and carrying amounts of the derivative instruments are as follows:

Derivatives designated as hedging instruments:	March 31, 2011		December 31, 2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Cash Flow Hedge Swap Agreements	Other liabilities	\$ (4,911)	Other liabilities	\$ (6,074)

8. NONCONTROLLING INTEREST REPRESENTED BY PREFERRED OPERATING PARTNERSHIP UNITS

On June 15, 2007, the Operating Partnership entered into a Contribution Agreement with various limited partnerships affiliated with AAAAA Rent-A-Space to acquire ten self-storage facilities (the Properties) in exchange for the 989,980 Preferred OP units of the Operating Partnership. The self-storage facilities are located in California and Hawaii.

On June 25, 2007, the Operating Partnership loaned the holders of the Preferred OP units \$100,000. The note receivable bears interest at 4.85% and is due September 1, 2017. The loan is secured by the borrower's Preferred OP units. The holders of the Preferred OP units can convert up to

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114,500 Preferred OP units prior to the maturity date of the loan. If any redemption in excess of 114,500 Preferred OP units occurs prior to the maturity date, the holder of the Preferred OP units is required to repay the loan as of the date of that Preferred OP unit redemption. Preferred OP units are shown on the balance sheet net of the \$100,000 loan because the borrower under the loan receivable is also the holder of the Preferred OP units.

The Operating Partnership entered into a Second Amended and Restated Agreement of Limited Partnership (as subsequently amended, the Partnership Agreement) which provides for the designation and issuance of the Preferred OP units. The Preferred OP units will have priority over all other partnership interests of the Operating Partnership with respect to distributions and liquidation.

Under the Partnership Agreement, Preferred OP units in the amount of \$115,000 bear a fixed priority return of 5% and have a fixed liquidation value of \$115,000. The remaining balance participates in distributions with and has a liquidation value equal to that of the common OP units. The Preferred OP units became redeemable at the option of the holder on September 1, 2008, which redemption obligation may be satisfied, at the Company's option, in cash or shares of its common stock.

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GAAP requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section, but separate from the company's equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as equity transactions. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the Preferred OP units and classifies the noncontrolling interest represented by the Preferred OP units as stockholders' equity in the accompanying condensed consolidated balance sheets. The Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling amount as permanent equity in the condensed consolidated balance sheets. Any noncontrolling interests that fail to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount, or (2) its redemption value as of the end of the period in which the determination is made.

9. NONCONTROLLING INTEREST IN OPERATING PARTNERSHIP

The Company's interest in its properties is held through the Operating Partnership. ESS Holding Business Trust I, a wholly owned subsidiary of the Company, is the sole general partner of the Operating Partnership. The Company, through ESS Holding Business Trust II, a wholly owned subsidiary of the Company, is also a limited partner of the Operating Partnership. Between its general partner and limited partner interests, the Company held a 95.5% majority ownership interest therein as of March 31, 2011. The remaining ownership interests in the Operating Partnership (including Preferred OP units) of 4.5% are held by certain former owners of assets acquired by the Operating Partnership. As of March 31, 2011, the Operating Partnership had 3,206,963 common OP units outstanding.

The noncontrolling interest in the Operating Partnership represents common OP units that are not owned by the Company. In conjunction with the formation of the Company and as a result of subsequent acquisitions, certain persons and entities contributing interests in properties to the Operating Partnership received limited partnership units in the form of either OP units or Contingent Conversion Units. Limited partners who received OP units in the formation transactions or in exchange for contributions for interests in properties have the right to require the Operating Partnership to redeem part or all of their common OP units for cash based upon the fair market value of an equivalent number of shares of the Company's common stock (ten-day average) at the time of the redemption. Alternatively, the Company may, at its option, elect to acquire those OP units in exchange for shares of its common stock on a one-for-one basis, subject to anti-dilution adjustments provided in the Partnership Agreement. The ten-day average closing stock price at March 31, 2011 was \$20.10 and there were 3,206,963 common OP units outstanding. Assuming that all of the unit holders exercised their right to redeem all of their common OP units on March 31, 2011 and the Company elected to pay the noncontrolling members cash, the Company would have paid \$64,460 in cash consideration to redeem the OP units.

GAAP requires a company to present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires the amount of consolidated net income attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and requires changes in ownership interest to be accounted for similarly as equity transactions. If noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity.

The Company has evaluated the terms of the common OP units and classifies the noncontrolling interest in the Operating Partnership as stockholders' equity in the accompanying condensed consolidated balance sheets. The Company will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling amount as permanent equity in the condensed consolidated balance sheets. Any noncontrolling interests that fail to qualify as permanent equity will be reclassified as temporary equity and adjusted to the

greater of (1) the carrying amount, or (2) its redemption value as of the end of the period in which the determination is made.

Table of Contents**10. OTHER NONCONTROLLING INTERESTS**

Other noncontrolling interests represent the ownership interests of various third parties in three consolidated self-storage properties as of March 31, 2011. Two of these consolidated properties were under development, and one was in the lease-up stage at March 31, 2011. The ownership interests of the third-party owners range from 5.0% to 27.6%. Other noncontrolling interests are included in the stockholders' equity section of the Company's condensed consolidated balance sheet. The income or losses attributable to these third-party owners based on their ownership percentages are reflected in net income allocated to the Operating Partnership and other noncontrolling interests in the condensed consolidated statement of operations.

11. SEGMENT INFORMATION

The Company operates in three distinct segments: (1) property management, acquisition and development; (2) rental operations; and (3) tenant reinsurance. Financial information for the Company's business segments is set forth below:

	March 31, 2011	December 31, 2010
Balance Sheet		
Investment in real estate ventures		
Rental operations	\$ 141,525	\$ 140,560
Total assets		
Property management, acquisition and development	\$ 381,887	\$ 400,910
Rental operations	1,855,845	1,831,150
Tenant reinsurance	15,385	16,408
	\$ 2,253,117	\$ 2,248,468

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	For the Three Months Ended March 31,	
	2011	2010
Statement of Operations		
Total revenues		
Property management, acquisition and development	\$ 5,967	\$ 5,552
Rental operations	61,490	56,143
Tenant reinsurance	7,024	5,892
	\$ 74,481	\$ 67,587
Operating expenses, including depreciation and amortization		
Property management, acquisition and development	\$ 12,681	\$ 11,567
Rental operations	36,155	33,934
Tenant reinsurance	1,615	1,223
	\$ 50,451	\$ 46,724
Income (loss) from operations		
Property management, acquisition and development	\$ (6,714)	\$ (6,015)
Rental operations	25,335	22,209
Tenant reinsurance	5,409	4,669
	\$ 24,030	\$ 20,863
Interest expense		
Property management, acquisition and development	\$ (782)	\$ (787)
Rental operations	(16,060)	(16,891)
	\$ (16,842)	\$ (17,678)
Interest income		
Property management, acquisition and development	\$ 179	\$ 322
Tenant reinsurance	3	3
	\$ 182	\$ 325
Interest income on note receivable from Preferred Operating Partnership unit holder		
Property management, acquisition and development	\$ 1,213	\$ 1,213
Equity in earnings of real estate ventures		
Rental operations	\$ 1,811	\$ 1,501
Income tax expense		
Tenant reinsurance	\$ (254)	\$ (1,045)
Net income (loss)		
Property management, acquisition and development	\$ (6,104)	\$ (5,267)
Rental operations	11,086	6,819
Tenant reinsurance	5,158	3,627
	\$ 10,140	\$ 5,179
Depreciation and amortization expense		
Property management, acquisition and development	\$ 774	\$ 441
Rental operations	12,811	11,978
	\$ 13,585	\$ 12,419
Statement of Cash Flows		
Acquisition of real estate assets		
Property management, acquisition and development	\$ (3,811)	\$ (2,962)
Development and construction of real estate assets		

Property management, acquisition and development	\$	(3,431)	\$	(6,019)
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Table of Contents**12. COMMITMENTS AND CONTINGENCIES**

The Company has guaranteed loans for unconsolidated joint ventures as follows:

	Date of Guaranty	Loan Maturity Date	Guaranteed Loan Amount at March 31, 2011	Estimated Fair Market Value of Assets
Extra Space of Montrose Avenue LLC	Dec-10	Dec-13	\$ 4,332	\$ 8,504
Extra Space of Sacramento One LLC	Apr-09	Apr-11	\$ 5,000	\$ 9,828
ESS Baltimore LLC	Nov-04	Feb-13	\$ 4,092	\$ 6,783

If the joint ventures default on the loans, the Company may be forced to repay the loans. Repossessing and/or selling the self-storage facilities and land that collateralizes the loans could provide funds sufficient to reimburse the Company. The Company has recorded no liability in relation to these guarantees as of March 31, 2011, as the fair value of the guarantees was not material. The Company believes the risk of incurring a loss as a result of having to perform on these guarantees is unlikely.

The Company has been involved in routine litigation arising in the ordinary course of business. As of March 31, 2011, the Company was not involved in any material litigation nor, to its knowledge, was any material litigation threatened against it which, in the opinion of management, is expected to have a material adverse effect on the Company's financial condition or results of operations.

13. SUBSEQUENT EVENTS

Subsequent to the end of the quarter, the Company purchased four properties for a total of \$18,015. These properties are located in California, Tennessee, Texas and Utah.

On April 29, 2011, the Company closed on a revolving credit facility of \$50,000 with an interest rate of LIBOR plus 275 basis points. The credit facility has a 3 year term and is secured by mortgages on certain real estate assets.

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Extra Space Storage Inc.

Management's Discussion and Analysis

Amounts in thousands, except property and share data

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY LANGUAGE

The following discussion and analysis should be read in conjunction with our *Unaudited Condensed Consolidated Financial Statements* and the *Notes to Unaudited Condensed Consolidated Financial Statements* appearing elsewhere in this report and the *Consolidated Financial Statements*, *Notes to Consolidated Financial Statements* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in our Form 10-K for the year ended December 31, 2010. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this Form 10-Q entitled *Statement on Forward-Looking Information*. (Amounts in thousands except property and share data unless otherwise stated).

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated financial statements contained elsewhere in this report, which have been prepared in accordance with GAAP. Our notes to the unaudited condensed consolidated financial statements contained elsewhere in this report and the audited financial statements contained in our Form 10-K for the year ended December 31, 2010, describe the significant accounting policies essential to our unaudited condensed consolidated financial statements. Preparation of our financial statements requires estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions that we have used are appropriate and correct based on information available at the time that they were made. These estimates, judgments and assumptions can affect our reported assets and liabilities as of the date of the financial statements, as well as the reported revenues and expenses during the period presented. If there are material differences between these estimates, judgments and assumptions and actual facts, our financial statements may be affected.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require our judgment in its application. There are areas in which our judgment in selecting among available alternatives would not produce a materially different result, but there are some areas in which our judgment in selecting among available alternatives would produce a materially different result. See the notes to the unaudited condensed consolidated financial statements that contain additional information regarding our accounting policies and other disclosures.

OVERVIEW

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We are a fully integrated, self-administered and self-managed REIT, formed to continue the business commenced in 1977 by our predecessor companies to own, operate, manage, acquire, develop and redevelop professionally managed self-storage properties. We derive our revenues from rents received from tenants under existing leases at each of our self-storage properties, management fees on the properties we manage for joint venture partners, franchisees and unaffiliated third parties and our tenant reinsurance program. Our management fee is equal to approximately 6% of total revenues generated by the managed properties.

We operate in competitive markets, often where consumers have multiple self-storage properties from which to choose. Competition has impacted, and will continue to impact, our property results. We experience seasonal fluctuations in occupancy levels, with occupancy levels generally higher in the summer months due to increased moving activity. Our operating results depend materially on our ability to lease available self-storage units, to actively manage rental rates, and on the ability of our tenants to make required rental payments. We believe we are able to respond quickly and effectively to changes in local, regional and national economic conditions by centrally adjusting rental rates through the combination of our revenue management team and our industry-leading technology systems.

We continue to evaluate a range of new initiatives and opportunities in order to enable us to maximize stockholder value. Our strategies to maximize stockholder value include the following:

- *Maximize the performance of properties through strategic, efficient and proactive management.* We pursue revenue generating and expense minimizing opportunities in our operations. Our revenue management team seeks to maximize revenue by responding to changing market conditions through our technology system's ability to provide real-time, interactive rental rate and discount management. Our size allows greater ability than the majority of our competitors to

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implement national, regional and local marketing programs, which we believe will attract more customers to our stores at a lower net cost.

- *Acquire self-storage properties from strategic partners and third parties.* Our acquisitions team continues to pursue the acquisition of single properties and multi-property portfolios that we believe can provide stockholder value. We have established a reputation as a reliable, ethical buyer, which we believe enhances our ability to negotiate and close acquisitions. In addition, we believe our status as an UPREIT enables flexibility when structuring deals.

- *Expand our management business.* Our management business enables us to generate increased revenues through management fees and expand our geographic footprint. This expanded footprint enables us to reduce our operating costs through economies of scale. In addition, we see our management business as a future acquisition pipeline. We pursue strategic relationships with owners that strengthen our acquisition pipeline through agreements that typically give us first right of refusal to purchase the managed property in the event of a potential sale.

U.S. and international market and economic conditions have been challenging, with tighter credit conditions and slower growth. For the three months ended March 31, 2011, concerns about the systemic impact of inflation, energy costs, geopolitical issues, and other macro-economic factors have contributed to market volatility and diminished expectations for the global economy. Turbulence in U.S. and international markets and economies may adversely affect our liquidity and financial condition, and the financial condition of our customers. If these market conditions continue, they may result in an adverse effect on our financial condition and results of operations.

PROPERTIES

As of March 31, 2011, we owned or had ownership interests in 662 operating self-storage properties. Of these properties, 300 are wholly-owned and 362 are held in joint ventures. In addition, we managed an additional 167 properties for franchisees or third parties bringing the total number of operating properties that we own and/or manage to 829. These properties are located in 34 states and Washington, D.C. As of March 31, 2011, we owned and/or managed approximately 60 million square feet of space with more than 550,000 units.

Our properties are generally situated in convenient, highly visible locations clustered around large population centers such as Atlanta, Baltimore/Washington, D.C., Boston, Chicago, Dallas, Houston, Las Vegas, Los Angeles, Miami, New York City, Orlando, Philadelphia, Phoenix, St. Petersburg/Tampa and San Francisco/Oakland. These areas all enjoy above-average population growth and income levels. The clustering of assets around these population centers enables us to reduce our operating costs through economies of scale.

We consider a property to be in the lease-up stage after it has been issued a certificate of occupancy, but before it has achieved stabilization. We consider a property to be stabilized once it has achieved either an 80% occupancy rate for a full year measured as of January 1, or has been open for three years. Although leases are short-term in duration, the typical tenant tends to remain at our properties for an extended period of time. For properties that were stabilized as of March 31, 2011, the median length of stay was approximately eleven months. The average annual rent per square foot at these stabilized properties was \$13.25 at March 31, 2011, compared to \$13.39 at March 31, 2010.

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Our property portfolio is made up of different types of construction and building configurations depending on the site and the municipality where it is located. Most often sites are what we consider hybrid facilities, a mix of both drive-up buildings and multi-floor buildings. We have a number of multi-floor buildings with elevator access only, and a number of facilities featuring ground-floor access only.

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The following table sets forth additional information regarding the occupancy of our stabilized properties on a state-by-state basis as of March 31, 2011 and 2010. The information as of March 31, 2010 is on a pro forma basis as though all the properties owned and/or managed at March 31, 2011 were under our control as of March 31, 2010.

Stabilized Property Data Based on Location

Location	Number of Properties	Company Number of Units as of March 31, 2011 (1)	Pro forma Number of Units as of March 31, 2010	Company Net Rentable Square Feet as of March 31, 2011 (2)	Pro forma Net Rentable Square Feet as of March 31, 2010	Company Square Foot Occupancy % March 31, 2011	Pro forma Square Foot Occupancy % March 31, 2010
Wholly-owned properties							
Alabama	3	1,368	1,368	173,869	173,753	78.7%	81.1%
Arizona	5	2,795	2,808	356,520	346,998	89.2%	83.5%
California	45	35,498	35,593	3,539,919	3,539,517	84.0%	80.0%
Colorado	8	3,786	3,780	475,636	476,484	85.8%	85.9%
Connecticut	3	1,978	2,021	177,985	178,040	88.2%	81.1%
Florida	28	18,228	18,274	1,944,269	1,944,910	84.5%	80.4%
Georgia	12	6,422	6,423	837,168	836,897	84.9%	80.9%
Hawaii	2	2,800	2,856	145,828	145,624	86.7%	78.2%
Illinois	7	4,497	4,500	466,959	467,339	80.3%	78.2%
Indiana	6	3,466	3,478	412,709	412,709	85.2%	84.6%
Kansas	1	506	507	50,310	50,310	88.3%	80.6%
Kentucky	3	1,563	1,576	193,901	194,001	92.0%	88.7%
Louisiana	2	1,412	1,412	150,035	150,035	85.7%	81.1%
Maryland	12	9,323	9,355	1,017,301	1,018,449	85.9%	84.8%
Massachusetts	28	16,742	16,764	1,715,372	1,720,361	85.6%	81.6%
Michigan	2	1,018	1,026	134,674	135,026	86.8%	86.3%
Missouri	6	3,152	3,136	374,962	374,342	85.3%	83.7%
Nevada	1	463	463	57,550	56,850	73.7%	77.7%
New Hampshire	2	1,007	1,007	125,473	125,473	87.5%	85.7%
New Jersey	24	19,350	19,420	1,888,611	1,890,826	87.4%	83.6%
New Mexico	1	539	541	71,475	71,555	88.2%	82.4%
New York	11	9,211	9,252	709,936	675,494	85.2%	81.7%
Ohio	2	1,185	1,183	156,519	156,839	84.6%	86.3%
Oregon	1	770	767	103,130	103,150	88.9%	86.3%
Pennsylvania	9	5,782	5,792	655,735	653,975	86.8%	85.6%
Rhode Island	1	715	720	75,336	75,721	89.0%	82.4%
South Carolina	4	2,160	2,173	253,406	253,406	87.3%	83.2%
Tennessee	3	1,620	1,628	215,420	215,090	82.8%	77.2%
Texas	16	10,170	10,203	1,144,948	1,144,201	86.0%	85.1%
Utah	6	2,680	2,654	350,197	347,704	85.7%	84.2%
Virginia	5	3,525	3,528	334,767	334,802	87.3%	84.4%
Washington	4	2,540	2,547	308,015	308,015	71.8%	88.5%
Total Wholly-Owned Stabilized	263	176,271	176,755	18,617,935	18,577,896	85.2%	82.4%
Joint-venture properties							
Alabama	3	1,708	1,705	205,798	205,638	85.4%	85.0%
Arizona	11	6,813	6,827	767,385	751,979	86.8%	82.9%
California	78	58,286	58,432	5,972,493	5,949,181	84.6%	82.6%
Colorado	2	1,310	1,323	158,523	158,603	82.8%	82.0%
Connecticut	8	5,991	5,980	692,872	691,306	85.9%	81.0%
Delaware	1	585	582	71,740	71,680	86.5%	89.4%
Florida	27	21,839	21,916	2,274,037	2,275,429	82.9%	78.8%

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Georgia	3	1,848	1,872	240,701	245,755	78.7%	78.4%
Illinois	12	8,904	8,898	958,215	959,383	86.7%	82.3%
Indiana	7	2,776	2,774	366,293	366,333	87.5%	86.0%
Kansas	3	1,222	1,213	163,750	160,220	78.6%	80.8%
Kentucky	4	2,276	2,272	269,545	269,197	90.1%	83.9%
Maryland	16	12,737	12,780	1,228,268	1,227,441	87.4%	83.0%
Massachusetts	17	9,226	9,242	1,045,813	1,049,425	84.4%	81.5%
Michigan	10	5,896	5,922	782,538	784,683	86.5%	81.9%
Missouri	2	959	959	118,245	118,045	82.3%	79.3%
Nevada	8	5,361	5,390	692,583	694,188	82.4%	81.0%
New Hampshire	1	525	530	53,409	54,009	89.6%	84.4%
New Jersey	18	13,251	13,268	1,416,750	1,417,909	85.3%	83.4%
New Mexico	9	4,662	4,672	542,423	542,899	84.8%	83.9%
New York	20	22,065	22,068	1,714,314	1,714,641	86.5%	84.6%
Ohio	13	5,859	5,855	870,490	872,260	80.9%	80.5%
Oregon	2	1,292	1,292	136,920	136,610	88.5%	85.3%
Pennsylvania	11	8,908	8,913	873,800	873,336	88.6%	85.3%
Rhode Island	3	1,544	1,569	184,590	185,870	72.7%	68.6%
Tennessee	24	13,151	13,192	1,746,393	1,747,471	84.6%	82.5%
Texas	22	13,767	13,809	1,808,470	1,808,283	83.7%	82.9%
Utah	1	523	521	59,350	58,950	85.0%	86.7%
Virginia	19	13,575	13,557	1,411,987	1,410,962	88.8%	86.1%
Washington	1	546	546	62,730	62,730	87.0%	83.2%
Washington, DC	1	1,529	1,533	101,989	102,003	90.7%	93.9%
Total Stabilized							
Joint-Ventures	357	248,934	249,412	26,992,414	26,966,419	85.0%	82.6%

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Location	Company		Pro forma		Company		Pro forma		Company	Pro forma
	Number of Properties	Number of Units as of March 31, 2011 (1)	Number of Units as of March 31, 2010	Net Rentable Square Feet as of March 31, 2011 (2)	Net Rentable Square Feet as of March 31, 2010	Net Rentable Square Feet as of March 31, 2010	Net Rentable Square Feet as of March 31, 2010	Square Foot Occupancy % March 31, 2011	Square Foot Occupancy % March 31, 2010	
Managed properties										
Arizona	1	580	581	67,350	67,350	67,350	67,350	45.0%	32.6%	
California	9	6,520	6,564	822,435	814,479	814,479	814,479	78.1%	71.8%	
Colorado	8	2,801	2,774	325,037	331,566	331,566	331,566	86.4%	84.4%	
Florida	16	7,659	7,713	924,945	867,182	867,182	867,182	71.7%	69.2%	
Georgia	6	3,619	3,645	507,237	508,757	508,757	508,757	73.4%	70.9%	
Illinois	6	3,669	3,741	384,694	399,179	399,179	399,179	70.2%	73.9%	
Indiana	3	1,701	1,711	182,879	188,119	188,119	188,119	77.6%	76.0%	
Kansas	4	1,986	1,997	338,140	339,200	339,200	339,200	76.3%	73.7%	
Kentucky	1	527	531	66,100	66,000	66,000	66,000	89.5%	84.8%	
Louisiana	1	995	1,008	133,130	106,873	106,873	106,873	68.4%	63.8%	
Maryland	15	9,225	9,384	1,044,604	1,047,940	1,047,940	1,047,940	79.2%	74.0%	
Massachusetts	2	2,105	2,110	189,859	190,019	190,019	190,019	78.4%	73.3%	
Missouri	3	1,526	1,532	302,498	305,138	305,138	305,138	76.2%	76.2%	
Nevada	2	1,572	1,576	170,575	170,775	170,775	170,775	77.5%	77.4%	
New Jersey	5	4,126	4,124	389,655	387,103	387,103	387,103	85.9%	82.8%	
New Mexico	2	1,103	1,101	132,182	131,782	131,782	131,782	87.3%	85.4%	
New York	1	691	704	82,755	83,055	83,055	83,055	94.5%	77.2%	
North Carolina	5	3,550	3,599	377,613	379,130	379,130	379,130	70.4%	75.0%	
Ohio	4	1,074	1,087	157,960	161,760	161,760	161,760	68.5%	59.8%	
Pennsylvania	20	8,334	8,380	1,016,586	1,017,471	1,017,471	1,017,471	74.6%	65.5%	
South Carolina	2	1,171	1,023	163,267	142,307	142,307	142,307	70.9%	78.2%	
Tennessee	3	1,499	1,496	205,565	205,315	205,315	205,315	86.1%	86.5%	
Texas	8	4,110	4,170	543,414	543,164	543,164	543,164	79.3%	78.4%	
Virginia	4	2,745	2,767	274,198	274,483	274,483	274,483	85.4%	83.0%	
Washington	1	479	482	56,590	56,590	56,590	56,590	64.8%	64.5%	
Washington, DC	2	1,263	1,263	112,459	112,459	112,459	112,459	86.9%	85.2%	
Total Stabilized Managed Properties	134	74,630	75,063	8,971,727	8,897,196	8,897,196	8,897,196	76.9%	73.7%	
Total Stabilized Properties	754	499,835	501,230	54,582,076	54,441,511	54,441,511	54,441,511	83.8%	81.1%	

(1) Represents unit count as of March 31, 2011, which may differ from March 31, 2010 unit count due to unit conversions or expansions.

(2) Represents net rentable square feet as of March 31, 2011, which may differ from March 31, 2010 net rentable square feet due to unit conversions or expansions.

The following table sets forth additional information regarding the occupancy of our lease-up properties on a state-by-state basis as of March 31, 2011 and 2010. The information as of March 31, 2010 is on a pro forma basis as though all the properties owned and/or managed at March 31, 2011 were under our control as of March 31, 2010.

Lease-up Property Data Based on Location

Location	Company		Pro forma		Company		Pro forma		Company	Pro forma
	Number of Properties	Number of Units as of March 31, 2011 (1)	Number of Units as of March 31, 2010	Net Rentable Square Feet as of March 31, 2011 (2)	Net Rentable Square Feet as of March 31, 2010	Net Rentable Square Feet as of March 31, 2011 (2)	Net Rentable Square Feet as of March 31, 2010	Occupancy % March 31, 2011	Occupancy % March 31, 2010	
Wholly-owned properties										
Arizona	1	648		71,355				6.2%	0.0%	
California	13	9,261	7,838	1,006,822	865,355			56.1%	35.9%	
Florida	7	5,723	4,127	556,815	402,420			32.8%	18.2%	
Georgia	4	1,993	1,999	252,086	252,779			66.4%	55.0%	
Illinois	2	1,397	1,472	151,005	150,850			60.5%	39.4%	
Maryland	3	2,431	775	235,455	69,885			28.0%	40.8%	
Massachusetts	1	611	593	73,225	72,125			62.9%	54.8%	
New Jersey	2	1,244	1,292	127,030	127,550			63.3%	38.2%	
New York	1	670	670	42,811	42,313			67.2%	65.4%	
Oregon	1	726	744	76,170	75,995			50.0%	15.0%	
Texas	2	1,071	1,087	153,010	156,050			62.2%	71.3%	
Total Wholly-Owned Lease up	37	25,775	20,597	2,745,784	2,215,322			49.7%	38.3%	
Joint-venture properties										
California	3	2,100	2,346	192,263	214,931			70.2%	41.6%	
Illinois	2	1,307	999	131,418	107,475			54.8%	56.4%	
Total Lease up Joint-Ventures	5	3,407	3,345	323,681	322,406			64.0%	46.5%	

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Location	Number of Properties	Company	Pro forma	Company	Pro forma	Company	Pro forma
		Number of Units as of March 31, 2011 (1)	Number of Units as of March 31, 2010	Net Rentable Square Feet as of March 31, 2011 (2)	Net Rentable Square Feet as of March 31, 2010	Square Foot Occupancy % March 31, 2011	Square Foot Occupancy % March 31, 2010
Managed properties							
California	2	1,740	1,743	236,289	236,239	67.5%	54.8%
Florida	9	6,515	5,998	623,828	555,725	46.6%	25.1%
Georgia	6	3,581	3,597	534,646	535,724	56.6%	44.0%
Illinois	3	1,939	1,991	160,678	162,679	54.5%	40.2%
Massachusetts	2	1,197	1,208	123,048	123,833	51.1%	33.2%
New Jersey	1	846	848	78,295	77,895	78.5%	61.6%
New York	1	906	910	46,197	46,197	42.2%	29.1%
North							
Carolina	1	451	451	80,067	80,067	76.7%	46.3%
Pennsylvania	2	1,984	1,991	173,019	173,019	57.5%	43.0%
Rhode Island	1	985	985	90,995	92,050	32.9%	4.9%
South							
Carolina	1	745	767	76,435	76,875	46.3%	9.0%
Tennessee	1	505	506	69,550	69,550	67.2%	58.3%
Texas	1	934	934	103,350	103,350	20.4%	5.7%
Utah	1	655	654	75,801	75,601	82.2%	65.7%
Virginia	1	458	476	63,859	63,709	64.8%	45.9%
Total Lease up Managed Properties	33	23,441	23,059	2,536,057	2,472,513	54.5%	37.3%
Total Lease up Properties	75	52,623	47,001	5,605,522	5,010,241	52.7%	38.3%

(1) Represents unit count as of March 31, 2011, which may differ from March 31, 2010 unit count due to unit conversions or expansions.

(2) Represents net rentable square feet as of March 31, 2011, which may differ from March 31, 2010 net rentable square feet due to unit conversions or expansions.

RESULTS OF OPERATIONS**Comparison of the three months ended March 31, 2011 and 2010**Overview

Results for the three months ended March 31, 2011 include the operations of 662 properties (301 of which were consolidated and 361 of which were in joint ventures accounted for using the equity method) compared to the results for the three months ended March 31, 2010, which included the operations of 643 properties (275 of which were consolidated and 368 of which were in joint ventures accounted for using the equity method).

Revenues

The following table sets forth information on revenues earned for the periods indicated:

	For the Three Months Ended			
	March 31,		\$ Change	% Change
	2011	2010		
Revenues:				
Property rental	\$ 61,490	\$ 56,143	\$ 5,347	9.5%
Management and franchise fees	5,967	5,552	415	7.5%
Tenant reinsurance	7,024	5,892	1,132	19.2%
Total revenues	\$ 74,481	\$ 67,587	\$ 6,894	10.2%

Property Rental The increases in property rental revenues for the three months ended March 31, 2011 consists primarily of an increase of \$2,025 as a result of increases in occupancy and rental rates to new and existing customers at our stabilized properties, an increase of \$1,519 related to increases in occupancy at our lease-up properties, and an increase of \$2,723 associated with acquisitions completed in 2011 and 2010, offset by a \$920 decrease associated with the sale of 19 properties to Harrison Street Real Estate Capital, LLC (Harrison Street) in January 2010.

Management and Franchise Fees Our taxable REIT subsidiary, Extra Space Management, Inc. manages properties owned by our joint ventures, franchisees and third parties. Management and franchise fees generally represent 6% of revenues generated from

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properties owned by third parties, franchisees, and unconsolidated joint ventures. The increase in management and franchise fees is related to the additional fees earned from the joint venture with Harrison Street and to the increase in third-party managed properties compared to the same period in the prior year. We managed 167 third-party properties as of March 31, 2011 compared to 125 third-party properties as of March 31, 2010.

Tenant Reinsurance The increase in tenant reinsurance revenues was due to the increase of overall customer participation to approximately 61% at March 31, 2011 compared to approximately 57% at March 31, 2010.

Expenses

The following table sets forth information on expenses for the periods indicated:

	For the Three Months Ended		\$ Change	% Change
	2011	March 31, 2010		
Expenses:				
Property operations	\$ 23,344	\$ 21,956	\$ 1,388	6.3%
Tenant reinsurance	1,615	1,223	392	32.1%
Unrecovered development and acquisition costs	249	70	179	255.7%
General and administrative	11,658	11,056	602	5.4%
Depreciation and amortization	13,585	12,419	1,166	9.4%
Total expenses	\$ 50,451	\$ 46,724	\$ 3,727	8.0%

Property Operations The increase in property operations expense during the three months ended March 31, 2011 consists primarily of increases of \$1,311 associated with acquisitions completed in 2011 and 2010 and \$387 related to increases in expenses at our stabilized and lease-up properties offset by a decrease of \$310 related to the sale of 19 properties to Harrison Street in January 2010.

Tenant Reinsurance Tenant reinsurance expense represents the costs that are incurred to provide tenant reinsurance.

Unrecovered Development and Acquisition Costs Unrecovered development and acquisition costs for the three months ended March 31, 2011 and 2010 relate to unsuccessful development activities and costs associated with the acquisition of properties during the periods indicated. The increase was due to increased acquisition activity over the prior year. Subsequent to the quarter end, we purchased four properties for a total of \$18,015.

General and Administrative The increase in general and administrative expenses for the three months ended March 31, 2011 was primarily due to the overall cost associated with the management of additional properties. We managed 167 third-party properties as of March 31, 2011 compared to 125 third-party properties as of March 31, 2010. In addition, we purchased 15 properties and opened four development properties in 2010.

Depreciation and Amortization Depreciation and amortization expense increased as a result of the acquisition of 15 properties and the completion of four developments in 2010.

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The following table sets forth information on other revenues and expenses for the periods indicated:

	For the Three Months Ended		\$ Change	% Change
	2011	2010		
Other revenue and expenses:				
Interest expense	\$ (16,414)	\$ (17,274)	\$ 860	(5.0)%
Non-cash interest expense related to amortization of discount on exchangeable senior notes	(428)	(404)	(24)	5.9%
Interest income	182	325	(143)	(44.0)%
Interest income on note receivable from Preferred Operating Partnership unit holder	1,213	1,213		
Equity in earnings of real estate ventures	1,811	1,501	310	20.7%
Income tax expense	(254)	(1,045)	791	(75.7)%
Total other revenue (expense)	\$ (13,890)	\$ (15,684)	\$ 1,794	(11.4)%

Interest Expense The decrease in interest expense for the three months ended March 31, 2011 was primarily the result of a change in interest rate for the notes payable to Trusts from a fixed interest rate of 6.9% to a variable rate of LIBOR plus 2.4% (2.7% at March 31, 2011).

Non-cash Interest Expense Related to Amortization of Discount on Exchangeable Senior Notes Represents the amortization of the discount on exchangeable senior notes which reflects the effective interest rate relative to the carrying amount of the liability.

Interest Income The decrease in interest income for the three months ended March 31, 2011, when compared to the same period in the prior year was primarily due to a lower average cash balance. Cash and cash equivalents at March 31, 2011 was \$42,555 compared to \$108,740 at March 31, 2010.

Interest Income on Note Receivable from Preferred Operating Partnership Unit Holder Represents interest on a \$100,000 loan to the holders of the Preferred OP units.

Equity in Earnings of Real Estate Ventures The increase in equity in earnings of real estate ventures for the three months ended March 31, 2011 was due to increased revenues at these joint ventures as a result of increases in occupancy and rental rates to new and existing customers. In addition, during October 2010, the Company obtained its joint venture partners' equity interests in three joint ventures that each owned a single pre-stabilized property.

Income Tax Expense The decrease in income tax expense relates to a \$1,388 solar tax credit that was partially offset by increased taxes resulting from increased tenant reinsurance income earned by our taxable REIT subsidiary.

Net Income Allocated to Noncontrolling Interests

The following table sets forth information on net income allocated to noncontrolling interests for the periods indicated:

	For the Three Months Ended		\$ Change	% Change
	2011	2010		
Net income allocated to noncontrolling interests:				
Net income allocated to Preferred Operating Partnership noncontrolling interests	\$ (1,532)	\$ (1,479)	\$ (53)	3.6%
Net income allocated to Operating Partnership and other noncontrolling interests	(307)	(132)	(175)	132.6%
Total income allocated to noncontrolling interests:	\$ (1,839)	\$ (1,611)	\$ (228)	14.2%

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Net Income Allocated to Preferred Operating Partnership Noncontrolling Interests Income allocated to the Preferred Operating Partnership as of March 31, 2011 and 2010 equals the fixed distribution paid to the Preferred OP unit holder plus approximately 1.1% of the remaining net income allocated after the adjustment for the fixed distribution paid.

Net Income Allocated to Operating Partnership and Other Noncontrolling Interests Income allocated to the Operating Partnership as of March 31, 2011 and 2010 represents approximately 3.5% and 4.0%, respectively, of net income after the allocation of the fixed distribution paid to the Preferred OP unit holder. Loss allocated to other noncontrolling interests represents the losses allocated to partners in consolidated joint ventures.

FUNDS FROM OPERATIONS

Funds from Operations (FFO) provides relevant and meaningful information about our operating performance that is necessary, along with net income and cash flows, for an understanding of our operating results. We believe FFO is a meaningful disclosure as a supplement to net earnings. Net earnings assume that the values of real estate assets diminish predictably over time as reflected through depreciation and amortization expenses. The values of real estate assets fluctuate due to market conditions and we believe FFO more accurately reflects the value of our real estate assets. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. (NAREIT) as net income computed in accordance with GAAP, excluding gains or losses on sales of operating properties, plus depreciation and amortization, and after adjustments to record unconsolidated partnerships and joint ventures on the same basis. We believe that to further understand our performance, FFO should be considered along with the reported net income and cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently. FFO does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income as an indication of our performance, as an alternative to net cash flow from operating activities, as a measure of liquidity, or an indicator of our ability to make cash distributions. The following table sets forth the calculation of FFO for the periods indicated:

	For the Three Months Ended March 31,	
	2011	2010
Net income attributable to common stockholders	\$ 8,301	\$ 3,568
Adjustments:		
Real estate depreciation	12,365	11,659
Amortization of intangibles	308	183
Joint venture real estate depreciation and amortization	2,075	1,754
Joint venture loss on sale of properties	36	
Distributions paid on Preferred Operating Partnership units	(1,438)	(1,438)
Income allocated to Operating Partnership noncontrolling interests	1,844	1,628
Funds from operations	\$ 23,491	\$ 17,354

SAME-STORE STABILIZED PROPERTY RESULTS

We consider our same-store stabilized portfolio to consist of only those properties that were wholly-owned at the beginning and at the end of the applicable periods presented that have achieved stabilization as of the first day of such period. The following table sets forth operating data for our same-store portfolio. We consider the following same-store presentation to be meaningful in regards to the properties shown below. These results provide information relating to property-level operating changes without the effects of acquisitions or completed developments.

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	For the Three Months Ended March 31,		Percent Change
	2011	2010	
Same-store rental and tenant reinsurance revenues	\$ 58,168	\$ 55,843	4.2%
Same-store operating and tenant reinsurance expenses	20,517	20,267	1.2%
Same-store net operating income	\$ 37,651	\$ 35,576	5.8%
Non same-store rental and tenant reinsurance revenues	\$ 10,346	\$ 6,192	67.1%
Non same-store operating and tenant reinsurance expenses	\$ 4,442	\$ 2,912	52.5%
Total rental and tenant reinsurance revenues	\$ 68,514	\$ 62,035	10.4%
Total operating and tenant reinsurance expenses	\$ 24,959	\$ 23,179	7.7%
Same-store square foot occupancy as of quarter end	85.4%	82.5%	
Properties included in same-store	253	253	

The increase in same-store rental revenues for the three months ended March 31, 2011 as compared to the three months ended March 31, 2010 was due primarily to increased rental rates to incoming and existing customers and increased occupancy. The increase in same-store operating expenses for the three months ended March 31, 2011 as compared to March 31, 2010 was primarily due to increased property taxes and payroll expense.

CASH FLOWS

Cash flows provided by operating activities were \$30,002 and \$16,015, respectively, for the three months ended March 31, 2011 and 2010. The increases compared to the same period of the prior year primarily relates to a \$4,961 increase in net income and an \$8,583 change in other assets.

Cash used in investing activities was \$20,657 for the three months ended March 31, 2011 compared to the cash provided by investing activities of \$11,821 for the three months ended March 31, 2010. The decrease relates primarily to the sale of 19 properties to Harrison Street in January 2010 for \$15,750, whereas no sales occurred during the first quarter 2011. In addition, there was a decrease in the change in restricted cash of \$16,275.

Cash used in financing activities was \$13,540 and \$51,046 for the three months ended March 31, 2011 and 2010, respectively. The decrease in cash used in financing activities was primarily the result of an increase in proceeds from notes payable and lines of credit of \$101,416 over the same period of the prior year offset by an increase in cash paid for principal payments on notes payable and lines of credit of \$66,776. In addition, dividends paid on common stock increased \$3,674.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2011, we had \$42,555 available in cash and cash equivalents. We intend to use this cash to repay debt scheduled to mature in 2011 and 2012 and for general corporate purposes. We are required to distribute at least 90% of our net taxable income, excluding net capital

gains, to our stockholders on an annual basis to maintain our qualification as a REIT.

Our cash and cash equivalents are held in accounts managed by third party financial institutions and consist of invested cash and cash in our operating accounts. During 2010 and the first three months of 2011, we experienced no loss or lack of access to our cash or cash equivalents; however, there can be no assurance that access to our cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

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The following table sets forth information on our lines of credit for the periods indicated:

Line of Credit	As of March 31, 2011		Interest Rate	Origination Date	Maturity	Basis Rate	Notes
	Amount Drawn	Capacity					
Credit Line 1	\$ 100,000	\$ 100,000	1.2%	10/19/2007	10/31/2011	LIBOR plus 1.0% - 2.1%	(1),(5)
Credit Line 2		50,000	3.7%	2/13/2009	2/13/2013	LIBOR plus 3.5%	(1),(4),(5)
Credit Line 3	25,000	45,000	3.7%	6/4/2010	5/31/2013	LIBOR plus 3.5%	(2),(4),(6)
Credit Line 4		40,000	4.5%	11/16/2010	11/16/2013	LIBOR plus 3.2% with floor of 4.5%	(3),(4),(5)
	\$ 125,000	\$ 235,000					

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- (1) One year extension available
- (2) One two-year extension available
- (3) Two one-year extensions available
- (4) Guaranteed by the Company
- (5) Secured by mortgages on certain real estate assets
- (6) Secured by mortgages on certain lease-up real estate assets

As of March 31, 2011, we had \$1,247,786 of debt, resulting in a debt to total capitalization ratio of 39.6%. As of March 31, 2011, the ratio of total fixed rate debt and other instruments to total debt was 72.4% (including \$211,463 on which we have interest rate swaps that have been included as fixed-rate debt). The weighted average interest rate of the total of fixed and variable rate debt at March 31, 2011 was 4.9%. Certain of our real estate assets are pledged as collateral for our debt. We are subject to certain restrictive covenants relating to our outstanding debt. We were in compliance with all financial covenants at March 31, 2011.

We expect to fund our short-term liquidity requirements, including operating expenses, recurring capital expenditures, dividends to stockholders, distributions to holders of OP units and interest on our outstanding indebtedness out of our operating cash flow, cash on hand and borrowings under our lines of credit. In addition, we are pursuing additional term loans secured by unencumbered properties.

Our liquidity needs consist primarily of cash distributions to stockholders, facility development, property acquisitions, principal payments under our borrowings and non-recurring capital expenditures. We may from time to time seek to repurchase or redeem our outstanding debt, shares of common stock or other securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In addition, we evaluate, on an ongoing basis, the merits of strategic acquisitions and other relationships, which may require us to raise additional funds. We do not expect that our operating cash flow or cash balances will be sufficient to fund our liquidity needs and instead expect to fund such needs out of additional borrowings of secured or unsecured indebtedness, joint ventures with third parties, and from the proceeds of public and private offerings of equity and debt. Additional capital may not be available on terms favorable to us or at all. Any additional issuance of equity or equity-linked securities may result in dilution to our stockholders. In addition, any new securities we issue could have rights, preferences and

privileges senior to holders of our common stock. We may also use OP units as currency to fund acquisitions from self-storage owners who desire tax-deferral in their exiting transactions.

The U.S. credit markets have experienced dislocations and liquidity disruptions, which have caused the spreads on prospective debt financings to widen. These circumstances have impacted liquidity in the debt markets, making financing terms for borrowers less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. Uncertainty in the credit markets may negatively impact our ability to make acquisitions and fund current development projects. A prolonged downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors may make it more difficult for us to sell properties or may adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. These events in the credit markets have also had an adverse effect on other financial markets in the United States, which may make it more difficult or costly for us to raise capital through the issuance of common stock, preferred stock or other equity securities. These disruptions in the financial market may have other adverse effects on us or the economy generally, which could cause our stock price to decline.

Table of Contents**OFF-BALANCE SHEET ARRANGEMENTS**

Except as disclosed in the notes to our condensed consolidated financial statements, we do not currently have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purposes entities, which typically are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, except as disclosed in the notes to our condensed consolidated financial statements, we have not guaranteed any obligations of unconsolidated entities, nor do we have any commitments or intent to provide funding to any such entities. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

Our exchangeable senior notes provide for excess exchange value to be paid in shares of our common stock if our stock price exceeds a certain amount. For a further description of our exchangeable senior notes, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010 as filed with the Securities and Exchange Commission.

CONTRACTUAL OBLIGATIONS

The following table sets forth information on payments due by period as of March 31, 2011:

	Payments due by Period:				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
Operating leases	\$ 65,769	\$ 6,949	\$ 13,410	\$ 8,945	\$ 36,465
Notes payable, notes payable to trusts, exchangeable senior notes and lines of credit					
Interest	327,880	54,676	91,275	63,394	118,535
Principal	1,247,786	365,675	106,286	367,931	407,894
Total contractual obligations	\$ 1,641,435	\$ 427,300	\$ 210,971	\$ 440,270	\$ 562,894

At March 31, 2011, the weighted-average interest rate for all fixed rate loans was 5.5%, and the weighted-average interest rate for all variable rate loans was 3.2%.

FINANCING STRATEGY

We will continue to employ leverage in our capital structure in amounts reviewed from time to time by our board of directors. Although our board of directors has not adopted a policy that limits the total amount of indebtedness that we may incur, we will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or variable rate. In making financing decisions, we will consider factors including but not limited to:

- the interest rate of the proposed financing;
- the extent to which the financing impacts flexibility in managing our properties;
- prepayment penalties and restrictions on refinancing;
- the purchase price of properties acquired with debt financing;
- long-term objectives with respect to the financing;
- target investment returns;
- the ability of particular properties, and our company as a whole, to generate cash flow sufficient to cover expected debt service payments;
- overall level of consolidated indebtedness;
- timing of debt and lease maturities;
- provisions that require recourse and cross-collateralization;
- corporate credit ratios including debt service coverage, debt to total capitalization and debt to undepreciated assets; and
- the overall ratio of fixed and variable rate debt.

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Our indebtedness may be recourse, non-recourse or cross-collateralized. If the indebtedness is non-recourse, the collateral will be limited to the particular properties to which the indebtedness relates. In addition, we may invest in properties subject to existing loans collateralized by mortgages or similar liens on our properties, or may refinance properties acquired on a leveraged basis. We may use the proceeds from any borrowings to refinance existing indebtedness, to refinance investments, including the redevelopment of existing properties, for general working capital or to purchase additional interests in partnerships or joint ventures or for other purposes when we believe it is advisable.

We may from time to time seek to retire, repurchase or redeem our additional outstanding debt including our exchangeable senior notes as well as shares of common stock or other securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

SEASONALITY

The self-storage business is subject to seasonal fluctuations. A greater portion of revenues and profits are realized from May through September. Historically, our highest level of occupancy has been at the end of July, while our lowest level of occupancy has been in late February and early March. Results for any quarter may not be indicative of the results that may be achieved for the full fiscal year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk refers to the risk of loss from adverse changes in market prices and interest rates. Our future income, cash flows and fair values of financial instruments are dependent upon prevailing market interest rates.

Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

As of March 31, 2011, we had approximately \$1.2 billion in total debt, of which \$344.1 million was subject to variable interest rates (excluding debt with interest rate swaps). If LIBOR were to increase or decrease by 100 basis points, the increase or decrease in interest expense on the variable rate debt (excluding variable rate debt with interest rate floors) would increase or decrease future earnings and cash flows by approximately \$2.4 million annually.

Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

The fair values of our notes receivable and our fixed rate notes payable, notes payable to trusts and exchangeable senior notes are as follows:

	March 31, 2011		December 31, 2010	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Note receivable from Preferred Operating Partnership unit holder	\$ 114,167	\$ 100,000	\$ 115,696	\$ 100,000
Fixed rate notes payable and notes payable to trusts	\$ 771,129	\$ 815,990	\$ 777,575	\$ 731,588
Exchangeable senior notes	\$ 115,490	\$ 87,663	\$ 118,975	\$ 87,663

ITEM 4. CONTROLS AND PROCEDURES

(1) Disclosure Controls and Procedures

We maintain disclosure controls and procedures to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934, as amended, or the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information 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 based on the definition of disclosure controls and procedures in Rule 13a-15(e) of the

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Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide a reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have a disclosure committee that is responsible to ensure that all disclosures made by the Company to its security holders or to the investment community will be accurate and complete and fairly present the Company's financial condition and results of operations in all material respects, and are made on a timely basis as required by applicable laws, regulations and stock exchange requirements.

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

(2) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during our most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various litigation and proceedings in the ordinary course of business. We are not a party to any material litigation or legal proceedings, or to the best of our knowledge, any threatened litigation or legal proceedings, which, in the opinion of management, are expected to have a material adverse effect on our financial condition or results of operations either individually or in the aggregate.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our 2010 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

- | | |
|-------|---|
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following materials from Extra Space Storage Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 are formatted in XBRL (eXtensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets, |

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(2) the Condensed Consolidated Statements of Operations, (3) the Condensed Consolidated Statement of Equity, (4) the Condensed Consolidated Statements of Cash Flows and (5) related notes to these financial statements, tagged as blocks of text.

*These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of Extra Space Storage Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXTRA SPACE STORAGE INC.
Registrant

Date: May 6, 2011

/s/ Spencer F. Kirk
Spencer F. Kirk
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2011

/s/ Kent W. Christensen
Kent W. Christensen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)