

TELEFONOS DE MEXICO S A B DE C V

Form F-4

July 02, 2010

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As filed with the U.S. Securities and Exchange Commission on July 2, 2010

Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-4
Registration Statement

Under

the Securities Act of 1933

TELÉFONOS DE MÉXICO, S.A.B. DE C.V.

(Exact Name of Registrant as Specified in its Charter)

Telephones of Mexico

(Translation of Registrant's Name into English)

United Mexican States (State or Other Jurisdiction)	4813 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification No.)
	Parque Vía 190 Colonia Cuauhtémoc 06599 México, D.F., México Telephone: (52) 55 5703-3990	

(Address and telephone number of registrant's principal executive offices)

Puglisi & Associates

850 Library Avenue, Suite 204

Newark, Delaware 19711

Telephone: (302) 738-6680

(Name, address and telephone number of agent for service)

Copies to:

Nicolas Grabar

Cleary Gottlieb Steen & Hamilton LLP

One Liberty Plaza

New York, New York 10006

(212) 225-2000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee⁽¹⁾
5.500% Senior Notes Due 2019	U.S.\$500,000,000	Not Applicable	U.S.\$500,000,000	U.S.\$35,650

- (1) The securities being registered are offered (i) in exchange for U.S.\$500,000,000 Senior Notes Due 2019 previously sold in transactions exempt from registration under the Securities Act of 1933, as amended, and (ii) upon certain resales of the notes by broker-dealers. The registration fee has been computed based on the face value of the notes, pursuant to Rule 457 under the Securities Act of 1933.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission, in which this prospectus is included, is declared effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale of these securities is not permitted.

PROSPECTUS

Teléfonos de México, S.A.B. de C.V.

Offer to Exchange

the following series of notes:

U.S.\$500,000,000 5.500% Senior Notes due 2019

that have been registered under the Securities Act of 1933,

for any and all outstanding unregistered 5.500% Senior Notes due 2019

of

Teléfonos de México, S.A.B. de C.V.

Material Terms of the Exchange Offer

We are offering to exchange, commencing on _____, 2010, the 5.500% Senior Notes due 2019 that we sold previously in a private offering (the old notes _____) for new registered exchange notes due 2019 (the exchange notes _____).

The terms of the exchange notes are identical to the terms of the old notes, except for the transfer restrictions and registration rights relating to the outstanding old notes.

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2010 unless we extend it.

You may withdraw tenders of old notes at any time before 5:00 p.m., New York City time, on the date of the expiration of the exchange offer.

We will not receive any proceeds from the exchange offer.

We will pay the expenses of the exchange offer.

No dealer-manager is being used in connection with the exchange offer.

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We will exchange all old notes that are validly tendered and not validly withdrawn.

The exchange of exchange notes for old notes will not be a taxable exchange for U.S. federal income tax purposes.

See **Risk Factors** beginning on page 13 of this prospectus for a discussion of certain factors that you should consider before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

THIS PROSPECTUS IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR CNBV). THE TERMS AND CONDITIONS OF THIS OFFER TO EXCHANGE WILL BE NOTIFIED TO THE CNBV FOR INFORMATION PURPOSES ONLY AND SUCH NOTICE DOES NOT CONSTITUTE A CERTIFICATION AS TO THE INVESTMENT VALUE OF THE EXCHANGE NOTES OR OUR SOLVENCY. THE EXCHANGE NOTES MAY NOT BE OFFERED OR SOLD IN MEXICO, ABSENT AN AVAILABLE EXEMPTION UNDER THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). IN MAKING AN INVESTMENT DECISION, ALL INVESTORS, INCLUDING ANY MEXICAN CITIZEN WHO MAY ACQUIRE EXCHANGE NOTES FROM TIME TO TIME, MUST RELY ON THEIR OWN EXAMINATION OF US.

The date of this prospectus is , 2010

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ABOUT THIS PROSPECTUS

Application has been made to admit the exchange notes to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market. However, even if admission to listing is obtained, we will not be required to maintain it. The old notes are currently admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The exchange notes have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or "CNBV"), and may not be offered or sold publicly, or otherwise be the subject of brokerage activities, in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the *Ley del Mercado de Valores* (the "Mexican Securities Market Law"). As required under the Mexican Securities Market Law, we will notify the CNBV of the offering of the exchange notes outside of Mexico. Such notice will be delivered to the CNBV to comply with a legal requirement and for information purposes only, and the delivery to and the receipt by the CNBV of such notice, does not imply any certification as to the investment quality of the exchange notes or our solvency, liquidity or credit quality. The information contained in this prospectus is exclusively our responsibility and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investors who may acquire debt securities from time to time, must rely on their own review and examination of us.

You should rely only on the information contained or incorporated in this prospectus. No person has been authorized to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not making an offer to exchange the exchange notes for old notes in any jurisdiction where the offer is not permitted, and will not accept surrenders for exchange from holders in any such jurisdiction.

You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

As used in this prospectus, "Teléfonos de México, S.A.B. de C.V.," "we," "our" and "us" refer to Teléfonos de México, S.A.B. de C.V. and its consolidated subsidiaries, unless the context otherwise requires or unless otherwise specified.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus incorporates important business and financial information about us that is not included in or delivered with the prospectus. The Securities and Exchange Commission, or the SEC, allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the following documents:

our annual report on Form 20-F for the year ended December 31, 2009, filed with the SEC on May 11, 2010 (SEC File No. 1-32741), which we refer to as the 2009 Form 20-F,

our report on Form 6-K relating to our unaudited results for the three months ended March 31, 2010, furnished to the SEC on April 30, 2010,

any future annual reports on Form 20-F filed with the SEC after the date of this prospectus and prior to the termination of the exchange offer, and

any future reports on Form 6-K that we furnish to the SEC after the date of this prospectus and prior to the termination of the exchange offer that are identified in such reports as being incorporated by reference in this prospectus.

In addition, any future reports on Form 6-K or Form 20-F that we furnish to or file with the SEC after the date of the initial filing of the registration statement to which this prospectus relates and prior to effectiveness of the registration statement and that are identified in such reports as being incorporated by reference in this prospectus, shall be deemed to be incorporated by reference in this prospectus.

Any statement contained in any of the foregoing documents shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of any and all of the information that has been incorporated by reference in this prospectus and that has not been delivered with this prospectus, at no cost, by writing or telephoning us at our address or telephone number set forth under the caption Summary. **To obtain timely delivery, investors must request this information no later than five business days before the date they must make their investment decision and in no case later than five business days before the expiration date of the exchange offer.**

Copies of these documents will also be made available free of charge by The Bank of New York Mellon (Luxembourg) S.A., our Luxembourg listing agent, at its office at Vertigo Building, Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, as long as any of the exchange notes are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange, and the rules of such stock exchange so require.

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WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement for the exchange notes, including exhibits, that we have filed with the SEC on Form F-4 under the Securities Act of 1933, as amended, or the Securities Act. This prospectus does not contain all of the information set forth in the registration statement. Statements made in this prospectus as to the contents of any contract, agreement or other document are not necessarily complete. We have filed certain of these documents as exhibits to our registration statement and we refer you to those documents. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. As a foreign private issuer, we and our shareholders are exempt from some of the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, including the proxy solicitation rules, the rules regarding the furnishing of annual reports and Section 16 short-swing profit reporting for our officers and directors and for holders of more than 10% of our shares. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E. Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Internet at the SEC's website at www.sec.gov and at our web site at www.telmex.com.

We are not, however, incorporating by reference in this prospectus any report, information or materials filed with the SEC or any other material from our web site or any other source, except as specifically stated in this prospectus. The reference above to our web site is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

We will make available to the holders of the exchange notes and old notes, at the corporate trust office of the trustee under the indenture and the supplemental indenture governing the exchange notes and old notes and at the office of our Luxembourg listing agent, copies of the indenture, the supplemental indenture as well as our annual report in English, including a review of operations, and annual audited consolidated financial statements prepared in conformity with Mexican Financial Reporting Standards (*Normas de Información Financiera Mexicanas*), or Mexican FRS, together with a reconciliation of operating income, net income and total stockholders' equity to generally accepted accounting principles in the United States, or U.S. GAAP. We will also make available at the office of the trustee and at the office of our Luxembourg listing agent our unaudited condensed consolidated interim financial statements in English prepared in accordance with Mexican FRS.

ELECTRONIC DELIVERY OF DOCUMENTS

We are delivering copies of this prospectus in electronic form through the facilities of The Depository Trust Company (DTC). You may obtain paper copies of the prospectus by contacting the exchange agent or the Luxembourg listing agent at their respective addresses specified on the inside back cover of this prospectus. By participating in the exchange offer, you will (unless you have requested paper delivery of documents) be consenting to electronic delivery of these documents.

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ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico, with a principal place of business (*domicilio social*) in Mexico City. In addition, most of our directors, officers and controlling persons, as well as certain experts named in this prospectus, reside outside the United States, and all or a substantial portion of their assets and our assets are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon these persons or to enforce against them, either inside or outside the United States, judgments obtained against them in U.S. courts, or to enforce in U.S. courts judgments obtained against them in courts located in jurisdictions outside the United States, in each case, in any action predicated upon civil liabilities under the U.S. federal securities laws. Based on the opinion of Bufete Robles Miaja, S.C., our Mexican counsel, there is doubt as to the enforceability against these persons in Mexico, whether in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated solely upon the U.S. federal securities laws.

FORWARD-LOOKING STATEMENTS

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

projections of operating revenues, net income, net income per share, capital expenditures, indebtedness levels, dividends, capital structure or other financial items or ratios;

statements of our acquisition or divestiture plans;

statements about the impact of our acquisition of businesses;

statements about our plans, objectives or goals, including those relating to competition, regulation and rates;

statements about competition in the business sectors in which we operate;

statements about our future financial performance or the economic performance of Mexico or other countries;

statements about interest rates, currency exchange rates and foreign securities markets;

statements about the availability and cost of external financing for our operations, which have been affected by the stress experienced by the global financial markets;

statements about the renewal, revocation or expropriation of our concessions, decisions of regulatory and judicial authorities, and the future impact of regulations; and

statements of assumptions underlying such statements.

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Words such as believe, anticipate, plan, expect, intend, target, estimate, project, predict, forecast, guideline, should and intended to identify forward-looking statements but are not the exclusive means of identifying them.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include economic and political

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conditions and government policies in Mexico or elsewhere, inflation rates, exchange rates, regulatory developments, technological improvements, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. For additional information on factors that could cause our actual results to differ from expectations reflected in forward-looking statements, please see Risk Factors in our 2009 Form 20-F incorporated by reference in this prospectus.

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

You should evaluate any statements made by us in light of these important factors.

PRESENTATION OF FINANCIAL INFORMATION

Our 2009 Form 20-F, which is incorporated by reference in this prospectus, contains our audited consolidated financial statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007. This prospectus also incorporates by reference our unaudited condensed consolidated interim financial statements as of March 31, 2010 and 2009 and for the three-month periods ended March 31, 2010 and 2009.

Our financial statements and other financial information have been prepared in accordance with Mexican FRS and are presented in Mexican pesos. Mexican FRS differ in certain respects from U.S. GAAP. Note 17 to our audited consolidated financial statements provides a description of the principal differences between Mexican FRS and U.S. GAAP, as they relate to us; a reconciliation to U.S. GAAP of net income and total stockholders' equity; and condensed financial statements under U.S. GAAP.

The incorporation by reference of our 2009 Form 20-F in this prospectus should not be understood to mean that any statements contained in our 2009 Form 20-F are true or complete as of any date subsequent to May 11, 2010. For developments subsequent to May 11, 2010, you should rely exclusively on the information contained in, or incorporated into, this prospectus.

References in this prospectus to U.S. dollars or U.S.\$ are to the lawful currency of the United States. References herein to pesos or P. are to the lawful currency of Mexico.

This prospectus contains translations of various peso amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the peso amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollar amounts at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from Mexican pesos at an exchange rate of Ps.13.0587 to U.S.\$1.00, which was the applicable exchange rate reported by Banco de México for December 31, 2009, as published in the Official Gazette of the Federation (*Diario Oficial de la Federación*, or Official Gazette).

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PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and the documents incorporated by reference and does not contain all of the information that may be important to you. You should carefully read this entire prospectus and the documents incorporated by reference, including the risk factors and financial statements in this prospectus and in our 2009 Form 20-F.

Telmex's Business

We own and operate a fixed-line telecommunications system in Mexico, where we are the only nationwide provider of fixed-line telephony services. We also provide other telecommunications and telecommunications-related services such as corporate networks, Internet access services, information network management, telephone and computer equipment sales, and interconnection services to other carriers. For more information on our business, see Item 4. Information on the Company General in our 2009 Form 20-F.

Carso Global Telecom, S.A.B. de C.V. (Carso Global Telecom) is the direct holder of approximately 59.4% of our outstanding capital stock. On June 16, 2010, América Móvil, S.A.B. de C.V. (América Móvil) completed the acquisition of 99.44% of the outstanding shares of Carso Global Telecom by means of a public exchange offer. Carso Global Telecom is the direct holder of approximately 59.4% of our outstanding capital stock. Thus, América Móvil indirectly owns 59.1% of our outstanding shares. Like Carso Global Telecom, América Móvil is deemed to be controlled by Carlos Slim Helú and members of his immediate family.

We are a Mexican corporation headquartered in Mexico City, Mexico. Our legal name is Teléfonos de México, S.A.B. de C.V., and we frequently refer to ourselves commercially as Telmex. Our principal executive offices are located at Parque Vía 190, Colonia Cuauhtémoc, 06599 México, D.F., México. Our telephone number at this location is (52) 55 5703-3990. Our website can be accessed at www.telmex.com.

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The Exchange Offer

Exchange notes

Up to U.S.\$500,000,000 aggregate principal amount of 5.500% Senior Notes due 2019. The terms of the exchange notes and the old notes are identical in all respects, except that, because the offer of the exchange notes will have been registered under the Securities Act, the exchange notes will not be subject to transfer restrictions, registration rights or the related provisions for increased interest if we default under the registration rights agreement.

Exchange offer

We are offering to issue the exchange notes in exchange for a like principal amount of old notes. In connection with the private placement of old notes in November 2009, we entered into a registration rights agreement that grants holders of the old notes certain exchange and registration rights. The exchange offer is intended to satisfy our obligations under the registration rights agreement.

If the exchange offer is not completed within the time period specified in the registration rights agreement, we will be required to pay additional interest on the old notes.

Resale of the exchange notes

We believe that the exchange notes may be offered for resale, resold or otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 of the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

you acquire the exchange notes in the ordinary course of business; and

you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate in the distribution of the exchange notes.

If any of the foregoing is not true and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act and without an exemption of your exchange notes from such requirements, you may incur liability under the Securities Act. We do not assume or indemnify you against such liability.

If you are a broker-dealer and receive exchange notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, you must represent to us that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes.

Expiration date

The exchange offer will remain open for at least 20 full business days (as required by Exchange Act Rule 14e-1(a)) and will expire at 5:00 p.m., New York City time, on _____, 2010, unless we extend it.

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Withdrawal rights

You may withdraw your tender of old notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read The Exchange Offer Withdrawal of Tenders.

Procedure for tendering the old notes

If you wish to tender your old notes for exchange in the exchange offer, you or the custodial entity through which you hold your old notes must follow the procedures described on page 23 under The Exchange Offer Terms of the Exchange Offer Procedures for Tendering.

To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by The Depository Trust Company, or DTC, for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration date of the exchange offer, a computer-generated message known as an agent's message that is transmitted through ATOP and that DTC confirm that:

DTC has received instructions to exchange your notes; and

you agree to be bound by the terms of the letter of transmittal.

Any holder electing to have old notes exchanged pursuant to this exchange offer must properly tender your old notes prior to the close of business on the expiration date. All old notes validly tendered and not properly withdrawn will be accepted for exchange. Old notes may be exchanged only in minimum denominations of U.S.\$100,000 and integral multiples of U.S.\$1,000 in excess thereof.

Certain tax considerations

The exchange of exchange notes for old notes will not be a taxable exchange for U.S. federal income tax purposes.

Consequences of failure to exchange

If we complete the exchange offer and you do not participate in it, then:

your old notes will continue to be subject to the existing restrictions upon their transfer,

we will have no further obligation to provide for the registration under the Securities Act of those old notes except under certain limited circumstances, and, following completion of the exchange offer, those old notes will bear interest at the same rate as the exchange notes, and

the liquidity of the market for your old notes could be adversely affected.

Use of proceeds

We will not receive any proceeds from the issuance of the exchange notes pursuant to the exchange offer.

Exchange Agent

The Bank of New York Mellon is serving as exchange agent in connection with the exchange offer.

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The terms of the exchange notes and the old notes are identical in all respects except that, because the offer of the exchange notes will have been registered under the Securities Act, the exchange notes will not be subject to transfer restrictions, registration rights or the related provisions for increased interest if we default under the registration rights agreement. Unless otherwise specified, references to the notes mean the U.S.\$500,000,000 aggregate principal amount of old notes issued to date and up to an equal principal amount of exchange notes we are offering hereby.

Maturity	November 15, 2019.
Interest rate	The notes bear interest at the rate of 5.500% per annum. Interest on the notes is based upon a 360-day year consisting of twelve 30-day months.
Interest payment dates	Interest on the notes is payable semi-annually on May 15 and November 15 of each year.
Ranking	The notes rank equally in right of payment with all our other senior, unsecured debt obligations.
Payment of additional amounts	If you are not a resident of Mexico for tax purposes, payments of interest on the notes to you will generally be subject to Mexican withholding tax at a rate of 4.9% or, in certain circumstances, 10%. See Taxation Mexican Tax Considerations. We will pay additional amounts in respect of those payments of interest so that the amount you receive after Mexican withholding tax will equal the amount that you would have received if no such Mexican withholding tax had been applicable, subject to some limitations and exceptions as described under Description of the Exchange Notes Payments of Additional Amounts.
Make-whole redemption	We may redeem the notes, in whole or in part, at any time by paying the greater of 100% of the principal amount of the notes and a make-whole amount, plus accrued and unpaid interest to the redemption date, as described under Description of the Exchange Notes Optional Redemption.
Tax redemption	If, due to changes in Mexican laws relating to Mexican withholding taxes, we are obligated to pay additional amounts on the notes in excess of those attributable to a Mexican withholding tax rate of 4.9%, we may redeem the outstanding notes, in whole but not in part, at any time, at a price equal to 100% of their principal amount, plus accrued and unpaid interest to the redemption date.
Change in control	In the event of a change of control event described under Description of the Exchange Notes Repurchase at the Option of Holders, you will have the right to require us to repurchase your notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest to the repurchase date.
Governing law	New York.

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Risk factors	Before participating in the exchange offer, a holder of the old notes should consider carefully all of the information set forth or incorporated in this prospectus and, in particular, the information set forth under Risk Factors beginning on page 13 and Item 3. Key Information Risk Factors in our 2009 Form 20-F.
Luxembourg listing	Application has been made to admit the exchange notes to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF market.
Trustee, principal paying agent and registrar	The Bank of New York Mellon.
Luxembourg paying agent, transfer agent and listing agent	The Bank of New York Mellon (Luxembourg) S.A.

Summary Consolidated Financial Data

The tables below present summary consolidated financial and operating data at the dates and for the periods indicated. The summary data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 and notes thereto, Item 3. Key Information Selected Financial Data and Item 5. Operating and Financial Review and Prospects included in our 2009 Form 20-F, incorporated by reference in this prospectus.

Our financial statements have been prepared in accordance with Mexican FRS, which differ in certain respects from U.S. GAAP. Note 17 to our audited consolidated financial statements in our 2009 Form 20-F provides a description of the principal differences between Mexican FRS and U.S. GAAP, as they relate to us; a reconciliation to U.S. GAAP of net income and total stockholders' equity; and condensed financial statements under U.S. GAAP.

Due to the adoption of Mexican FRS B-10, effective January 1, 2008, we ceased to recognize the effects of inflation on our financial information. Through December 31, 2007, under Bulletin B-10, inflation accounting had extensive effects on the presentation of our financial statements. In our financial information for 2008, inflation adjustments for prior periods have not been removed from stockholders' equity and the re-expressed amounts for non-monetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods, as required by Mexican FRS. Financial statements for periods prior to 2008 are presented in constant pesos as of December 31, 2007. See Item 5. Operating and Financial Review and Prospects Effect of Inflation Accounting in our 2009 Form 20-F.

In December 2007, we transferred our Latin American and yellow pages directory businesses to a new, separate entity, Telmex Internacional, in an *escisión*, or split-up. The businesses we transferred to Telmex Internacional are presented as discontinued operations for dates and periods prior to the effective date of the *escisión*, which was December 26, 2007 under Mexican FRS and June 10, 2008 under U.S. GAAP. See Item 5. Operating and Financial Review and Prospects U.S. GAAP Reconciliation and Note 2 to our audited consolidated financial statements in our 2009 Form 20-F.

The summary consolidated financial data set forth below have been derived from our audited consolidated financial statements for each of the five years in the period ended December 31, 2009, which have been reported on by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm.

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The figures below have been adjusted to give effect for all periods to the two-for-one stock split that occurred in May 2005.

	2009 ⁽¹⁾ (millions of U.S. dollars)	2009 ⁽²⁾	Year ended December 31, 2008 ⁽²⁾	2007	2006	2005
		(2009 and 2008 in millions of pesos, previous years in millions of constant pesos as of December 31, 2007, except share and per share data)				
Income Statement Data:						
Mexican FRS:						
Operating revenues	U.S.\$ 9,120	P.119,100	P.124,105	P.130,768	P.129,755	P.131,449
Operating costs and expenses	6,489	84,736	84,362	86,884	83,491	85,210
Operating income	2,631	34,364	39,743	43,884	46,264	46,239
Financing cost, net	330	4,314	9,233	3,349	3,770	5,699
Income from continuing operations, net of income tax	1,567	20,469	20,177	28,889	27,701	27,263
Income from discontinued operations, net of income tax				7,166	2,615	4,926
Net income	1,567	20,469	20,177	36,055	30,316	32,189
U.S. GAAP:						
Operating revenues	U.S.\$ 9,120	P.119,100	P.124,105	P.130,768	P.129,755	P.131,449
Operating costs and expenses	6,672	87,128	85,749	89,983	87,676	89,782
Operating income	2,448	31,972	38,356	40,785	42,079	41,667
Income from continuing operations, net of income tax	1,518	19,818	19,782	28,985	27,087	26,221
Income from discontinued operations, net of income tax			2,173	6,848	1,081	3,100
Net income ⁽³⁾	1,518	19,818	21,955	35,833	28,168	29,321
Balance Sheet Data:						
Mexican FRS:						
Plant, property and equipment, net	U.S.\$ 7,987	P.104,305	P.112,865	P.120,649	P.124,613	P.130,088
Total assets from continuing operations	13,658	178,355	187,125	172,826	188,182	200,793
Total assets from discontinued operations					107,366	93,980
Total assets	13,658	178,355	187,125	172,826	295,548	294,773
Short-term debt and current portion of long-term debt	1,514	19,769	22,883	12,282	9,041	14,501
Long-term debt	6,364	83,105	84,172	79,180	81,376	75,696
Total stockholders' equity	2,935	38,321	39,371	42,159	121,321	135,879
Capital stock						