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February 26, 2007

VIA ECFS

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Application for Consent to Transfer Control of Telecomunicaciones de Puerto Rico, Inc. from Verizon to América Móvil (WT Docket No. 06-113)

Dear Ms. Dortch:

On February 23, 2007, Philip L. Verveer and Michael G. Jones, on behalf of América Móvil, S.A.B. de C.V. ("América Móvil"), and Leslie V. Owsley, Donna Epps and Nancy J. Victory, on behalf of Verizon, met with Helen Domenici, Francis Gutierrez, James Ball and David Strickland of the Commission's International Bureau to discuss the information provided by the Applicants in the record of the above-referenced proceeding, and to request that the application be approved expeditiously. The Applicants also summarized updated ownership information for América Móvil, which is provided in more detail below.

Specifically, América Móvil writes to inform the Commission about the recently completed merger between América Móvil and América Telecom, S.A. de C.V. ("América Telecom"), and also to provide the Commission with additional information about América Móvil shareholders. Based on the detailed information provided below, the following conclusions can be drawn:

- At least 33.14 percent of América Móvil's total capital stock, as well as at least 95.35 percent of América Móvil's full voting shares, is known to be held by specifically identified Mexican or U.S. individuals and entities through AA shares.

- At least 0.48 percent of América Móvil's total capital stock is known to be held by individuals with registered addresses in the U.S., Canada, or other WTO-member countries, or by Depositary Trust Company ("DTC") Participants (custodian banks and brokers, such as Citibank and Merrill Lynch) which are located in the U.S., Canada, and other WTO-member countries, through A shares or A share American Depositary Shares ("ADSs").

- At least 51.23 percent of América Móvil's capital stock is known to be held by specifically identified Mexican individuals and entities, by individuals with registered addresses in the

U.S., Canada, or other WTO-member countries, or by DTC Participants which are located in the U.S., Canada, and other WTO-member countries, through L shares or L share ADSs.

Combined, this means that América Móvil can inform the Commission that approximately 84.85 percent of América Móvil's total capital stock, and more than 95 percent of the voting control, is held by specifically identified Mexican or U.S. individuals and entities, by individuals with registered addresses in the U.S., Canada, or other WTO-member countries, or by DTC Participants which are located in the U.S., Canada, and other WTO-member countries. Further, as we also explain, based on the accumulated evidence, it is reasonable to infer that the remaining 15.15 percent of América Móvil's outstanding capital stock is substantially in the hands of individuals in the U.S., Mexico, and other WTO-member countries.

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The planned merger between América Móvil and América Telecom has been completed.[1] As América Móvil initially reported, this transaction does not involve a substantial change of control of América Móvil, nor has the ownership structure changed in any significant way. It remains as true today as it was prior to this merger that América Móvil, as well as the subsidiaries through which it is acquiring Telecomunicaciones de Puerto Rico, Inc. ("TELPRI"),[2] qualifies as a citizen of Mexico, a WTO-member country, under the Commission's "principal place of business" test.[3] América Móvil is organized under the laws of Mexico, a substantial part of its equity ownership and voting control is Mexican,[4] and more of its revenues derive from its businesses in Mexico than from its businesses in any other country. Therefore, América Móvil is entitled to the rebuttable presumption, adopted by the Commission in the *Foreign Participation Order*, that indirect ownership of common carrier and

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[1] América Móvil reported to the Commission on December 1, 2006 that this transaction would occur in the First Quarter of 2007. *See* Letter of Daniel K. Alvarez, Counsel to América Móvil, to Ms. Marlene Dortch, Secretary Federal Communications Commission, WT Dkt No. 06-113 (filed Dec. 1, 2006).

[2] In a previous filing, América Móvil reported the specific corporate structure that will exist upon consummation of the TELPRI transaction. *See* Letter of Michael G. Jones, Counsel to América Móvil, to Ms. Marlene Dortch, Secretary Federal Communications Commission, WT Dkt No. 06-113 (filed Dec. 14, 2006) ("*December 14 Letter*").

[3] *See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23941-2 (1997) (determination of an entity's home market involves identifying and balancing five factors: 1) country of incorporation or organization; 2) nationality of investment principals, officers and directors; 3) country in which it is headquartered; 4) country in which the majority of its tangible property is located; and 5) country where it derives the greatest sales and revenues from its operations) ("*Foreign Participation Order*").

[4] In the case of América Móvil, approximately 34 percent of the total equity ownership, and approximately 72 percent of the full voting shares, is attributable to specifically identified Mexican citizens. In the case of the relevant subsidiaries, they are wholly owned by América Móvil and intervening subsidiaries which are all Mexican companies. *See December 14 Letter*, at 1-2.

aeronautical radio licensees under Section 310(b)(4) of the Act by entities from WTO-member countries does not raise public interest concerns.[5]

On November 7, 2006, América Móvil announced its plan to merge with its controlling shareholder América Telecom, by offering 4.07128 América Móvil shares for each América Telecom share. The proposed merger was approved by América Móvil's shareholders on December 13, 2006 and resulted in an adjustment of the equity of América Móvil. The following is a brief summary of the state of the América Móvil capital structure after the merger of América Telecom into América Móvil. In addition, América Móvil provides information regarding shareholders whose registered addresses are known.

1. *AA Shares.* AA shares are "full voting shares."[6] As of February 1, 2007, there were 11.701 billion outstanding AA shares. This represents approximately 33.14 percent of América Móvil's capital stock, and approximately 95.35 percent of América Móvil's full voting shares. Carlos Slim Helú and certain members of his immediate family ("Slim Family") and SBC International, Inc. ("SBCI")[7] own 69.43 and 24.54 percent, respectively, of the outstanding AA shares. The remaining 6.03 percent of the AA shares are owned by other Mexican investors.[8]

   Consequently, 100.0 percent of the AA shares are held by Mexican and U.S. investors. This translates into approximately 33.14 percent of the total equity, and 95.35 percent of the full voting shares, being held by Mexican and U.S. investors through AA shares.

2. *A Shares.* A shares are also "full voting shares." As of February 1, 2007, there were 570 million outstanding A shares. This represents approximately 1.62 percent of América Móvil's capital stock, and approximately 4.65 percent of América Móvil's voting shares. Approximately 29.9 percent of the A shares are held in form of A share

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5 *Foreign Participation Order* at 23896, 23897-8, 23913.

6 As América Móvil has previously explained, AA and A shares are considered "full voting shares," whereas L shares can only vote on certain, limited matters. *See* Letter from Philip L. Verveer, Counsel to América Móvil, to Ms. Marlene Dortch, Secretary Federal Communications Commission, WT Dkt. No. 06-113, at 3 n. 8 (filed Nov. 1, 2006; *errata*, Dec. 6, 2006); *December 14 Letter*, at 2. It is also worth noting that América Móvil's bylaws provide that (i) AA shares must never represent less than 20% of its capital stock, (ii) AA shares must always represent at least 51% of its full voting shares, and (iii) AA and A shares may be exchanged at the option of the holder for one L share.

7 SBCI is a subsidiary of the U.S. company AT&T, Inc. As América Móvil has explained in previous filings, non-Mexican entities or individuals cannot hold AA shares except through trusts that effectively neutralize their votes. See, e.g., Overview of Transaction at 7-8 n. 7.

8 Before the merger of América Móvil and América Telecom, América Telecom and SBCI owned 69.55 and 26.30 percent, respectively, of the outstanding AA shares, and the remaining 4.15 percent of the AA shares were owned by other Mexican investors. November 1 Letter, at 2. As mentioned in previous filings, AA shares are listed on the Mexican Stock Exchange in Mexico City, but holders of these shares typically do not offer them on the public market. *Id.*

American Depositary Shares ("ADSs"), each representing the right to receive 20 A shares. According to The Bank of New York ("BONY"), Depositary of the América Móvil's Series A ADSs, approximately 20.74 percent of A share ADSs are held by nearly 5,600 registered holders. Of these, all but 153 A share ADSs are known by América Móvil to be registered to addresses in the U.S., Canada, and other WTO-member countries.[9] The remaining 79.26% percent of A share ADSs are held for the ultimate owners of the shares by DTC Participants which are located in the U.S., Canada, and other WTO-member countries.

Consequently, approximately 29.9 percent of the A shares are held by individuals with registered addresses in the U.S., Canada, or other WTO-countries, or by DTC Participants which are located in the U.S., Canada, and other WTO-member countries, through A shares or A share ADSs. This translates into approximately 0.48 percent of the total equity being held by these individual investors or DTC Participants through A shares or A share ADSs.

3. *L Shares.* L shares are not "full voting shares".[10] As of February 1, 2007, there were 23.032 billion outstanding L shares. This represents approximately 65.24 percent of América Móvil's capital stock. The Slim Family owns approximately 14.29 percent of the outstanding L shares. In addition, approximately 64.2 percent of the L shares are held in the form of L share ADSs, each representing the right to receive 20 L shares. According to BONY, 2.03 percent of L share ADSs are held by approximately 12,750 registered holders. Of these, all but 31,098 L share ADSs are known by América Móvil to be registered to addresses in the U.S., Canada, and other WTO-member countries.[11] The remaining 97.97% percent of L share ADSs are held for the ultimate owners of the shares by DTC Participants which are located in the U.S., Canada, and other WTO-member countries.

   Consequently, approximately 78.52 percent of the L shares are held by Mexican investors, by individuals with registered addresses in the U.S., Canada, or other WTO-countries, or by DTC Participants which are located in the U.S., Canada, and other WTO-member countries, through L shares or L share ADSs. This translates into approximately 51.23 percent of the total equity being held by these individual investors or DTC Participants through L shares or L share ADSs.

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[9] The country of origin for those 153 A share ADSs is unknown, and may well be in the U.S., Canada, or some other WTO-member country. This means that less than 1/1000th of a percent of the registered holders of A share ADSs may be registered in non-WTO countries.

[10] As noted above, and in previous submissions, L shares can vote only on certain matters. *Supra* n. 6

[11] The country of origin for 378 L share ADSs is unknown, and may well be in the U.S., Canada, or some other WTO-member country. This means that less than 0.2 percent of the registered holders of L share ADSs may be registered in non-WTO countries.

Based on these figures, América Móvil can inform the Commission that approximately 84.85 percent of América Móvil's total capital stock is held by specifically identified Mexican or U.S. individuals and entities, by individuals with registered addresses in the U.S., Canada, or other WTO-countries, or by DTC Participants which are located in the U.S., Canada, and other WTO-member countries.

With regard to this information, it is, of course, not possible to provide precise information about the nationality of all of the owners of shares in public companies. Even if it were possible to construct a comprehensive ownership profile, trading activity would not permit it to be valid for more than a moment in time. More fundamentally, the widespread use of financial intermediaries makes it impossible to discern the identity of beneficial owners.[12] The information being provided, then, does not purport to establish the nationality of owners except where specifically noted. Rather, it reports on the addresses of particular classes of shareholders (owners of Series A and L ADSs) who have chosen to take possession of the stock certificates, and on the addresses of the custodian banks and brokers who hold shares on behalf of the more numerous owners who have chosen not to possess the certificates. To the extent that it is reasonable to infer, as we believe it is, that the ADSs' registered owners' reported addresses typically will correspond to their citizenship, and further that it is reasonable to believe that the registered holders of ADSs are representative of the public ownership of the company as a whole, it is reasonable to set aside any anxiety that the ownership will violate Section 310. However, of necessity, this information is merely directional, not conclusive, of the nationality of the company's owners.

None of this information, of course, alters the fact that América Móvil clearly qualifies as a Mexican company under the Commission's "principle place of business" analysis.

Kindly direct questions or concerns to Michael Jones, Daniel Alvarez, or me.

Respectfully submitted,

/s/ Philip L. Verveer

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[12] To the extent that the Commission's interest in the nationality of owners is a function of Section 310 of the Communications Act and the United States' obligations as a member of the World Trade Organization, significant comfort is available from the simple fact that the great majority of countries are members of the WTO. This permits the highly reasonable inference that companies with foreign shareholders qualify for the rebuttable presumption in favor of entry.

cc: Helen Domenici
Francis Gutierrez
James Ball
David Strickland