

SYNGENTA AG
Form 6-K
July 31, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For the month of July 2003

Commission File Number: 001-15152

SYNGENTA AG

(Translation of registrant's name into English)

**Schwarzwaldallee 215
4058 Basel
Switzerland**

(Address of principal executive offices)

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 the 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 the 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 is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Re: SYNGENTA AG
Half Year Results 2003

Filed herewith is a press release related to Syngenta AG. The full text of the press release follows:

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SIGNATURES

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

SYNGENTA AG

Date: July 30, 2003

By: /s/ Christoph Mäder

Name: Christoph Mäder
Title: General Counsel

By: /s/ Damian Heller

Name: Damian Heller
Title: Company Secretary

Half Year Results 2003

Basel, Switzerland, 30 July 2003

□ Strong cash flow generation and earnings per share growth □

- Free cash flow⁽¹⁾ \$707 million: gearing reduced to 22 percent
- Earnings per share⁽²⁾ up 17 percent to \$5.18: lower financing and tax rate
- Sales \$4.1 billion, up 5 percent: 3 percent lower at constant exchange rates (CER)
- EBITDA \$1165 million: improved product mix, cost synergies, favorable currency effect

Financial Highlights (unaudited)

	1 st Half 2003 \$ m	1 st Half 2002 \$ m	Actual %	CER ⁽³⁾ %
Sales	4105	3902	+ 5	- 3
Excluding Special Items(2)				
EBITDA	1165	1099	+6	-
Profit before Tax	841	751	+12	+4
Net Income	527	448	+18	
Earnings per Share (5)	\$ 5.18	\$ 4.41	+17	
Including Special Items(4)				
Profit before Tax	760	594		
Net Income	468	328		
Earnings per Share (5)	\$ 4.60	\$ 3.23		

Growth rates in the following narrative are at CER⁽³⁾.

Michael Pragnell, Chief Executive Officer, said:

Syngenta has sustained progress in the first half of 2003 against a background of challenging conditions. We have reinforced the quality of our business through focused price management, tight financial control and continued modernization of the product portfolio; new products, particularly CALLISTO® and ACTARA®/CRUISER®, have maintained their encouraging growth. Seeds built on the performance achieved in the first quarter. We continue to meet cost synergy targets; cash generation and earnings per share growth remain strong.

(1) For a definition of free cash flow, see Note 10b, page 19.

(2) Excluding special items of \$81 million (2002: \$157 million) being a net charge in respect of merger restructuring costs, see Note 8, page 17. See Footnote 4, page 9 for a description of EBITDA.

(3) Growth rates are at constant exchange rates, see Note 4, page 13.

(4) In accordance with International Financial Reporting Standards

(5) Diluted EPS calculated on 101,730,032 shares.

Highlights for 1st Half 2003

Sales during the first half of 2003 were up five percent; excluding a \$320 million currency benefit, sales were three percent lower. At constant exchange rates Crop Protection sales were four percent lower; excluding the impact of product range rationalization (\$70 million) sales were two percent lower (CER). In Seeds sales (CER) were up three percent.

EBITDA, at constant exchange rates, was unchanged; the reported margin was 28.4 percent (2002: 28.2 percent); the margin at CER was up 0.8 percent.

Earnings per share excluding special items were up 17 percent to \$5.18. Special items reduced earnings per share by \$0.58 to \$4.60.

Currency: the continued weakness of the US dollar resulted in an eight percent positive impact on sales; the strength of the Euro, combined with a positive contribution from other currencies and hedging benefits, contributed \$67 million to EBITDA.

Crop Protection: the business has focused on price management and portfolio modernization in conditions where demand during the first half of the year has been slow in many areas and remains below external forecasts; unusually dry conditions in Europe have reduced grower demand, particularly in fungicides. Demand in a number of Asian markets has been weak.

The focus on price has succeeded in arresting the recent trend of price erosion, against continuing pressure particularly in US herbicides, albeit at the expense of TOUCHDOWN® IQ® volumes.

Growth of new products amounted to \$121 million (CER), to bring total new product sales for the period to \$338 million with particularly strong performances from CALLISTO® and ACTARA®/CRUISER®. Range rationalization resulted in sales being reduced by \$70 million (CER) during the period (2002: \$96 million). This program is expected to be completed by the end of 2004.

With lower sales, albeit an improving product mix, EBITDA at \$1060 million was two percent lower (CER).

Seeds: Sales increased across the portfolio: notable growth was achieved in Europe in vegetables, flowers and sunflowers; in the USA growth was driven by field crops, notably corn which benefited from a change in US distributor arrangements, and flowers. EBITDA at \$180 million was up five percent (CER).

Plant Science: Plans are progressing for the launch of microbial phytase in 2004 and VIP (new insect control technology) in 2004/2005 subject to US regulatory approval.

Synergies: Synergies totaling \$84 million were realized in the first half of the year bringing cumulative savings since merger to \$446 million. The program remains on track to deliver the full year target of \$138 million.

Special Items: Special charges of \$81 million before tax relate to restructuring costs associated with implementation of the merger synergy program and a gain of \$39 million from the receipt of shares and warrants from the Diversa research agreement completed earlier this year.

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Cash Flow and Balance Sheet: Free cash flow of \$707 million (2002: \$398 million) was particularly strong due to a further reduction in average trade working capital associated largely with the early collection of receivables combined with lower tax and interest payments. The ratio of trade working capital as a percentage of sales at period end improved to 44 percent (2002 half year: 51 percent). Fixed capital expenditure of \$112 million was below depreciation of \$133 million.

At period end, net debt (see Note 10a, page 19) reduced to \$1.1 billion (30 June 2002: \$1.8 billion) representing a gearing ratio of 22 percent (30 June 2002: 40 percent).

Outlook

Michael Pragnell, Chief Executive Officer, said:

Sales in the second half are expected to benefit from robust progress in Latin America which is likely to be offset by continued weakness in Europe and Asia. For the full year 2003, our continuing focus on pricing and cost management is expected to deliver an increase in EBITDA and significant growth in earnings per share, even though at current exchange rates, most of the currency benefit on EBITDA seen in the first half is expected to unwind.

We remain committed to sustaining a cost-competitive organization focused on value creation; Syngenta is well-positioned to handle the changing agricultural environment through its broad and innovative product range and marketing strengths.

Syngenta is a world-leading agribusiness committed to sustainable agriculture through innovative research and technology. The company is a leader in crop protection, and ranks third in the high-value commercial seeds market. Sales in 2002 were approximately \$6.2 billion. Syngenta employs some 20,000 people in over 90 countries. Syngenta is listed on the Swiss stock exchange (SYNN), and in London (SYA), New York (SYT) and Stockholm (SYN). Further information is available at www.syngenta.com.

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Crop Protection

Except where stated, all narrative in this section refers to the half year. Percentage growth rates are at CER, see Note 4, page 13. See Note 5, page 14, for a definition of range rationalization (Ex RR CER).

Product line	Half Year		Growth			2nd Quarter		Growth		
	2003 \$m	2002 \$m	Actual %	CER %	Ex RR (CER) %	2003 \$m	2002 \$m	Actual %	(CER) %	Ex RR CER %
Selective herbicides	1187	1125	+5	- 1	-	622	591	+5	- 1	-
Non-selective herbicides	364	381	- 4	- 9	- 9	218	230	- 5	- 9	- 9
Fungicides	898	871	+3	- 8	- 6	474	473	-	- 9	- 8
Insecticides	506	480	+5	- 2	+3	288	286	+1	- 5	+1

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Professional products	328	304	+8	+3	+4	159	154	+3	-2	-
Others	87	95	-8	-21	-11	39	50	-20	-27	-12
Total	3370	3256	+4	-4	-2	1800	1784	+1	-6	-3

Selective Herbicides: major brands BICEP® MAGNUM, CALLISTO®/LUMAX , DUAL® MAGNUM, FUSILADE®MAX, TOPIK®

Excluding the impact of range rationalization, selective herbicide sales were unchanged. In corn herbicides sales of the CALLISTO® range grew strongly to \$193 million driven by the successful US launch of a new combination product, LUMAX , for broad-spectrum weed control essential to high-yielding corn. The US corn herbicide market continued to be adversely affected by significant pricing pressure and increased penetration of herbicide-tolerant corn which resulted in reduced sales of DUAL®/BICEP® MAGNUM. In cereals, sales of the grass herbicide TOPIK® increased strongly as a result of broad-based growth, particularly in Canada.

Non-selective Herbicides: major brands GRAMOXONE®, TOUCHDOWN®

Sales of the premium priced TOUCHDOWN® IQ® were lower due to an increasingly competitive US glyphosate market with significant generic pressure and price reductions. The launch of TOUCHDOWN® CF®, currently underway for use in the lower-priced chemfallow market, is the first in a sequence of new introductions that will equip Syngenta to compete in all glyphosate segments. Sales of GRAMOXONE® were also lower: channel de-stocking and competitor pressure in China and delayed sales in Mexico more than offset strong performances in Australia, Brazil and smaller Asian markets.

Fungicides: major brands ACANTO®, AMISTAR®, BRAVO®, RIDOMIL GOLD®, SCORE®, TILT®, UNIX®

Excluding the impact of range rationalization, fungicides sales were down six percent. This decline was a consequence of dry weather in the north European market, notably France and Germany, which resulted in significantly lower usage on cereals, particularly a reduction in the important first application. The roll-out of two competitor strobilurins impacted Syngenta's particularly high share in this sector. As a result of these factors, sales of ACANTO® and AMISTAR® were lower in Europe although AMISTAR® continued to grow in the USA and Brazil. Growth of SCORE® in western Europe and RIDOMIL® in the USA, largely offset lower sales of TILT® and other smaller products.

Insecticides: major brands ACTARA®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Excluding the impact of range rationalization, insecticides sales were up three percent. ACTARA® continued to grow strongly across most markets, achieving sales of \$61 million. FORCE® sales increased in the USA due to high corn rootworm infestation and PROCLAIM® continued to progress in the Japanese vegetable market. KARATE® sales were slightly down, with growth in NAFTA offset by reductions in Asia.

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Professional Products: major brands CRUISER®, DIVIDEND®, HERITAGE®, ICON®, MAXIM®

Excluding the impact of range rationalization, professional products sales were up four percent. Seed Treatment sales continued to grow strongly driven by growth of CRUISER® (sales totaling \$51 million) particularly in North America. Sales of Turf and Ornamentals were lower largely due to reduced early season demand in the USA although sales in Japan showed encouraging growth. First sales of IMPASSE , the innovative termite barrier, were made in the USA.

Regional	Half Year		Growth			2nd Quarter		Growth		
	2003 \$m	2002 \$m	Actual %	CER %	Ex RR (CER) %	2003 \$m	2002 \$m	Actual %	CER %	Ex RR (CER) %
Europe, Africa & Middle East	1335	1218	+10	-8	-4	665	609	+9	-7	-3
NAFTA	1345	1378	-2	-3	-2	783	831	-6	-6	-6
Latin America	243	210	+16	+16	+17	133	114	+17	+17	+18

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Asia Pacific	447	450	- 1	- 8	- 4	219	230	- 5	-10	- 5
Total	3370	3256	+4	- 4	- 2	1800	1784	+1	- 6	- 3

Sales in **Europe, Africa and the Middle East** were eight percent lower; ex range rationalization four percent lower. Broad-based growth was achieved in southern Europe, notably in Spain and Italy, capitalizing on strong early demand; this was insufficient to offset a decline in northern Europe largely due to dry conditions and new competitor strobilurins. Eastern European sales made encouraging progress in the second quarter.

In **NAFTA** sales were up strongly in Canada, more than offsetting delays in Mexico following price increases implemented earlier in the year. Resistance to following competitor discounting in two product areas led to reduced sales in the USA in the second quarter: TOUCHDOWN® IQ® maintained premium pricing in the glyphosate market, while DUAL®/BICEP® MAGNUM was affected in the highly competitive corn selective herbicide market. This was partly offset by growth in CALLISTO®/LUMAX , FORCE® and seed treatments.

Sales in **Latin America** recovered strongly. Brazil benefited from the program to align sales with consumption and reduce distributor stocks to a sustainable level. Business quality improved markedly through rigorous pricing and credit management; this strategy has resulted in market share gains with a positive outlook for further growth. Argentina has continued to build on its new business model, with sales more than doubling while remaining on secure terms.

In **Asia Pacific** sales were lower largely due to market decline in Korea combined with channel de-stocking and competitor pressure in China. Sales in Japan were broadly flat; in Australia growth was achieved following some rainfall after prolonged drought.

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Seeds

Except where stated, all narrative in this section refers to the half year. Percentage growth rates are at CER, see Note 4, page 13.

Product line	Half Year					2nd Quarter				
	2003	2002	Actual	CER	Ex RR (CER)	2003	2002	Actual	CER	Ex RR (CER)
	\$m	\$m	%	%	%	\$m	\$m	%	%	%
Field Crops	430	381	+13	+2	+2	156	141	+11	+3	+3
Vegetables & Flowers	305	265	+15	+3	+3	150	133	+12	+1	+1
Total	735	646	+14	+3	+3	306	274	+11	+2	+2

Field Crops: major brands NK® corn, NK® oilseeds, HILLESÖG® sugar beet

Sales of NK® corn in the USA increased strongly following the launch of 14 premium priced new hybrids and benefited from changes to distributor arrangements. Oilseeds sales were up strongly primarily due to high growth in sunflowers in Europe, with anticipated market share gains. Sales of HILLESÖG® sugar beet were lower in NAFTA and Europe in declining markets.

Sales of GM product accounted for 18 percent of total Seeds sales.

Vegetables and Flowers: major brands S&G® vegetables, ROGERS® vegetables, S&G® flowers

Sales of S&G® vegetables continued to grow with particularly strong results from tomatoes in Europe; growth was offset by lower sales in the USA and Korea.

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The development of New Produce Network in the USA has continued with roll-out in 900 outlets; this will further enhance business focus on the fresh produce sector.

New product introductions underpinned sales of S&G® flowers in Europe and the USA.

Regional	Half Year					2 nd Quarter				
	2003		2002		Growth	2003		2002		Growth
	\$m	\$m	Actual	CER	Ex RR (CER)	\$m	\$m	Actual	CER	Ex RR (CER)
Europe, Africa & Middle East	394	316	+25	+4	+4	150	119	+26	+5	+5
NAFTA	286	270	+6	+6	+6	115	113	+2	+1	+1
Latin America	25	33	-24	-25	-25	23	27	-13	-14	-14
Asia Pacific	30	27	+8	+1	+1	18	15	+12	+7	+7
Total	735	646	+14	+3	+3	306	274	+11	+2	+2

Sales in **Europe, Africa and the Middle East** increased due to strong performances in vegetables, flowers and sunflowers.

In **NAFTA** increased sales of corn and flowers more than offset declines in sugar beet and vegetables.

Sales reductions in **Latin America** reflect implementation of a risk management strategy, with sales aligned closer to planting.

In **Asia Pacific** sales were up slightly with encouraging results in India and Australia.

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Synergy and Cost Reduction Programs

During the first half of 2003 cost savings of \$84 million were delivered; cumulative savings of \$446 million at a cumulative cash cost of \$817 million have been achieved.

During the period some \$48 million has been realized in Cost of Goods; \$12 million from Selling, General and Administrative; and \$24 million from Research and Development. Since merger, the total number of employees has been reduced by some 3,000.

Currency

For the full year, the impact of currency movements on EBITDA at current exchange rates, is expected to be broadly neutral. In the second half reduced benefit from the stronger Euro and from hedging will largely offset the positive currency effect registered in the first half.

Taxation

Ongoing restructuring has resulted in a further reduction in the tax rate, for the ongoing business, to 37 percent (December 2002: 39 percent).

Unaudited Half Year Segmental Results (1)

Total Syngenta	1st Half 2003 \$m	1st Half 2002 \$m	CER⁽²⁾ %
Sales	4105	3902	- 3
Gross profit	2185	2055	- 1
Marketing and distribution	(602)	(549)	-
Research and development	(355)	(336)	+ 5
General and administrative	(318)	(323)	+ 4
Operating income	910	847	+ 2
EBITDA	1165	1099	-
EBITDA (%)	28.4	28.2	

Crop Protection	1st Half 2003 \$m	1st Half 2002 \$3m	CER⁽²⁾ %
Sales	3370	3256	- 4
Gross profit	1799	1716	- 1
Marketing and distribution	(470)	(433)	-
Research and development	(224)	(206)	+ 4
General and administrative	(274)	(277)	+ 3
Operating income	831	800	-
EBITDA	1060	1028	- 2
EBITDA (%)	31.4	31.6	

Seeds	1st Half 2003 \$ m	1st Half 2002 \$ m	CER⁽²⁾ %
Sales	735	646	+ 3
Gross profit	386	339	+ 1
Marketing and distribution	(132)	(116)	- 3
Research and development	(62)	(57)	+ 2
General and administrative	(35)	(37)	+ 13
Operating income	157	129	+ 5

EBITDA	180	148	+ 5
EBITDA (%)	24.5	22.9	
Plant Science	1st Half 2003 \$ m	1st Half 2002 \$ m	CER⁽²⁾ %
Sales	-	-	-
Gross profit	-	-	-
Marketing and distribution	-	-	-
Research and development	(69)	(73)	+ 11
General and administrative	(9)	(9)	+ 2
Operating loss	(78)	(82)	+ 10
EBITDA	(75)	(77)	+ 8
EBITDA (%)	n/a	n/a	

(1) Excluding special items.

(2) Growth at constant exchange rates, see Note 4.

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Unaudited Interim Financial Information

The following unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). A reconciliation to US GAAP has been prepared for US investors.

Unaudited Interim Condensed Consolidated Income Statement

For the six months to 30 June	Including Special Items ⁽¹⁾		Special Items		Excluding Special Items		CER ⁽²⁾ %
	2003 \$m	2002 \$ m	2003 \$m	2002 \$m	2003 \$m	2002 \$m	
Sales	4105	3902	-	-	4105	3902	- 3
Cost of goods sold	(1920)	(1847)	-	-	(1920)	(1847)	+ 6
Gross profit	2185	2055	-	-	2185	2055	- 1
Marketing and distribution	(602)	(549)	-	-	(602)	(549)	-
Research and development	(355)	(336)	-	-	(355)	(336)	+ 5
General and administrative	(318)	(323)	-	-	(318)	(323)	+ 4
Merger and restructuring costs	(81)	(157)	(81)	(157)	-	-	-

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Operating income	829	690	(81)	(157)	910	847	+ 2
Associates and joint ventures	(1)	(3)	-	-	(1)	(3)	+ 67
Financial expense, net	(68)	(93)	-	-	(68)	(93)	+ 21
Income before taxes and minority interests	760	594	(81)	(157)	841	751	+ 4
Income tax expense	(289)	(264)	22	37	(311)	(301)	n/a
Income before minority interests	471	330	(59)	(120)	530	450	n/a
Minority interests	(3)	(2)	-	-	(3)	(2)	n/a
Net income	468	328	(59)	(120)	527	448	n/a
Earnings per share ⁽³⁾							
- basic	\$4.61	\$ 3.23	\$ (0.58)	\$ (1.19)	\$ 5.19	\$ 4.42	
- diluted	\$4.60	\$ 3.23	\$ (0.58)	\$ (1.18)	\$ 5.18	\$ 4.41	
EBITDA⁽⁴⁾	1087	989	(78)	(110)	1165	1099	-

(1) The condensed consolidated income statement including special items is prepared in accordance with IFRS.

(2) Growth rates are at constant exchange rates, see Note 4.

(3) The weighted average number of ordinary shares in issue used to calculate the earnings per share were as follows: for 2003 basic EPS 101.5 million and diluted EPS 101.7 million; 2002 basic EPS 101.4 million and diluted EPS 101.6 million.

(4) EBITDA is defined as earnings before interest, tax, minority interests, depreciation, amortization and impairment. Information concerning EBITDA has been included as it is used by investors as one measure of an issuer's ability to service or incur indebtedness. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measures used by Syngenta may not be comparable to other similarly titled measures of other companies. EBITDA should not be construed as an alternative to operating income or cash flow as determined in accordance with generally accepted accounting principles.

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Unaudited Interim Condensed Consolidated Balance Sheet

	30 June 2003 \$m	30 June 2002 \$m	31 December 2002 \$m
Assets			
Current assets			
Cash and cash equivalents	283	260	232
Trade accounts receivable	2303	2589	1602
Other accounts receivable	333	292	243
Other current assets	674	494	516
Inventories	1633	1631	1704
Total current assets	5226	5266	4297
Non-current assets			
Property, plant and equipment	2307	2352	2310
Intangible assets	2708	2943	2813

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Investments in associates and joint ventures	98	97	95
Deferred tax assets	701	714	666
Other financial assets	404	271	345
Total non-current assets	6218	6377	6229
Total assets	11444	11643	10526
Liabilities and Equity			
Current liabilities			
Trade accounts payable	(1094)	(1079)	(725)
Current financial debts	(776)	(1034)	(1207)
Income taxes payable	(430)	(312)	(210)
Other current liabilities	(929)	(899)	(794)
Provisions	(218)	(239)	(222)
Total current liabilities	(3447)	(3563)	(3158)
Non-current liabilities			
Non-current financial debts	(952)	(1238)	(925)
Deferred tax liabilities	(1158)	(1283)	(1098)
Provisions	(923)	(894)	(915)
Total non-current liabilities	(3033)	(3415)	(2938)
Total liabilities	(6480)	(6978)	(6096)
Minority interests	(62)	(78)	(80)
Total shareholders' equity	(4902)	(4587)	(4350)
Total liabilities and equity	(11444)	(11643)	(10526)

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Unaudited Interim Condensed Consolidated Cash Flow Statement

For the six months to 30 June	2003 \$m	2002 \$m
Operating income	829	690
Reversal of non-cash items;		
Depreciation, amortization and impairment on:		
Property, plant and equipment	136	176
Intangible assets	123	127
Loss/(Gain) on disposal of fixed assets	(46)	(27)
Charges in respect of provisions	216	188
Cash (paid)/received in respect of;		
Interest and other financial receipts	38	40
Interest and other financial payments	(119)	(189)
Taxation	(23)	(148)
Merger and restructuring costs	(104)	(107)
Other provisions	(74)	(53)
Cash flow before working capital changes	976	697
Change in net current assets and other operating cash flows	(154)	(148)
Cash flow from operating activities	822	549

Additions to property, plant and equipment	(88)	(65)
Proceeds from disposals of property, plant and equipment	10	34
Purchase of intangibles, investments in associates and other financial assets	(24)	(138)
Proceeds from disposals of intangible and financial assets	5	3
Proceeds from business divestments	(1)	10
Acquisition of minorities	(29)	-
Cash flow (used for)/from investing activities	(127)	(156)
Increases in third party interest-bearing debt	-	168
Repayment of third party interest-bearing debt	(587)	(543)
Dividends paid to group shareholders	(65)	(48)
Dividends paid to minorities	(4)	(3)
Cash flow used for financing activities	(656)	(426)
Net effect of currency translation on cash and cash equivalents	12	5
Net change in cash and cash equivalents	51	(28)
Cash and cash equivalents at the beginning of the period	232	288
Cash and cash equivalents at the end of the period	283	260

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Unaudited Interim Condensed Consolidated Statement of Changes in Equity

	Total equity \$m
31 December 2001	4086
Net income	328
Unrealized holding gains/(losses) on available for sale financial assets	(21)
Unrealized gains/(losses) on derivatives designated as cash flow hedges	34
Income tax (charged)/credited to equity	(4)
Dividends paid to group shareholders	(48)
Foreign currency translation effects	212
30 June 2002	4587
31 December 2002	4350
Net income	468
Unrealized holding gains/(losses) on available for sale financial assets	14
Unrealized gains/(losses) on derivatives designated as cash flow hedges	14
Income tax (charged)/credited to equity	16
Acquisition of minority interests	(5)
Dividends paid to group shareholders	(65)
Foreign currency translation effects	110
30 June 2003	4902

Notes to the Unaudited Interim Financial Information

Note 1: Basis of Preparation

Nature of operations: Syngenta AG (Syngenta) is a world leading crop protection and seeds business that is engaged in the discovery, development, manufacture and marketing of a range of agricultural products designed to improve crop yields and food quality.

Basis of presentation and accounting policies: The condensed consolidated financial statements for the six months ended 30 June 2003 are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect. The condensed consolidated financial statements have been prepared in accordance with our policies as set out in the 2002 Financial Report, applied consistently. These principles differ in certain significant respects from generally accepted accounting principles in the United States (US GAAP). Application of US GAAP would have affected shareholders' net income and equity for the six months ended 30 June 2002 and 2003 as detailed in Note 11.

The consolidated financial statements are presented in United States dollars (\$) as this is the major trading currency of the company.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: New Accounting Standards - IFRS

No new IFRS accounting pronouncements were adopted in the six months ended 30 June 2003. The effect of adoption of new US GAAP accounting pronouncements is described in Note 12 below.

Note 3: Changes in the Scope of Consolidation

On 28 January 2003 additional shares were acquired in Syngenta India Limited increasing Syngenta's shareholding to 84% from 51%. The acquisition was accounted for under the purchase method at a cost of \$29 million. Goodwill of \$6 million was recognized on this transaction and will be amortized over a period of 10 years. Goodwill amortization is included in general and administrative expenses on the consolidated income statement.

Note 4: Constant Exchange Rates

In this report results from one period to another period are compared using constant exchange rates (CER) where appropriate. To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than at the exchange rates for the current year. The CER presentation indicates the underlying business performance before taking into account currency exchange fluctuations. See Note 6 for information on average exchange rates in 2003 and 2002.

Note 5: Sales Excluding Range Rationalization (Ex RR)

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Following the formation of Syngenta, Crop Protection has set out to improve business quality and create value through the rationalization and modernization of the product portfolio. From 121 active ingredients (AIs) at the time of the merger, plans are in place to reduce the portfolio to 76 AIs and the range had been reduced to 89 AIs by the end of 2002. In addition, various third party products previously formulated and distributed by Syngenta but generating lower levels of profitability have been exited. Sales growth rates excluding rationalization impact has been calculated by excluding the sales decline between current year and prior period caused by these phase-out products, at constant exchange rates.

Note 6: Principal Currency Translation Rates

As an international business selling in over 100 countries, with major manufacturing and R&D facilities in Switzerland, the UK and the USA, movements in currencies impact business performance. The principal currencies and adopted exchange rates against the US dollar used in preparing the financial statements contained in this communication were as follows:

	Average 1 st Half 2003	Average 1 st Half 2002	Period end 30 June 2003	Period end 30 June 2002
Swiss franc. CHF	1.35	1.66	1.36	1.48
Pound sterling. GBP	0.62	0.70	0.61	0.65
Yen. JPY	118.77	130.47	119.94	118.92
Euro. EUR	0.91	1.13	0.88	1.01
Brazilian real. BRL	3.31	2.39	2.88	2.82

The above average rates are an average of the monthly rates used to prepare the condensed consolidated income and cash flow statements. The period end rates were used for the preparation of the condensed consolidated balance sheets.

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Note 7a: Unaudited Half Year Product Line and Regional Sales

Syngenta	1 st Half 2003 \$m	1 st Half 2002 \$m	Actual %	CER (1) %	Ex RR (2) %
Crop Protection	3370	3256	+ 4	- 4	- 2
Seeds	735	646	+ 14	+ 3	+ 3
Total	4105	3902	+ 5	- 3	- 1

Crop Protection

Product line

Selective herbicides	1187	1125	+ 5	- 1	-
Non-selective herbicides	364	381	- 4	- 9	- 9
Fungicides	898	871	+ 3	- 8	- 6
Insecticides	506	480	+ 5	- 2	+ 3
Professional products	328	304	+ 8	+ 3	+ 4
Others	87	95	- 8	- 21	- 11
Total	3370	3256	+ 4	- 4	- 2

Regional

Europe, Africa and Middle East	1335	1218	+ 10	- 8	- 4
NAFTA	1345	1378	- 2	- 3	- 2
Latin America	243	210	+ 16	+ 16	+ 17
Asia Pacific	447	450	- 1	- 8	- 4
Total	3370	3256	+ 4	- 4	- 2

Seeds**Product line**

Field Crops	430	381	+ 13	+ 2	+ 2
Vegetables and Flowers	305	265	+ 15	+ 3	+ 3
Total	735	646	+ 14	+ 3	+ 3

Regional

Europe, Africa and Middle East	394	316	+ 25	+ 4	+ 4
NAFTA	286	270	+ 6	+ 6	+ 6
Latin America	25	33	- 24	- 25	- 25
Asia Pacific	30	27	+ 8	+ 1	+ 1
Total	735	646	+ 14	+ 3	+ 3

(1) Growth at constant exchange rates, see Note 4,

(2) Growth at constant exchange rates excluding the effects of range rationalization, see Note 5.

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Note 7b: Unaudited Second Quarter Product Line and Regional Sales

	2 nd Quarter 2003 \$m	2 nd Quarter 2002 \$m	Actual %	CER ⁽¹⁾ %	Ex RR ⁽²⁾ %
Syngenta					

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Crop Protection	1800	1784	+ 1	- 6	- 3
Seeds	306	274	+ 11	+ 2	+ 2
Total	2106	2058	+ 2	- 5	- 3

Crop Protection

Product line

Selective herbicides	622	591	+ 5	- 1	-
Non-selective herbicides	218	230	- 5	- 9	- 9
Fungicides	474	473	-	- 9	- 8
Insecticides	288	286	+ 1	- 5	+ 1
Professional products	159	154	+ 3	- 2	-
Others	39	50	- 20	- 27	- 12
Total	1800	1784	+ 1	- 6	- 3

Regional

Europe, Africa and Middle East	665	609	+ 9	- 7	- 3
NAFTA	783	831	- 6	- 6	- 6
Latin America	133	114	+ 17	+ 17	+ 18
Asia Pacific	219	230	- 5	- 10	- 5
Total	1800	1784	+ 1	- 6	- 3

Seeds

Product line

Field Crops	156	141	+ 11	+ 3	+ 3
Vegetables and Flowers	150	133	+ 12	+ 1	+ 1
Total	306	274	+ 11	+ 2	+ 2

Regional

Europe, Africa and Middle East	150	119	+ 26	+ 5	+ 5
NAFTA	115	113	+ 2	+ 1	+ 1
Latin America	23	27	- 13	- 14	- 14
Asia Pacific	18	15	+ 12	+ 7	+ 7
Total	306	274	+ 11	+ 2	+ 2

(1) Growth at constant exchange rates, see Note 4

(2) Growth at constant exchange rates excluding the effects of range rationalization, see Note 5.

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Note 8: Impact of Special Items, net

	1 st Half 2003		1 st Half 2002	
	\$m	\$m	\$m	\$m
Income statement charge				
Merger integration costs		(8)		(10)
Restructuring costs:				
Write-off or impairment of property, plant & equipment	(3)		(47)	
Non-cash pension restructuring charges	-		(12)	
Cash costs	(111)		(90)	
Total		(114)		(149)
Gains from mandated product disposals		2		2
Gain on sale of technology & intellectual property license		39		-
Total special items, net		(81)		(157)

Special items are material items that management regards as requiring separate disclosure to provide a more thorough understanding of business performance.

Merger integration costs are the costs associated with establishing the operations of Syngenta, which was formed from the merger of Novartis agribusiness and Zeneca agrochemicals business in November 2000.

Restructuring costs are the costs of implementing the synergy programs following the formation of Syngenta.

In 2003 Syngenta signed a research agreement with Diversa Corporation ("Diversa"), under which Diversa acquired an exclusive, royalty-free perpetual license for technology and intellectual property in the pharmaceutical field in exchange for stock and warrants in Diversa. Following completion of this transaction Syngenta closed the Torrey Mesa Research Institute, Syngenta's facility in La Jolla, California. Costs relating to the closure are included in restructuring costs.

The non-cash pension restructuring charges represent those direct effects of restructuring initiatives on defined benefit pension plans, for which there is no corresponding identifiable cash payment. Where identifiable cash payments to pension funds are required to provide incremental pension benefits for employees leaving service as a result of restructuring, the amounts involved have been included within cash costs.

The post-tax impact of special items reduced diluted earnings per share by \$0.58 to \$4.60 during 2003 (by \$1.18 to \$3.23 in 2002).

Note 9a: Reconciliation of EBITDA to Net Income

	1 st Half 2003			1 st Half 2002		
	Including Special Items \$m	Special Items \$m	Excluding Special Items \$m	Including Special Items \$m	Special Items \$m	Excluding Special Items \$m
	Net Income	468	(59)	527	328	(120)
Minority interests	3	-	3	2	-	2
Income tax expense	289	(22)	311	264	(37)	301
Financial expense, net	68	-	68	93	-	93
Depreciation, amortization and impairment	259	3	256	302	47	255
EBITDA	1087	(78)	1165	989	(110)	1099

Note 9b: Reconciliation of Segment EBITDA to Segment Operating Income

	1 st Half 2003			1 st Half 2002		
	Including Special Items \$m	Special Items \$m	Excluding Special Items \$m	Including Special Items \$m	Special Items \$m	Excluding Special Items \$m
	Crop Protection					
Operating income	750	(81)	831	643	(157)	800
Loss from associates	(2)	-	(2)	(3)	-	(3)
Depreciation, amortization and impairment	234	3	231	278	47	231
EBITDA	982	(78)	1060	918	(110)	1028
Seeds						
Operating Income	157	-	157	129	-	129

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Income from associates	1	-	1	-	-	-
Depreciation, amortization and impairment	22	-	22	19	-	19
EBITDA	180	-	180	148	-	148

Plant Science

Operating Loss	(78)	-	(78)	(82)	-	(82)
Loss from associates	-	-	-	-	-	-
Depreciation, amortization and impairment	3	-	3	5	-	5

EBITDA

(75)

a reduction in the principal amount, the interest rate or the redemption price for a debt security;

a change in the obligation to pay additional amounts;

a change in the currency of any payment on a debt security other than as permitted by the debt security;

a change in the place of any payment on a debt security;

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an impairment of the holder's right to sue for payment of any amount due on its debt security;

a reduction in the percentage in principal amount of the debt securities needed to change the indenture or the outstanding debt securities under the indenture; and

a reduction in the percentage in principal amount of the debt securities needed to waive our compliance with the indenture or to waive defaults. *(Section 902)*

Changes Not Requiring Approval

Some changes will not require the approval of holders of debt securities. These changes are limited to specific kinds of changes, like the addition of covenants, events of default or security, and other clarifications and changes that would not adversely affect the holders of outstanding debt securities under the indenture in any material respect. *(Section 901)*

Changes Requiring Majority Approval

Any other change to the indenture or the debt securities will be required to be approved by the holders of a majority in principal amount of the debt securities affected by the change or waiver. The required approval must be given by written consent. *(Section 902)*

The same majority approval will be required for us to obtain a waiver of any of our covenants in the indenture. Our covenants include the promises we make about merging and creating liens on our interests, which we describe under *Merger, Consolidation or Sale of Assets* and *Covenants*. If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in a particular debt security or the indenture, as it affects that debt security, that we cannot change without the approval of the holder of that debt security as described under *Changes Requiring Each Holder's Approval*, unless that holder approves the waiver. *(Section 1011)*

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Defeasance

We may, at our option, elect to terminate (1) all of our obligations with respect to the debt securities (*legal defeasance*), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the debt securities, the replacement of mutilated, destroyed, lost or stolen debt securities and the maintenance of agencies with respect to the debt securities *(Sections 1201 and 1202)* or (2) our obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default (*covenant defeasance*) in respect of the debt securities *(Sections 1201 and 1203)*. In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee U.S. dollars or such other currency in which the debt securities are denominated (the *securities currency*), government obligations of the United States or a government, governmental agency or central bank of the country whose currency is the securities currency, or any combination thereof, in such amounts as will be sufficient to pay the principal, premium, if any, and interest (including additional amounts) in respect of the debt securities then outstanding on the maturity date of the debt securities, and comply with certain other conditions, including, without limitation, the delivery of opinions of counsel as to specified tax and other matters. *(Sections 1201, 1204 and 1205)*

If we elect either legal defeasance or covenant defeasance with respect to any debt securities, we must so elect it with respect to all of the debt securities. *(Section 1201)*

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Special Rules for Actions by Holders

When holders take any action under the indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding Debt Securities are Eligible for Action by Holders

Only holders of outstanding debt securities will be eligible to vote or participate in any action by holders. In addition, we will count only outstanding debt securities in determining whether the various percentage requirements for voting or taking action have been met. For these purposes, a debt security will not be outstanding if it has been surrendered for cancellation or if we have deposited or set aside, in trust for its holder, money for its payment or redemption. *(Section 101)*

Determining Record Dates for Action by Holders

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the indenture. In some limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global debt securities may be set in accordance with procedures established by the depositary from time to time. *(Section 104)*

Transfer Agents

We may appoint one or more transfer agents, at whose designated offices any debt securities in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity. Initially, we have appointed the trustee, at its corporate trust office in New York City, as transfer agent. We may also choose to act as our own transfer agent. We must notify you of changes in the transfer agent as described under Notices. If we issue debt securities in certificated form, holders of debt securities in certificated form will be able to transfer their debt securities, in whole or in part, by surrendering the debt securities, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in New York City. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer. *(Sections 304 and 1002)*

Notices

As long as we issue debt securities in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue debt securities in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. *(Section 106)*

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder. *(Section 106)*

Governing Law

The indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New York, United States of America. *(Section 113)*

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Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the debt securities or the indenture (subject to the exceptions described below), we have:

submitted to the jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, The City of New York, and any appellate court thereof;

agreed that all claims in respect of such legal action or proceeding may be heard and determined in such U.S. federal or New York state court and waived, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of our place of residence or domicile; and

appointed CT Corporation System, with an office at 111 Eighth Avenue, New York, New York 10011, United States of America, as process agent.

The process agent will receive, on our behalf, service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York state or U.S. federal court sitting in New York City. Service may be made by mailing or delivering a copy of such process to us at the address specified above for the process agent. (*Section 115*)

A final judgment in any of the above legal actions or proceedings will be conclusive and may be enforced in other jurisdictions, in each case, to the extent permitted under the applicable laws of such jurisdiction.

In addition to the foregoing, the holders may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder to bring any action or proceeding against us or our properties in other courts where jurisdiction is independently established. (*Section 115*)

To the extent that we have or hereafter may acquire or have attributed to us any sovereign or other immunity under any law, we have agreed to waive, to the fullest extent permitted by law, such immunity from jurisdiction or to service of process in respect of any legal suit, action or proceeding arising out of or relating to the indenture or the debt securities. (*Section 115*)

Currency Indemnity

Our obligations under the debt securities will be discharged only to the extent that the relevant holder is able to purchase the securities currency with any other currency paid to that holder in accordance with any judgment or otherwise. If the holder cannot purchase the securities currency in the amount originally to be paid, we have agreed to pay the difference. The holder, however, agrees that, if the amount of the securities currency purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us. The holder will not be obligated to make this reimbursement if we are in default of our obligations under the debt securities. (*Section 1010*)

Our Relationship with the Trustee

The Bank of New York Mellon is initially serving as the trustee for the debt securities. The Bank of New York Mellon or its affiliates may have other business relationships with us from time to time.

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DESCRIPTION OF WARRANTS

We may issue warrants, in one or more series, for the purchase of debt securities. Warrants may be issued independently or together with our debt securities and may be attached to or separate from any offered securities. In addition to this summary, you should refer to the detailed provisions of the specific warrant agreement for complete terms of the warrants and the warrant agreement. A form of warrant agreement will be filed as an exhibit to the registration statement.

The warrants will be evidenced by warrant certificates. Unless otherwise specified in the prospectus supplement, the warrant certificates may be traded separately from the debt securities, if any, with which the warrant certificates were issued. Warrant certificates may be exchanged for new warrant certificates of different denominations at the office of an agent that we will appoint. Until a warrant is exercised, the holder of a warrant does not have any of the rights of a holder of our debt securities and is not entitled to any payments on any debt securities issuable upon exercise of the warrants.

A prospectus supplement accompanying this prospectus relating to a particular series of warrants will describe the terms of those warrants, including:

the title and the aggregate number of warrants;

the debt securities for which each warrant is exercisable;

the date or dates on which the right to exercise such warrants commence and expire;

the price or prices at which such warrants are exercisable;

the currency or currencies in which such warrants are exercisable;

the periods during which and places at which such warrants are exercisable;

the terms of any mandatory or optional call provisions;

the price or prices, if any, at which the warrants may be redeemed at the option of the holder or will be redeemed upon expiration;

the identity of the warrant agent; and

the exchanges, if any, on which such warrants may be listed.

You may exercise warrants by payment to our warrant agent of the exercise price, in each case in such currency or currencies as are specified in the warrant, and giving your identity and the number of warrants to be exercised. Once you pay our warrant agent and deliver the properly completed and executed warrant certificate to our warrant agent at the specified office, our warrant agent will, as soon as practicable, forward securities to you in authorized denominations or share amounts. If you exercise less than all of the warrants evidenced by your warrant certificate, you will be issued a new warrant certificate for the remaining amount of warrants.

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DESCRIPTION OF GUARANTEES

Under our guarantees of debt securities issued by others, we will irrevocably and unconditionally guarantee the full and punctual payment of principal, premium, if any, interest, additional amounts and any other amounts that may become due and payable by the issuer in respect of the series of debt securities that were provided with our guarantees. If the issuer fails to pay any such amount, we will pay the amount that is due and required to be paid.

Set forth below is a summary of the terms of our guarantees. This summary does not purport to be complete, and is qualified in its entirety by reference to the relevant terms of the guarantees.

Our guarantees:

will be our unsecured and unsubordinated obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated debt (including guarantees of subsidiaries indebtedness);

will be effectively subordinated to all of our existing and future secured obligations and to all existing and future liabilities of our subsidiaries; and

do not restrict our ability or the ability of our subsidiaries to incur or guarantee additional indebtedness in the future.

We are a holding company, and our principal assets are shares that we hold in our subsidiaries. Our guarantees will not be secured by any of our assets or properties. As a result, by owning our guarantees, you will be one of our unsecured creditors. The guarantees will not be subordinated to any of our other unsecured debt obligations. In the event of a bankruptcy or liquidation proceeding against us, the guarantees would rank equally in right of payment with all our other unsecured and unsubordinated debt (including guarantees of subsidiaries indebtedness).

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FORM OF SECURITIES, CLEARING AND SETTLEMENT

Global Securities

Unless otherwise specified in the applicable prospectus supplement, the following information relates to the form, clearing and settlement of U.S. dollar-denominated debt securities.

We will issue the securities in global form, without interest coupons. Securities issued in global form will be represented, at least initially, by one or more global debt securities. Upon issuance, global securities will be deposited with the trustee as custodian for The Depository Trust Company (DTC), and registered in the name of Cede & Co., as DTC 's partnership nominee. Ownership of beneficial interests in each global security will be limited to persons who have accounts with DTC, whom we refer to as DTC participants, or persons who hold interests through DTC participants. We expect that, under procedures established by DTC, ownership of beneficial interests in each global security will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global securities).

Beneficial interests in the global securities may be credited within DTC to Euroclear Bank S.A./N.V. (Euroclear) and Clearstream Banking, société anonyme (Clearstream) on behalf of the owners of such interests.

Investors may hold their interests in the global securities directly through DTC, Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems.

Beneficial interests in the global securities may not be exchanged for securities in physical, certificated form except in the limited circumstances described below.

Book-Entry Procedures for Global Securities

Interests in the global securities will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. We are not responsible for those operations or procedures.

DTC has advised that it is:

a limited purpose trust company organized under the New York Banking Law;

a banking organization within the meaning of the New York Banking Law;

a member of the U.S. Federal Reserve System;

a clearing corporation within the meaning of the New York Uniform Commercial Code; and

a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic computerized book-entry changes to the accounts of its participants. DTC 's participants include securities brokers and dealers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC 's system is also available to others such as securities brokers and dealers; banks and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

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So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee will be considered the sole owner or holder of the securities represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security:

will not be entitled to have securities represented by the global security registered in their names;

will not receive or be entitled to receive physical, certificated securities; and

will not be considered the registered owners or holders of the securities under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global security must rely on the procedures of DTC to exercise any rights of a holder of securities under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the securities represented by a global security will be made by the trustee to DTC's nominee as the registered holder of the global security. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global security, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global security will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global security held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant global securities in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global security from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global security to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global securities among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

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Certificated Securities

Beneficial interests in the global securities may not be exchanged for securities in physical, certificated form unless:

DTC notifies us at any time that it is unwilling or unable to continue as depository for the global securities and a successor depository is not appointed within 90 days;

DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days;

we, at our option, notify the trustee that we elect to cause the issuance of certificated securities; or

certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the securities.

In all cases, certificated securities delivered in exchange for any global security will be registered in the names, and issued in any approved denominations, requested by the depository.

For information concerning paying agents for any securities in certificated form, see [Description of Debt Securities](#) [Payment Provisions](#) [Payments on Certificated Debt Securities](#).

Debt Securities Denominated in a Currency other than U.S. Dollars

Unless otherwise specified in the applicable prospectus supplement, the following information relates to the form, clearing and settlement of debt securities denominated in a currency other than the U.S. dollar.

We will issue the debt securities as one or more global securities registered in the name of a common depository for Clearstream and Euroclear. Investors may hold book-entry interests in the global securities through organizations that participate, directly or indirectly, in Clearstream and/or Euroclear. Book-entry interests in the debt securities and all transfers relating to the debt securities will be reflected in the book-entry records of Clearstream and Euroclear.

The distribution of the debt securities will be carried through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the debt securities will take place through participants in Clearstream and Euroclear and will settle in same-day funds. Owners of book-entry interests in the debt securities will receive payments relating to their debt securities in U.S. dollars or such other currency in which the debt securities are denominated, as applicable. Clearstream and Euroclear have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We do not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. You should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interest in the debt securities will not be entitled to have the debt securities registered in their names, will not receive or be entitled to receive physical delivery of the debt

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securities in definitive form and will not be considered the owners or holders of the debt securities under the indenture governing the debt securities, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a debt security must rely on the procedures of the Clearstream and Euroclear and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, in order to exercise any rights of a holder of debt securities.

This description of the clearing systems reflects our understanding of the rules and procedures of Clearstream and Euroclear as they are currently in effect. These systems could change their rules and procedures at any time. We have obtained the information in this section concerning Clearstream and Euroclear and their book-entry systems and procedures from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Clearstream and Euroclear

Clearstream has advised that: it is a duly licensed bank organized as a *société anonyme* incorporated under the laws of Luxembourg and is subject to regulation by the Luxembourg Commission for the supervision of the financial sector (*Commission de surveillance du secteur financier*); it holds securities for its customers and facilitates the clearance and settlement of securities transactions among them, and does so through electronic book-entry transfers between the accounts of its customers, thereby eliminating the need for physical movement of certificates; it provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities; it interfaces with the domestic markets in over 30 countries through established depository and custodial relationships; its customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other professional financial intermediaries; its U.S. customers are limited to securities brokers and dealers and banks; and indirect access to the Clearstream system is also available to others that clear through Clearstream customers or that have custodial relationships with its customers, such as banks, brokers, dealers and trust companies.

Euroclear has advised that: it is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking and Finance Commission (*Commission Bancaire et Financière*) and the National Bank of Belgium (*Banque Nationale de Belgique*); it holds securities for its participants and facilitates the clearance and settlement of securities transactions among them; it does so through simultaneous electronic book-entry delivery against payments, thereby eliminating the need for physical movement of certificates; it provides other services to its participants, including credit, custody, lending and borrowing of securities and tri-party collateral management; it interfaces with the domestic markets of several countries; its customers include banks, including central banks, securities brokers and dealers, banks, trust companies and clearing corporations and certain other professional financial intermediaries; indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers; and all securities in Euroclear are held on a fungible basis, which means that specific certificates are not matched to specific securities clearance accounts.

Clearance and Settlement Procedures

We understand that investors that hold their debt securities through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to securities in registered form. Debt securities will be credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading will be settled using procedures applicable to securities in registered form.

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You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the debt securities through Clearstream and Euroclear on business days. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States or Mexico.

In addition, because of time zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States or Mexico. U.S. and Mexican investors who wish to transfer their interests in the debt securities, or to make or receive a payment or delivery of the debt securities on a particular day may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of participants in Clearstream or Euroclear in accordance with the relevant systemic rules and procedures, to the extent received by its depository. Clearstream or Euroclear, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Clearstream or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the debt securities among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Same-Day Settlement and Payment

The underwriters will settle the debt securities in immediately available funds. We will make all payments of principal and interest on the debt securities in immediately available funds. Secondary market trading between participants in Clearstream and Euroclear will occur in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to securities in immediately available funds. See Clearstream and Euroclear.

Certificated Debt Securities

We will issue debt securities to you in certificated registered form only if:

Clearstream or Euroclear is no longer willing or able to discharge its responsibilities properly, and neither the trustee nor we have appointed a qualified successor within 90 days; or

we, at our option, notify the trustee that we elect to cause the issuance of certificated debt securities; or

certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the debt securities.

If any of these three events occurs, the trustee will reissue the debt securities in fully certificated registered form and will recognize the registered holders of the certificated debt securities as holders under the indenture.

In the event that we issue certificated securities under the limited circumstances described above, then holders of certificated securities may transfer their debt securities in whole or in part upon the surrender of the certificate to be transferred, together with a completed and executed assignment form endorsed on the definitive debt security, at the offices of the transfer agent in New York City. Copies of this assignment form may be obtained at the offices of the transfer agent in New York City. Each time that we transfer or exchange a new debt security in certificated form for another debt security in certificated form, and after the transfer agent receives a completed assignment form, we will make available for delivery the new definitive debt security at the offices of the transfer agent in New York City. Alternatively, at the option of the person requesting the transfer or exchange, we will mail, at that person's risk, the new definitive debt security to the address of that person that is specified in the assignment form. In addition, if we issue debt securities in certificated form, then we will make payments of principal of, interest on and any other amounts payable under the debt securities to holders in whose

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names the debt securities in certificated form are registered at the close of business on the record date for these payments. If the debt securities are issued in certificated form, we will make payments of principal and any redemption payments against the surrender of these certificated debt securities at the offices of the paying agent in New York City.

Unless and until we issue the debt securities in fully-certificated, registered form,

you will not be entitled to receive a certificate representing our interest in the debt securities;

all references in this prospectus or any prospectus supplement to actions by holders will refer to actions taken by a depository upon instructions from their direct participants; and

all references in this prospectus or in any prospectus supplement to payments and notices to holders will refer to payments and notices to the depository as the registered holder of the debt securities, for distribution to you in accordance with its policies and procedures.

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TAXATION

The following summary of certain Mexican federal and U.S. federal income tax considerations contains a description of the principal Mexican federal and U.S. federal income tax consequences of the purchase, ownership and disposition of the debt securities, but does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the debt securities. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Mexico, or U.S. federal taxes other than income taxes.

This summary is based on the tax laws of Mexico and the United States as in effect on the date of this registration statement (including the tax treaty described below), as well as on rules and regulations of Mexico and regulations, rulings and decisions of the United States available on or before such date and now in effect. All of the foregoing are subject to change, which change could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of debt securities should consult their own tax advisors as to the Mexican, United States or other tax consequences of the purchase, ownership and disposition of the debt securities, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Mexican Tax Considerations

The following is a general summary of the principal consequences under the Mexican *Ley del Impuesto sobre la Renta* (the Mexican Income Tax Law) and rules and regulations thereunder, as currently in effect, of the purchase, ownership and disposition of the debt securities by a holder that is not a resident of Mexico and that will not hold debt securities or a beneficial interest therein in connection with the conduct of a trade or business through a permanent establishment in Mexico (a foreign holder).

For purposes of Mexican taxation, tax residency is a highly technical definition that involves the application of a number of factors. Generally, an individual is a resident of Mexico if he or she has established his or her home in Mexico, and a corporation is considered a resident if it has established its principal place of business management or its effective seat of business management in Mexico. However, any determination of residence should take into account the particular situation of each person or legal entity.

U.S./Mexico and Other Tax Treaties

The United States and Mexico have entered into a Convention for the Avoidance of Double Taxation (collectively, with subsequent Protocols thereto, referred to as the tax treaty). Provisions of the tax treaty that may affect the taxation of certain United States holders are summarized below. The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters. Mexico has also entered into and is negotiating several other tax treaties that may reduce the amount of Mexican withholding tax to which payments of interest on the debt securities may be subject. Prospective purchasers of debt securities should consult their own tax advisors as to the tax consequences, if any, of such treaties.

Payments of Interest, Principal and Premium in Respect of the Debt Securities

Under the Mexican Income Tax Law, payments of interest we make in respect of the debt securities (including payments of principal in excess of the issue price of such debt securities, which, under Mexican law, are deemed to be interest) to a foreign holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9% if (1) the debt securities are placed through banks or brokerage houses (*casas de bolsa*) in a country with which Mexico has entered into a tax treaty for the avoidance of double taxation, which is in effect, (2) the CNBV has been notified of the issuance of the debt securities pursuant to the Mexican Income Tax Law and Article 7 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and its regulations, and (3) the

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information requirements specified in the general rules of the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público* or the SHCP) are satisfied. In case such requirements are not met, the applicable withholding tax rate will be 10%. We believe that because the conditions described in (1) through (3) above will be satisfied, the applicable withholding tax rate will be 4.9%.

A higher income tax withholding rate will be applicable when a party related to us, jointly or individually, directly or indirectly, is the effective beneficiary of more than 5% of the aggregate amount of payments treated as interest on the debt securities, as set forth in the Mexican Income Tax Law.

Payments of interest we make with respect to the debt securities to a non-Mexican pension or retirement fund will be generally exempt from Mexican withholding taxes, provided that (1) the fund is the effective beneficiary of such interest income, (2) the fund is duly established pursuant to the laws of its country of origin, (3) the relevant interest income is exempt from taxation in such country, and (4) the fund is duly registered with the SHCP.

We have agreed, subject to specified exceptions and limitations, to pay additional amounts to the holders of debt securities in respect of the Mexican withholding taxes mentioned above. If we pay additional amounts in respect of such Mexican withholding taxes, any refunds of such additional amounts will be for our account. See *Description of Debt Securities* *Payment of Additional Amounts*.

Holders or beneficial owners of debt securities may be requested to provide certain information or documentation necessary to enable us to establish the appropriate Mexican withholding tax rate applicable to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided on a timely basis, our obligations to pay additional amounts may be limited as set forth under *Description of Debt Securities* *Payment of Additional Amounts*.

Under the Mexican Income Tax Law, payments of principal we make to a foreign holder of debt securities will not be subject to any Mexican withholding or similar taxes.

Taxation of Disposition of Debt Securities

The application of Mexican tax law provisions to capital gains realized on the disposition of debt securities by foreign holders is unclear. We expect that no Mexican tax will be imposed on transfers of debt securities between foreign holders effected outside of Mexico.

Other Mexican Taxes

A foreign holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings of debt securities. There are no Mexican stamp, issue registration or similar taxes payable by a foreign holder with respect to debt securities.

U.S. Federal Income Tax Considerations

The following is a summary of the principal U.S. federal income tax considerations that may be relevant to a beneficial owner of debt securities that is a citizen or resident of the United States or a domestic corporation or otherwise subject to U.S. federal income tax on a net income basis in respect of the debt securities (a U.S. holder) and certain U.S. federal income tax considerations that may be relevant to a beneficial owner of debt securities (other than a partnership or other entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder (a non-U.S. holder). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor's decision to invest in debt securities.

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. In

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addition, except where noted, this summary deals only with investors that are U.S. holders who acquire the debt securities in the United States as part of the initial offering of the debt securities, who will own the debt securities as capital assets, and whose functional currency is the U.S. dollar. It does not address U.S. federal income tax considerations applicable to investors who may be subject to special tax rules, such as banks, financial institutions, partnerships (or entities treated as a partnership for U.S. federal income tax purposes) or partners therein, tax-exempt entities, insurance companies, traders in securities that elect to use the mark-to-market method of accounting for their securities, persons subject to the alternative minimum tax, U.S. expatriates, dealers in securities or currencies, certain short-term holders of debt securities, or persons that hedge their exposure in the debt securities or will hold debt securities as a position in a straddle or conversion transaction or as part of a synthetic security or other integrated financial transaction. U.S. holders should be aware that the U.S. federal income tax consequences of holding the debt securities may be materially different for investors described in the prior sentence. This discussion also does not address all of the tax considerations that may be relevant to particular issuances of debt securities, such as debt securities offered at a price less or more than their stated principal amount or debt securities denominated in a currency other than the U.S. dollar. For information regarding any such special tax considerations relevant to particular issuances, or regarding the issuance of warrants, if any, you should read the applicable prospectus supplement.

Payments of Interest and Additional Amounts

Payments of the gross amount of interest and additional amounts (as defined in Description of Debt Securities Payment of Additional Amounts) with respect to a debt security, *i.e.*, including amounts withheld in respect of Mexican withholding taxes, will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. holder's regular method of tax accounting. Thus, accrual method U.S. holders will report stated interest on the debt security as it accrues, and cash method U.S. holders will report interest when it is received or unconditionally made available for receipt.

The Mexican withholding tax that is imposed on interest will be treated as a foreign income tax eligible, subject to generally applicable limitations and conditions under the Code, for credit against a U.S. holder's federal income tax liability or, at the U.S. holder's election, for deduction in computing the holder's taxable income (provided that the U.S. holder elects to deduct, rather than credit, all foreign income taxes paid or accrued for the relevant taxable year). Interest and additional amounts paid on the debt securities generally will constitute foreign source passive category income.

The calculation and availability of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, involves the application of complex rules (including, in the case of foreign tax credits, relating to a minimum holding period) that depend on a U.S. holder's particular circumstances. U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits and the treatment of additional amounts.

Sale or other Taxable Disposition of Debt Securities

A U.S. holder generally will recognize gain or loss on the sale or other taxable disposition of the debt securities in an amount equal to the difference between (i) the amount realized on such sale or other taxable disposition (other than amounts attributable to accrued but unpaid interest, including any additional amounts thereon, which will be taxable as ordinary income to the extent not previously included in income) and (ii) the U.S. holder's adjusted tax basis in the debt securities. A U.S. holder's adjusted tax basis in a debt security generally will be its cost for that debt security. Gain or loss realized by a U.S. holder on such sale or other taxable disposition generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the debt securities have been held for more than one year. Certain non-corporate U.S. holders (including individuals) may be eligible for preferential rates of taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

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Capital gain or loss recognized by a U.S. holder generally will be U.S.-source gain or loss. Consequently, if any such gain would be subject to Mexican income tax, a U.S. holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. U.S. holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the debt securities.

Non-U.S. Holders

A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on interest received on the debt securities or on gain realized on the sale or other taxable disposition of debt securities unless (i) the interest or gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment) or (ii) in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale or other taxable disposition and certain other conditions are met.

Information Reporting and Backup Withholding

Payments on the debt securities, and proceeds of the sale or other disposition of the debt securities, that are paid within the United States or through certain U.S. related financial intermediaries to a U.S. holder generally are subject to information reporting and backup withholding unless (i) the U.S. holder is a corporation or other exempt recipient and demonstrates this fact when so required or (ii) in the case of backup withholding, the U.S. holder provides an accurate taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Although non-U.S. holders generally are exempt from information reporting and backup withholding, a non-U.S. holder may, in certain circumstances, be required to comply with certification procedures to prove entitlement to this exemption.

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PLAN OF DISTRIBUTION

At the time of offering any securities, we will supplement the following summary of the plan of distribution with a description of the offering, including the particular terms and conditions thereof, set forth in a prospectus supplement relating to those securities.

We may sell securities in any of three ways: (1) through underwriters or dealers; (2) directly to one or a limited number of institutional purchasers; or (3) through agents. Each prospectus supplement with respect to a series of securities will set forth the terms of the offering of those securities, including the name or names of any underwriters or agents, the price of such securities and the net proceeds to us from such sale, any underwriting discounts, commissions or other items constituting underwriters or agents compensation, any discount or concessions allowed or reallocated or paid to dealers and any securities exchanges on which those securities may be listed.

If underwriters are used in the sale, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices to be determined at the time of sale. We may offer the securities to the public either through underwriting syndicates of investment banking firms represented by managing underwriters, or directly through one or more such investment banking firms or others, as designated. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all of the securities offered thereby if any are purchased. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

We may sell securities either directly to one or more institutional purchasers, or through agents designated by us from time to time. Any agent involved in the offer or sale of the securities will be named, and any commissions payable by us to such agent will be set forth in the applicable prospectus supplement. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment.

If indicated in the applicable prospectus supplement, we will authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase the securities from us at the public offering price set forth in the prospectus supplement plus accrued interest, if any, pursuant to delayed delivery contracts providing for payment and delivery on one or more specified dates in the future. Institutions with which such contracts may be made include commercial and saving banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all such cases we must approve such institutions. Such contracts will be subject only to those conditions set forth in such prospectus supplement and the prospectus supplement will set forth the commission payable for solicitation of those contracts.

Agents and underwriters may be entitled under agreements entered into with us to indemnification by us against certain civil liabilities, including liabilities under the U.S. Securities Act of 1933, as amended, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof.

Agents and underwriters may engage in transactions with us or perform services for us in the ordinary course of business.

In compliance with guidelines of the Financial Industry Regulatory Authority (FINRA), the maximum amount of underwriting compensation, including underwriting commissions or discounts, to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus; however, it is anticipated that the maximum underwriting compensation to be received in any particular offering of our securities will be significantly less than this amount.

No securities will be publicly offered or traded in Mexico absent an available exception under the Mexican Securities Market Law.

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EXPERTS

The consolidated financial statements of América Móvil, S.A.B. de C.V. appearing in its annual report on Form 20-F for the year ended December 31, 2011, and the effectiveness of América Móvil, S.A.B. de C.V.'s internal control over financial reporting as of December 31, 2011, have been audited by Mancera, S.C., a member practice of Ernst & Young Global, an independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

VALIDITY OF SECURITIES

Unless otherwise specified in the applicable prospectus supplement, Cleary Gottlieb Steen & Hamilton LLP will provide an opinion regarding the validity of the securities under New York law, and Bufete Robles Miaja, S.C. will provide an opinion regarding the authorization of the securities under Mexican law.

Mr. Rafael Robles Miaja, our Corporate Pro-Secretary and formerly our Corporate Secretary and member of our Board of Directors, is a partner at the firm Bufete Robles Miaja, S.C.

ENFORCEABILITY OF CIVIL LIABILITIES

América Móvil is a corporation organized under the laws of Mexico, with its principal places 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 these persons in U.S. courts, or to enforce in U.S. courts judgments obtained against these persons in courts 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.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement, including exhibits, which we have filed with the SEC on Form F-3 under the Securities Act of 1933, as amended. 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. 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 web site at www.sec.gov.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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 earlier information filed with the SEC or included in this prospectus or a prospectus supplement. We incorporate by reference the following documents:

our annual report on Form 20-F for the year ended December 31, 2011, filed with the SEC on April 30, 2012 (SEC File No. 001-16269);

our report on Form 6-K filed with the SEC on June 28, 2012 (SEC File No. 001-16269);

any future annual reports on Form 20-F filed with the SEC under the Exchange Act after the date of this prospectus and prior to the termination of the offering of the securities offered by this prospectus; 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 offering of debt securities offered by this prospectus that are identified in such reports as being incorporated by reference in our Registration Statement on Form F-3.

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 Lago Zurich 245, Edificio Telcel, Colonia Granada Ampliación, Delegación Miguel Hidalgo, 11529, México D.F., México, Attention: Investor Relations, telephone (5255) 2581-4449.

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