Mexico – Telecom Overview 2006

Contents

Country Info

Economic Indicators

Population Indicators

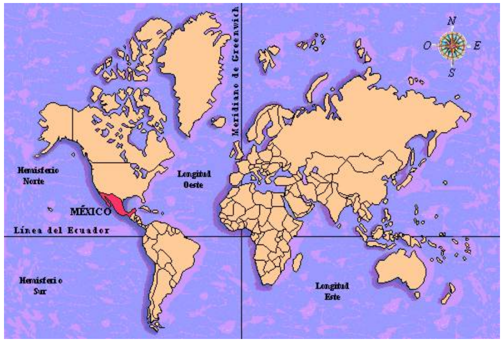
Telecom Indicators

Telecom Events

Legal Considerations

Comments/Conclusions

Mexico – Telecom Overview 2006



Area:	1,964,354 Sq. Kms.
Language:	Spanish
Currency:	Mexican Peso (MXN)

Exchange Rate (03/03-2009):	15.33 MXN/USD
Exchange Rate (03/03-2009):	19.35 MXN/EUR
GDP (2005):	8,374 billion MXN
Population (2005):	106.5 million
Urban Population (2005):	69.2%
Rural Population (2005):	30.8%
Population abroad (US, 2000):	20.65 million*

Federal Republic
- 31 States
- 1 Federal District
  - Each state is composed of municipalities
  - Over 2,400 municipalities

Executive Branch:
- President of Mexican Republic

Legislative Branch:
- Senate: 128 Senators (4 /State)
- House of Deputies: 500 Deputies

Law Branch:
- Supreme Court of Justice
- Elections Tribunal
- College and Unitary Circuit Tribunals
- District Courts

3,152 kms border with USA.
- 956 kms border with Guatemala.
- 193 kms border with Belize.

Mexico City (Center South), Monterrey (Northeast) and Guadalajara (West), the three largest cities, form the “Golden Triangle” of telecommunications in the country.

Source: “Almanaque Mexicano”, Sergio Aguayo Quezada

Mexico – Telecom Overview 2006

Government Entities

Organisation	Web Address
Federal Ministeries	
SCT – Comm &Transport	www.sct.gob.mx
SE – Energy	www.sener.gob.mx
SECOFI – Economy&Commerce	www.economia.gob.mx
SEGOB – Interior	www.segob.gob.mx
SRE - Foreign Office	www.sre.gob.mx
SHCP – Credit Ministry	www.shcp.gob.mx
SEDENA – Army	www.sedena.gob.mx
SAGAR – Agricultural Resources	www.sagarpa.gob.mx
SEP – Education	www.sep.gob.mx
SSA – Health	www.salud.gob.mx
SM – Marine	www.semar.gob.mx
STPS – Work and Social Security	www.stps.gob.mx
SRA – Rural Affairs	www.sra.gob.mx
SEMARNAT – Environmental Affairs	www.semarnat.gob.mx
PGR – Attorney General	www.pgr.gob.mx
SEDESOL – Social Development	www.sedesol.gob.mx
SECTUR – Tourism	www.sectur.gob.mx
SECODAM – Public Office Controlling	www.secodam.gob.mx
Parastate entities - Infrastructure companies	
PEMEX – National Oil Company	www.pemex.gob.mx
CAPUFE – Highway administration	www.capufe.gob.mx
FERRONALES – Natl. Railroads	www.fnm.com.mx
ASA – Airport Services	www.asa.gob.mx
CFE – Electricity Federal Commision	www.cfe.gob.mx
LyFC – Electricity Supply for central area	www.lfc.gob.mx
Parastate entities - Social institutions	
ISSSTE – State workers institute	www.issste.gob.mx
IMSS – Social Security Institute	www.imss.gob.mx
Diconsa – Basic products distribution	www.diconsa.gob.mx
Loteria Nacional – Natl. Lotto	www.loterianacional.gob.mx
Representatives	
Cámara de Senadores - Senators Chamber	www.senado.gob.mx
Cámara de Diputados - Deputies Chamber	www.cddhcu.gob.mx
Autonomous Bodies	
BM - Central Bank of Mexico	www.banxico.gob.mx
IFE - Elections Federal Institute	www.ife.org.mx
CFC - Antimonopoly Commission	www.cfc.gob.mx

Private Sector Associations

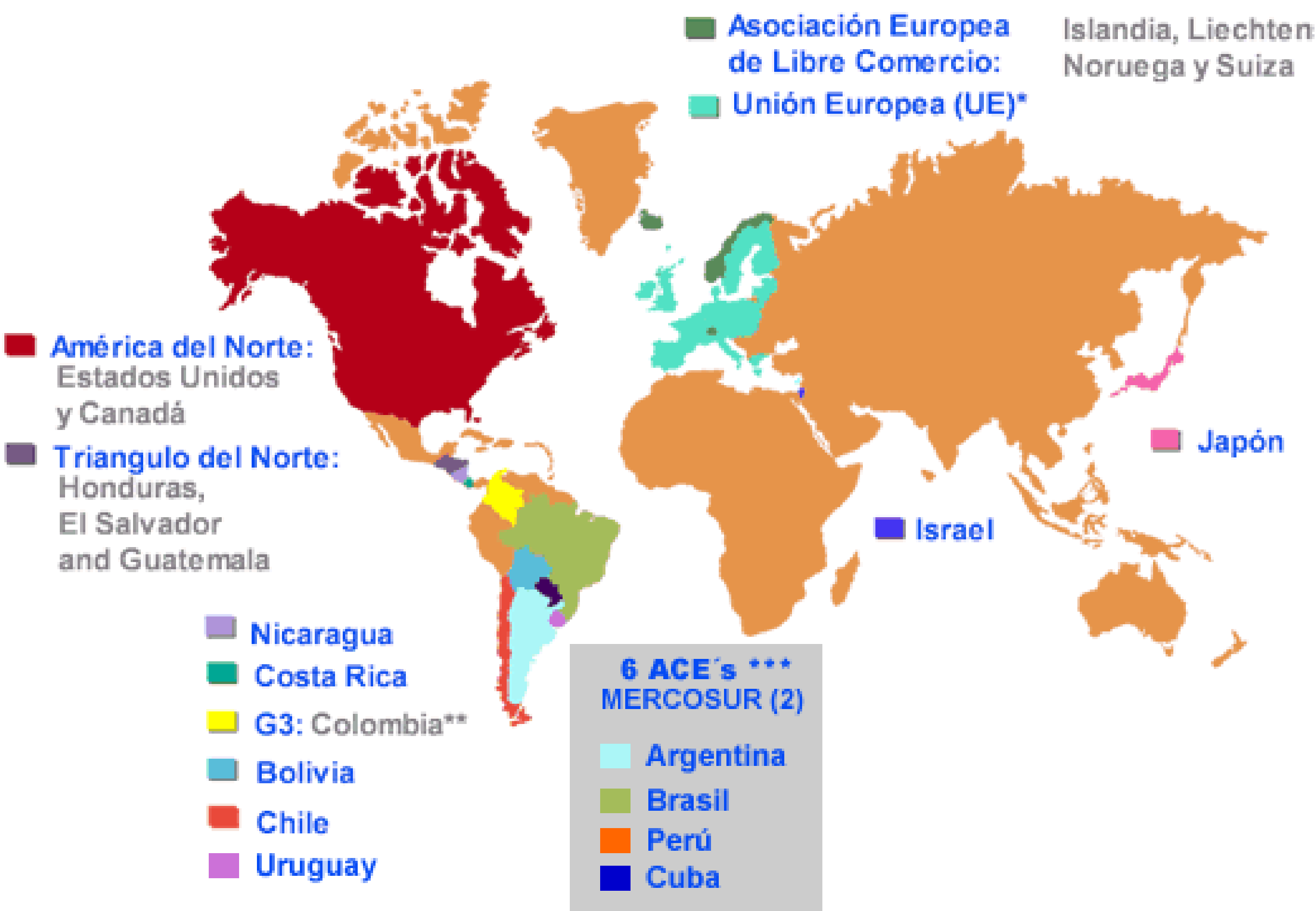
Acronym	Organisation	Web Address
CCE	Enterprise Coordination Council	www.cce.org.mx
ABM	Bankers Association of Mexico	www.abm.org.mx
AMIS	Mexican Association of Insurances Institutions	www.amis.com.mx
AMIB	National Association of Bursatile Intermediaries	www.amib.com.mx
CANACO	Mexico City Chamber of Commerce	www.ccmexico.com.mx
CANIETI	National Chamber of Electrical and Information Technologies Industry	www.canieti.com.mx
CANACINTRA	National Chamber of the Transformation Industry	www.canacintra.org.mx
CONCAMIN	Confederation of Industrial Chambers	www.concamin.org.mx
CONCANACO	Confederation of National Chambers of Commerce, Services and Tourism	www.concanacored.com
COPARMEX	Confederation of Business Owners of the Mexican Republic	www.coparmex.org.mx
CMHN	Mexican Council of Businessmen	No web page
CNA	National Agricultural Council	www.cna.org.mx
AMECE	Mexican Association for Electronic Commerce Standards	www.amece.org.mx
CANITEC	National Chamber of the Cable TV Industry	www.canitec.org

Official Information Sources

Information Sources	
INEGI - Nat'l. Geography & Stats Institute	www.inegi.gob.mx
COFETEL - Federal Telecom Commission	www.cofetel.gob.mx
COFEMER - Regulation Improvement Commission	www.cofemer.gob.mx
INFOCENTRO - Information Center	www.infocentro.com.mx
SIEM - Mex. Enterprise Information System	www.siem.gob.mx
CompraNET - Govt public licitations system	www.compranet.gob.mx
e-government	www.gob.mx
Banco de Mexico	www.banxico.org.mx
Mexican Stock Exchange	www.bmv.com.mx

Mexico – Telecom Overview 2006

Free Trade Agreements



* Alemania Austria, Bélgica, Chipre, Dinamarca, España, Eslovaquia, Eslovenia, Estonia, Finlandia, Francia, Grecia, Hungría, Irlanda, Italia, Letonia, Lituania, Luxemburgo, Malta, Países Bajos, Polonia, Portugal, Reino Unido, República de Bulgaria, República Checa, Rumanía, Suecia.
* A partir del 1 de enero de 2007 ingresaron a la UE la República de Bulgaria y Rumanía.
** A partir del 19 de noviembre de 2006, Venezuela ya no participa en el TLC del G-3
*** Acuerdos de Complementación Económica (ACEs)

Última modificación: 20 de Junio de 2008 por la Subsecretaría de Comercio Exterior.

Mexico – Telecom Overview 2006

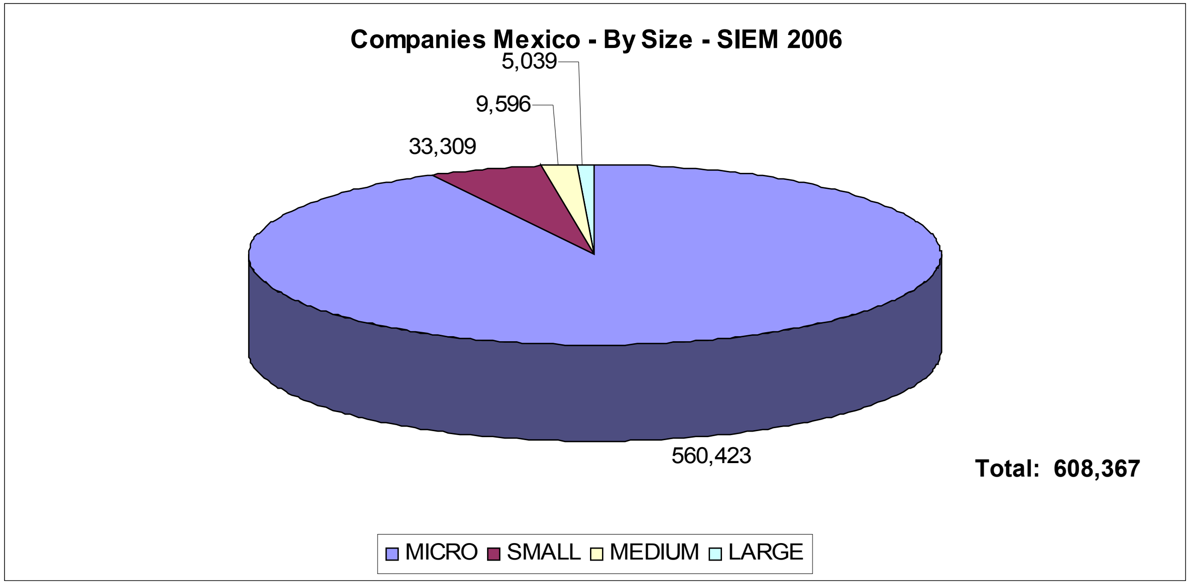
Political Forces

President 2006-2012: Felipe Calderón, PAN

Senate and House of Deputies, LX Legislature starting Q3/2006:

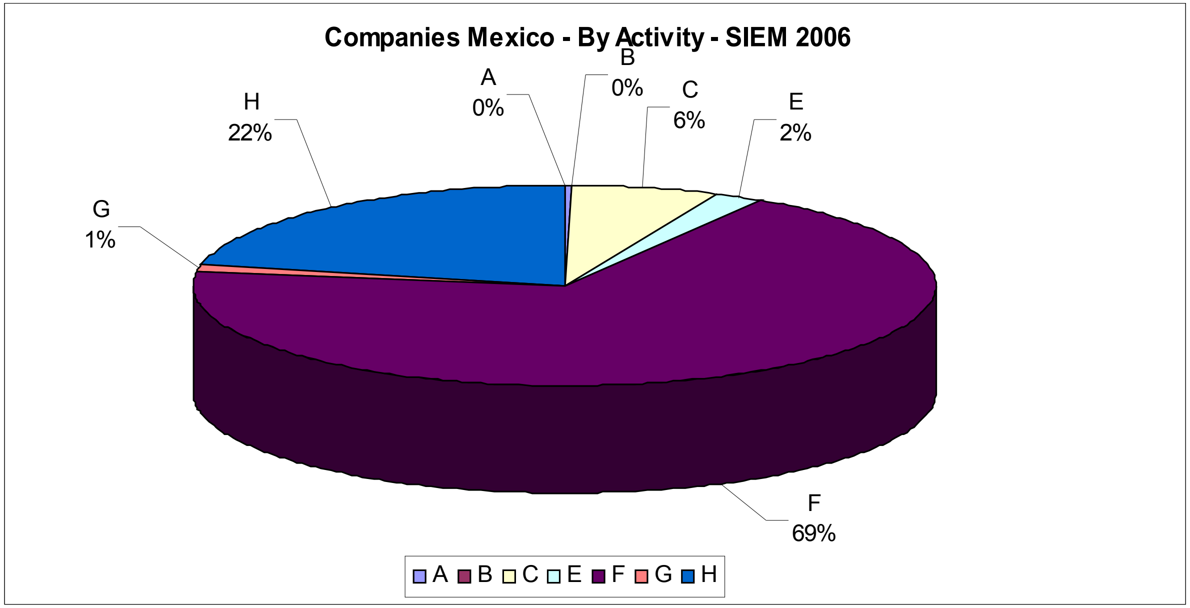
	PAN	PRD PT	PRI	Nueva Alianza	Alternativa
Senators (Total 128)	52 40.63%	36 28.13%	39 30.47%	1 0.78%	0 0%
Federal Deputies (Total 500)	206 41.20%	160 32.00%	121 24.20%	9 1.80%	4 0.80%

Mexico – Telecom Overview 2006



Main Corporate Groups:

Carlos Slim	Grupo CARSO
Eugenio Garza	FEMSA, GFB
Lorenzo Zambrano	CEMEX
Emilio Azcarraga Jean	TELEVISA
Maru Aramburuzavala	Grupo MODELO
Alberto Balleres	Peñoles
	Palacio Hierro
	GNP
German Larrea	Grupo Mexico
Ricardo Salinas	TV Azteca
	Elektra
	UNEFON
Carlos Peralta	Grupo IUSA



A: Agropecuarion, B: Mining and Oil Extraction, C: Manufacturing E: Construction, F: Commerce, G: Transport and Comm, H: Services

Mexico – Telecom Overview 2006

Selected Indicators 2005 – Bank Of Mexico

Cuadro A 1
Resumen de Indicadores Selectos

	2001	2002	2003	2004	2005 p/
Indicadores Sociales y Demográficos					
Población (millones) 1/	101.8	103.0	104.2	105.3	106.5
Tasa anual de crecimiento poblacional 1/	1.2	1.2	1.1	1.1	1.0
Esperanza de vida al nacer 1/	74.3	74.6	74.9	75.2	75.4
Producción y Precios					
Producto Interno Bruto (PIB) en mmp	5,810	6,263	6,892	7,709	8,374
	Variación anual en por ciento				
PIB a precios constantes	-0.2	0.8	1.4	4.2	3.0
Índice Nacional de Precios al Consumidor (dic.-dic.)	4.40	5.70	3.98	5.19	3.33
Moneda y Finanzas					
Agregados Monetarios 2/	Variación real anual en por ciento				
Base Monetaria	5.4	11.4	10.7	8.8	7.9
M1	8.2	12.9	7.0	8.8	7.1
M4	7.0	6.1	6.6	7.5	10.4
Tasas de Interés 3/	Tasas anuales en por ciento				
Cetes 28 días	11.31	7.09	6.23	6.82	9.20
TIIE 28 días	12.89	8.17	6.83	7.15	9.61
	Pesos por dólar				
Tipo de Cambio (fin de periodo) 4/	9.1423	10.3125	11.2360	11.2648	10.7777
Finanzas Públicas	Por ciento del PIB				
Balance Económico de Caja 5/	-0.7	-1.2	-0.6	-0.2	-0.1
Balance Primario 5/	2.6	1.7	2.1	2.5	2.5
Deuda Pública Neta 6/	19.8	21.4	21.6	18.8	16.8
Sector Externo	Por ciento del PIB				
Balanza Comercial (incl. maquiladoras)	-1.5	-1.2	-0.9	-1.3	-1.0
Cuenta Corriente	-2.8	-2.1	-1.3	-1.1	-0.8
Cuenta de Capital	4.2	3.8	3.0	2.0	1.8
Deuda Externa Total	25.3	23.9	24.7	23.7	21.5
Pagos de Intereses	2.0	1.8	1.8	1.6	1.6
	Miles de Millones de Dólares				
Reservas Internacionales Netas (fin de periodo) 7/	40.9	48.0	57.4	61.5	68.7

Fuente: Banco de México, SHCP, INEGI, CONAPO.
1/ Estimado para 2005.
2/ Calculada con base en el promedio de los saldos al final de cada mes.
3/ Promedio del periodo.
4/ Usado para solventar obligaciones en moneda extranjera.
5/ Con base en la metodología ingreso-gasto.
6/ Se refiere a la deuda económica amplia, la cual comprende los pasivos netos del Gobierno Federal, del sector paraestatal y de los intermediarios financieros oficiales (banca de desarrollo y fideicomisos de fomento). Saldos al fin del periodo. Medición del Banco de México.
7/ Definidas en el Artículo 19 de la Ley del Banco de México.
p/ Cifras preliminares.

Year 2005

Population:	106.5 million
Population Annual Growth Rate:	1.0%
GDP (billion MXN):	8,374
GDP, constant prices:	3% ann. var.
INPC (National Consumer's Price Index):	3.33% ann. var.
Interbank Interest Exchange Rate, 28 days:	9.61%
Net Public Debt, as % of GDP:	16.8%
External Sector:	
Commercial balance:	*-1.0% GDP*
External Debt, as % of GDP:	*21.5%*
Interest Payment:	*1.6% GDP*
Int'l. Reserves at end of period (billion USD):	68.7

Mexico – Telecom Overview 2006

Social & Demographic Indicators 2005 – Bank Of Mexico

BANCO DE MÉXICO

Cuadro A 2
Indicadores Sociales y Demográficos

	1998	1999	2000	2001	2002	2003	2004	2005 p/
Población (millones)	97.9	99.3	100.6	101.8	103.0	104.2	105.3	106.5
Población Urbana 1/	67.7	68.1	68.5	68.6	68.7	68.9	69.0	69.2
Población Rural 1/	32.3	31.9	31.5	31.4	31.3	31.1	31.0	30.8
Población por Km^2	49.8	50.5	51.1	51.8	52.4	53.0	53.6	54.1
Tasa Anual de Crecimiento Poblacional	1.4	1.3	1.3	1.2	1.2	1.1	1.1	1.0
Tasa de Desocupación Nacional 2/	n.d	n.d	2.6	2.8	3.0	3.4	3.9	3.6
Tasa de Desocupación Urbana 3/	n.d	n.d	3.4	3.6	3.9	4.6	5.3	4.7
Esperanza de Vida al Nacer (años)	73.4	73.7	74.0	74.3	74.6	74.9	75.2	75.4
Tasa de Fecundidad 4/	2.6	2.5	2.4	2.3	2.3	2.2	2.2	2.1
Tasa de Mortalidad (por miles)	4.7	4.6	4.5	4.5	4.5	4.5	4.5	4.5
Tasa de Mortalidad Infantil (por cada mil nacidos vivos)	19.0	18.5	18.2	17.2	17.9	16.6	16.5	16.4
Número de Camas en Hospitales (por cada 100,000 habitantes) 5/	74.5	74.2	74.0	74.1	73.9	72.9	72.2	73.2
Tasa de Analfabetismo de la Población de 15 Años o más	9.8	9.5	9.2	9.0	8.7	8.5	8.2	8.0
Estudiantes por Maestro (primaria)	27.2	27.2	27.0	26.9	26.7	26.4	26.2	26.0
Población con acceso a agua potable 1/	86.4	87.4	88.5	89.0	89.2	89.4	89.6	89.8

Fuente: Quinto Informe de Gobierno 2005. Presidencia de la República, INEGI y CONAPO.
1/ Como porcentaje de la población..
2/ Muestra la proporción de personas desocupadas abiertas con respecto a la Población Económicamente Activa.
La Población Desocupada Abierta, personas que no estando ocupadas en la semana de referencia, buscaron activamente incorporarse a alguna actividad económica en algún momento del último mes transcurrido.
3/ Tasa de desocupación en el agregado de 32 ciudades.
4/ Al final de la vida reproductiva de las mujeres.
5/ Concerniente al Sistema Nacional de Salud.
p/ Preliminar.

Year 2005

Urban Population:	69.2%	Life Expectancy at Birth:	75.4
Rural Population:	30.8%	Hospital Beds/100K inhabitants:	73.2
Population/Sq. Km	54.1	Analphabetism ratio, population over 15 years:	8.0
Population w/access to drinkable water:	89.8%	Students/Teacher (elementary school):	26

Mexico – Telecom Overview 2006

Infrastructure & Natural Resources 2005 – Bank Of Mexico

Cuadro A 3
Infraestructura y Recursos Naturales

	1998	1999	2000	2001	2002	2003	2004	2005 p/
Carreteras (km)	319,792	329,533	333,912	340,457	337,168	349,037	352,072	352,357
Carreteras Federales de Cuota (km)	6,388	6,430	6,598	6,759	6,987	6,979	7,423	7,575
Carreteras Federales Libres (km)	41,653	41,765	41,866	41,645	41,537	41,454	41,152	41,222
Carreteras Pavimentadas (km)	104,023	108,087	108,488	110,910	113,125	117,023	121,337	121,553
Transporte Ferroviario								
Longitud Total de la Red (km)	26,622	26,622	26,655	26,655	26,655	26,662	26,662	26,662
Pasajeros Transportados (millones de pasajeros-km)	460	254	82	67	69	78	74	74
Carga Comercial Transportada (millones de toneladas-km)	46,873	47,274	48,333	46,615	51,616	54,132	54,387	55,997
Transportación Aérea								
Aeropuertos Internacionales (número)	55	55	57	57	57	56	56	56
Pasajeros (miles)	30,922	32,662	33,974	33,673	33,190	35,287	39,422	42,235
Carga Transportada (miles de toneladas)	388	407	379	351	389	410	467	492
Transportación Marítima								
Número de Puertos (marítimos y fluviales)	107	108	108	108	108	106	106	106
Movimiento de Carga de Altura y Cabotaje (miles de toneladas)	237,380	231,440	244,252	244,431	253,046	264,739	266,008	275,933
Comunicaciones								
Telefonía (miles de líneas conectadas)	9,927	10,927	12,332	13,774	14,975	16,330	18,073	19,850
Telefonía Celular (miles de subscriptores)	3,350	7,732	14,078	21,758	25,928	30,098	38,451	45,500
Servicio Telegráfico (número de oficinas)	1,868	1,878	1,819	1,609	1,568	1,555	1,555	1,550
Servicio Postal (poblaciones atendidas)	31,515	32,015	32,127	29,216	16,029	14,942	17,609	17,884
Estaciones de Radio 1/	1,351	1,349	1,371	1,410	1,413	1,417	1,423	1,429
Estaciones de Televisión 1/	584	582	579	642	652	645	658	683
Oferta Hotelera (número de cuartos)	396,968	419,608	421,850	458,123	469,488	496,292	515,904	519,681
Generación Bruta de Energía Eléctrica (gigawatts-hora) 2/	180,491	192,234	204,206	209,074	214,383	223,893	233,984	246,422
Reservas de Hidrocarburos (millones de barriles)	56,505	57,741	58,204	56,154	52,951	50,032	48,041	46,914

Fuente: Quinto Informe de Gobierno 2005. Presidencia de la República.
1/ Incluye difusión, concesiones y licencias.
2/ Incluye CFE y LFC.
p/ Preliminar.

Year 2005

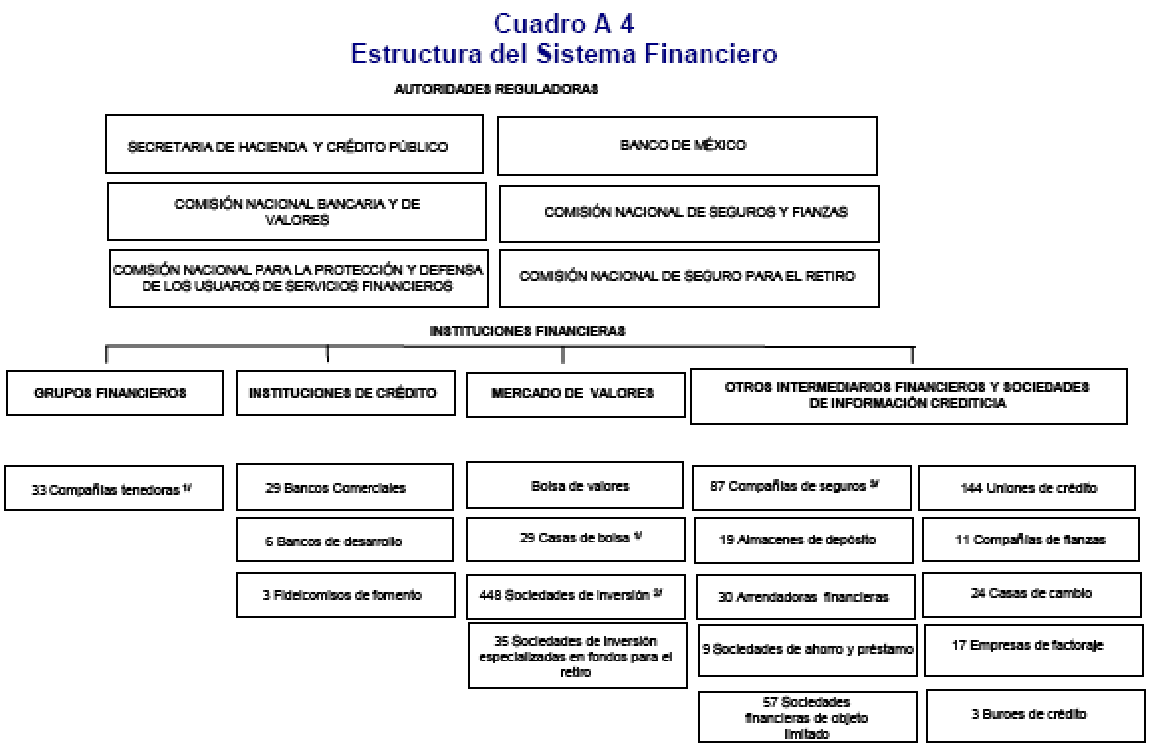
Roads (kms):	352,357	International Airports:	56
Paved Highways (kms):	121,553	Airport passengers (th.):	42,235
Railroad – Network length (kms):	26,662	Commercial freight (th. tons):	492
Railroad – million passengers-km:	74	Ports (sea and fluvial):	106
Railroad – commercial freight (mill. tons-km):	55,997	Ports annual load (th. tons):	275,933

Communication Indicators – See special sections

Mexico – Telecom Overview 2006

Financial System Structure 2005 – Bank Of Mexico

INFORME ANUAL 2005



1/ Fuente: Comisión Nacional Bancaria y de Valores.
2/ Incluye Sociedades de Inversión de Renta Variable (Comunes), de Instrumentos de Deuda para Personas Físicas y Morales, y de Inversión de Capitales, así como a las Operadoras de Sociedades de Inversión.
3/ Incluye compañías de seguros, instituciones de pensiones y compañías de seguros especializadas en salud.
Información a diciembre de 2005.

Summary:

Regulatory Authorities:
- Credit Ministry
- Bank of Mexico
- Nat'l. Bank and Values Commission
- Nat'l. Insurances & Bond Commission
- Nat'l. Commission for Defense of Financial Services Users
- Nat'l. Retirement Funds Commission

Financial Institutions:
- 29 Commercial Banks
- 6 Development Banks
- 3 Development Trusts

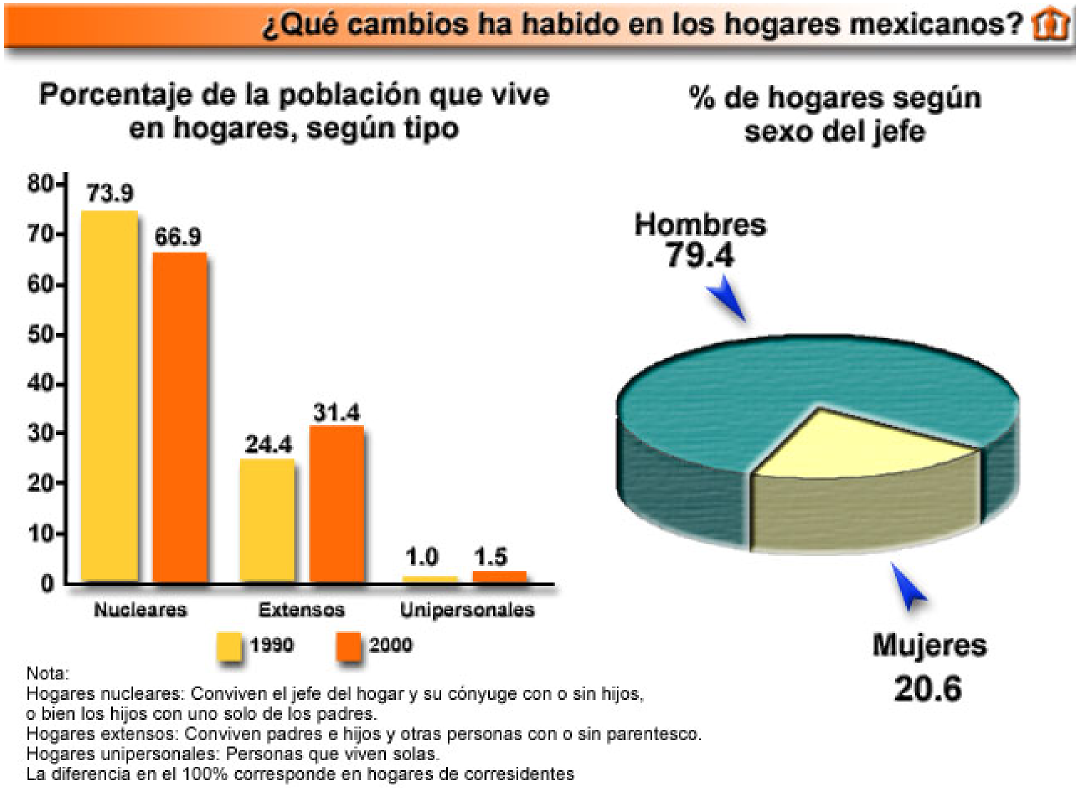
- Stock Exchange
- 29 Stock Trade Houses
- 448 Investment Societies
- 35 Investment Societies for pensions

- 97 Insurance Companies
- 9 Savings & Loans Societies

- 144 Credit Unions
- 11 Bonds companies
- 24 Exchange Houses
- 17 Factoring Companies
- 3 Credt Buroes

Mexico – Telecom Overview 2006

Population – Households (Year 2000, National Cense)



22.3 million households
Average of 4.3 people/hh
(as opposed to 4.9 people/hh by 1990).

95,373,479 inhabitants living in households.

Nuclear households:
Couples with and without children.
Extended households:
Couples, sons and other people, that might or might not be relatives.
Unipersonal households:
People living by themselves.

79.4% hh with male leadership, 20.6% female.

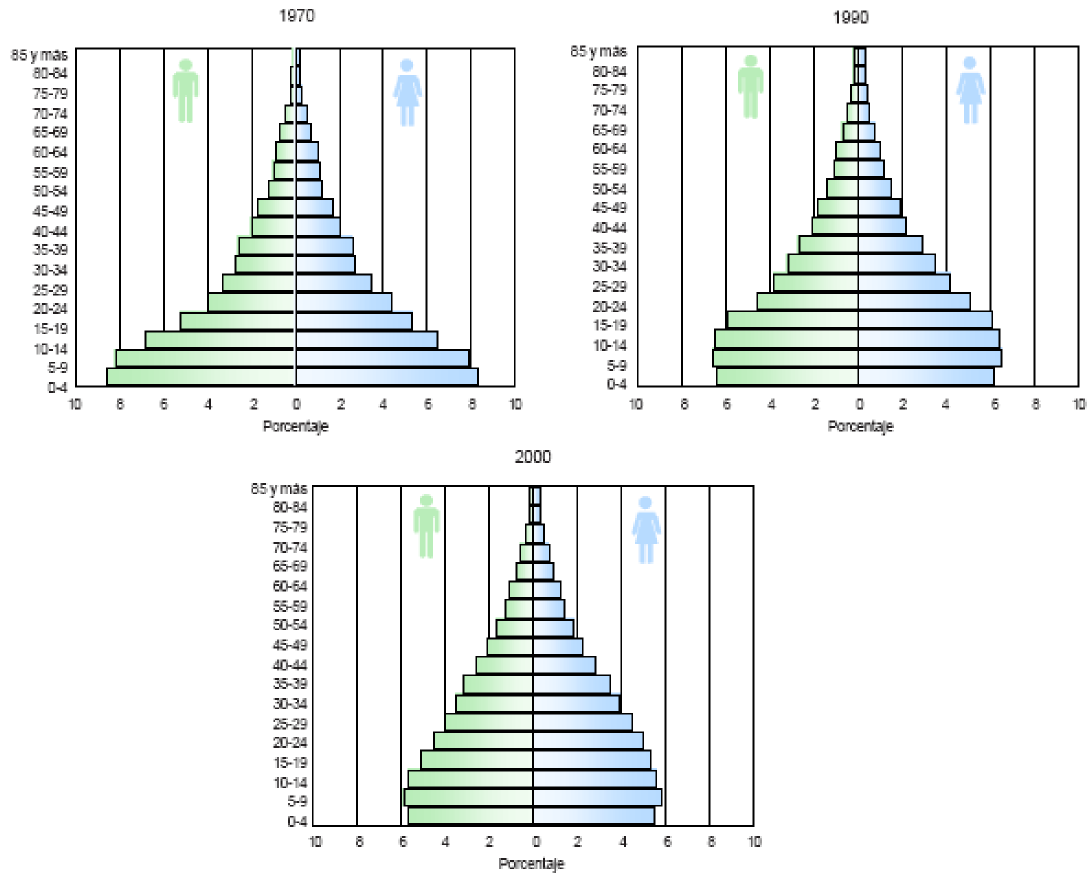
Some household indicators (year 2000):

Appliance	Households
Computer	9.5%
TV	86.5%
Vehicle	32.8%
Telephone	36.6%
VCR	39.1%
Water heater	42.5%
Washer machine	52.4%
Refrigerator	69.1%
Shaker	79.5%
Radio	85.6%

Mexico – Telecom Overview 2006

Population – Age & Sex Structure and Evolution (Year 2000, National Cense)

**Distribución de la población por grupos quinquenales de edad y sexo
1970, 1990 y 2000**



FUENTE: DGE. *IX Censo General de Población, 1970.*
INEGI. *XI Censo General de Población y Vivienda, 1990.*
INEGI. *XII Censo General de Población y Vivienda, 2000. Tabulados básicos.*

Year 2000:

50% of the population is less than 22 years old.

Proportion of economically active population increased from 57.2% to 60.9%. This is estimated to be the highest that can be attained in the country's history.

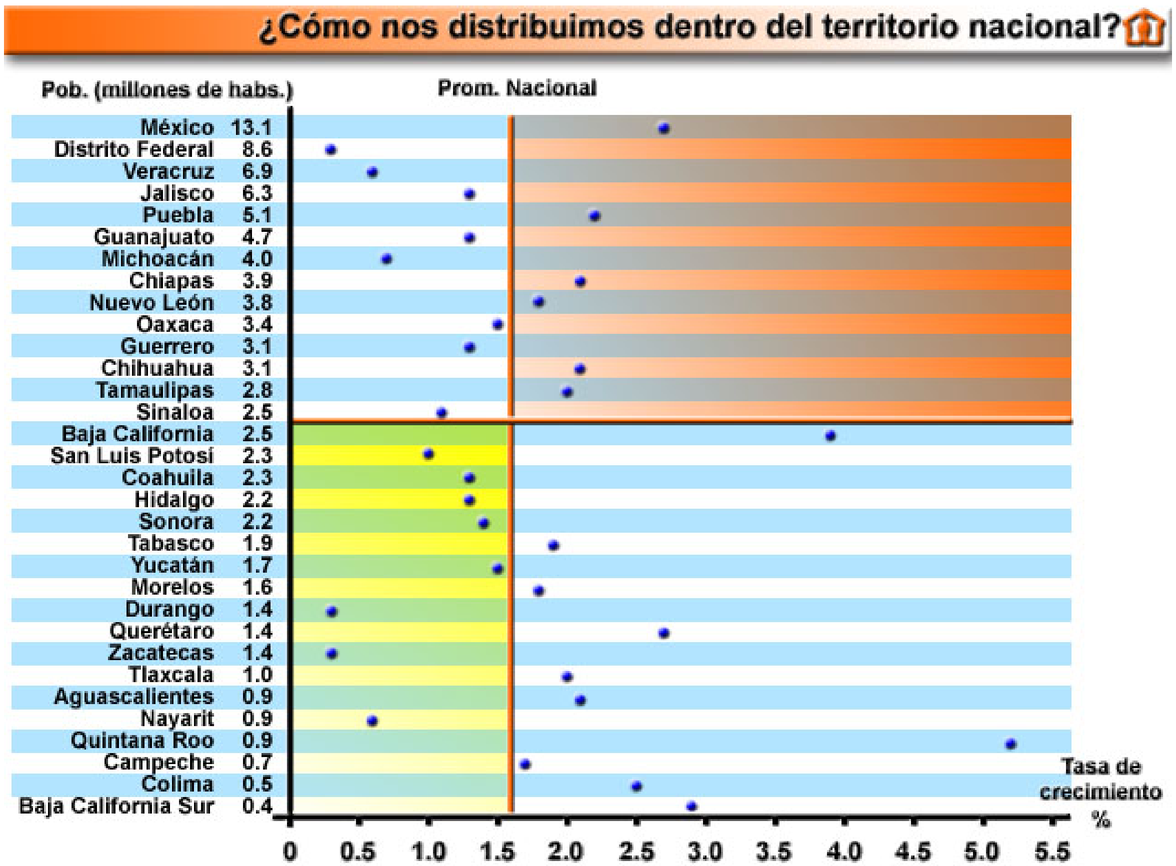
Proportion of population less than 15 years old decreased from 38.5% in 1990 to 34.1% in year 2000. Demand of elementary education has diminished in absolute terms, and demand of secondary education will diminish in the period 2000-2010.

Population over 65 years increased to 5%: demand on services and special facilities for this segment will increase. Retirement funds become a must. In the US, this segment represents 12.6%.

Migrants at US send family remittances that represent the country's second revenue source by year 2005.

Mexico – Telecom Overview 2006

Population – Distribution per State and Growth Rate



7 states, out of 32, concentrate 50% of the population: Mexico City (DF), State of Mexico, Veracruz, Jalisco, Puebla, Guanajuato and Michoacan. These states also represent the major recipients of family remittances.

State of Mexico, surrounding Mexico City, is the most populated entity in the country, with 13.1 million inhabitants. It’s resident population has increased in 3.3 million in the last 10 years, which is equivalent to the population of countries like Costa Rica or Uruguay.

Mexico – Telecom Overview 2006

Migration - Family Remittances
Per State and International Comparison

Cuadro A 64
Ingresos por Remesas Familiares
Por entidad federativa y países

Distribución por Entidad Federativa

Nombre	Lugar Ocupado 1995	Lugar Ocupado 2001	Lugar Ocupado 2004	Lugar Ocupado 2005	Participación Porcentual 1995	Participación Porcentual 2001	Participación Porcentual 2004	Participación Porcentual 2005
Michoacán	1	1	1	1	16.25	11.69	13.22	12.95
Guanajuato	3	2	2	2	10.25	8.31	9.22	8.56
Jalisco	2	3	3	3	12.70	7.89	8.54	8.45
Estado de México	7	4	4	4	4.39	7.16	8.34	8.36
Distrito Federal	5	7	6	5	5.34	5.67	5.74	7.25
Puebla	6	9	5	6	4.84	3.97	5.75	5.86
Veracruz	15	6	7	7	2.07	5.99	5.72	5.76
Oaxaca	8	8	9	8	4.34	4.03	4.84	5.00
Guerrero	4	5	8	9	6.11	6.27	4.97	4.78
Hidalgo	16	10	10	10	1.95	3.89	3.70	3.59
Chiapas	27	15	11	11	0.54	2.51	3.01	3.27
Zacatecas	11	17	12	12	3.12	2.10	2.54	2.48
Morelos	9	11	13	13	3.56	2.82	2.41	2.38
San Luis Potosí	10	12	14	14	3.26	2.82	2.37	2.38
Querétaro	17	20	15	15	1.93	1.79	2.03	1.96
Sinaloa	13	14	16	16	2.99	2.62	1.90	1.85
Durango	14	16	19	17	2.08	2.11	1.67	1.70
Aguascalientes	12	25	17	18	3.11	1.24	1.79	1.58
Tamaulipas	21	13	20	19	1.27	2.69	1.45	1.51
Chihuahua	19	18	22	20	1.75	2.05	1.32	1.46
Nayarit	20	19	21	21	1.57	1.91	1.43	1.40
Nuevo León	22	24	18	22	1.05	1.56	1.70	1.15
Tlaxcala	26	27	23	23	0.60	0.75	1.05	1.05
Coahuila	18	21	24	24	1.84	1.69	0.93	0.94
Baja California	23	23	25	25	0.85	1.64	0.90	0.93
Sonora	24	22	26	26	0.76	1.67	0.89	0.93
Colima	25	26	27	27	0.75	1.15	0.76	0.73
Tabasco	32	28	28	28	0.09	0.70	0.57	0.63
Yucatán	28	29	29	29	0.31	0.42	0.48	0.40
Quintana Roo	29	30	30	30	0.13	0.37	0.43	0.37
Campeche	31	31	31	31	0.10	0.28	0.22	0.25
Baja California Sur	30	32	32	32	0.12	0.21	0.10	0.10
TOTAL					100.00	100.00	100.00	100.00

Comparación Internacional: Países Selectos (2004)

País	Millones de dólares	Como Porcentaje del PIB
India [e]	23,000	3.5
China [e]	21,300	1.4
México		
2003	13,396	2.1
2004	16,613	2.4
2005	20,035	2.6
Filipinas	8,961	10.5
España	5,189	0.5
Marruecos	4,221	8.5
Pakistán	3,943	4.8
Bangladesh	3,400	6.1
Egipto	3,341	3.3
Colombia	3,170	3.3
Portugal	3,032	1.8
Grecia	2,894	0.8
Guatemala	2,551	9.8
El Salvador	2,548	16.1
Brasil	2,459	0.4
República Dominicana	2,200	11.3
Indonesia	1,700	0.5
Ecuador	1,604	5.4
Túnez	1,432	5.1
Honduras	1,135	15.3
Perú	1,123	1.7
Croacia	851	2.6
Turquía	804	0.3
Nicaragua	519	11.7
Costa Rica	302	1.6

Fuente: Banco de México, (para México) y División de Balanza de Pagos del Fondo Monetario Internacional
e/ Cifras estimadas del Banco Mundial.

Year 2005:

Remittances totaled 20,035 million USD by 2005, representing 2.6% of GDP.

Mexico occupies third place in family remittances volume, after India and China.

6 states (out of 32), concentrate over 50% of family remittances: Michoacan, Guanajuato, Jalisco, State of Mexico, Mexico City and Puebla.

Mexico – Telecom Overview 2006

Migration - Family Remittances
Means of Payment and Statistics

BANCO DE MÉXICO

Cuadro A 63
Ingresos por Remesas Familiares

	2001	2002	2003	2004	2005 p/
Remesas Totales (Millones de dólares)	8,895.3	9,814.4	13,396.2	16,612.8	20,034.9
Por Ordenes de pago (Money orders)	803.2	686.4	1,623.1	1,883.1	1,867.0
Por Cheque	10.2	10.1	6.4	0.0	0.0
Por Medios Electrónicos	7,783.6	8,798.1	11,512.1	14,496.3	17,894.8
En Efectivo y Especie	298.3	319.8	254.6	233.6	273.1
Número de Remesas (Miles)	27,744.3	29,953.8	41,807.7	50,874.4	58,739.3
Por Ordenes de pago (Money orders)	1,903.5	1,780.0	4,408.1	4,626.5	4,017.9
Por Cheque	10.2	10.5	6.9	0.0	0.0
Por Medios Electrónicos	25,246.5	27,704.0	37,044.4	45,925.2	54,376.0
En Efectivo y Especie	584.1	459.4	348.3	322.7	345.4
Remesa Promedio (Dólares)	321	328	320	327	341
Por Ordenes de Pago (Money orders)	422	386	368	407	465
Por Cheque	997	961	936	n.s.	n.s.
Por Medios Electrónicos	308	318	311	316	329
En Efectivo y Especie	511	696	731	724	791

n.s. no significativo.
p/ Cifras preliminares.
Nota: La suma de los parciales puede no coincidir con el total debido al redondeo.

In 2005, 58.7 million transfers took place, with an average of 341.00 USD/operation (according to Banxico). The vast majority of these transactions (54.3 million), were made through electronic means.

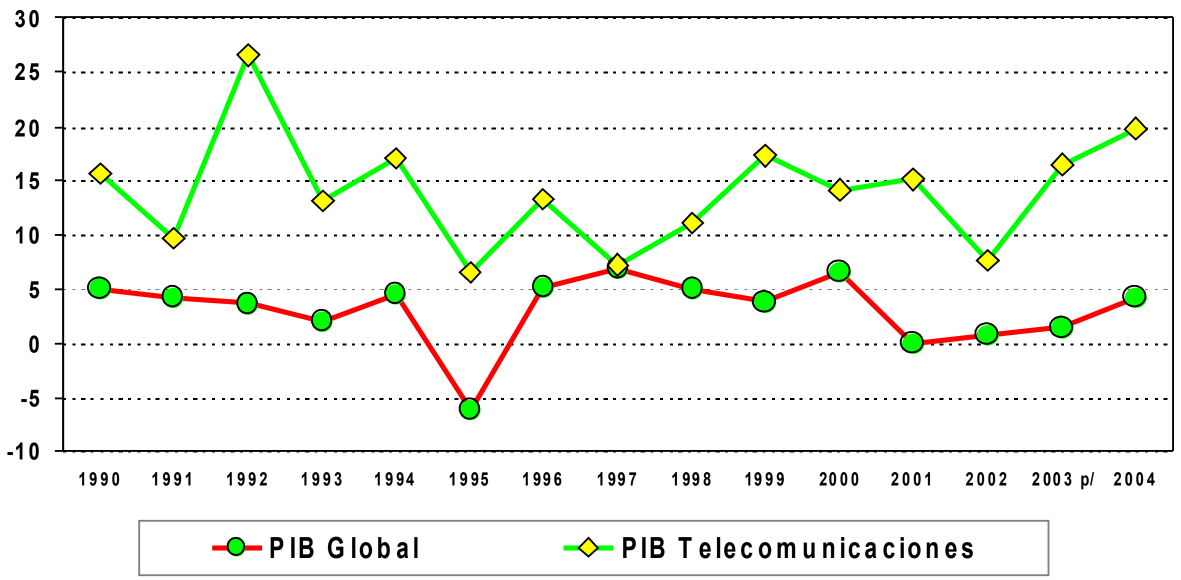
In 2003, BBVA Bancomer's reports that it's share on electronic remittances market was of about 49% (BTS Report).

Mexico – Telecom Overview 2006

Global GDP vs Telecommunications GDP
(Annual variations w/respect to values at 1993 prices)

Comisión Federal de Telecomunicaciones

PRODUCTO INTERNO BRUTO GLOBAL Y DE TELECOMUNICACIONES
(Variaciones anuales de los valores a precios de 1993)



p/ Cifras preliminares a partir de la fecha que se indica.
FUENTE: Dirección de Información Estadística de Mercados, **COFETEL**, con información de INEGI.

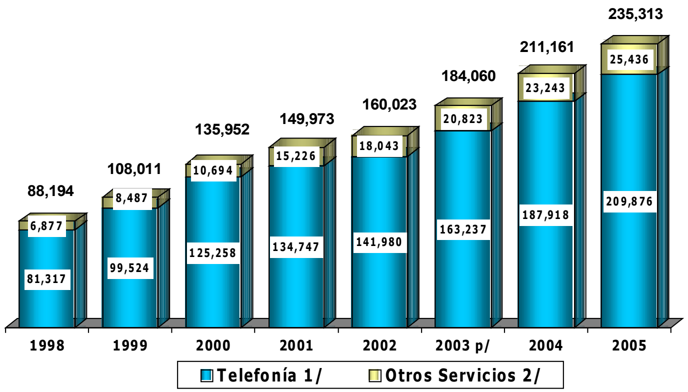
GDP : 8,374,349 Million MXN current prices, in 2005 (INEGI)

Mexico – Telecom Overview 2006

Telecom Industry Revenues (Million MXN)

Comisión Federal de Telecomunicaciones

INGRESOS EN LA INDUSTRIA DE TELECOMUNICACIONES
Millones de pesos corrientes

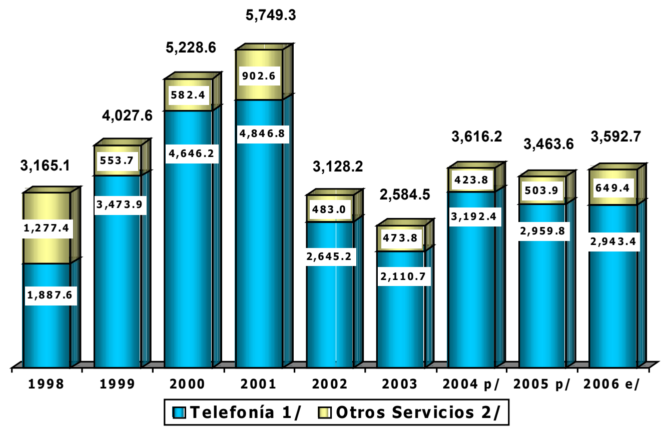


p/: Cifras preliminares.
1/: Incluye las empresas que prestan el servicio de Telefonía Local Alámbrica e Inalámbrica, Larga Distancia, Telefonía Pública y Telefonía Móvil.
2/: Incluye las empresas que prestan el servicio de Televisión Restringida (Cable, MMDS y DTH), Radiolocalización Móvil de personas, Radiocomunicación Especializada de Flotillas, Servicios Satelitales y Servicios de Valor Agregado.
Cifras revisadas desde 1999.
FUENTE: Dirección de Información Estadística de Mercados,**COFETEL**.

Telecom Industry Investments (Million USD)

Comisión Federal de Telecomunicaciones

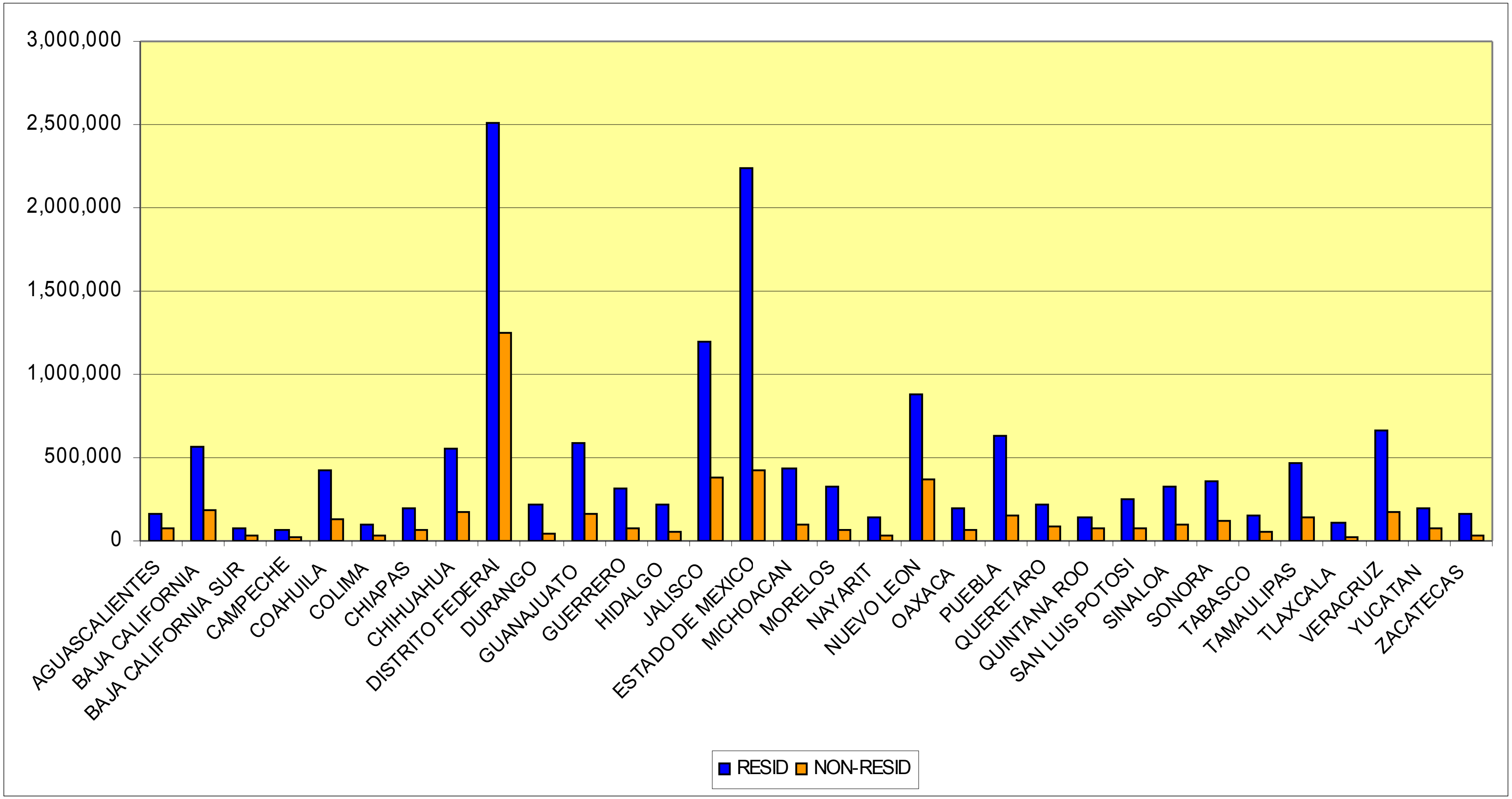
INVERSIONES EN LA INDUSTRIA DE TELECOMUNICACIONES
Millones de dólares



p/: Cifras preliminares.
e/: Cifras estimadas con información de las empresas.
1/: Incluye las empresas que prestan el servicio de Telefonía Local Alámbrica e Inalámbrica, Larga Distancia, Telefonía Pública y Telefonía Móvil.
2/: Incluye las empresas que prestan el servicio de Televisión Restringida (Cable, MMDS y DTH), Radiolocalización Móvil de personas, Radiocomunicación Especializada de Flotillas, Servicios Satelitales y Servicios de Valor Agregado.
Cifras revisadas a partir de 1999.
FUENTE: Dirección de Información Estadística de Mercados,**COFETEL**.

Mexico – Telecom Overview 2006

Fixed Telephony
Residential vs Non-Residential Lines per State – March, 2006



	Resid	Non-Resid	Non-Resid/Resid
National	15,093,650	4,833,830	32.03%

	National	Lowest (Chiapas)	Highest (Mexico City)
Teledensity	18.24	5.57	42.08

Mexico – Telecom Overview 2006

Mobile Telephony (Penetration per 100 habs)

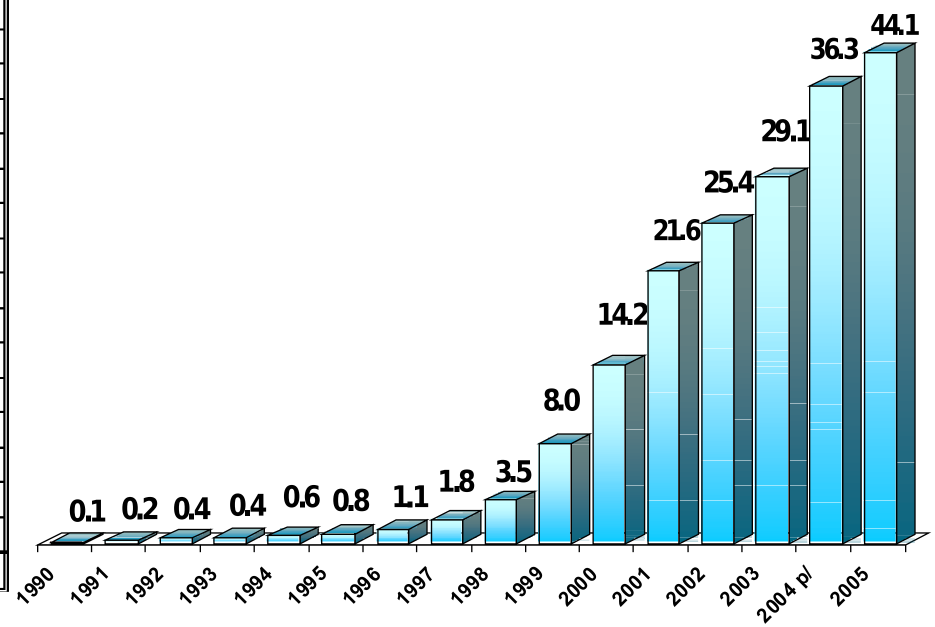
Comisión Federal de Telecomunicaciones

TELEFONÍA MÓVIL

USUARIOS 1990-2006

AÑO	MILES DE USUARIOS
1990	63.9
1991	160.9
1992	312.6
1993	386.1
1994	571.8
1995	688.5
1996	1,021.9
1997	1,740.8
1998	3,349.5
1999	7,731.6
2000	14,077.9
2001	21,757.6
2002	25,928.3
2003	30,097.7
2004 p/	38,451.1
2005	47,141.0
Marzo de 2006	49,209.7

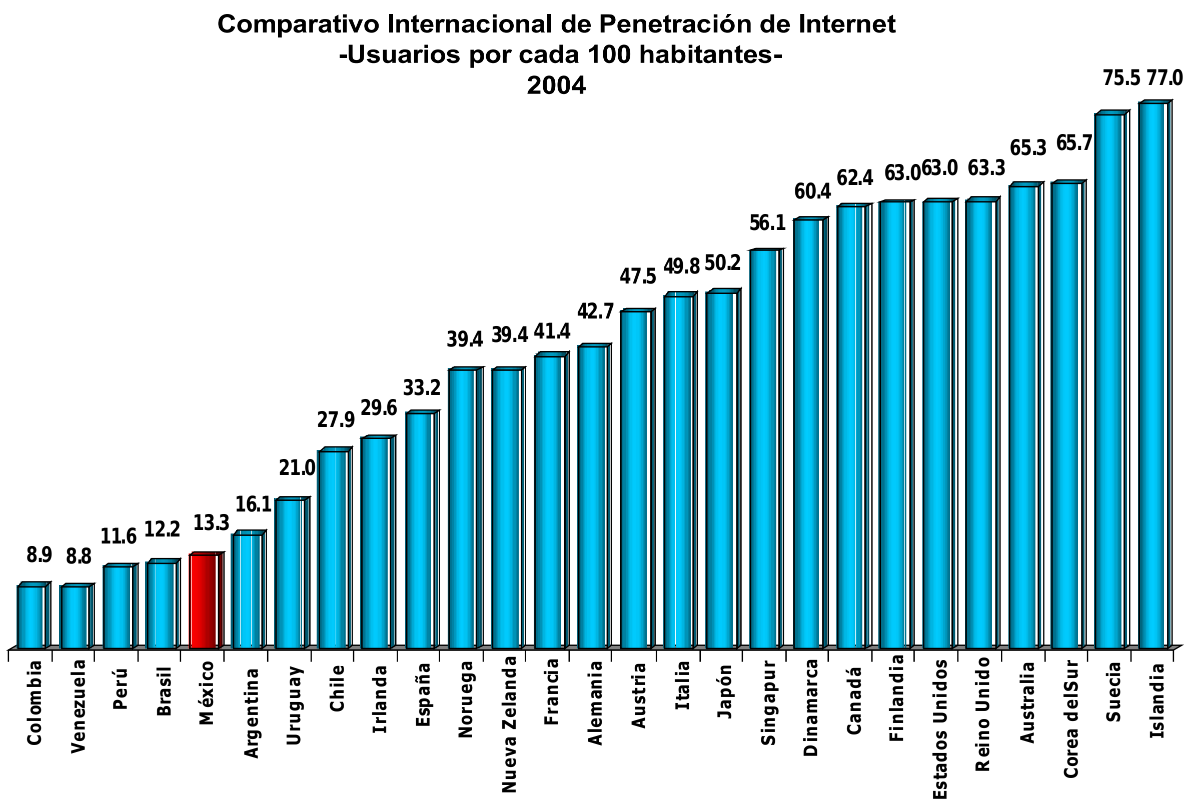
PENETRACIÓN USUARIOS POR CADA CIEN HABITANTES 1990-2005



p: Cifras preliminares a partir de la fecha que se indica.
Nota: A partir de 1999, incluye a los nuevos concesionarios de PCS.
La cifra de penetración telefónica se actualiza en forma semestral.
FUENTE: Dirección de Información Estadística de Mercados,
COFETEL, con información proporcionada por los concesionarios.

Mexico – Telecom Overview 2006

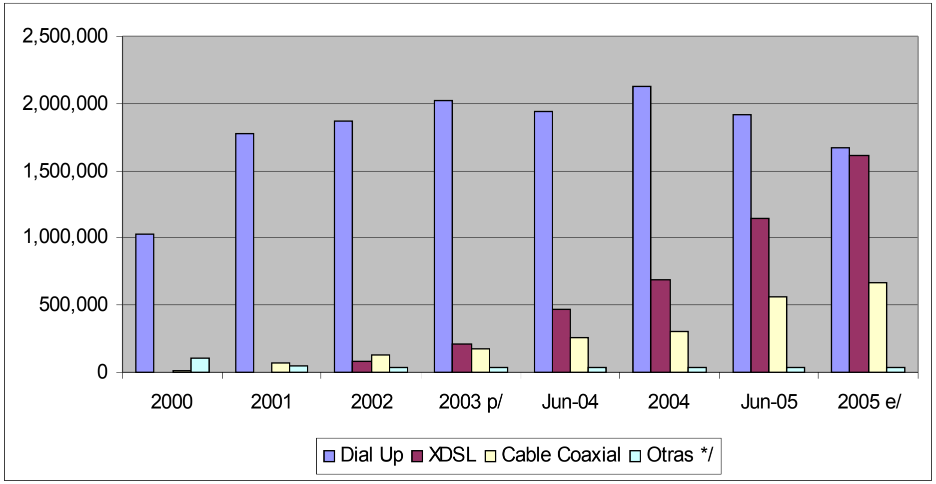
International Comparison
Internet Penetration per 100 habs (2004)



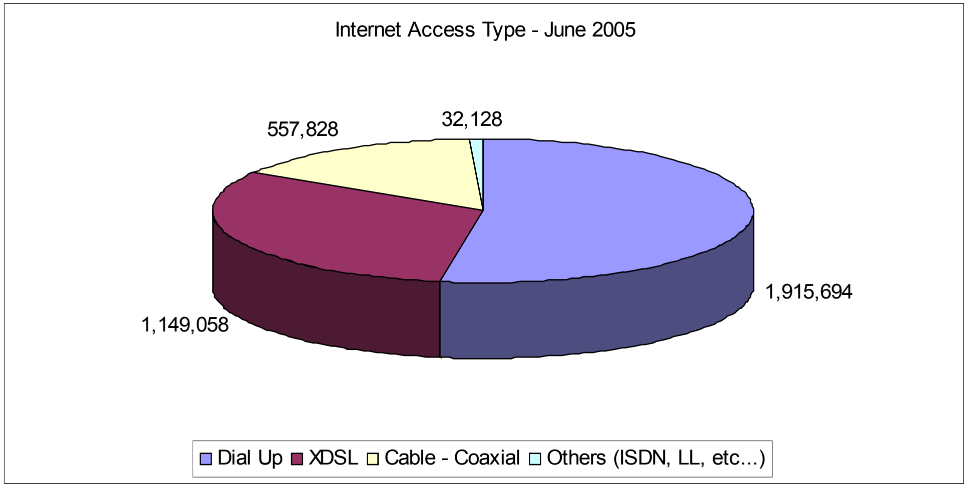
Nota: Cifras preliminares
FUENTE : Unión Internacional de Telecomunicaciones y para México, Dirección de Información Estadística de Mercados, COFETEL, con información del INEGI.

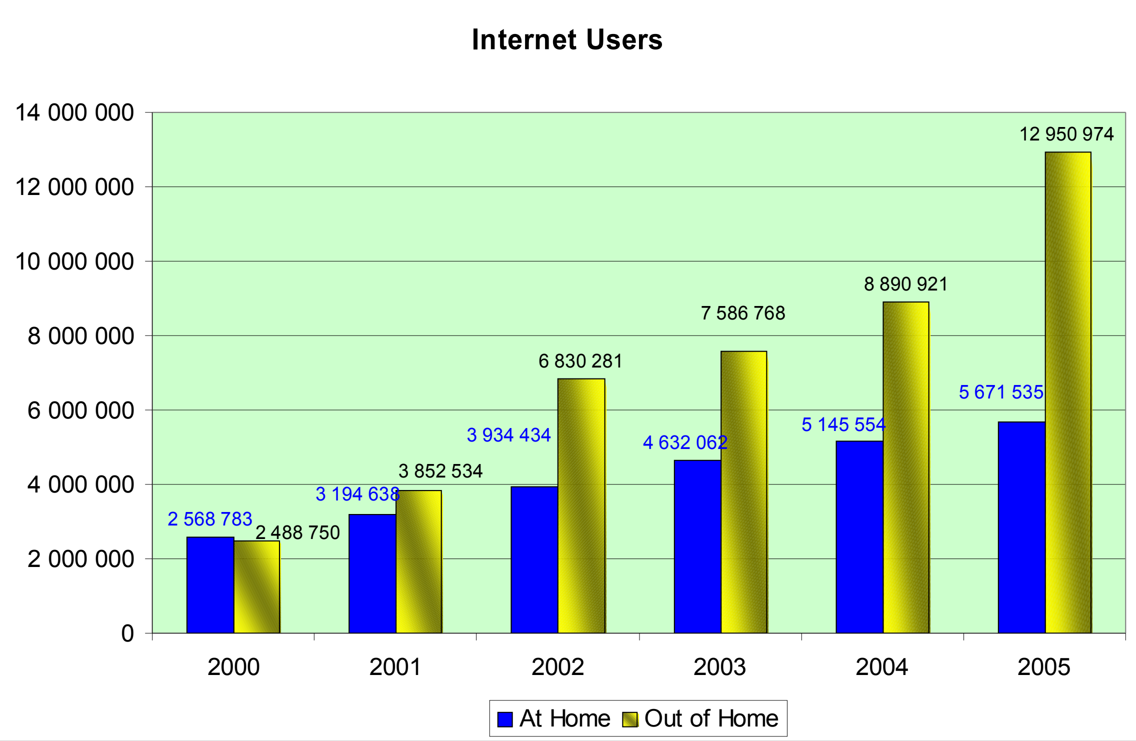
Mexico – Telecom Overview 2006

Internet Access Evolution



Internet Access - 2005





Year 2005:

3,654,708 Internet access:
- 52.42% over PSTN
- 31.44% over xDSL (mostly ADSL)
- 15.26% over Cable/coaxial
- 0.88% others (ISDN, LL, etc...)

12,950,974 users out of home
5,671,535 users at home

Mexico – Telecom Overview 2006

Convergence Trends – Operators and Cable Companies*

Growth of cable companies participation in services can be summarised at the table below:

Cable companies	2003	2005
Locations serviced	1,395	1,800
Pay TV subscribers	2.6 million	over 3.1 million
Internet Subscribers		over 400,000

There are about 1,000 cable concessions for about 400 companies in the country.
Main cable companies in the country, grouped at CANITEC (ca. 200 concessionaries), are:

Megacable Cablemás Cablevisión Cablevisión Monterrey Grupo Hevi

Current regulation allows cable companies to offer data and video services, but not voice services (Carrier of Carriers model).
In the last two years, cable companies and CLECs have signed several agreements to offer triple play services:

Megacable and BESTEL in Guadalajara, as “Megafon”.
SIT and Maxcom are offering telephony, TV and internet as “Telemedia” in Queretaro.
Cablenet and Maxcom in Toluca.
Cablemas and Axtel in Tijuana, for a joint triple-play service offer.
Cablevision, the largest cable operator in Mexico, has announced the launching of it’s triple play service shortly, even though it still doesn’t have a carrier partner.

Multimedios Redes, from the public networks division of Grupo Multimedios, operates at the Northeastern region offering cable TV, Internet and company connectivity with over 180,000 users. It commercialises it’s services through Cablevision Monterrey (cable TV), Intercable (Internet services) and Telum (telephony). It covers both residential and entrepreneurial markets, offering video calls, online gaming, video surveillance, mobile phones and interactive services. The company has a Siemens “Surpass NGN VoC” (NGN Voice Over Cable) platform, and has a hybrid fiber optics and coaxial network of 6,000 kms covering the city of Monterrey and surrounding cities, Company connectivity is assured with an IP fiber optics network that is over 3,000 kms.

* Source: CANITEC, www.canitec.org

Mexico – Telecom Overview 2006

Convergence Trends – Operators and Cable Companies*

Regulation status as per July 2006 is:
Cable companies have asked that the iLEC, Telmex, is not allowed to offer triple-play services in the following seven years. Antitrust Commission determined that this interdiction is only two years for the markets where cable companies do not have bidirectional network for offering telecom services. However, in the cities where this infrastructure is already available competition would be immediate. The convergence agreement proposed by Ministry of Communications, upon which competition for both industries would be liberated, is being contested by cable companies.

Ministry of Communications estimates that under those policies, the following figures can be estimated:

Concept	End 2006	End 2012	Delta	Delta (%)
Restricted TV - Number of Subscribers	4,600,000	8,600,000	4,000,000	186.96%
Restricted TV - Revenues (MXN)	9,997,000,000	18,652,000,000	8,655,000,000	186.58%
Telephony services - Users	21,400,000	37,400,000	16,000,000	174.77%
Telephony services - Revenues (MXN)	46,196,000,000	80,849,000,000	34,653,000,000	175.01%

Operators entering restricted TV market will propitiate an increase in the average annual growth rate of the market from 10.3% to 14.3% in the period 2007-2012.

In exchange, TV operators offering telephony services will propitiate an increase in average annual growth of the market from 9.6% to 10.6%. Teledensity would come up to 33.4 lines per 100 inhabitants (vs 18.24 today).

From the additional 34,653 million MXN additional revenue generated by telephony services, 3,269 million MXN would be perceived by restricted TV/audio operators.

Some companies offering platforms to rollout triple play services both for cable companies and telephone operators estimate that by 2008 the market will be ready for massive deployments.

* Source: CANITEC, www.canitec.org

Technology Events

The dynamism of technological solutions in the country has generated a lot of specialised events for solution providers. Following is a selection, but more specific events can be found according to a particular technology:

General Telecom Industry Exposition
EXPOCOMM MEXICO
www.expocomm.com.mx
Telecom and IT technologies: Networks, Telephony, Satellite Communication, Internet, Wireless Technologies, Information Technologies
A series of conferences on "Voice, Video and Vision, VON" will take place in parallel at the same location.
Feb. 27 - March 2, 2007
Mexico City

Wireless Technologies
Frecuencia Online
www.frecuenciaonline.com
The Mobile Mexico & Central America Summit 2006 (Cumbre México & Centroamérica Móvil 2006) is the only conference and exhibition about Mexican and Central American mobile and wireless products and services, focused specifically on the diversity of technological standards and on the role of technological competition in market and industry growth.
September 7-8, 2006
Mexico City

Cable Companies Chamber Annual Event:
Expo CANITEC
www.canitec.org
Content and technology suppliers for cable companies.
Interesting to note is that Luz y Fuerza del Centro (LFC), the state electric company providing electricity for over 5M subscribers in Mexico City and surrounding area, installed a stand in 2006.
March 2007, precise dates and place to be defined.

Mexico – Telecom Overview 2006

Mexican Government Certificates for Telecom Equipment

NOM – Norma Oficial Mexicana, Official Mexican Norm – is the term that defines the official norms to which devices to be imported to the country must conform. In general terms, NOMs are inspired by international norms in their field of domain (World Trade Organisation, WTO, for international commerce and European/American standards for technical issues).

Telecom equipment can be subject to certification emitted by two government entities in charge of the definition and application of the corresponding NOMs in their field of domain. The mix of certificates to obtain depends on the following criteria:

WORLD TRADE ORGANIZATION

SE – Ministry of Economy

Import Certificates

- These certificates are the responsibility of each importer in the country. Each importer must have it's own NOM.
- NOM definitions include the equivalent of the HTS international code defined by the WTO.
- HTS code will define import duties and tariffs, which can be beneficial if product's certificate of origin is from a country with which Mexico has a Free Trade Agreement in force. For telecom devices, import tariffs can range from 0% - 23%.

Electric Safey

- Devices for domestic use and/or devices to which people may have access to, may require conformity with NOMs for user safety.

ETSI

ANSI American National Standards Institute

SCT – Ministry of Telecommunications and Transport

These NOMs regulate all the aspects of interfacing electronic equipment with public networks: radioelectric spectrum, PSTN, public data networks, etc...

These homologations are necessary only if the devices will connect to public networks. No conformity is necessary if applications are restricted to private networks.

Homologation process requires technical diagrams and documentation, copies of international certificates in force and samples of the equipment for tests to be carried out by laboratories certified by COFETEL.

Homologations can be temporary (valid for one year, renewable twice) or definitive.

Homologation is valid for the equipment itself, regardless of the importer.

Homologation certificates are not granted to foreign individuals or companies unless they have established legal representation in Mexico. The permanent residence of a representative or distributor in Mexico is a must.

Other Certificates

Some entities, such as CFE – one of the state's electrical companies -, may require additional certificates specific to their organisations.

Comments and Conclusions

About this document:
•The purpose of this document is to provide a "big picture" of the country's situation and the role of telecommunications.
•The following comments and conclusions are intended only to identify the main opportunities for some technology segments.
•Evaluation of specific opportunities will be done with complementary in-depth information about the fixed and mobile telecom operators, cable companies, government entities and private corporations on a project basis.

Information Sources:
•The Internet information sources from which most information was obtained and summarised are shown in this document.
•Although an effort has been made to use only official information sources, sometimes information was complemented with conversations with specialists, telco executives and/or documents from other sources resulting from Imagina Project's professional activities.

Access Opportunities:
•Internet broadband access is a segment with a strong potential for growth in the following years.
•xDSL and cable options are the fastest growing alternatives today both for residential and corporate markets.
•The Mexican Government is looking for regulation solutions that boost teledensity and broadband services in the next years. This issue is a political must, regardless of the dominant political force.

Platform Opportunities:
•Mobile market seems to continue it's growth trend, so platforms for this market have a good potential. Since the two main mobile companies, America Movil and Telefonica Moviles, have a very strong presence not only in the country but in the rest of Latin America, it is important to include information about success stories with other companies in the group, if available.
•The growth trends and the increasing importance of information access topics in the political agenda allow us to assume that, regardless of the access technology, the number of subscribers for fixed telephony and internet services will rise importantly in the following years. Hence, all solutions that provide solid platforms at the core for supporting large number of users have a good opportunity in the country.

Updates:
•This document will be updated annually, according to the availability of the main official information sources.