

GRUPO TELEVISIA, S.A.B.

Form 20-F

June 26, 2007

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F**

- o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**OR**
- þ **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**  
**OR**
- o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**OR**
- o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_  
COMMISSION FILE NUMBER 1-12610**

**Grupo Televisa, S.A.B.**  
(Exact name of Registrant as specified in its charter)  
**N/A**  
(Translation of Registrant's name into English)  
**United Mexican States**  
(Jurisdiction of incorporation or organization)  
**Av. Vasco de Quiroga No. 2000**  
**Colonia Santa Fe**  
**01210 Mexico, D.F.**  
**Mexico**  
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
A Shares, without par value ( A Shares )	New York Stock Exchange (for listing purposes only)
B Shares, without par value ( B Shares )	New York Stock Exchange (for listing purposes only)
L Shares, without par value ( L Shares )	New York Stock Exchange (for listing purposes only)
Dividend Preferred Shares, without par value ( D Shares )	New York Stock Exchange (for listing purposes only)
Global Depositary Shares ( GDSs ), each representing five Ordinary Participation Certificates ( <i>Certificados de Participación Ordinarios</i> ) ( CPOs )	New York Stock Exchange
CPOs, each representing twenty-five A Shares, twenty-two	New York Stock Exchange (for listing purposes only)

B Shares thirty-five L Shares and thirty-five D Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.

The number of outstanding shares of each of the issuer's classes of capital or common stock as of

December 31, 2006 was:

113,784,603,865 A Shares

53,564,690,849 B Shares

85,216,495,401 L Shares

85,216,495,401 D Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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<u>EX-13.1: CERTIFICATION</u>	
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We publish our financial statements in accordance with generally accepted accounting principles in Mexico, or Mexican GAAP, which differ in some significant respects from generally accepted accounting principles in the United States, or U.S. GAAP, and accounting procedures adopted in other countries.

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Unless otherwise indicated, (i) information included in this annual report is as of December 31, 2006 and (ii) references to Ps. or Pesos in this annual report are to Mexican Pesos and references to Dollars, U.S. Dollars, dollars, \$, or U.S.\$ are to United States dollars.

**Part I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**Selected Financial Data**

The following tables present our selected consolidated financial information as of and for each of the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, our audited year-end financial statements. The following data for each of the years ended December 31, 2002, 2003, 2004, 2005 and 2006 has been derived from our audited year-end financial statements, including the consolidated balance sheets as of December 31, 2005 and 2006, and the related consolidated statements of income and changes in financial position for the years ended December 31, 2004, 2005 and 2006 and the accompanying notes appearing elsewhere in this annual report. Unless otherwise indicated, all Peso information is stated in Pesos in purchasing power as of December 31, 2006. The data should also be read together with Operating and Financial Review and Prospects .

The exchange rate used in translating Pesos into U.S. Dollars in calculating the convenience translations included in the following tables is determined by reference to the interbank free market exchange rate, or the Interbank Rate, as reported by Banco Nacional de México, S.A. ( Banamex ) as of December 31, 2006, which was Ps.10.8025 per U.S. Dollar. This annual report contains translations of certain Peso amounts into U.S. Dollars at specified rates solely for the convenience of the reader. The exchange rate translations contained in this annual report should not be construed as representations that the Peso amounts actually represent the U.S. Dollar amounts presented or that they could be converted into U.S. Dollars at the rate indicated.

Our year-end financial statements have been prepared in accordance with Mexican Financial Reporting Standards (*Normas de Información Financiera*), or Mexican FRS that became effective on January 1, 2006, which differ in some significant respects from U.S. GAAP. Note 24 to our year-end financial statements provides a description of the relevant differences between Mexican FRS, the accounting and reporting standards used in Mexico as of December 31, 2006, and U.S. GAAP as they relate to us, and a reconciliation to U.S. GAAP of net income and other items for the years ended December 31, 2004, 2005 and 2006 and stockholders equity at December 31, 2005 and 2006. Any reconciliation to U.S. GAAP may reveal certain differences between our stockholders equity, net income and other items as reported under Mexican FRS and U.S. GAAP. See Risk Factors Risk Factors Related to Mexico Differences Between Mexican FRS and U.S. GAAP May Have an Impact on the Presentation of Our Financial Information .

Effective April 1, 2004, we began consolidating Sky Mexico, in accordance with the Financial Accounting Standards Board Interpretation No. 46, Consolidation of Variable Interest Entities , or FIN 46, which is applicable under Mexican FRS NIF A-8, Supplementary Financial Reporting Standards .

At a general extraordinary meeting and at special meetings of the stockholders of Grupo Televisa, S.A.B., or Televisa, held on April 16, 2004, our stockholders approved the creation of a new class of capital stock, the B Shares, and the distribution of new shares to our stockholders as part of the recapitalization of our capital stock, or the Recapitalization, as described in the Information Statement dated March 25, 2004, which was submitted to the Securities and Exchange Commission, or the SEC, on Form 6-K on March 25, 2004. Except where otherwise indicated, all information in this annual report reflects our capital structure as of December 31, 2006.

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	<b>Year Ended December 31,</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2006</b>
	<b>(millions of Pesos in purchasing power as of December 31, 2006 or millions of U.S. Dollars)(1)</b>					
<b>(Mexican GAAP/FRS)</b>						
<b>Income Statement Data:</b>						
Net sales	Ps. 25,354	Ps. 26,650	Ps. 31,519	Ps. 33,798	Ps. 37,932	U.S.\$3,511
Operating income	5,469	6,838	9,201	11,241	13,749	1,273
Integral cost of financing, net(2)	720	695	1,630	1,854	1,100	102
Restructuring and non-recurring charges(3)	991	743	425	239	614	57
(Loss) income from continuing operations	(463)	4,003	5,989	8,028	9,174	849
Income (loss) from discontinued operations	1,250	(73)				
Cumulative effect of accounting change, net			(1,098)	(527)		
Net income	868	4,067	4,641	6,374	8,586	795
(Loss) income from continuing operations per CPO(4)	(0.12)	1.44	1.97	2.37	2.96	
Net income per CPO(4)	0.30	1.41	1.60	2.19	2.96	
Weighted-average number of shares outstanding (in millions)(4)(5)	353,906	352,421	345,206	341,158	339,776	
Cash dividend per CPO(4)		0.22	1.35	1.44	0.36	
Shares outstanding (in millions, at year end)(5)	221,210	218,840	341,638	339,941	337,782	
<b>(U.S. GAAP)(6)</b>						
<b>Income Statement Data:</b>						
Net sales	Ps. 25,597	Ps. 26,650	Ps. 31,519	Ps. 33,798	Ps. 37,932	U.S.\$3,511
Operating income	3,542	6,832	8,429	10,414	13,558	1,255
Income from continuing operations	119	3,371	4,526	7,101	8,007	741
Cumulative effect of accounting change, net	(1,449)					

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Net (loss) income	(1,332)	3,371	4,526	7,101	8,007	741
Income from continuing operations per CPO(4)	0.04	1.17	1.55	2.43	2.76	
Net (loss) income per CPO(4)	(0.45)	1.17	1.55	2.43	2.76	
Weighted-average number of shares outstanding (in millions)(4)(5)	353,906	352,421	345,206	341,158	339,776	
Shares outstanding (in millions, at year end)(5)	221,210	218,840	341,638	339,941	337,782	
<b>(Mexican GAAP/FRS)</b>						
<b>Balance Sheet Data (end of year):</b>						
Cash and temporary investments	Ps. 10,332	Ps. 13,870	Ps. 17,893	Ps. 15,377	Ps. 15,811	U.S.\$1,464
Total assets	66,343	73,244	79,481	78,222	83,030	7,686
Current portion of long-term debt and other notes payable(7)	1,457	323	3,545	354	986	91
Long-term debt, net of current portion(8)	15,694	16,630	20,368	18,872	17,795	1,647
Customer deposits and advances	13,820	15,839	16,454	18,778	17,162	1,589
Capital stock issued	8,955	9,283	10,290	10,290	10,126	937
Total stockholders equity (including minority interest)	25,077	31,132	29,680	31,074	36,604	3,388
<b>(U.S. GAAP)(6)</b>						
<b>Balance Sheet Data (end of year):</b>						
Cash and cash equivalents	Ps. 10,059	Ps. 11,244	Ps. 17,103	Ps. 15,260	Ps. 14,901	U.S. \$1,379
Total assets	66,286	76,530	88,548	85,510	88,446	8,188
Current portion of long-term debt and other notes payable(7)	1,457	323	3,545	354	986	91
Long-term debt, net of current portion(8)	15,694	16,630	20,368	18,872	17,795	1,647
Total stockholders equity (excluding minority interest)	20,765	27,351	28,113	29,481	34,469	3,191
<b>(Mexican GAAP/FRS)</b>						
<b>Other Financial Information:</b>						
Capital expenditures(9)	Ps. 1,665	Ps. 1,204	Ps. 2,094	Ps. 2,746	Ps. 3,225	U.S.\$299



**(U.S. GAAP)(6)**

**Other Financial  
Information:**

Net cash provided by  
operating activities

6,592

7,113

4

7,364

10,098

12,600

1,166

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	<b>Year Ended December 31,</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2006</b>
	<b>(millions of Pesos in purchasing power as of December 31, 2006</b>					
	<b>or millions of U.S. Dollars)(1)</b>					
Net cash provided by (used for) financing activities	439	(2,997)	(678)	(9,071)	(4,453)	(412)
Net cash used for investing activities	(3,519)	(2,458)	(649)	(2,305)	(7,918)	(733)
<b>Other Data (unaudited):</b>						
Average prime time audience share (TV broadcasting)(10)	72.4%	70.1%	68.9%	68.5%	69.5%	
Average prime time rating (TV broadcasting)(10)	39.6	38.1	36.7	36.5	35.5	
Magazine circulation (millions of copies)(11)	137	128	127	145	155	
Number of employees (at year end)	12,600	12,300	14,100	15,100	16,200	
Number of Innova subscribers (in thousands at year end)(12)	738	857	1,003	1,251	1,430	
Number of Cablevisión subscribers (in thousands at year end)(13)	412	364	355	422	497	
Number of Esmas.com registered users (in thousands at year end)(14)	2,514	3,085	3,665	4,212	4,447	

**Notes to Selected  
Consolidated  
Financial  
Information:**

- (1) Except per  
Certificado de  
Participación  
Ordinario, or  
CPO, ratio,  
average audience  
share, average  
rating, magazine  
circulation,  
employee,  
subscriber and  
registered user

data. Information in these footnotes is in thousands of Pesos in purchasing power as of December 31, 2006, unless otherwise indicated.

- (2) Includes interest expense, interest income, foreign exchange gain or loss, net, and gain or loss from monetary position. See Note 17 to our year-end financial statements.
- (3) See Note 18 to our year-end financial statements.
- (4) For further analysis of income (loss) from continuing operations per CPO and net income per CPO (as well as corresponding amounts per A Share not traded as CPOs), see Note 21 (for the calculation under Mexican FRS) and Note 24 (for the calculation under U.S. GAAP) to our year-end financial statements.

(5)

As of December 31, 2004, 2005 and 2006, we had four classes of common stock: A Shares, B Shares, D Shares and L Shares. For purposes of this table, the weighted-average number of shares for all periods reflects the 25-for-one stock split and the 14-for-one stock dividend from the 2004 Recapitalization, and the number of shares outstanding for all periods reflects the 25-for-one stock split from the 2004 Recapitalization. Our shares are publicly traded in Mexico, primarily in the form of CPOs, each CPO representing 117 shares comprised of 25 A Shares, 22 B Shares, 35 D Shares and 35 L Shares; and in the United States in the form of Global Depositary Shares, or GDS, each GDS representing 5 CPOs. Before March 22, 2006, each GDS represented 20 CPOs.

The number of CPOs and shares issued and outstanding for financial reporting purposes under Mexican GAAP/FRS and U.S. GAAP is different than the number of CPOs issued and outstanding for legal purposes, because under Mexican GAAP/FRS and U.S. GAAP shares owned by subsidiaries and/or the trusts created to implement our Stock Purchase Plan and our Long-Term Retention Plan are not considered outstanding for financial reporting purposes.

As of December 31, 2006, for legal purposes, there were approximately 2,528 million CPOs issued and outstanding, each of which was represented by 25 A Shares, 22 B Shares, 35 D Shares and 35 L Shares, and an additional number of approximately 58,927 million A

Shares and  
2,357 million B  
Shares (not in the  
form of CPO  
units). See Note  
12 to our year-end  
financial  
statements.

- (6) See Note 24 to  
our year-end  
financial  
statements.
- (7) See Note 8 to our  
year-end financial  
statements.
- (8) See Operating and  
Financial Review  
and Prospects  
Results of  
Operations  
Liquidity, Foreign  
Exchange and  
Capital Resources  
Indebtedness and  
Note 8 to our  
year-end financial  
statements.
- (9) Capital  
expenditures are  
those investments  
made by us in  
property, plant  
and equipment,  
which amounts  
are first translated  
from Mexican  
Pesos into U.S.  
dollars at  
historical  
exchange rates,  
and the resulting  
aggregate U.S.  
dollar amount is  
then translated to  
Mexican Pesos at  
year-end  
exchange rate for

convenience  
purposes only; the  
aggregate amount  
of capital

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expenditures in Mexican Pesos does not indicate the actual amounts accounted for in our consolidated financial statements.

- (10) Average prime time audience share for a period refers to the average daily prime time audience share for all of our networks and stations during that period, and average prime time rating for a period refers to the average daily rating for all of our networks and stations during that period, each rating point representing one percent of all television households. As used in this annual report, prime time in Mexico is 4:00 p.m. to 11:00 p.m., seven days a week, and weekday prime time is 7:00 p.m. to 11:00 p.m., Monday through Friday. Data for



all periods  
reflects the  
average prime  
time audience  
share and  
ratings  
nationwide as  
published by  
IBOPE Mexico.  
For further  
information  
regarding  
audience share  
and ratings  
information and  
IBOPE Mexico,  
see Information  
on the Company  
Business  
Overview  
Television  
Television  
Broadcasting .

(11) The figures set forth in this line item represent total circulation of magazines that we publish independently and through joint ventures and other arrangements and do not represent magazines distributed on behalf of third parties.

(12) Innova, our direct to home, or DTH satellite service in Mexico, referred to alternatively as Sky Mexico for segment

reporting purposes, commenced operations on December 15, 1996. The figures set forth in this line item represent the total number of gross active residential and commercial subscribers for Innova at the end of each year presented. For a description of Innova's business and results of operations and financial condition, see Information on the Company Business Overview DTH Joint Ventures Mexico. Under Mexican FRS, effective January 1, 2001 and through March 31, 2004, we did not recognize equity in results in respect of our investment in Innova in our income statement, as we recognized equity in losses of Innova up to the amount of our initial investment and subsequent capital

contributions in  
Innova. See  
Operating and  
Financial  
Review and  
Prospects  
Results of  
Operations  
Equity in  
Earnings of  
Affiliates . Since  
April 1, 2004,  
Innova has been  
consolidated in  
our financial  
results.

- (13) The figures set forth in this line item represent the total number of subscribers of Cablevisión at the end of each year presented. For a description of Cablevisión s business and results of operations and financial condition, see Operating and Financial Review and Prospects Results of Operations Cable Television and Information on the Company Business Overview Cable Television .

- (14) The results of operations of Esmas.com are

included in the results of operations of our Other Businesses segment. See Operating and Financial Review and Prospects Results of Operations Other Businesses . For a description of *Esmas.com*, see Information on the Company Business Overview Other Businesses *Esmas.com* . The figures set forth in this line item represent the number of registered users in each year presented. The term registered user means a visitor that has completed a profile questionnaire that enables the visitor to use the e-mail service provided by *Esmas.com*.

### **Dividends**

Decisions regarding the payment and amount of dividends are subject to approval by holders of a majority of the A Shares and B Shares voting together, generally, but not necessarily, on the recommendation of the Board of Directors, as well as a majority of the A Shares voting separately. Emilio Azcárraga Jean indirectly controls the voting of the majority of the A Shares and, as a result of such control, both the amount and the payment of dividends require his affirmative vote. See Major Stockholders and Related Party Transactions The Major Stockholders . In February 2003, the Board of Directors proposed, and our stockholders approved at our annual general stockholders meeting in April 2003, the payment of a dividend in the aggregate amount of Ps.550 million, which consisted of a Ps.0.18936540977 dividend per CPO and a Ps.0.05260150265 dividend per A Share not in the form of CPOs. On March 25, 2004, our Board of Directors approved a dividend policy under which we currently intend to pay an annual

regular dividend of Ps.0.35 per CPO. Also, on May 21, 2004, the Company's Board of Directors approved a Ps.3,850 million cash distribution to stockholders, equivalent to Ps.1.219 per CPO, which included the annual regular dividend of Ps.0.35 per CPO, that is the dividend corresponding to the Series A and L shares and the cumulative preferred dividend corresponding to the Series D shares. On February 22, 2005, our Board of Directors approved a cash distribution to stockholders, equivalent to Ps.1.35 per CPO, equivalent to approximately Ps.4,250.0 million. On April 29, 2005, at a general stockholders' meeting, our stockholders approved the payment of an extraordinary dividend of Ps.1.00 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.1.35 per CPO. On April 28, 2006 at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders for up to Ps.1,104 million, equivalent to Ps.0.00299145 per share, or Ps.0.35 per CPO. On April 27, 2007, at a General Stockholders Meeting, our stockholders approved a cash distribution to stockholders for up to Ps.4,401 million, which includes the payment of an extraordinary dividend of Ps.1.10 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.1.45 per CPO, equivalent to Ps.0.01239316239 per share. All of the recommendations of the Board of Directors related to the payment and amount of dividends were voted and approved at the applicable general stockholders' meetings. The agreements related

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to some of our outstanding indebtedness contain covenants that restrict, among other things, the payment of dividends, subject to certain conditions.

**Exchange Rate Information**

Since 1991, Mexico has had a free market for foreign exchange and, since 1994, the Mexican government has allowed the Peso to float freely against the U.S. Dollar. The Peso was relatively stable from 1999 to 2001. In 2002 and 2003, the Peso declined in value against the U.S. Dollar and appreciated in 2004, 2005 and 2006. There can be no assurance that the government will maintain its current policies with regard to the Peso or that the Peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the high, low, average and period end noon buying rate in New York City for cable transfers for Pesos published by the Federal Reserve Bank of New York, expressed in Pesos per U.S. Dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Average(1)</b>	<b>Period End</b>
2002	10.425	9.0005	9.663	10.425
2003	11.406	10.113	10.7925	11.242
2004	11.635	10.805	11.2897	11.154
2005	11.411	10.413	10.8938	10.6275
2006	11.46	10.4315	10.7055	10.7995
2007:				
January	11.092	10.765	10.9559	11.0381
February	11.1575	10.917	10.995	11.1575
March	11.1846	11.013	11.1144	11.0427
April	11.0305	10.924	10.9802	10.9295
May	10.931	10.738	10.822	10.738
June (through June 22)	10.979	10.712	10.838	10.795

(1) Annual average rates reflect the average of the exchange rates on the last day of each month during the relevant period.

The above rates may differ from the actual rates used in the preparation of the financial statements and the other financial information appearing in this annual report on Form 20-F.

The Mexican economy has had balance of payment deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos to U.S. Dollars, we cannot assure you that the Mexican government will not institute restrictive exchange control policies in the future, as has occurred from time to time in the past. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or to convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal of indebtedness, as well as to obtain foreign programming and other goods, would be adversely affected. See Risk Factors Risk Factors Related to Mexico Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies Which Could Adversely Affect Our Business, Financial Condition or Results of Operations .

On June 22, 2007, the noon buying rate was Ps.10.795 per U.S.\$1.00.



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**Risk Factors**

*The following is a discussion of risks associated with our company and an investment in our securities. Some of the risks of investing in our securities are general risks associated with doing business in Mexico. Other risks are specific to our business. The discussion below contains information, among other things, about the Mexican government and the Mexican economy obtained from official statements of the Mexican government as well as other public sources. We have not independently verified this information. Any of the following risks, if they actually occur, could materially and adversely affect our business, financial condition, results of operations or the price of our securities.*

**Risk Factors Related to Mexico**

**Economic and Political Developments in Mexico May Adversely Affect Our Business**

Most of our operations and assets are located in Mexico. As a result, our financial condition, results of operations and business may be affected by the general condition of the Mexican economy, the devaluation of the Peso as compared to the U.S. Dollar, Mexican inflation, interest rates, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico over which we have no control.

**Mexico Has Experienced Adverse Economic Conditions**

Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased 4.2%, 2.8% and 4.8% in 2004, 2005 and 2006, respectively. Inflation in 2004, 2005 and 2006 was 5.2%, 3.3% and 4.1%, respectively. Although these inflation rates tend to be lower than Mexico's historical inflation rates, Mexico's level of inflation may be higher than the annual inflation rates of its main trading partners, including the United States. Mexican GDP growth fell short of Mexican government estimates in 2006; however, according to Mexican government estimates, Mexican GDP is expected to grow by approximately 3.0% to 3.4%, while inflation is expected to be less than 4.0%, in 2007. We cannot assure you that these estimates will prove to be accurate.

If the Mexican economy should fall into a recession or if inflation and interest rates increase significantly, our business, financial condition and results of operations may be adversely affected for the following reasons:

demand for advertising may decrease both because consumers may reduce expenditures for our advertisers products and because advertisers may reduce advertising expenditures; and

demand for publications, cable television, DTH satellite services, pay-per-view programming and other services and products may decrease because consumers may find it difficult to pay for these services and products.

**Developments in Other Emerging Market Countries or in the U.S. May Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations**

The market value of securities of Mexican companies, the economic and political situation in Mexico and our financial condition and results of operations are, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States. Although economic conditions in other emerging market countries and in the United States may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value or trading price of securities of Mexican issuers, including our securities, or on our business. In recent years, for example, prices of Mexican debt securities dropped substantially as a result of developments in Russia, Asia and Brazil.

Our operations, including the demand for our products or services, and the price of our debt securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere. As a result, an economic downturn in the United States could have a significant adverse effect on the Mexican economy, which, in turn, could affect our financial condition and results of operations.

Our profitability is affected by numerous factors, including changes in viewing preferences, priorities of advertisers and reductions in advertisers' budgets. Historically, advertising in most forms of media has correlated positively with the general condition of the economy and thus, is subject to the risks that arise from adverse changes in domestic and global economic conditions, consumer confidence and spending, which may decline as a result of numerous factors outside of our control, such as natural disasters, terrorist attacks and acts of war.



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### **Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations**

A portion of our indebtedness and a significant amount of our costs are U.S. Dollar-denominated, while our revenues are primarily Peso-denominated. As a result, decreases in the value of the Peso against the U.S. Dollar could cause us to incur foreign exchange losses, which would reduce our net income.

Severe devaluation or depreciation of the Peso may also result in governmental intervention, as has resulted in Argentina, or disruption of international foreign exchange markets. This may limit our ability to transfer or convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness and adversely affect our ability to obtain foreign programming and other imported goods. The Mexican economy has suffered current account balance payment of deficits and shortages in foreign exchange reserves in the past. While the Mexican government does not currently restrict, and for more than 13 years has not restricted, the right or ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or to transfer other currencies outside of Mexico, there can be no assurance that the Mexican government will not institute restrictive exchange control policies in the future. To the extent that the Mexican government institutes restrictive exchange control policies in the future, our ability to transfer or convert Pesos into U.S. Dollars or other currencies for the purpose of making timely payments of interest and principal on indebtedness, including the notes, as well as to obtain imported goods would be adversely affected. Devaluation or depreciation of the Peso against the U.S. Dollar or other currencies may also adversely affect U.S. Dollar or other currency prices for our debt securities or the cost of imported goods.

### **High Inflation Rates in Mexico May Decrease Demand for Our Services While Increasing Our Costs**

Mexico historically has experienced high levels of inflation, although the rates have been lower in recent years. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index, or NCPI, was 5.2% for 2004, 3.3% for 2005 and 4.1% in 2006. An adverse change in the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners. High inflation rates can adversely affect our business and results of operations in the following ways:

inflation can adversely affect consumer purchasing power, thereby adversely affecting consumer and advertiser demand for our services and products;

to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in real terms; and

if the rate of Mexican inflation exceeds the rate of depreciation of the Peso against the U.S. Dollar, our U.S. Dollar-denominated sales will decrease in relative terms when stated in constant Pesos.

### **High Interest Rates in Mexico Could Increase Our Financing Costs**

Mexico historically has had, and may continue to have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 6.8%, 9.2% and 7.2% for 2004, 2005 and 2006, respectively. High interest rates in Mexico could increase our financing costs and thereby impair our financial condition, results of operations and cash flow.

### **Political Events in Mexico Could Affect Mexican Economic Policy and Our Business, Financial Condition and Results of Operations**

Although the Mexican economy has exhibited signs of improvement, general economic sluggishness continues. This continuing weakness in the Mexican economy, combined with recent political events, has slowed economic reform and progress.

Presidential and federal congressional elections in Mexico were held in Mexico on July 2, 2006. Felipe Calderón Hinojosa, a member of the incumbent party, the *Partido Acción Nacional*, or the National Action Party, was elected president in a highly contested election. As a result of the federal congressional elections, the Mexican Congress is not controlled by any specific political party. Therefore, the National Action Party will face opposition in Congress.

Additionally, as a result of the election of Felipe Calderón and new representatives to the Mexican Congress, there could be significant changes in laws, public policies and government programs, which could have a material adverse effect on the Mexican economic and political situation which, in turn may adversely affect our business, financial condition and results of operations.

National politicians are currently focused on crucial reforms regarding fiscal and labor laws and policies, gas, electricity and oil, which have not been and may not be approved. The effects on the social and political situation in Mexico could adversely affect the

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Mexican economy, including the stability of its currency, which in turn could have a material adverse effect on our business, financial condition and results of operations, as well as market conditions and prices for our securities.

### **Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures**

Mexico's *Ley Federal de Competencia Económica* or Federal Antitrust Law, and related regulations may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses or joint ventures and complete acquisitions.

In addition, the Federal Antitrust Law and related regulations may adversely affect our ability to determine the rates we charge for our services and products. Approval of the *Comisión Federal de Competencia*, or Mexican Antitrust Commission, is required for us to acquire and sell significant businesses or enter into significant joint ventures. There can be no assurance that in the future the Mexican Antitrust Commission will authorize our proposed complementary businesses or joint ventures and acquisitions, which may adversely affect our business strategy, financial condition and results of operations.

### **Changes in Existing Mexican Laws and Regulations or the Imposition of New Ones May Negatively Affect Our Operations and Revenue**

Existing laws and regulations, including among others, tax laws, could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenue. Mexico's federal antitrust law, or *Ley Federal de Competencia Económica*, has been amended by Congress. The amendments to the Mexican Federal Antitrust Law approved by the Mexican Federal Congress have been in full force and effect as of June 29, 2006. The amendments include, among other things, the following newly regulated activities: predatory pricing, exclusivity discounts, cross subsidization and any acts by an agent that result in cost increases or in the creation of obstacles in the production process of its competitors or the demand of the goods or services offered by such competitor. We cannot predict what impact such amendments will have upon our business at this time.

Certain amendments to the existing *Ley Federal de Radio y Televisión* and the *Ley Federal de Telecomunicaciones* have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice on June 5, 2007, declaring several provisions of the amendments to the *Ley Federal de Radio y Televisión* and to the *Ley Federal de Telecomunicaciones* unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in Article 28 of the *Ley Federal de Radio y Televisión*, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same concession spectrum without having to submit a bid therefore and Article 16 of the *Ley Federal de Radio y Televisión*, pursuant to which concessions were granted for a fixed term of 20 years having the possibility to renew such concessions by obtaining from the *Secretaría de Comunicaciones y Transportes*, or SCT, a certification of compliance in connection with their obligations within the concession.

Although the Supreme Court of Justice has already resolved, we cannot determine the full extent of the impact that this resolution may have on our operations until the court publishes its final opinion.

### **Differences Between Mexican FRS and U.S. GAAP May Have an Impact on the Presentation of Our Financial Information**

A principal objective of the securities laws of the United States, Mexico and other countries is to promote full and fair disclosure of all material corporate information. However, there may be less publicly available information about foreign issuers of securities listed in the United States than is regularly published by or about domestic issuers of listed securities. In addition, our financial statements are prepared in accordance with Mexican FRS, which differ from U.S. GAAP and accounting procedures adopted in other countries in a number of respects. For example, most Mexican companies, including our company, must incorporate the effects of inflation directly in accounting records and in their published financial statements. Thus, financial statements and reported earnings of Mexican companies may differ from those of companies in other countries with the same financial performance. We are required, however, to file an annual report on Form 20-F containing financial statements reconciled to U.S. GAAP. See Note 24 to our financial statements for a description of the principal differences between Mexican FRS and U.S. GAAP applicable to us. In

addition, we do not publish U.S. GAAP information on an interim basis.

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**Risk Factors Related to Our Major Stockholders**

**Emilio Azcárraga Jean has Substantial Influence Over Our Management and the Interests of Mr. Azcárraga Jean may Differ from Those of Other Stockholders**

We have four classes of common stock: A Shares, B Shares, D Shares, and L Shares. As of May 31, 2007, approximately 45.02% of the outstanding A Shares, 2.66% of the outstanding B Shares, 2.78% of the outstanding D Shares and 2.78% of the outstanding L Shares of our company are held through a trust, including shares in the form of CPOs, or the Stockholder Trust. The largest beneficiary of the Stockholder Trust is a trust for the benefit of Emilio Azcárraga Jean. As a result, Emilio Azcárraga Jean controls the voting of the Shares held through the Stockholder Trust. The A Shares held through the Stockholder Trust constitute a majority of the A Shares whose holders are entitled to vote, because non-Mexican holders of CPOs and GDSs, are not permitted by law to vote the underlying A Shares. Accordingly, and so long as non-Mexicans own more than a minimal number of A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board, as well as prevent certain actions by the stockholders, including the timing and payment of dividends, if he so chooses. See Major Stockholders and Related Transactions The Major Stockholders .

**As Controlling Stockholder, Emilio Azcárraga Jean Will Have the Ability to Limit Our Ability to Raise Capital, Which Would Require Us to Seek Other Financing Arrangements**

Emilio Azcárraga Jean has the voting power to prevent us from raising money through equity offerings. Mr. Azcárraga Jean has informed us that if we conduct a primary sale of our equity, he would consider exercising his pre-emptive rights to purchase a sufficient number of additional A Shares in order to maintain such power. In the event that Mr. Azcárraga Jean is unwilling to subscribe for additional shares and/or prevents us from raising money through equity offerings, we would need to raise money through a combination of debt or other forms of financing, which we may not obtain, or if so, possibly not on favorable terms.

**Risk Factors Related to Our Business**

**The Operation of Our Business May Be Terminated or Interrupted if the Mexican Government Does Not Renew or Revokes Our Broadcast or Other Concessions**

Under Mexican law, we need concessions from the *Secretaría de Comunicaciones y Transportes*, or SCT, to broadcast our programming over our television and radio stations and our cable and DTH satellite systems. In July 2004, in connection with the adoption of a release issued by the SCT for the transition to digital television, all of our television concessions were renewed until 2021. The expiration dates for the concessions for our radio stations range from 2008 to 2016. Our cable telecommunications concessions expire in 2029. In the past, the SCT has typically renewed the concessions of those concessionaires that comply with the requisite procedures set forth for renewal under Mexican law and on the respective concession title. Certain amendments to the existing *Ley Federal de Radio y Televisión* and the *Ley Federal de Telecomunicaciones* have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice on June 5, 2007, declaring several provisions of the amendments to the *Ley Federal de Radio y Televisión* and to the *Ley Federal de Telecomunicaciones* unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in Article 28 of the *Ley Federal de Radio y Televisión*, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same concession spectrum without having to submit a bid therefore and Article 16 of the *Ley Federal de Radio y Televisión*, pursuant to which concessions were granted for a fixed term of 20 years having the possibility to renew such concessions by obtaining from the *Secretaría de Comunicaciones y Transportes*, or SCT, a certification of compliance in connection with their obligations within the concession.

Although the Supreme Court of Justice has already resolved, we cannot determine the full extent of the impact that this resolution may have on our operations until the court publishes its final opinion.

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### **We Face Competition in Each of Our Markets That We Expect Will Intensify**

We face competition in all of our businesses, including television advertising and other media businesses, as well as our strategic investments and joint ventures. In particular, we face substantial competition from TV Azteca, S.A. de C.V., or TV Azteca. We expect increased competition from Univision, as a result of the recent divestiture of our equity interest in Univision and the termination of a certain participation agreement by and among Televisa, Univision, certain principals of Univision, and Venevision, or the Participation Agreement in connection with the acquisition of Univision by private equity investors. See Information on the Company Business Overview Television

Television Industry in Mexico and Information on the Company Business Overview Television Television Broadcasting . In addition, the entertainment and communications industries in which we operate are changing rapidly because of evolving distribution technologies, including online and digital networks. Our principal competitors in the gaming industry are Corporación Interamericana de Entretenimiento, S.A.B. de C.V., or CIE, and Grupo Caliente S.A. de C.V., or Grupo Caliente.

The telecommunications industry in Mexico is becoming highly competitive, and we face significant competition from recent entrants. Cable operators, who were already authorized to provide by-directional data and internet broadband services and who have been recently authorized by the Mexican government to also provide voice services, including Voice over Internet Protocol, or VoIP services , pose a risk to us. As the cable operators telephony income may be seen as incremental revenue, the price reduction and the vast coverage may prevent us from growing.

On October 2, 2006, the federal government enacted a new set of regulations known as Convergence Regulations (*Acuerdo de Convergencia de Servicios Fijos de Telefonía Local y Televisión y/o Audio Restringidos que se Proporcionan a Través de Redes Públicas Alámbricas e Inalámbricas*). The Convergence Regulations allow certain concessionaires of telecommunication services to provide other services not included in their original concessions. Cable television providers will now be allowed to provide internet and telephone services. In addition, telephone operators, such as Teléfonos de México, S.A.B. de C.V. or Telmex, will now be allowed to provide cable television services. We believe that we may face significant competition from new entrance providing telephony services, including cable television providers. See Information on the Company Business Overview Cable Television .

In November 2006, the Mexican Federal Power Commission or CFE (*Comisión Federal de Electricidad*), announced that they obtained an authorization from the Mexican government, through the Ministry of Communications and Transportation, to use their power lines and infrastructure to provide telecommunication services using a new technology model known as power line communications, or PLC, and broadband over power lines communications, or BPL. We believe that this action will result in a significant reduction in the lease prices for infrastructure, as the CFE owns approximately 14,000 kilometers of power lines that could be used to transmit voice, data and video. We are uncertain as to how the CFE authorization to render telecommunication services could affect us, as well as the overall telecommunications landscape in Mexico.

Our future success will be affected by these changes, which we cannot predict. Consolidation in the entertainment and broadcast industries could further intensify competitive pressures. As the pay-television market in Mexico matures, we expect to face competition from an increasing number of sources, including emerging technologies that provide new services to pay-television customers and require us to make significant capital expenditures in new technologies. Developments may limit our access to new distribution channels, may require us to make significant capital expenditures in order to have access to new digital and other distribution channels or may create additional competitive pressures on some or all of our businesses.

### **The Seasonal Nature of Our Business Affects Our Revenue and a Significant Reduction in Fourth Quarter Net Sales Could Impact Our Results of Operations**

Our business reflects seasonal patterns of advertising expenditures, which is common in the television broadcast industry, as well as cyclical patterns in periodic events such as the World Cup, the Olympics and political elections. We typically recognize a disproportionately large percentage of our overall advertising net sales in the fourth quarter in connection with the holiday shopping season. For example, in 2004, 2005 and 2006 we recognized 28.7%, 29.7% and 28.3%, respectively, of our net sales in the fourth quarter of the year. Accordingly, a significant reduction in fourth quarter advertising revenue could adversely affect our business, financial condition and results of operations.



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**Current Litigation We Are Engaged In With Univision and the Recent Sale of Univision May Affect Our Relationship With Univision**

We have a Second Amended and Restated Program Licensing Agreement, or PLA with Univision pursuant to which we have granted Univision an exclusive right to broadcast our television programming in the United States, subject to certain exceptions, as described in Information on the Company Business Overview Univision .

In April 2003, we entered into a joint venture with Univision to introduce our satellite and cable pay-TV programming into the United States, including two of our existing movie channels and three channels featuring music videos, celebrity lifestyle, interviews and entertainment news programming, and to create future channels available in the United States that feature our programming. See Information on the Company Business Overview Univision .

During 2005, Televisa, S.A. de C.V., a subsidiary of Televisa, filed a complaint (which was subsequently amended) in the U.S. District Court for the Central District of California, or District Court Action, alleging that Univision had breached the PLA as well as the December 19, 2001 letter agreement between Televisa, S.A. de C.V. and Univision relating to soccer broadcast rights, or the Soccer Agreement, among other claims. Univision filed related answers denying all allegations and asserting affirmative defenses, as well as related counterclaims against Televisa, S.A. de C.V. and Televisa. Univision also claimed that Televisa had breached other agreements between the parties, including the Participation Agreement and a Telefuturo Production Services Agreement. In addition, Univision claimed that Televisa breached a Guaranty dated December 19, 2001, by which, among other things, Televisa guaranteed that Televisa's affiliates (including Televisa, S.A. de C.V.) would produce a specified minimum number of novelas.

During 2006, Televisa, S.A. de C.V. and Televisa answered the counterclaims, denying them and asserting affirmative defenses based on Univision's alleged breaches of the agreements, including the PLA, the Guaranty and the Soccer Agreement. Televisa, S.A. de C.V. also amended its complaint again, adding Televisa as a plaintiff. In their amended complaint, Televisa, S.A. de C.V. and Televisa asked for a declaration by the court that they had the right to suspend their performance under and to terminate the PLA, the Guaranty and the Soccer Agreement as a result of Univision's alleged material breaches of those agreements. Univision filed amended counterclaims, seeking, among other things, a declaration by the court that Televisa, S.A. de C.V. and Televisa do not have the right to terminate or suspend performance of their obligations under the PLA or the Soccer Agreement. Also, in 2006, Televisa, S.A. de C.V. filed a separate lawsuit in the Los Angeles Superior Court, State of California seeking a judicial determination that on or after December 19, 2006, Televisa, S.A. de C.V. may transmit or permit others to transmit any television programming into the United States from Mexico by means of the Internet. That lawsuit was voluntarily stayed by Televisa. In October 2006, Univision added a new counterclaim in the District Court Action for a judicial declaration that on or after December 19, 2006, Televisa, S.A. de C.V. may not transmit or permit others to transmit any television programming into the United States by means of the Internet, while Televisa, S.A. de C.V. has added a claim asserting that it has such rights.

During 2005 and 2006, after Televisa filed the District Court Action and commenced an audit of Univision's payment performance under the PLA, Univision made payments to Televisa, S.A. de C.V. and its consolidated entities under protest of certain of the disputed royalties and of other license fees that Univision alleges have been overcharged, in the aggregate amount of approximately U.S.\$16 million, and is seeking recovery of these amounts via its counterclaims. Televisa has recognized these payments made by Univision as customer deposits and advances in its consolidated balance sheets.

In June 2007, in the District Court Action, the court reset the discovery cut-off date for August 27, 2007, and the trial date for January 15, 2008. Televisa and its consolidated entities, including Televisa, S.A. de C.V., cannot predict how their overall business relationship with Univision will be affected by this dispute. Televisa believes the counterclaims and affirmative defenses asserted by Univision are without merit and is defending them vigorously.

In February 2006, Univision announced that its board had decided to engage in a process to explore strategic alternatives to enhance stockholder value. Our board of directors held a meeting on April 27, 2006 and authorized Emilio Azcárraga, Chairman of the Board, President and Chief Executive Officer of Televisa, and Alfonso de Angoitia, Executive Vice President of Televisa, in their judgment to enter into a group with others and to make a plan or proposal for a transaction with Univision which, if successful, would involve an increase in our minority



shareholding of Univision. In May 2006, Televisa, pursuant to such authority, and a number of private equity and investment entities decided to work together for the purpose of making such a plan or proposal.

In June 2006, Univision announced that it had entered into a definitive agreement with another group to acquire Univision on the terms and subject to the conditions of such agreement. That acquisition of Univision was completed in March 2007. As a result of the closing of the acquisition of Univision, all of Televisa's shares and warrants in Univision have been cancelled and have been

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converted into cash in an aggregate amount of approximately US\$1,094.4 million. In addition, we lost our right to designate a member to the board of directors of Univision. Accordingly, our former designee to the board of directors of Univision, Ricardo Maldonado Yañez, resigned from the board. We cannot predict how our overall business relationship with Univision will be affected by the acquisition of Univision.

### **We Have Experienced Substantial Losses, Primarily in Respect of Our Investments in Innova, and May Continue to Experience Substantial Losses as a Result of Our Participation in Innova, Which Would Adversely Affect Our Net Income**

We have invested a significant amount to develop DTH satellite services primarily in Mexico. Although Innova, our DTH joint venture in Mexico, referred to herein, for segment reporting purposes, as Sky Mexico, has generated positive cash flow in 2004, 2005 and 2006, we have, in the past, experienced substantial losses and substantial negative cash flow, and we may experience substantial losses over the next several years, as a result of our participation in Innova, which would adversely affect our net income. We cannot assure you that Innova will continue to generate net income in the upcoming years, principally due to the substantial capital expenditures and investments required to expand and improve its DTH service, the impact of any potential devaluation of the Peso versus the U.S. Dollar on Innova's financial structure, as well as the strong competition that exists in the pay-television industry in Mexico. See Notes 1(b) and 11 to our year-end financial statements. See Operating and Financial Review and Prospects.

We own a 58.7% interest in Innova, our DTH joint venture in Mexico. The balance of Innova's equity is indirectly owned by DIRECTV (which is 39% owned by News Corp.) through its subsidiaries News DTH (Mexico) Investment, LTD, DIRECTV Latin America Holdings, Inc., or DIRECTV Holdings, and DIRECTV Latin America LLC, or DTVLA. Although we hold a majority of Innova's equity, DIRECTV has significant governance rights, including the right to block any transaction between us and Innova. Accordingly, we do not have complete control over the operations of Innova. The indenture that governs the terms of the notes issued by Innova in September 2003 and the credit agreements entered into in March and April 2006, as well as the credit agreement we entered into in July 2005, contain covenants that restrict the ability of Innova to pay dividends and make investments and other restricted payments.

In connection with a letter agreement entered into in October 2004, we and DIRECTV Holdings entered into an agreement in February 2005 under which we acquired the right to buy additional interests in Innova from DIRECTV Holdings, which, was consummated on April 27, 2006, resulting in us indirectly owning 58.7% of Innova and DIRECTV indirectly owning 41.3% of Innova. We paid approximately U.S.\$59 million for the additional equity stake in Innova. See Information on the Company Business Overview DTH Joint Ventures.

### **We Have Evaluated the Possibility of Potential Losses in Innova in Case of Business Interruption Due to the Loss of Transmission and Loss of the Use of Satellite Transponders, Which Would Adversely Affect Our Net Income**

Media and telecom companies, including Innova, rely on satellite transmissions to conduct their day to day business. Any unforeseen and sudden loss of transmission or non-performance of the satellite for Innova (satellite operator) can cause huge losses to Innova's business. The unforeseen loss of transmission may be caused due to the satellite's loss of the orbital slot or the reduction in the satellite's functional life.

The size of the business interruption impact for Innova in the case of a satellite loss exceeds the capability of the insurance market to adequately cover this risk. In order to reduce the possibility of unforeseen loss of transmission and the financial impact, Innova is currently analyzing alternatives, such as switching its transmissions to newer satellites, diversifying the transponder service and creating a backup transmission system. We cannot predict the extent of losses to Innova in the case of satellite loss or the effectiveness of any proposed alternative.

### **Risk Factors Related to Our Securities**

#### **Any Actions Stockholders May Wish to Bring Concerning Our Bylaws or the CPO Trust Must Be Brought in a Mexican Court**

Our bylaws provide that you must bring any legal actions concerning our bylaws in courts located in Mexico City. The trust agreement governing the CPOs provides that you must bring any legal actions concerning the trust agreement in courts located in Mexico City. All parties to the trust agreement governing the CPOs, including the

holders of CPOs, have agreed to submit these disputes only to Mexican courts.

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**Non-Mexicans May Not Hold A Shares, B Shares or D Shares Directly and Must Have Them Held in a Trust at All Times**

Non-Mexicans may not directly own A Shares, B Shares or D Shares, but may hold them indirectly through a CPO trust, which will control the voting of the A Shares and B Shares. Under the terms of the CPO Trust, beginning in December 2008, a non-Mexican holder of CPOs or GDSs may instruct the CPO Trustee to request that we issue and deliver certificates representing each of the shares underlying its CPOs so that the CPO Trustee may sell, to a third party entitled to hold the shares, all of these shares and deliver to the holder any proceeds derived from the sale.

**Non-Mexican Holders of Our Securities Forfeit Their Securities if They Invoke the Protection of Their Government**

Pursuant to Mexican law, our bylaws provide that non-Mexican holders of CPOs and GDSs may not ask their government to interpose a claim against the Mexican government regarding their rights as stockholders. If non-Mexican holders of CPOs and GDSs violate this provision of our bylaws, they will automatically forfeit the A Shares, B Shares, L Shares and D Shares underlying their CPOs and GDSs to the Mexican government.

**Non-Mexican Holders of Our Securities Have Limited Voting Rights**

Non-Mexican holders of GDSs are not entitled to vote the A Shares, B Shares and D Shares underlying their securities. The L Shares underlying GDSs, the only series of our Shares that can be voted by non-Mexican holders of GDSs, have limited voting rights. These limited voting rights include the right to elect two directors and limited rights to vote on extraordinary corporate actions, including the delisting of the L Shares and other actions which are adverse to the holders of the L Shares. For a brief description of the circumstances under which holders of L Shares are entitled to vote, see [Additional Information Bylaws Voting Rights and Stockholders Meetings](#).

**Our Antitakeover Protections May Deter Potential Acquirors and May Depress Our Stock Price**

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions may also limit our stockholders' ability to approve transactions that may be in their best interests and discourage transactions in which our stockholders might otherwise receive a premium for their Shares over the then current market price, and could possibly adversely affect the trading volume in our equity securities. As a result, these provisions may adversely affect the market price of our securities. Holders of our securities who acquire Shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of, these securities and would be obligated to pay us a penalty. For a description of these provisions, see [Additional Information Bylaws Antitakeover Protections](#).

**GDS Holders May Face Disadvantages When Attempting to Exercise Voting Rights as Compared to Other Holders of Our Securities**

In situations where we request that JPMorgan Chase Bank, the depositary, ask holders for voting instructions, holders may instruct the depositary to exercise their voting rights, if any, pertaining to the deposited securities underlying their GDSs. The depositary will attempt, to the extent practical, to arrange to deliver voting materials to these holders. We cannot assure holders of GDSs that they will receive the voting materials in time to ensure that they can instruct the depositary how to vote the deposited securities underlying their GDSs, or that the depositary will be able to forward those instructions and the appropriate proxy request to the CPO Trustee in a timely manner. For stockholders' meetings, if the depositary does not receive voting instructions from holders of GDSs or does not forward such instructions and appropriate proxy request in a timely manner, if requested in writing from us, it will provide a proxy to a representative designated by us to exercise these voting rights. If no such written request is made by us, the depositary will not represent or vote, attempt to represent or vote any right that attaches to, or instruct the CPO Trustee to represent or vote, the shares underlying the CPOs in the relevant meeting and, as a result, the underlying shares will be voted in the manner described under [Additional Information Bylaws Voting Rights and Stockholders Meetings Holders of CPOs](#). For CPO Holders' meetings, if the depositary does not timely receive instructions from a Mexican or non-Mexican holder of GDSs as to the exercise of voting rights relating to the underlying CPOs in the relevant CPO holders' meeting, the depositary and the custodian will take such actions as are necessary to cause such CPOs to be counted for purposes of satisfying applicable quorum requirements and, unless we in our sole discretion have given prior written notice to the depositary and the custodian to the contrary, vote them in

the same manner as the majority of the CPOs are voted at the relevant CPOs holders meeting.

This means that holders of GDSs may not be able to exercise their right to vote and there may be nothing they can do if the deposited securities underlying their GDSs are not voted as they request.

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**The Interests of Our GDS Holders Will Be Diluted if We Issue New Shares and These Holders Are Unable to Exercise Preemptive Rights for Cash**

Under Mexican law and our bylaws, our stockholders have preemptive rights. This means that in the event that we issue new Shares for cash, our stockholders will have a right to subscribe the number of Shares of the same series necessary to maintain their existing ownership percentage in that series. U.S. holders of our GDSs cannot exercise their preemptive rights unless we register any newly issued Shares under the Securities Act of 1933, or the Securities Act, or qualify for an exemption from registration. If U.S. holders of GDSs cannot exercise their preemptive rights, the interests of these holders will be diluted in the event that we issue new Shares for cash. We intend to evaluate at the time of any offering of preemptive rights the costs and potential liabilities associated with registering any additional Shares. We cannot assure you that we will register under the Securities Act any new Shares that we issue for cash. In that connection, in 2002 we did not register the 430.3 million A Shares authorized, issued and subscribed in connection with our Long Term Retention Plan. Accordingly, the voting rights of GDS holders were diluted. See

Directors, Senior Management and Employees Long-Term Retention Plan and Additional Information Bylaws Preemptive Rights. In addition, although the deposit agreement provides that the depository may, after consultation with us, sell preemptive rights in Mexico or elsewhere outside the U.S. and distribute the proceeds to holders of GDSs, under current Mexican law these sales are not possible.

**The Protections Afforded to Minority Stockholders in Mexico Are Different From Those in the U.S.**

In accordance with the *Ley del Mercado de Valores*, or the Mexican Securities Market Law, as amended, we amended our bylaws to increase the protections afforded to our minority stockholders in an effort to try to ensure that our corporate governance procedures are substantially similar to international standards. See Additional Information Mexican Securities Market Law and Additional Information Bylaws Other Provisions Appraisal Rights and Other Minority Protections. Notwithstanding these amendments, under Mexican law, the protections afforded to minority stockholders are different from those in the U.S. In particular, the law concerning fiduciary duties of directors is not well developed, there is no procedure for class actions or stockholder derivative actions and there are different procedural requirements for bringing stockholder lawsuits. As a result, in practice, it may be more difficult for our minority stockholders to enforce their rights against us or our directors or major stockholders than it would be for stockholders of a U.S. company.

The new Mexican Securities Market Law provides additional protection to minority stockholders, such as (i) providing stockholders of a public company representing 5% or more of the capital stock of the public company, an action for liability against the members and secretary of the Board and relevant management of the public company, and (ii) establishing additional responsibilities on the audit committee in all issues that have or may have an effect on minority stockholders and their interests in an issuer or its operations.

**It May Be Difficult to Enforce Civil Liabilities Against Us or Our Directors, Executive Officers and Controlling Persons**

We are organized under the laws of Mexico. Substantially all of our directors, executive officers and controlling persons reside outside the U.S., all or a significant portion of the assets of our directors, executive officers and controlling persons, and substantially all of our assets, are located outside of the U.S., and some of the parties named in this annual report also reside outside of the U.S. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws.

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**Forward-Looking Statements**

This annual report and the documents incorporated by reference into this annual report contain forward-looking statements. We may from time to time make forward-looking statements in periodic reports to the SEC on Form 6-K, in annual report to stockholders, in prospectuses, press releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of these forward-looking statements include:

projections of capital expenditures, dividends, or other financial information;

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

our current and future plans regarding our online and wireless content venture, Televisa Digital;

statements concerning our current and future plans regarding our investment in the Spanish television channel La Sexta ;

statements concerning our current and future plans regarding our gaming business;

statements concerning our current and future plans regarding the introduction of fixed telephony service by Cablevisión;

statements concerning our transactions with and involving Univision Communications, Inc., or Univision;

statements concerning our series of transactions with The DIRECTV Group, Inc., or DIRECTV, and News Corporation, or News Corp.;

statements about our future economic performance or that of the United Mexican States, or Mexico, or other countries in which we operate or have investments; and

statements or assumptions underlying these statements.

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

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in these forward-looking statements. These factors, some of which are discussed under Key Information Risk Factors , include economic and political conditions and government policies in Mexico or elsewhere, inflation rates, exchange rates, regulatory developments, customer demand and competition. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. You should evaluate any statements made by us in light of these important factors.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments.

**Table of Contents****Item 4. Information on the Company****History and Development of the Company**

Grupo Televisa, S.A.B. is a *sociedad anónima bursátil*, or limited liability stock corporation, which was organized under the laws of Mexico in accordance with the *Ley General de Sociedades Mercantiles*, or Mexican Companies Law. Grupo Televisa was incorporated under Public Deed Number 30,200, dated December 19, 1990, granted before Notary Public Number 73 of Mexico City, and registered with the Public Registry of Commerce in Mexico City on Commercial Page (*folio mercantil*) Number 142,164. Pursuant to the terms of our *estatutos sociales*, or bylaws, our corporate existence continues through 2105. Our principal executive offices are located at Avenida Vasco de Quiroga, No. 2000, Colonia Santa Fe, 01210 México, D.F., México. Our telephone number at that address is (52) (55) 5261-2000.

Grupo Televisa, S.A.B., is the largest media company in the Spanish-speaking world and a major participant in the international entertainment business. We have interests in television production and broadcasting, production of pay television networks, international distribution of television programming, direct-to-home satellite services, publishing and publishing distribution, cable television, radio production and broadcasting, professional sports and live entertainment, feature film production and distribution, gaming, and the operation of a horizontal internet portal. Grupo Televisa also owns an unconsolidated equity stake in La Sexta, a free-to-air television venture in Spain.

**Capital Expenditures**

The table below sets forth our actual capital expenditures, investments and acquisitions for the years ended December 31, 2004, 2005 and 2006 and our projected capital expenditures for the year ended December 31, 2007. For a discussion of how we intend to fund our projected capital expenditures, investments and acquisitions for 2006, as well as a more detailed description of our capital expenditures, investments and acquisitions in prior years, see

Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Liquidity and Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity.

	<b>Year Ended December 31,(1)</b>		
	<b>2004</b> <b>(Actual)</b>	<b>2005</b> <b>(Actual)</b>	<b>2006</b> <b>(Actual)</b>
	<b>(millions of U.S. Dollars)</b>		
Capital expenditures(2)	U.S. \$ 174.6	U.S. \$ 248.3	U.S. \$ 298.5
Investments in DTH joint ventures(3)	12.5		
La Sexta(4)		1.4	132.4
Other acquisitions and investments(5)(6)	29.3	68.0	437.7
Total capital expenditures and investments	U.S. \$ 216.4	U.S. \$ 317.7	U.S. \$ 868.6

(1) Amounts in respect of some of the capital expenditures, investments and acquisitions we made in 2004, 2005 and 2006 were paid for in Mexican Pesos. These Mexican Peso



amounts were translated into U.S. Dollars at the Interbank Rate in effect on the dates on which a given capital expenditure, investment or acquisition was made. As a result, U.S. Dollar amounts presented in the table immediately above are not comparable to: (i) data regarding capital expenditures set forth in Key Information Selected Financial Data , which is presented in constant Pesos of purchasing power as of December 31, 2006 and, in the case of data presented in U.S. Dollars, is translated at a rate of Ps.10.8025 to one U.S. Dollar, the Interbank Rate as of December 31, 2006, and (ii) certain data regarding capital expenditures set forth under Operating and Financial Review and Prospects Results of Operations Liquidity, Foreign Exchange and Capital Resources Capital Expenditures, Acquisitions and

Investments,  
Distributions and  
Other Sources of  
Liquidity .

- (2) Reflects capital expenditures for property, plant and equipment, as well as general capital expenditures, in all periods presented. Also includes U.S.\$35.1 million in 2004, U.S.\$51.1 million in 2005 and U.S.\$75.9 million in 2006 for the expansion and improvement of our cable business; and U.S.\$57.6 million in 2004, U.S.\$109.2 million in 2005 and U.S.\$91.2 million in 2006 for the expansion and improvement of our SKY Mexico segment.
- (3) Includes investments made in the form of capital contributions and loans in all periods.
- (4) In 2005 we made capital contributions of approximately U.S.\$1.4 million (1.2 million Euros). During 2006, we made additional capital contributions related to our 40%

interest in La Sexta  
in the amount of  
approximately  
U.S.\$132.4 million  
(104.6 million  
Euros). Our  
projected total  
investment in La  
Sexta for 2007 is  
approximately  
U.S.\$101.0 million  
(76.5 million  
Euros).

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- (5) Additionally, in 2004 and 2005, we made capital contributions in the aggregate amount of U.S.\$2.0 million in our pay television joint venture with Univision. In November 2005, we acquired Comtelvi, S. de R.L. de C.V., or Comtelvi, from a third party for an aggregate amount of U.S.\$39.1 million. At the time of acquisition, Comtelvi had structured note investments and other financial instrument assets and liabilities, as well as tax losses of approximately Ps.3,445.7 million that were used by us in the fourth quarter of 2005. See Business Overview Univision and Note 2 to our year-end financial statements.
- (6) In the first quarter of 2006, we completed the acquisition of certain operating assets, consisting primarily of trademarks, intellectual

property rights and other publishing assets owned by Editora Cinco, a publishing company in Mexico and Latin America, for an aggregate amount of approximately U.S.\$15.0 million. In the second quarter of 2006, we acquired part of the minority interest in Innova that was formerly owned by Liberty Media for an amount of approximately U.S.\$58.7 million to increase the interest in our Sky Mexico business to 58.7%.

In 2004, 2005 and 2006, we relied on a combination of operating revenues, borrowings and net proceeds from dispositions to fund our capital expenditures, acquisitions and investments. We expect to fund our capital expenditures in 2007, other than cash needs in connection with any potential investments and acquisitions, through a combination of cash from operations and cash on hand. We intend to finance our potential investments or acquisitions in 2007 through available cash from operations, cash on hand and/or borrowings. The amount of borrowings required to fund these cash needs in 2007 will depend upon the timing of cash payments from advertisers under our advertising sales plan.

### **Business Overview**

Grupo Televisa, S.A.B., is the largest media company in the Spanish-speaking world and a major participant in the international entertainment business. We have interests in television production and broadcasting, production of pay television networks, international distribution of television programming, direct-to-home satellite services, publishing and publishing distribution, cable television, radio production and broadcasting, professional sports and live entertainment, feature film production and distribution, gaming, and the operation of a horizontal internet portal. Grupo Televisa also owns an unconsolidated equity stake in La Sexta, a free-to-air television venture in Spain.

### **Business Strategy**

We intend to leverage our position as the largest media company in the Spanish-speaking world to continue expanding our business while maintaining profitability and financial discipline. We intend to do so by maintaining our leading position in the Mexican television market, by continuing to produce high quality programming and by improving our sales and marketing efforts while improving our operating margins. By leveraging all our business segments and capitalizing on their synergies to extract maximum value from our content, we also intend to continue building our pay-television platforms, expanding our publishing business, increasing our international programming sales and strengthening our position in the growing U.S.-Hispanic market. We intend to continue to expand our business by developing new business initiatives and/or through business acquisitions and investments in Mexico, the United States and elsewhere.

### ***Maintaining Our Leading Position in the Mexican Television Market***

***Continuing to Produce High Quality Programming.*** We aim to continue producing the type of high quality television programming that has propelled many of our programs to the top of the national ratings and audience share in Mexico. In 2005 and 2006, our networks aired 81% and 84%, respectively, of the 200 most-watched television programs in Mexico, according to the Mexican subsidiary of the Brazilian Institute of Statistics and Public Opinion, or Instituto Brasileiro de Opinião Pública y Estadística, or IBOPE. We have launched a number of initiatives in creative development, program scheduling and on-air promotion. These initiatives include improved production of our highly rated telenovelas, new comedy and game show formats and the development of reality shows and new series. We have improved our scheduling to be better aligned with viewer habits by demographic segment while improving viewer retention through more dynamic on-air graphics and pacing. We have enhanced tune-in promotion both in terms of creative content and strategic placement. In addition, we plan to continue expanding and leveraging our exclusive Spanish-language video and international film library, exclusive rights to soccer games and other events, as well as cultural, musical and show business productions.

***Improving Our Sales and Marketing Efforts.*** In 2005 and 2006, we outperformed Mexican economic growth by increasing our television broadcasting revenues in real terms by 5.1% and 8.5%, respectively, as compared to increases of 2.8% and 4.8%, respectively, in Mexican GDP during the same periods. See Key Information Risk Factors Risk Factors Related to Mexico

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Mexico Has Experienced Adverse Economic Conditions . The increase in our television broadcasting revenues was primarily due to the marketing and advertising strategies we have implemented over the course of the last several years.

Over the past few years we have improved our television broadcasting advertising sales strategy by: (i) introducing a cost per rating point basis pricing system; (ii) implementing differentiated pricing by quarter, by channel and by time of day; (iii) reorganizing our sales force into teams focusing on each of our divisions; and (iv) emphasizing a compensation policy for salespeople that is performance-based, with variable commissions tied to year-end results for a larger portion of total compensation.

We plan to continue expanding our advertising customer base by targeting medium-sized and local companies who were previously underserved. For example, as part of our plan to attract medium-sized and local advertisers in Mexico City, we targeted the reach of the Channel 4 Network throughout Mexico City and revised its format to create 4TV, which targets viewers in the Mexico City metropolitan area. See Television Broadcasting Channel 4 Network . We currently sell local advertising time on 4TV to medium-sized and local advertisers at rates comparable to those charged for advertising time on local, non-television media, such as radio, newspapers and billboards. However, by purchasing local advertising time on 4TV, medium-sized and local advertisers are able to reach a wider audience than they would reach through local, non-television media.

**Improving Our Consolidated Operating Income Margin.** Our consolidated operating income margin (consolidated operating income over consolidated net sales) increased in 2006, ending the year at 36.2% compared to 33.3% for 2005. We intend to continue improving our consolidated operating income margin by increasing revenues and controlling costs and expenses.

***Continue Building Our Pay Television Platforms***

**DTH.** We believe that Ku-Band DTH satellite services offer an enhanced opportunity for expansion of pay television services into cable households seeking to upgrade reception of our broadcasting and in areas not currently serviced by operators of cable or multi-channel, multi-point distribution services. We own a 58.7% interest in Innova, or Sky Mexico, our joint venture with DIRECTV. Innova is the only DTH company in Mexico, with approximately 1,430,100 subscribers, of which 91,100 were commercial subscribers as of December 31, 2006.

*The key components of our DTH strategy include:*

offering high quality and exclusive programming content, including rights to our four over-the-air broadcast channels, exclusive broadcasts of sporting events, such as the 2006 FIFA World Cup, the Spanish Soccer League and a variety of Mexican Soccer League games, reality shows and other programs produced by us, or with respect to which we have exclusive rights;

capitalizing on our relationship with DIRECTV and local operators in terms of technology, distribution networks, infrastructure and cross-promotional opportunities;

capitalizing on the low penetration of pay-television services in Mexico;

exploring alternatives to expand our DTH services in Central America and the Caribbean;

providing superior digital Ku-band DTH satellite services and emphasizing customer service quality; and

we plan to continue leveraging our strengths and capabilities to develop new business opportunities and expand through acquisitions.

**Cable.** With a subscriber base of over 422,100 (of which 283,200 were digital subscribers) and 496,500 (all of which were digital subscribers) basic subscribers as of December 31, 2005 and 2006, respectively, and approximately 1,519,413 homes passed as of December 31, 2006, Cablevisión, the Mexico City cable system in which we own a 51% interest, is one of the largest cable television operators in Mexico. Cablevisión's strategy aims to increase its subscriber base, average monthly revenues per subscriber and penetration rate by:

continuing to offer high quality programming;

upgrading its existing cable network into a broadband bidirectional network;

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increasing the penetration of its high-speed and bidirectional Internet access and other multimedia services as well as providing a platform to offer internet protocol, or IP and telephony services;

continuing the roll out of digital set-top boxes and the roll out, which began in the third quarter of 2005, of advanced digital set-top boxes which allow the transmission of high definition programming and recording capability; and

continuing leveraging our strengths and capabilities to develop new business opportunities and expand through acquisitions.

Cablevisión has introduced a variety of new multimedia communications services over the past few years, such as interactive television and other enhanced program services, including high-speed Internet access through cable modem. As of December 31, 2006, Cablevisión had 96,000 cable modem customers compared to 61,000 at December 31, 2005. The growth we have experienced in Cablevisión has been driven primarily by the conversion of our system from analog to digital format. Accordingly, Cablevisión has concluded its plan to switch its analog subscriber base to the digital service. In addition, Cablevisión introduced VOD services and, in May 2007 received governmental approval to introduce IP and telephony services. Cablevisión expects to launch its fixed telephony service in the third quarter of 2007, subject to the availability of VoIP technology which shall comply with the standards of data transmission over cable networks.

***Expanding Our Publishing Business***

With a total annual circulation of approximately 155 million magazines during 2006, we believe our subsidiary, Editorial Televisa, S.A. de C.V., or Editorial Televisa, is the largest Spanish-speaking publishing company in the world, in number of magazines distributed. Editorial Televisa publishes 78 titles, some of which have different editions for each different market. Among the 78 titles, 51 are fully owned and produced in-house and the remaining 27 titles are licensed from world-renowned publishing houses, including the Spanish-language editions of some of the most prestigious brands in the world. Editorial Televisa distributes its titles to more than 20 countries, including Mexico, the United States and countries throughout Latin America. During the last three years, Editorial Televisa implemented an aggressive commercial strategy in order to increase its market share and advertising revenues. As a result of this strategy, according to IBOPE, Editorial Televisa's market share in Mexico grew to 49% in 2006. According to Simmons (an independent research company), five of the top ten Hispanic market magazines in the United States are published and distributed by Editorial Televisa. We believe that Editorial Televisa leads at least 14 of the other 20 markets in which we compete, in terms of readership.

In December 2005, our publishing division acquired 100% of the publishing assets of Editora Cinco, the leading publisher in the arts and crafts segment in Colombia with strong brands in the feminine and general interests segments.

During 2006, we launched seven new titles of which four are fully-owned (namely, the Colombian edition of Poder y Negocios, a fortnightly business magazine, TVyNovelas Ecuador, a fortnightly entertainment magazine, Bike and Motociclismo Panamericano) and three are licensed from third parties (namely, the Spanish version of OK magazine, pursuant to a license agreement with Northern & Shell PLC, Chivas, the official magazine of the Mexican Premiere League soccer team known as Chivas, pursuant to a license agreement with Chivas de Corazón, S.A. de C.V., and Atención Médica, a medical magazine, pursuant to a license agreement with Intersistemas, S.A. de C.V.).

***Increasing Our International Programming Sales and Strengthening Our Position in the Growing U.S.-Hispanic Market***

We license our programs to television broadcasters and pay-television providers in the United States, Latin America, Asia, Europe and Africa. Excluding the United States, in 2006, we licensed 48,927 hours of programming in over 108 countries throughout the world. We intend to continue exploring ways of expanding our international programming sales.

The U.S.-Hispanic population, estimated to be 42.7 million, or approximately 14% of the U.S. population according to U.S. Census estimates published July 1, 2005, is currently one of the fastest growing segments in the U.S. population, growing at approximately seven times the rate of the non-Hispanic population. The U.S. Census Bureau projects that the Hispanic population will double to approximately 20% of the U.S. population by the year

2020. The Hispanic population accounted for estimated disposable income in 2006 of U.S.\$822 billion, or 8.6% of the total U.S. disposable income, an increase of 64% since 2000. Hispanics are expected to account for U.S.\$1.0 trillion of U.S. consumer spending, or 9.7% of the U.S. total disposable income, by 2010, outpacing the expected growth in total U.S. consumer expenditures.

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We intend to leverage our unique and exclusive content, media assets and long-term associations with others to benefit from the growing demand for entertainment among the U.S.-Hispanic population.

We supply television programming for the U.S.-Hispanic market through Univision, the leading Spanish-language media company in the United States. During 2006, Televisa provided 42% of Univision Network's non-repeat broadcast hours, including most of its 7:00 p.m. to 10:00 p.m. weekday prime time programming, 19% of TeleFutura Network's non-repeat broadcast hours and substantially all of the programming broadcast on Galavision Network. In exchange for this programming, during 2004, 2005 and 2006, Univision paid Televisa U.S.\$105.0 million, U.S.\$109.8 million and U.S.\$126.9 million, respectively, in royalties. For a description of our arrangements with Univision, see Univision .

In March 2007, at the closing of the acquisition of Univision, all of Televisa's shares and warrants in Univision were cancelled and converted into cash in an aggregate amount of approximately U.S.\$1,094.4 million. As a result of such conversion, we no longer hold an equity interest in Univision. We are also no longer bound by most of the provisions of the Participation Agreement, which had formerly restricted our ability to enter into certain transactions involving Spanish-language television broadcasting and a Spanish-language television network in the U.S. without first offering Univision the opportunity to acquire a 50% economic interest, except in the case that we enter into certain transactions involving direct broadcast satellite or direct to home satellite to the U.S. market. Subject to certain restrictions which may continue to bind Televisa by reason of the PLA and other limited exceptions, we can now engage in certain business opportunities in the growing U.S. Hispanic marketplace relating to programming or otherwise without offering Univision participation in such opportunities. See Univision .

We maintain a joint venture, TuTv, with Univision through which we operate and distribute a suite of Spanish-language television channels for digital cable and satellite delivery in the United States. TuTv currently distributes five cable channels, including two movie channels and three channels featuring music videos, celebrity lifestyle and interviews and entertainment news programming. In 2006, channels distributed by TuTv reached approximately 1.5 million subscribers through EchoStar, DIRECTV (PR), Cox, Charter and other smaller systems. See Univision .

***Developing New Businesses and Expanding through Acquisitions***

We plan to continue leveraging our strengths and capabilities to develop new business opportunities and expand through acquisitions and investments in Mexico, the United States and elsewhere. Any such acquisition or investment, which could be funded using cash on hand, our equity securities and/or the issuance of debt securities, could be substantial in size.

In the second half of 2005, we entered into a series of agreements with EMI Group PLC, or EMI, a world leading music recording company, by which a 50/50 joint venture music company, Televisa EMI Music, was created in Mexico, and we became a 50/50 partner of EMI's U.S. Latin music operations, or EMI Televisa Music, beginning September 1, 2005. These joint ventures did not require any significant capital funding by us during 2005 and 2006. Additionally, we may fund up to 50% of certain working capital requirements of EMI Televisa Music during 2007, in the form of long-term loans.

In November 2005, the government of Spain granted a concession for a nationwide free-to-air analog television channel and two nationwide free-to-air digital television channels to Gestora de Inversiones Audiovisuales La Sexta, S.A., or La Sexta, a consortium that included Televisa, holding a 40% equity interest, and Grupo Arbol and the Mediapro Group controlling the remaining 60%, indirectly, through their interest in GAMP Audiovisual, S.A., or GAMP. In November 2006, GAMP entered into a purchase agreement with Gala Capital Market, S.L., or Gala, whereby Gala acquired from GAMP a 9% interest in La Sexta.

As part of the agreement with our partners to (i) complete funding the La Sexta business plan in its entirety for the first three years of operations, and (ii) to acquire part of the capital stock of Imagina Media Audiovisual, S.L., or Imagina (formerly Grupo Afinia ), an entity which resulted from the merger between the Mediapro Group and Grupo Arbol, we received, among other rights, a call option under which we had the right to subscribe, at a price of 80.0 million Euros, a percentage of the capital stock of Imagina that was to be determined by the application of a formula related to the enterprise value of Imagina at the time of the exercise of the call option.

In exchange for the call option and certain other rights granted in connection therewith, we agreed to grant Inversiones Mediapro Arbol S.L., or Mediapro Arbol, an indirect, wholly owned subsidiary of Imagina, a credit facility for up to 80.0 million Euros to be used exclusively for equity contributions by Imagina to La Sexta; provided, among other obligations, that if a third party acquired a portion of the capital stock of Imagina, and any borrowings had been made thereunder, the Credit Facility would be cancelled and any outstanding amount would have to be repaid to us with the proceeds from the acquisition by the third party.

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In March 2007, Torreal Sociedad de Capital de Riesgo de Regimen Simplificado, S.A., or Torreal, acquired a 20% stake in Imagina. As a result of such acquisition, (i) the Credit Facility has been cancelled and no repayment of the Credit Facility was necessary because no borrowings had been made thereunder and (ii) our partners may elect to terminate the call option granted to us in connection with the possible Imagina investment if they pay us a termination fee.

With the investment in La Sexta, we expect to capitalize on the size and growth trends in Spain's advertising market, as well as the potential synergies between the country's entertainment market and our current markets and programming. La Sexta began broadcasting on March 27, 2006.

In 2006 we launched our gaming business. We opened 5 bingo and sports books halls under the brand name Play City. We plan to open 65 bingo and sports books halls over the course of eight years. In addition, we recently launched Multijuegos, an online lottery with access to a nationwide network of electronic terminals. The bingo and sports books halls and Multijuegos are operated under a permit from the *Secretaría de Gobernación*, or Mexican Ministry of the Interior, to establish, among other things, up to 65 bingo and sports books halls and number draws throughout Mexico, referred to as the Gaming Permit.

In 2006, we implemented the following internet services as part of Televisa Digital, our online and wireless content venture:

*Video-on-demand service* With this service, internet users can download Televisa and third party video content from the internet either free with advertising sponsorship or through payment. The service will target to build the largest Hispanic video library in Latin America, Canada and the United States with television programs, movies, and music videos, among others.

*Live online television service* With this service our internet users worldwide, except in the United States, can watch a live stream of Televisa's four broadcast channels, which is enhanced by a 15-day time-shifting archive.

*Short-video streaming* Within our web pages we launched a new short-clip streaming service with more than 1,500 videos, each less than 5 minutes long. Currently, we are streaming 1.7 million videos per week.

*Tarabu* Tarabu is the leading Mexican online and wireless digital music store in Latin America. Tarabu utilizes proprietary technology and offers more than 500,000 songs from most of the major labels. Through this website we also cross-promote the artists of our joint venture record label, EMI Televisa Music, post music content, generate social networks and foster interactivity with some of our television programs.

*Esmas Player* This desktop application enables users to manage their music, image, and video libraries and access our podcasting, video, music, and live television services through a simple user interface.

Approximately 3.4 million users downloaded the Esmas Player from the Esmas website during 2006.

In March 2006, our subsidiary, Corporativo Vasco de Quiroga, S.A. de C.V. or CVQ, acquired a 50% interest in Televisión Internacional, S.A. de C. V., or TVI, in the amount of Ps.769.4 million, which was substantially paid in cash. We agreed to pay an additional purchase price adjustment in the second quarter of 2006 in the amount of Ps.18.6 million. In addition, as part of the agreement, we agreed to provide funding to TVI in the form of a loan in the amount of Ps. 240.6 million, which has been converted into capital stock. The ownership structure of TVI was not changed after the capitalization of the loan.

TVI, a telecommunications company offering pay television, data and voice services in the metropolitan area of Monterrey, serves more than 147,000 cable television subscribers, 53,000 high-speed internet subscribers and 1,300 telephone lines.

CVQ notified the Mexican Antitrust Commission of its intent to acquire a 50% interest in TVI, and after appealing the decision of such authority at the first stage of the process on February 23, 2007, the Mexican Antitrust Commission authorized the intended acquisition, subject to compliance with certain conditions in order to avoid restraints on competition. See Key Information Risk Factors Risk Factors Related to Mexico Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures .

In November 2006, we invested U.S.\$258.0 million dollars in long-term notes convertible, at our option, into 99.99% of the equity of Alvafig S.A. de C.V., which holds 49% of the equity of Cablemás, S.A. de C.V., or Cablemás. Cablemás operates in 48 cities. As of December 31, 2006, Cablemás cable network served 709,309 cable television subscribers, 176,182 high-speed internet subscribers

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and 25,089 IP-telephony lines, with approximately two million homes passed. The Company has notified the Mexican Antitrust Commission of its intent to convert the long term notes into equity. The Commission's resolution is currently pending.

We expect that in the future we may identify and evaluate opportunities for strategic acquisitions of complementary businesses, technologies or companies. We may also consider joint ventures and other collaborative projects and investments.

**Television*****Television Industry in Mexico***

**General.** There are ten television stations operating in Mexico City and approximately 457 other television stations elsewhere in Mexico. Most of the stations outside of Mexico City re-transmit programming originating from the Mexico City stations. We own and operate four of the ten television stations in Mexico City, Channels 2, 4, 5 and 9. These stations are affiliated with 220 repeater stations and 33 local stations outside of Mexico City. See *Television Broadcasting*. We also own an English-language television station in Mexico on the California border. Our major competitor, TV Azteca, owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 84 and 92 stations, respectively, outside of Mexico City. Televisora del Valle de Mexico, S.A. de C.V., owns the concession for CNI Channel 40, a UHF channel that broadcasts throughout the Mexico City metropolitan area. The Mexican government currently operates two stations in Mexico City, Channel 11, which has 8 repeater stations, and Channel 22. There are also 20 independent stations outside of Mexico City which are unaffiliated with any other stations. See *Television Broadcasting*.

We estimate that approximately 20.9 million Mexican households have television sets, representing approximately 86.1% of the total households in Mexico as of December 31, 2006. We believe that approximately 96.1% of all households in Mexico City and the surrounding area have television sets.

**Ratings and Audience Share.** All television ratings and audience share information included in this annual report relate to data supplied by IBOPE Mexico, a privately owned market research firm based in Mexico City. IBOPE Mexico is one of the 15 global branch offices of IBOPE. IBOPE Mexico conducts operations in Mexico City, Guadalajara, Monterrey and 25 other Mexican cities with a population over 500,000, and the survey data provided in this annual report covers data collected from national surveys. IBOPE Mexico reports that its television surveys have a margin of error of plus or minus 5%.

As used in this annual report, *audience share* for a period means the number of television sets tuned into a particular program as a percentage of the number of households watching over-the-air television during that period, without regard to the number of viewers. *Rating* for a period refers to the number of television sets tuned into a particular program as a percentage of the total number of all television households. *Average audience share* for a period refers to the average daily audience share during that period, and *average rating* for a period refers to the average daily rating during that period, with each rating point representing one percent of all television households.

Prime time is 4:00 p.m. to 11:00 p.m., seven days a week, weekday prime time is 7:00 p.m. to 11:00 p.m., Monday through Friday, and sign-on to sign-off is 6:00 a.m. to midnight, seven days a week. The average ratings and average audience share for our television networks and local affiliates and programs relate to conventional over-the-air television stations only; cable services, multi-channel, multi-point distribution system and DTH satellite services, videocassettes and video games are excluded.

***Programming***

**Programming We Produce.** We produce the most Spanish-language television programming in the world. In 2004, 2005 and 2006, we produced approximately 54,800 hours, 57,500 hours and 64,700 hours, respectively, of programming for broadcast on our network stations and through our cable operations and DTH satellite joint ventures, including programming produced by our local stations.

We produce a variety of programs, including telenovelas, newscasts, situation comedies, game shows, reality shows, children's programs, comedy and variety programs, musical and cultural events, movies and educational programming. Our telenovelas are broadcast either dubbed or subtitled in a variety of languages throughout the world. In 2006, we successfully co-produced a new primetime sitcom entitled *Amor Mio*, which captured 39.9% of the viewers across Mexico upon its debut and 36.0% during its broadcast in Mexico.

Our programming also includes broadcasts of special events and sports events in Mexico promoted by us and others. Among the sports events that we broadcast are soccer games of our and other teams and professional wrestling matches. See Other



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Businesses Sports and Show Business Promotions . In 2004, we broadcast the Olympic Games, the Copa América and the Euro Cup. In 2005, we broadcast certain matches of the CONCACAF Gold Cup, the FIFA Confederations Cup and the FIFA under 17 World Championship. In 2006, we broadcast the 2006 FIFA World Cup.

Our programming is produced primarily at our 26 studios in Mexico City. We also operate 15 fully equipped remote control units. Some of our local television stations also produce their own programming. These local stations operate 37 studios and 26 fully equipped remote control units. See Television Broadcasting Local Affiliates .

In 2001, we entered into a joint venture with Endemol, B.V., or Endemol, a leading international developer and producer of programming and other content for television and online platforms, to jointly develop, produce, acquire and license Spanish-language programming and the related formats for the production of such programming, including Endemol programming and formats, in Mexico and select countries in Central America. Endemol agreed to license, on a first option basis, the rights to use its production formats, including the format for Big Brother , which was the first reality show produced and broadcast in Mexico, to the joint venture. As of today, the term of such joint venture has concluded and we will continue to consider entering into future business arrangements with Endemol, although no assurances can be given in this regard.

**Foreign-Produced Programming.** We license and broadcast television programs produced by third parties outside of Mexico. Most of this foreign programming is from the United States and includes television series, movies and sports events, including coverage of Major League Baseball games and National Football League games. Foreign-produced programming represented approximately 32%, 33% and 40% of the programming broadcast on our four television networks in 2004, 2005 and 2006, respectively. A substantial majority of the foreign-produced programming aired on our networks was dubbed into Spanish and was aired on Channels 4 and 5, with the remainder aired on Channel 9.

**Talent Promotion.** We operate Centro de Educación Artística, a school in Mexico City to develop and train actors and technicians. We provide instruction free of charge, and a substantial number of the actors appearing on our programs have attended the school. We also promote writers and directors through a writers school as well as various contests and scholarships.

**Television Broadcasting**

We operate four television networks that can be viewed throughout Mexico on our affiliated television stations through Channels 2, 4, 5 and 9 in Mexico City. The following table indicates the total number of operating television stations in Mexico affiliated with each of our four networks, as well as the total number of local affiliates, as of December 31, 2006.

	Wholly Owned Mexico City Anchor Stations	Wholly Owned Affiliates	Majority Owned Affiliates	Minority Owned Affiliates	Independent Affiliates	Total Stations
Channel 2	1	124	2		1	128
Channel 4	1					1
Channel 5	1	61			4	66
Channel 9	1	14			14	29
Subtotal	4	199	2		19	224
Border Stations		1				1
Local (Stations) Affiliates		18		1	14	33
Total	4	218	2	1	33	258

The programs shown on our networks are among the most watched television programs in Mexico. Based on IBOPE Mexico surveys during 2004, 2005 and 2006, our networks aired 177, 162 and 168, respectively, of the 200

most watched television programs throughout Mexico and produced 13, 17 and 22, respectively, of the 25 most watched television programs in Mexico. Most of the remaining top 25 programs in those periods were soccer games and special feature films that were aired on our networks.

The following charts compare the average audience share and average ratings during prime time hours, weekday prime time hours and from sign-on to sign-off hours, of our television networks as measured by the national audience, from January 2004 through December 2006, shown on a bi-monthly basis.

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**Average Audience Share**  
**January 2004    December 2006(1)**

- (1) Source: IBOPE  
Mexico national  
surveys.

**Average Ratings**  
**January 2004    December 2006(1)**

- (1) Source: IBOPE  
Mexico national  
surveys.

**Channel 2 Network.** Channel 2, which is known as *El Canal de las Estrellas*, or *The Channel of the Stars*, together with its affiliated stations, is the leading television network in Mexico and the leading Spanish-language television network in the world, as measured by the size of the audience capable of receiving its signal. Channel 2's programming is broadcast 24 hours a day, seven days a week, on 128 television stations located throughout Mexico. The affiliate stations generally re-transmit the programming and advertising transmitted to them by Channel 2 without interruption. Such stations are referred to as *repeater* stations. We estimate that the Channel 2 Network reaches approximately 20.7 million households, representing 99% of the households with television sets in Mexico. The Channel 2 Network accounted for a majority of our national television advertising sales in each of 2004, 2005 and 2006.

According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in May 2005, Mexico City's Channel 2 obtained a new license to transmit DTV services on Channel 48 as its second channel throughout the transition period from analog to digital television, which is estimated to end by the year 2021. Also, six repeaters of the Channel 2 network located in Guadalajara, Monterrey, and four cities along the border with the United States of America have obtained similar licenses. As of December 2005, these DTV stations are in place and fully operational.

The following table shows the average audience share of the Channel 2 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2004(1)</b>	<b>2005(1)</b>	<b>2006(1)</b>
Prime time hours	31.0%	31.8%	32.8%
Weekday prime time hours	32.9%	36.2%	37.3%
Sign-on to sign-off hours	29.9%	30.3%	31.8%

- (1) Source: IBOPE  
Mexico national  
surveys.

The Channel 2 Network targets the average Spanish-speaking family as its audience. Its programs include soap operas (telenovelas), news, entertainment, comedy and variety programs, movies, game shows, reality shows and sports. The telenovelas make up the bulk of the prime time lineup and consist of romantic dramas that unfold over the course of 120 to 200 half-hour episodes. Substantially all of Channel 2's programming is aired on a first-run basis and virtually all of it, other than Spanish-language movies, is produced by us.

**Channel 5 Network.** In addition to its anchor station, Channel 5 is affiliated with 65 repeater stations located throughout Mexico. We estimate that the Channel 5 Network reaches approximately 19.4 million households, representing approximately 92% of households with television sets in Mexico. We believe that Channel 5 offers the best option to reach the 18-34 year old demographic, and we have extended its reach into this key group by offering new content.

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According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in September 2005, Mexico City's Channel 5 obtained a new license to transmit DTV services in Channel 50 as its second channel during the transition period estimated to end by the year 2021. Also, three repeaters of the Channel 5 network had obtained similar license. As of December 2005, these DTV stations are in place and fully operational.

The following table shows the average audience share of the Channel 5 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2004(1)</b>	<b>2005(1)</b>	<b>2006(1)</b>
Prime time hours	19.6%	17.4%	16.9%
Weekday prime time hours	19.8%	15.9%	14.9%
Sign-on to sign-off hours	21.6%	20.1%	19.1%

(1) Source: IBOPE  
Mexico national surveys.

We believe that Channel 5 has positioned itself as the most innovative television channel in Mexico with a combination of reality shows, sitcoms, dramas, movies, cartoons and other children's programming. The majority of Channel 5's programs are produced outside of Mexico, primarily in the United States. Most of these programs are produced in English. In 2006, we aired 41 of the 50 top-rated movies.

**Channel 4 Network.** Channel 4 broadcasts in the Mexico City metropolitan area and, according to our estimates, reaches over 5.0 million households, representing approximately 23.9% of television households in Mexico in 2006. As described above, as part of our plan to attract medium-sized and local Mexico City advertisers, we focused the reach of this network throughout Mexico and revised the format of Channel 4 to create 4TV in an effort to target viewers in the Mexico City metropolitan area. We currently sell local advertising time on 4TV to medium-sized and local advertisers at rates comparable to those charged for advertising on local, non-television media, such as radio, newspapers and billboards. However, by purchasing local advertising time on 4TV, medium-sized and local advertisers are able to reach a wider audience than they would reach through local, non-television media.

According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in September 2005, Mexico City's Channel 4 obtained a new license to transmit DTV services in Channel 49 as its second channel during the transition period estimated to end by the year 2021. As of December 2005, this DTV station is installed, and fully operational.

The following table shows the average audience share of the Channel 4 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated, including audience share for local stations:

	<b>Year Ended December 31,</b>		
	<b>2004(1)</b>	<b>2005(1)</b>	<b>2006(1)</b>
Prime time hours	6.6%	6.0%	6.1%
Weekday prime time hours	7.0%	6.3%	6.5%
Sign-on to sign-off hours	8.7%	7.6%	7.5%

(1) Source: IBOPE  
Mexico national surveys.

4TV targets young adults and stay-at-home parents. Its programs consist primarily of news, comedy, sports, and entertainment shows produced by us, as well as a late night home shopping program, foreign-produced series,

mini-series and movies, which are dubbed or subtitled in Spanish. In an attempt to attract a larger share of the Mexico City television audience, in recent years, 4TV also began broadcasting three new local newscasts relating to the Mexico City metropolitan area.

**Channel 9 Network.** In addition to its anchor station, Channel 9 is affiliated with 28 repeater stations, approximately one-third of which are located in central Mexico. We estimate that Channel 9 reaches approximately 15.3 million households, representing

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approximately 72.8% of households with television sets in Mexico. Channel 9 broadcasts in 26 of the 27 cities other than Mexico City that are covered by national surveys.

According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in October 2006, Mexico City's Channel 9 obtained a new license to transmit DTV services in Channel 44 as its second channel during the transition period estimated to end by the year 2021. As of January 2007, this DTV station is in place and fully operational.

The following table shows the average audience share of the Channel 9 Network during prime time hours, weekday prime time hours and sign-on to sign-off hours during the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2004(1)</b>	<b>2005(1)</b>	<b>2006(1)</b>
Prime time hours	11.7%	13.4%	13.7%
Weekday prime time hours	9.9%	10.6%	11.4%
Sign-on to sign-off hours	11.0%	12.2%	12.6%
&n			