

PROSPECTUS

Grupo Televisa, S.A.B.

Ps.4,500,000,000

8.49% Senior Notes due 2037

We are offering Ps.4,500,000,000 aggregate principal amount of our 8.49% senior notes, or the notes. The notes will initially be sold to investors at a price equal to 100.00% of the principal amount thereof, plus accrued interest, if any, from May 9, 2007. Interest on the notes will accrue at the rate of 8.49% per year. We will pay interest on the notes semi-annually on each May 11 and November 11, commencing on November 11, 2007.

The notes are scheduled to mature on May 11, 2037. While the notes are denominated in Mexican Pesos, payments of principal, interest, additional amounts and all other amounts in respect of the notes will be made in U.S. Dollars, unless a holder of notes elects to be paid in Mexican Pesos as described in this prospectus. See “Description of the Notes — Payment Currency — Election for Payment in Mexican Pesos” beginning on page 144. Purchasers of the notes may make the payment of the purchase price in U.S. Dollars on May 9, 2007, based on an exchange rate of Ps.10.9190 = U.S.\$1.00 upon prior notice to the initial purchasers no later than two business days’ prior to settlement. Alternatively, purchasers of the notes may make the payment of the purchase price in Mexican Pesos.

In the event of certain changes in the Mexican withholding tax treatment relating to payments on the notes, we may redeem all (but not some) of the notes at 100% of their principal amount, plus accrued and unpaid interest. In the event of a change of control, we may be required to offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest. We may redeem, in whole or in part, the notes at any time by paying the greater of the principal amount of the notes and the applicable “make-whole” amount, plus, in each case, accrued interest. See “Description of the Notes — Optional Redemption” beginning on page 125.

The notes will be our unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to all of our secured indebtedness, to the extent of the value of our assets securing that indebtedness, and will be structurally subordinated to all of the existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries.

We agreed to use our best efforts to consummate an exchange offer pursuant to an effective registration statement or cause resales of the notes to be registered pursuant to a shelf registration statement under the U.S. Securities Act of 1933, as amended, or the Securities Act. The Exchange Offer was completed on August 22, 2007. Ps.4,469,100,000 aggregate principal amount of notes, (“Exchange Notes”) representing approximately 99.3% of the notes were exchanged. The closing of the exchange offer occurred Friday, September 7, 2007. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the notes (“Old Notes”) remained outstanding. This prospectus contains additional information regarding the terms of the notes, including covenants and transfer restrictions.

Application has been made to admit the Old Notes and the Exchange Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market.

Investing in the notes involves risks. See “Risk Factors” beginning on page 14 for a discussion of certain information that you should consider before investing in the notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE NATIONAL BANKING AND SECURITIES COMMISSION (*THE COMISIÓN NACIONAL BANCARIA Y DE VALORES*, OR CNBV), AND MAY NOT BE OFFERED OR SOLD PUBLICLY, OR OTHERWISE BE THE SUBJECT OF BROKERAGE ACTIVITIES IN MEXICO, EXCEPT PURSUANT TO A PRIVATE PLACEMENT EXEMPTION SET FORTH UNDER ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). AS REQUIRED UNDER THE MEXICAN SECURITIES MARKET LAW, WE WILL NOTIFY THE CNBV OF THE OFFERING OF THE NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE DELIVERED TO THE CNBV TO COMPLY WITH A LEGAL REQUIREMENT AND FOR INFORMATION PURPOSES ONLY, AND THE DELIVERY TO AND THE RECEIPT BY THE CNBV OF SUCH NOTICE, DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES OR OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS EXCLUSIVELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. THE ACQUISITION OF THE NOTES BY AN INVESTOR OF MEXICAN NATIONALITY WILL BE MADE UNDER ITS OWN RESPONSIBILITY.

We have not registered the notes under the Securities Act or under any state securities laws. Therefore, we may not offer or sell the notes within the United States to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, we are only offering the notes to (1) qualified institutional buyers (as defined in

Rule 144A under the Securities Act) and (2) to non-U.S. persons outside the United States in compliance with Regulation S and the Securities Act. See “Notice to Investors” for additional information about eligible offerees and transfer restrictions. The notes are not being offered to the public within the meaning of Directive 2003/71/EC of the European Union and the offer is not subject to the obligation to publish a prospectus under the Directive.

The Old Notes and the Exchange Notes were delivered to purchasers in book-entry form only through Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking, Société Anonyme, Luxembourg, on May 9, 2007 and September 7, 2007, respectively.

Joint Book-Running Managers

Goldman, Sachs & Co.

HSBC

The date of this prospectus is April 2, 2008.

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You should rely on only the information contained in this document or to which we have referred you. We have not, and the initial purchasers have not, authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document. This prospectus may only be used for the purposes for which it has been published.

We are relying upon an exemption from registration under the Securities Act, for an offer and sale of securities which do not involve a public offering. By purchasing notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under "Notice to Investors" in this prospectus. We are not, and the initial purchasers are not, making an offer to sell the notes in any jurisdiction except where such an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is based on information provided by us and other sources that we believe to be reliable (including, for example, PricewaterhouseCoopers, S.C., our auditors, IBOPE, Simmons, an independent research company, U.S. and Mexican government sources and other publicly available reports). We take responsibility for the exact reproduction of this information, but we and the initial purchasers cannot assure you that this information is accurate or complete. This prospectus summarizes certain documents and other information and we refer you to such documents and other documents for a more complete understanding of what we discuss in this prospectus. In making an investment decision, you must rely on your own examination of Televisa and the terms of the offering and the notes, including the merits and risks involved.

We are not making any representation to any purchaser regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own counsel, accountant, business advisor and tax advisor for legal, financial, business and tax advice regarding any investment in the notes.

We accept responsibility for the information contained in this prospectus. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and does not omit any material information. You should assume that the information contained in this prospectus is accurate only as of the date on the front cover of this prospectus.

Neither the delivery of this prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof.

We reserve the right to withdraw this offering of the notes at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the notes.

You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor any of the initial purchasers will have any responsibility therefor.

Copies of all documents deemed incorporated by reference herein (other than exhibits to such documents unless such exhibits are specifically incorporated by reference in such documents) will be provided without charge at the offices of The Bank of New York, as trustee, and the paying agent set forth on the inside back cover page of this prospectus.

LIMITATION OF LIABILITY

Substantially all of our directors, executive officers and controlling persons reside outside of the United States, 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 United States and some of the parties named in this prospectus also reside outside of the United States. As a result, it may not be possible 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 United States. 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. See “Risk Factors — Risk Factors Related to the Notes — It May Be Difficult to Enforce Civil Liabilities Against Us or Our Directors, Executive Officers and Controlling Persons”.

SEC REVIEW

In connection with the filing of the registration statement for the exchange offer that we have agreed to make relating to the notes, and in the course of the review by the SEC of the registration statement, we may make changes to the description of our business, as well as changes to the financial data and other information, included in this prospectus. Comments by the SEC on the description of our business, financial data and other information in the registration statement may require modification or reformulation of the information we present in this prospectus, and any such modification or reformulation could be significant. In particular, we note that the SEC has adopted certain rules regarding the use of financial measures that do not comply with generally accepted accounting principles in the United States, or U.S. GAAP, or with Mexican Financial Reporting Standards (*Normas de Información Financiera aplicables en México, or NIF*), or Mexican FRS, which rules will be applicable to the registration statement to be filed with respect to the notes.

INCORPORATION BY REFERENCE

We “incorporate by reference” information contained in documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file with the SEC, to the extent that we identify such information as being incorporated by reference into this prospectus, will automatically update and supersede information set forth in the prospectus. We incorporate by reference into this prospectus the following information and documents:

- information set forth under the captions “Other Information — Mexican Securities Market Law” and “Other Information — Bylaws” in our annual report on Form 20-F for the fiscal year ended December 31, 2006, which we filed with the SEC on June 26, 2007 (SEC File No. 1-12610); Form 6-K for the quarter ended June 30, 2007, filed with the SEC on July 27, 2007; Form 6-K for the quarter ended September 30, 2007, filed with the SEC on October 25, 2007; Form 6-K for the quarter and year ended December 31, 2007, filed with the SEC on February 28, 2008; and
- Form 6-K filed with the SEC on August 20, 2007; Form 6-K filed with the SEC on August 31, 2007; Form 6-K filed with the SEC on December 6, 2007; Form 6-K filed with the SEC on December 14, 2007; Form 6-K filed with the SEC on December 26, 2007; Form 6-K filed with the SEC on December 26, 2007.

The table below sets out the relevant page references for the information incorporated herein by reference:

Information incorporated by reference	Page reference
Form 20-F filed with the SEC on June 26, 2007	
Number of outstanding shares	Cover
“Additional Information — Mexican Securities Market Law”	Pages 103-104
“Additional Information — Bylaws”	Pages 104-112
“Information on the Company — History and Development of the Company”	Page 18
Bylaws	Exhibit 1.1

Form 6-K filed with the SEC on July 27, 2007	All pages
Form 6-K filed with the SEC on October 25, 2007	All pages
Form 6-K filed with the SEC on February 28, 2008	All pages
Form 6-K filed with the SEC on August 20, 2007	All pages
Form 6-K filed with the SEC on August 31, 2007	All pages
Form 6-K filed with the SEC on December 6, 2007	All pages
Form 6-K filed with the SEC on December 14, 2007	All pages
Form 6-K filed with the SEC on December 26, 2007	All pages
Form 6-K filed with the SEC on December 26, 2007	All pages

All documents incorporated by reference are available at the LuxSE website (www.bourse.lu). You may also request a copy of these filings, at no cost, at the office of our paying agent and transfer agent at the address listed on the inside back cover of this prospectus or by writing or calling us at the following address and phone number:

Investor Relations
Grupo Televisa, S.A.B.
Avenida Vasco de Quiroga, No. 2000
Colonia Santa Fe, 01210
México, D.F., México
(52) (55) 5261-2000

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference into this prospectus 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 operating revenues, net income (loss), net income (loss) per share, capital expenditures, dividends, capital structure or other financial items or ratios;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- our current and future plans regarding our Spanish-language horizontal Internet portal, *Esmas.com*;
- 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 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”, “guideline”, “should” 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 “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.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise specified, references to “Pesos” or “Ps.” are to Mexican Pesos, the legal currency of Mexico; references herein to “U.S. Dollars”, “Dollars”, “U.S.\$” or “\$” are to United States dollars, the legal currency of the United States. The *Unidad de Inversión*, or UDI, is an inflation-indexed, Mexican Peso-denominated monetary unit that is linked to, and adjusted daily to reflect changes in, the Mexican consumer price index.

Unless otherwise indicated, the exchange rate used in translating Pesos into U.S. Dollars in calculating the convenience translations included herein is determined by reference to the interbank free market exchange rate, or the Interbank Rate, as reported by *Banco Nacional de México, S.A.*, or Banamex, as of December 31, 2006, which was Ps.10.8025 per U.S. Dollar. This prospectus 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 prospectus 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.

Included elsewhere in this prospectus are our audited 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, which are presented in constant Pesos in purchasing power as of December 31, 2006. For unaudited selected consolidated financial information as of March 31, 2007 and for the three-month period ended March 31, 2007 and for a discussion of Televisa’s financial results for the three-month periods ended March 31, 2006 and 2007, which are presented in constant Pesos in purchasing power as of March 31, 2007, see Exhibit I to this prospectus. For unaudited selected consolidated financial information as of June 30, 2007 and September 30, 2007 and for the three-month periods ended June 30, 2007 and September 30, 2007 and a discussion of Televisa’s financial results for the three-month periods ended June 30, 2006 and 2007 and September 30, 2006 and 2007, which are presented in constant Pesos in purchasing power as of June 30, 2007 and September 30, 2007, as applicable, see Form 6-K for the quarter ended June 30, 2007, filed with the SEC on July 27, 2007 and Form 6-K for the quarter ended September 30, 2007, filed with the SEC on October 25, 2007, each as incorporated by reference herein. See “Incorporation by Reference.” Since the financial information in Exhibit I, Form 6-K for the quarter ended June 30, 2007 and Form 6-K for the quarter ended September 30, 2007 are presented in constant Pesos in purchasing power as of March 31, 2007, June 30, 2007 and September 30, 2007, respectively, it is not directly comparable to our audited consolidated year-end financial information included elsewhere in this prospectus.

We maintain our books and records in Pesos, the official currency of Mexico, and prepare our financial statements in constant Pesos and in accordance with Mexican FRS. Mexican FRS differs in significant respects from accounting principles generally accepted in the United States of America, or U.S. GAAP. See Note 24 to our financial statements for a description of certain differences between Mexican FRS and U.S. GAAP as they relate to us. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005. Our 2004 and 2005 U.S. GAAP reconciled items may not be comparable to our unreconciled items as of and for the year ended December 31, 2006. Readers should not assume that the nature and amounts of the reconciling items between Mexican FRS and U.S. GAAP as of and for the years ended 2004 and 2005 are indicative of the nature and amounts of the reconciling items as of and for the year ended December 31, 2006 or for any other period. 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”.

As required by Mexican FRS, our financial statements are adjusted to reflect changes in purchasing power of the Peso due to inflation. These changes are based on the Mexican National Consumer Price Index, or NCPI.

Certain figures included in this prospectus and in our financial statements have been rounded for ease of presentation. Percentage figures included in this prospectus have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this prospectus may vary from those obtained by performing the same calculations using the figures in our financial statements. Certain other amounts that appear in this prospectus may not sum due to rounding.

SUMMARY

You should read the following summary together with the information set forth under the heading “Risk Factors” and in the financial statements and accompanying notes appearing elsewhere in this prospectus. All references to “Televisa”, “we”, “us” and words of similar effect refer to Grupo Televisa, S.A.B., and, unless the context requires otherwise, its restricted and unrestricted consolidated subsidiaries. References to “Innova” or, for segment reporting purposes, “Sky Mexico” refer to Innova, S. de R.L. de C.V. Unless otherwise indicated, all Peso information is stated in Pesos in purchasing power as of December 31, 2006.

Our Company

We are the largest media company in the Spanish-speaking world and a major participant in the international entertainment industry. We produce the most Spanish-language television programs, and we believe we own the largest library of Spanish-language television programming, in the world. We broadcast those programs, as well as programs produced by others, through our own networks, through our cable system and through our direct-to-home, or DTH satellite services or through other cable and satellite providers in Mexico, Latin America, Europe, Asia, Africa, the United States, Canada and Australia. We also license our programming to other television broadcasters and pay-television systems throughout the world. We believe we are also the leading publisher in the world, in terms of circulation, of Spanish-language magazines. We are a major international distributor of Spanish-language magazines. We engage in other businesses, including radio production and broadcasting, professional sports and show business promotions, feature film production and distribution, an Internet portal and gaming.

The programs shown on our networks are among the most-watched programs in Mexico. In 2005 and 2006, approximately 68% and 69.5%, respectively, of all Mexicans watching television during prime time hours, 69% and 70.1%, respectively, of all Mexicans watching television during weekday prime time hours and 70% and 71%, respectively, of all Mexicans watching from sign-on to sign-off watched our networks or stations. Our television broadcasting operations represent our primary source of revenues, and those operations generated approximately 55.4% and 53.8% of our total revenues in 2005 and 2006, respectively.

Our 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 gross domestic product in Mexico, or Mexican GDP during the same periods. See “Risk Factors — Risk Factors

Related to Mexico — 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 “Business — Television — 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 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, 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 programming, 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 are digital subscribers) basic subscribers as of December 31, 2005 and 2006, respectively, and 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;
- switching its current analog subscribers to digital service in order to stimulate new subscriptions, substantially reduce piracy and offer new value-added services;

- 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
- we plan to continue 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. In addition, Cablevisión introduced video on demand, or VOD, services and was authorized by the Mexican government to provide IP and telephony services.

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 interest 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 Medica, 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.

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 2005 and 2006, Univision paid Televisa U.S.\$109.8 million and U.S.\$126.9 million, respectively, in royalties. For a description of our arrangements with Univision, see "Business — Univision".

As a result of the closing of the merger between Univision and an investor acquiring group, all of Televisa's shares and warrants in Univision have been cancelled and converted into cash in an aggregate amount of approximately US\$1,094.4 million. As a result of such conversion, we are no longer bound by most of the provisions of a certain participation agreement by and among Televisa, Univision, certain principals of Univision, and Venevision, or 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 the foregoing and certain restrictions which may continue to bind Televisa by reason of the Second Amended and Restated Program Licensing Agreement, or PLA we have with Univision (see "Business — Univision"), we can now engage in certain business opportunities in the growing U.S. Hispanic marketplace relating to programming and other businesses or otherwise without offering Univision participation in such opportunities. See "Business — 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 viewers through EchoStar, DIRECTV, Cox, Charter and other smaller systems. See "Business — Univision".

We own additional media and entertainment businesses in the United States that complement our television programming exports businesses.

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 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.

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 and the possible venture with Imagina, 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 five 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.

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 "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 is the second largest cable operator in Mexico and operates in 48 cities. As of December 31, 2006, the Cablemás cable network served 709,309 cable television subscribers, 176,182 high-speed internet subscribers and 25,089 IP-telephony lines, with approximately two million homes passed. The conversion of the long term notes into equity is subject to antitrust and other approvals by the relevant regulatory authorities in Mexico.

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.

How to Reach Us

Grupo Televisa, S.A.B. is a *sociedad anónima bursátil*, a limited liability public stock corporation organized under the laws of the United Mexican States. 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.

The Offering

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus.

Issuer.....	Grupo Televisa, S.A.B.
Notes Offered.....	Ps.4,500.0 million aggregate principal amount of 8.49% senior notes due 2037.
Issue Price.....	100.00% of the principal amount of the notes. The issue price may be paid in U.S. dollars on May 9, 2007 based on an exchange rate of Ps.10.9190 per U.S.\$1.00. Alternatively, the issue price may be paid in Pesos.
Maturity	May 11, 2037.
Interest Rate	The notes will bear interest at the rate of 8.49% per year from May 9, 2007.
Interest Payment Dates	Interest on the notes will be payable semi-annually on May 11 and November 11 of each year, beginning on November 11, 2007.
Ranking.....	The notes will be unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to all of our secured indebtedness with respect to the value of our assets securing that indebtedness and to all of the existing and future liabilities, including trade payables, of our subsidiaries.

As of December 31, 2006:

- Televisa had approximately Ps.19,800.2 million (equivalent to approximately U.S.\$1,832.9 million of aggregate liabilities (not including the notes and excluding liabilities to subsidiaries), U.S.\$998.0 million of which was Dollar-denominated. These liabilities include approximately Ps.15,122.2 million (equivalent to approximately U.S.\$1,399.9 million) of indebtedness, U.S.\$972.0 million of which was Dollar-denominated, all of which would have effectively ranked equal to the notes; and
- Televisa's subsidiaries had approximately Ps.26,625.9 million (equivalent to approximately U.S.\$2,464.8 million at the Interbank Rate reported by Banamex as of December 31, 2006) of liabilities (excluding liabilities to us and excluding guarantees by subsidiaries of indebtedness of Televisa), U.S.\$313.6 million of which was Dollar-denominated. These liabilities include approximately Ps.3,659.5 million (equivalent to approximately U.S.\$338.8 million at the Interbank Rate reported by Banamex as of December 31, 2006) of indebtedness, U.S.\$14.7 million of which was dollar-denominated, all of which (equivalent to approximately Ps.158.8 million) would have effectively ranked senior to the notes.

Peso-denominated information in this paragraph is stated in constant Mexican Pesos in purchasing power as of December 31, 2006. The change in the Mexican National Consumer Price Index, or the NCPI, for the three month period ended December 31, 2006 was 1.55%. U.S. Dollar equivalents are stated at the interbank free market exchange rate, or the Interbank Rate, as reported by *Banco Nacional de México, S.A.*, or Banamex, as of December 31, 2006, which was Ps.10.8025 per U.S. Dollar.)

Payment Currency.....	Payment of principal, interest, additional amounts and any other amounts due in respect of the notes will be made, except as provided below, in U.S. Dollars, in amounts determined by translating the Peso amounts into U.S. Dollars at the settlement rate on the applicable Rate Calculation Date. See "Description of the Notes — Payment Currency" beginning on page 143 of this Prospectus.
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A holder of the notes may elect to receive payments in Pesos by providing notice as set forth under “Description of the Notes — Payment Currency — Election for Payment in Mexican Pesos”.

We anticipate that S.D. Indeval S.A. de C.V., Institución para el Depósito de Valores, or Indeval, will elect to receive payments in Pesos (rather than U.S. dollars), and, to the extent Indeval so elects, holders who own beneficial interests in the notes through Indeval will receive Pesos. See “Description of the Notes — Form of Notes, Clearing and Settlement — Indeval”.

Certain Covenants..... The indenture governing the notes contains certain covenants relating to Televisa and its restricted subsidiaries, including covenants with respect to:

- limitations on liens;
- limitations on sale and leasebacks; and
- limitations on mergers, consolidations and similar transactions.

These covenants are subject to a number of important qualifications and exceptions. See “Description of the Notes — Certain Covenants”.

Change of Control Offer If we experience specific changes of control, we must offer to repurchase the notes at 101% of their principal amount, plus accrued and unpaid interest. See “Description of the Notes — Certain Covenants — Repurchase of Notes upon a Change of Control”.

Additional Amounts..... All payments by us in respect of the notes, whether of principal or interest, will be made without withholding or deduction for Mexican taxes, unless any withholding or deduction is required by law. If you are not a resident of Mexico for tax purposes, payments of interest on the notes to you will generally be subject to Mexican withholding tax at a rate which is currently 4.9% (subject to certain exceptions). See “Taxation — Federal Mexican Taxation” in this Prospectus. In the event any withholding or deduction for Mexican taxes is required by law, subject to specified exceptions and limitations, we will pay the additional amounts required so that the net amount received by the holders of the notes after the withholding or deduction will not be less than the amount that would have been received by the holders in the absence of such withholding or deduction. See “Description of the Notes — Certain Covenants — Additional Amounts.”

Withholding Tax Redemption..... In the event that, as a result of certain changes in law affecting Mexican withholding taxes, we become obligated to pay additional amounts in respect of the notes in excess of those attributable to a Mexican withholding tax rate of 10%, the notes will be redeemable, as a whole but not in part, at our option at any time at 100% of their principal amount plus accrued and unpaid interest, if any. See “Description of the Notes — Certain Covenants — Additional Amounts” and “Description of the Notes — Optional Redemption — Withholding Tax Redemption.”

Optional Redemption..... We may redeem any of the notes at any time in whole or in part by paying the greater of the principal amount of the notes or a “make-whole” amount, plus in each case accrued interest, as described under “Description of the Notes — Optional Redemption — Redemption with Make-Whole Amount.”

Form and Denomination The notes will be issued in fully registered book-entry form, with a minimum denomination of Ps.1,000,000 principal amount and integral multiples of Ps.100,000 principal amount in excess thereof, for notes sold pursuant to Rule 144A and Regulation S.

Payment for the Notes..... Purchasers of notes will make payment of the issue price on May 9, 2007, in U.S. Dollars (based on an exchange rate of Ps.10.9190 per U.S.\$1.00) or in Mexican Pesos. See “Description of the Notes — Payments” beginning on page 142 of this Prospectus.

Governing Law	The notes and the indenture will be governed by New York law.
Transfer Restrictions	<p>We have not registered the notes under the Securities Act. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See “Notice to Investors”. As required under the Mexican Securities Market Law, we will notify the CNBV of the offering of the notes outside of Mexico.</p> <p>The notes will not be registered in the National Registry of Securities maintained by the CNBV and may not be offered, or sold publicly or otherwise be subject to brokerage activities in Mexico, except pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law.</p>
Exchange Offer; Registration Rights	<p>Under a registration rights agreement to be executed as part of this offering, we agreed to:</p> <ul style="list-style-type: none"> • use our reasonable best efforts to file with the SEC a registration statement within 120 days after the issue date of the notes that would enable noteholders to exchange the privately placed notes for publicly registered notes with identical terms other than those pertaining to transfer restrictions and penalty interest; • use our reasonable best efforts to cause the registration statement to become effective within 180 days after the issue date of the notes; and • use our reasonable best efforts to consummate the exchange offer within 210 days after the issue date of the notes; <p style="text-align: center;">– or –</p> <ul style="list-style-type: none"> • use our best efforts to file a shelf registration statement for the resale of the notes if we cannot effect an exchange offer within the time periods listed above and in certain other circumstances. <p>If we do not comply with our obligation to register the notes pursuant to an exchange offer registration statement or shelf registration statement in accordance with the registration rights agreement, the interest rate on the notes will increase by an additional 0.25% per annum, and to the extent that our non-compliance with these obligations continues, the interest rate on the notes will continue to increase by an additional 0.25% per annum upon the expiration of successive 90 day periods, up to an aggregate increase of 1.0% per annum. See “Exchange Offer; Registration Rights”.</p> <p>The Exchange Offer was completed on August 22, 2007. Ps.4,469,100,000 aggregate principal amount of Old Notes, representing approximately 99.3% of the Old Notes were exchanged. Ps.4,469,100,000 aggregate principal amount of Old Notes, representing approximately 99.3% of the Old Notes were exchanged. The closing of the exchange offer occurred Friday, September 7, 2007. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the Old Notes will remain outstanding. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the Old Notes will remain outstanding.</p>
Use of Proceeds	We estimate that the net proceeds from the sale of the notes will be approximately Ps.4,478.2 million (U.S.\$410.1 million) after deducting estimated discounts and estimated offering expenses. We intend to use the net proceeds for general corporate purposes, including to replenish our cash position following our payment, with cash on hand, of approximately Ps.992 million of our 8.15% UDI-denominated notes that matured on April 13, 2007, to repay other outstanding indebtedness, and repurchase our shares, in each case, subject to market conditions and other factors. See “Use of Proceeds”.
Listing	Application has been made to admit the Old Notes and the Exchange Notes to the Official

List of the Luxembourg Stock Exchange and to trading on the Euro MTF market.

Trustee, Registrar, Principal Paying Agent and Transfer Agent	The Bank of New York
Calculation Agent	The Bank of New York
Luxembourg Paying Agent, Transfer Agent and Listing Agent.....	The Bank of New York (Luxembourg) S.A.
Risk Factors	See “Risk Factors” beginning on page 15 and the other information in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the notes.

Summary 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 prospectus. 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

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 Rate, as reported by Banamex as of December 31, 2006, which was Ps.10.8025 per U.S. Dollar. This prospectus 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 prospectus 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 FRS that became effective on January 1, 2006, which differ in some significant respects from U.S. GAAP. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005. Note 24 to our year-end financial statements provides a description of the relevant differences between Mexican Generally Accepted Accounting Principles, the accounting and reporting standards in Mexico through December 31, 2005, or Mexican GAAP, 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 and 2005 and stockholders’ equity at December 31, 2005. A reconciliation of these items as of and for the year ended December 31, 2006 is not currently available and is therefore not included in this prospectus. Our 2004 and 2005 U.S. GAAP reconciled items may not be comparable to our unreconciled items as of and for the year ended December 31, 2006. Readers should not assume that the nature and amount of the reconciling items between Mexican GAAP and U.S. GAAP as of and for the years ended 2004 and 2005 are indicative of the nature and amounts of these reconciling items as of and for the year ending December 31, 2006 or for any other period. 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”.

For unaudited selected consolidated financial information as of March 31, 2007 and for the three-month periods ended March 31, 2006 and 2007 and a discussion of Televisa’s financial results for the three-month periods ended March 31, 2006 and 2007, which are presented in constant Mexican Pesos in purchasing power as of March 31, 2007, see Exhibit I to this prospectus. For unaudited selected consolidated financial information as of June 30, 2007 and for the three-month periods ended June 30, 2006 and 2007 and a discussion of Televisa’s financial results for the three-month periods ended June 30, 2006 and 2007, which are presented in constant Mexican Pesos in purchasing power as of June 30, 2007 see Form 6-K for the quarter ended June 30, 2007, filed with the SEC on July 27, 2007 and incorporated by reference herein. For unaudited selected consolidated financial information as of September 30, 2007 and for the three-month periods ended September 30, 2006 and 2007 and a discussion of Televisa’s financial results for the three-month periods ended September 30, 2006 and 2007, which are presented in constant Mexican Pesos in purchasing power as of September 30, 2007 see Form 6-K for the quarter ended September 30, 2007, filed with the SEC on October 25, 2007 and incorporated by reference herein. See “Incorporation by Reference.” For a description of our indebtedness as of September 30, 2007, see Form 6-K for the quarter ended September 30, 2007 and “Capitalization”. Since the financial information in Exhibits I, II and III and the information under “Capitalization” are presented in constant Mexican Pesos in purchasing power as of March 31, 2007, June 30, 2007 and September 30, 2007 respectively, the financial information in Exhibit I, Form 6-K for the quarter ended June 30, 2007 and Form 6-K for the quarter ended September 30, 2007 and the information under “Capitalization” are not directly comparable to the financial information included elsewhere in this prospectus or in the table below, which unless otherwise indicated, is presented in constant Mexican Pesos in purchasing power as of December 31, 2006. The change in the NCPI, for the three-month period ended March 31, 2007 was 1.0%. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

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 prospectus reflects our capital structure as of December 31, 2006.

Summary Financial Data

	Year Ended December 31,					
	2002	2003	2004	2005	2006	2006
	(millions of Pesos in purchasing power as of December 31, 2006 or millions of U.S. Dollars)(1)					
(Mexican GAAP/FRS)						
Income Statement Data:						
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,
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	—
(U.S. GAAP)(6)						
Income Statement Data:						
Net sales.....	Ps.25,597	Ps.26,650	Ps. 31,519	Ps.33,798		
Operating income.....	3,542	6,832	8,429	10,414		
Income from continuing operations.....	119	3,371	4,588	7,101		
Cumulative effect of accounting change, net.....	(1,449)	—	—	—		
Net (loss) income.....	(1,332)	3,371	4,588	7,101		
Income from continuing operations per CPO(4)....	0.04	1.17	1.55	2.43		
Net (loss) income per CPO(4).....	(0.45)	1.17	1.55	2.43		
Weighted-average number of Shares outstanding (in millions)(4)(5).....	353,906	352,421	345,573	341,158		
Shares outstanding (in millions, at year end)(5)	221,210	218,840	341,638	339,941		
(Mexican GAAP/FRS)						
Balance Sheet Data (end of year):						
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,
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,
Customer deposits and advances.....	13,820	15,839	16,454	18,778	17,162	1,
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,
(U.S. GAAP)(6)						
Balance Sheet Data (end of year):						
Cash and cash equivalents.....	Ps.10,059	Ps.11,244	Ps.17,103	Ps.15,260		
Total assets.....	66,286	76,530	88,548	85,510		
Current portion of long-term debt and other notes payable(7).....	1,457	323	3,545	354		
Long-term debt, net of current portion(8).....	15,694	16,630	20,368	18,872		
Total stockholders' equity (excluding minority interest).....	20,765	27,351	28,113	29,481		
(Mexican GAAP/FRS)						
Other Financial Information:						
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:						

Cash provided by operating activities	6,592	7,113	7,364	10,681		
Cash provided by (used for) financing activities ...	439	(2,997)	(562)	(9,654)		
Cash used for investing activities.....	(3,519)	(2,458)	(765)	(2,305)		
Other Data (unaudited):						
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 Summary Financial Data:

- (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 Depository 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. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005.
- (7) See Note 8 to our year-end financial statements.
- (8) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — 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, 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 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 prospectus, “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 “Business — 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 “Business — 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Cable Television” and “Business — Cable Television”.
- (14) The results of operations of Esmas.com are included in the results of operations of our Other Businesses segment. See “Management’s Discussion and Analysis of Financial Condition — Results of Operations — Other Businesses”. For a description of Esmas.com, see “Business — 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.

RISK FACTORS

An investment in the notes involves risk. You should consider carefully the following factors, as well as all other information in this prospectus, before deciding to invest in our notes.

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 Debt 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.

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 recently 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 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 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. We do not foresee that they will have a negative impact on our results of operations, but no assurance can be made in this regard. 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 the amendments are unconstitutional and, therefore null and void. This complaint is still on review by the Supreme Court of Justice and has not yet been resolved. We can give no assurance on the outcome of this complaint.

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, although this filing only contains year-end financial statements reconciled to U.S. GAAP for the years ended December 31, 2004 and December 31, 2005. We have not included U.S. GAAP reconciled information for the year ended 2006. 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.

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 March 31, 2007, approximately 44.88% of the outstanding A Shares, 2.65% of the outstanding B Shares, 2.76% of the outstanding D Shares and 2.76% 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 Global Depositary Shares, or 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 “The Principal Stockholders and Related Party 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. The SCT can revoke our concessions and the Mexican government can require us to forfeit our broadcast assets under the circumstances described under “Business — Regulation”. This may not happen in the future and the current law may change or be superseded by new laws. In this regard, certain amendments to the existing *Ley Federal de Radio y Televisión* and the *Ley Federal de Telecomunicaciones* have been enacted. We do not foresee that such amendments will have a negative impact on our results of operations, but no assurance can be made in this regard. 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 the amendments are unconstitutional and, therefore null and void. This complaint is still on review by the Supreme Court of Justice and has not yet been resolved. We can give no assurance on the outcome of this complaint.

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 the Participation Agreement in connection with the acquisition of Univision by private equity investors. See “Business — Television — Television Industry in Mexico” and “Business — 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. Among other things, new competition from cable operators, who have been recently authorized by the Mexican government to provide by-directional data and internet broad band services and to provide the transport of voice services, including Voice over Internet Protocol “VoIP services”, acting as “carriers of carriers”, pose a significant 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 “Business — 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.

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 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 “Business — 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 “Business — 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 January 2007, in the District Court Action, the court reset the discovery cut-off date for June 29, 2007, and the trial date for October 30, 2007. 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 the 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 converted into cash in an aggregate amount of approximately US\$1,094.4 million. In addition, our former designee on the board of directors of Univision, Ricardo Maldonado Yañez, resigned from the Univision board of directors. 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations".

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 "Business — 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 the Notes

We Have Substantial Indebtedness and May Incur Additional Indebtedness; All of Our Other Existing Indebtedness Matures Prior to the Maturity of the Notes

We now have and will continue to have after the issuance of these notes a substantial amount of indebtedness outstanding. Any Mexican UDI-denominated indebtedness we may issue in the future, will increase as the NCPI increases. In addition, the indenture governing the notes does not limit our ability, or the ability of our subsidiaries, to incur additional indebtedness, and we may incur indebtedness in connection with our business, including borrowings to fund investments and acquisitions. Such additional borrowings could adversely affect our financial position and results of operations. To the extent our restricted or unrestricted subsidiaries borrow money, whether on a secured or an unsecured basis, that indebtedness will effectively rank senior to the notes. The degree to which we are leveraged may impair our ability to internally fund or obtain financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes and may limit our flexibility in planning for or reacting to changes in market conditions and industry trends. As a result, we may be more vulnerable in the event of a further substantial downturn in general economic conditions in Mexico.

The indenture does not restrict our ability or the ability of our unrestricted subsidiaries to pledge shares of capital stock or assets of our unrestricted subsidiaries, and our ability and our restricted subsidiaries' ability to pledge assets is subject only to the limited restrictions contained in the indenture. To the extent we pledge shares of capital stock or other assets to secure indebtedness, the indebtedness so secured will effectively rank senior to the notes to the extent of the value of the shares or other assets pledged. The indenture also does not restrict the ability of our unrestricted subsidiaries to pledge shares of capital stock or other assets that they own to secure indebtedness. See "Description of the Notes".

The indenture does not restrict the ability of Televisa to lend its funds to, or otherwise invest in, its subsidiaries, including its unrestricted subsidiaries. If Televisa were to lend funds to, or otherwise invest in, its subsidiaries, creditors of such subsidiaries could have a claim on their assets that would be senior to the claims of Televisa. See "— We Are a Holding Company With Our Assets Held Primarily by Our Subsidiaries; Creditors of Those Companies Have a Claim on Their Assets That Is Effectively Senior to That of Holders of the Notes".

The following table sets forth a description of our outstanding indebtedness as of December 31, 2006 (i) on a historical, actual basis and (ii) as adjusted to give pro forma effect to the issuance of notes pursuant to this prospectus in the aggregate principal amount of Ps.4,500.0 million, as if the issue occurred on December 31, 2006. In addition, the terms of our bank loans require us to maintain compliance with certain financial covenants. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”. If we cannot comply with these covenants, this indebtedness could be accelerated. Information in the following table is presented in millions of constant Pesos in purchasing power as of December 31, 2006:

<u>Description of Debt</u>	<u>December 31, 2006(1)</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	<u>(in millions)</u>	
Senior unsecured and other indebtedness of Televisa (other than the notes).....	Ps.15,122	Ps.15,122
8.49% Senior Notes due 2037 issued hereby	—	4,500
Indebtedness of consolidated subsidiaries	3,	3,660
Total.....	<u>Ps.18,782</u>	<u>Ps.23,282</u>

(1) UDI-denominated indebtedness has been converted into Pesos by applying the UDI-Peso exchange rate at the date of issuance, as adjusted for the increase in the UDI-Peso exchange rate through December 31, 2006, and this debt, together with other Peso-denominated indebtedness, has been converted into Dollars solely for the convenience of the reader at an exchange rate of Ps.10.8025 per U.S. Dollar, the Interbank Rate reported by Banamex as of December 31, 2006.

All of our outstanding indebtedness will mature prior to the maturity date of the notes. If we cannot generate sufficient cash flow from operations to meet our obligations (including payments on the notes at their maturity), then our indebtedness (including the notes) may have to be refinanced. Any such refinancing may not be effected successfully or on terms that are acceptable to us. In the absence of such refinancings, we could be forced to dispose of assets in order to make up for any shortfall in the payments due on our indebtedness, including interest and principal payments due on the notes, under circumstances that might not be favorable to realizing the best price for such assets. Further, any assets may not be sold quickly enough, or for amounts sufficient, to enable us to make any such payments. If we are unable to sell sufficient assets to repay this debt we could be forced to issue equity securities to make up any shortfall. Any such equity issuance would be subject to the approval of Emilio Azcárraga Jean who has the voting power to prevent us from raising money in equity offerings. In addition, the terms of our bank loans require us to maintain compliance with certain financial covenants. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”. If we cannot maintain such compliance, this indebtedness could be accelerated.

We Are a Holding Company With Our Assets Held Primarily by Our Subsidiaries; Creditors of Those Companies Have a Claim on Their Assets That Is Effectively Senior to That of Holders of the Notes

We are a holding company with no significant operating assets other than through our ownership of shares of our subsidiaries. We receive substantially all of our operating income from our subsidiaries. Televisa is the only company obligated to make payments under the notes. Our subsidiaries are separate and distinct legal entities and they will have no obligation, contingent or otherwise, to pay any amounts due under the notes or to make any funds available for any of those payments. The notes will be senior unsecured obligations of Televisa ranking *pari passu* with other unsubordinated and unsecured obligations. Claims of creditors of our subsidiaries, including trade creditors and banks and other lenders, will effectively have priority over the holders of the notes with respect to the assets of our subsidiaries. In addition, our ability to meet our financial obligations, including obligations under the notes, will depend in significant part on our receipt of cash dividends, advances and other payments from our subsidiaries. In general, Mexican corporations may pay dividends only out of net income, which is approved by stockholders. The stockholders must then also approve the actual dividend payment after we establish mandatory legal reserves (5% of net income annually up to at least an amount equal to 20% of the paid-in capital) and satisfy losses for prior fiscal years. The ability of our subsidiaries to pay such dividends or make such distributions will be subject to, among other things, applicable laws and, under certain circumstances, restrictions contained in agreements or debt instruments to which we, or any of our subsidiaries, are parties. In addition, third parties own substantial interests in certain of our other businesses such as Cablevisión and Innova. Accordingly, we must share with minority stockholders any dividends paid by these businesses.

Claims of creditors of our subsidiaries, including trade creditors, will generally have priority as to the assets and cash flows of those subsidiaries over any claims we and the holders of the notes may have. For a description of our outstanding debt, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

In addition, creditors of Televisa, including holders of the notes, will be limited in their ability to participate in distributions of assets of our subsidiaries to the extent that the outstanding shares of any of our subsidiaries are either pledged as collateral to our other creditors or are not owned by us. As of the date of this prospectus, only a small portion of the shares of our subsidiaries are pledged as collateral, although minority interests in several subsidiaries, as described above, are held by third parties. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness” and “— Minority Interest”. At December 31, 2006, our subsidiaries had approximately Ps.26,625.9 million (equivalent to approximately U.S.\$2,464.8 million) of liabilities (excluding liabilities to us and excluding guarantees by subsidiaries of indebtedness of Televisa), U.S.\$313.6 million of which was U.S. Dollar-denominated. These liabilities include approximately Ps.3,659.5 million (equivalent to approximately U.S.\$338.8 million) of indebtedness, U.S.\$14.7 million of which was U.S. Dollar-denominated indebtedness (equivalent to approximately Ps.158.8 million). All of these liabilities would effectively have ranked senior to the notes. The indenture does not limit the amount of indebtedness which can be incurred by us or by our restricted or unrestricted subsidiaries.

Judgments of Mexican Courts Enforcing Our Obligations in Respect of the Notes Would Be Paid Only in Pesos

Under the *Ley Monetaria*, or the Mexican Monetary Law, in the event that any holder of the notes elects to be paid in Dollars and brings proceedings in Mexico seeking performance of our payment obligations under the notes for the payment thereof in Dollars, pursuant to a judgment or on the basis of an original action, we may discharge our obligations to pay Dollars under the notes by paying Pesos converted at the rate of exchange prevailing on the date payment is made. This rate is currently determined by the Mexican Central Bank every business day in Mexico and published the next business day in the *Diario Oficial de la Federación*, or the Official Gazette of the Federation, for application the following business day. As a result, if the notes are paid by us in Pesos to holders of the debt securities who requested payment in Dollars, the amount received may not be sufficient to cover the amount of Dollars that the holder of the note would have received if the notes had been denominated in Dollars. In addition, our obligation to indemnify against exchange losses may be unenforceable in Mexico.

In addition, in the case of our bankruptcy or *concurso mercantil*, or judicial reorganization, our foreign currency-denominated liabilities, including our liabilities under the notes, will be converted into Pesos at the rate of exchange applicable on the date on which the declaration of bankruptcy or judicial reorganization is effective, and the resulting amount, in turn, will be converted to UDIs, or inflation-indexed units. Our foreign currency-denominated liabilities, including our liabilities under the notes, will not be adjusted to take into account any depreciation of the Peso as compared to the U.S. Dollar occurring after the declaration of bankruptcy or judicial reorganization. Also, all obligations under the notes will cease to accrue interest from the date of the bankruptcy or judicial reorganization declaration, will be satisfied only at the time those of our other creditors are satisfied and will be subject to the outcome of, and amounts recognized as due in respect of, the relevant bankruptcy or judicial reorganization proceeding.

We May Not Have Sufficient Funds to Meet Our Obligation Under the Indenture to Repurchase the Notes Upon a Change of Control

Upon the occurrence of a change of control, we will be required to offer to repurchase each holder’s notes at a price of 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase. We may not have the financial resources necessary to meet our obligations in respect of our indebtedness, including the required repurchase of notes, following a change of control. If an offer to repurchase the notes is required to be made and we do not have available sufficient funds to repurchase the notes, an event of default would occur under the indenture. The occurrence of an event of default will result in acceleration of the maturity of the notes and other indebtedness. See “Description of the Notes”.

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 United States, 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 United States, and some of the experts named in this prospectus also reside outside of the United States. 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 United States. 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. See “Limitation of Liability”.

The Notes Are a New Issue of Securities for Which There Is Currently No Public Market; You May Be Unable to Sell Your Notes if a Trading Market for the Notes Does Not Develop

The offer and sale of the notes have not been registered under the Securities Act and the notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and pursuant to offers and sales that occur outside the United States within the meaning of Regulation S. The notes are subject to the restrictions on transfer described under “Notice to Investors”. In addition, the notes have not been and will not be registered with the Mexican National Securities Registry and therefore the notes may not be offered or sold publicly or otherwise be the subject of brokerage activities in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law. The notes will constitute a new issue of securities with no established trading market. If a trading market does not develop or is not maintained, holders of the notes may experience difficulty in reselling the notes or may be unable to sell them at all. Accordingly, we cannot assure you that an active trading market for the notes will develop or, if a market develops, as to the liquidity of the market. Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market. There can be no assurance that the listing, if any, will be approved or maintained.

We are required under the registration rights agreement to use our best efforts to effect an exchange offer to exchange the notes for unrestricted notes. We intend to effect the exchange offer in reliance on several no-action letters issued by the staff of the SEC.

The liquidity of any market for the notes or, if issued, the exchange notes, will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes or, if issued, the exchange notes. If an active trading market does not develop, the market price and liquidity of the notes or, if issued, the exchange notes, may be adversely affected. If the notes, or if issued, the exchange notes, are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and certain other factors.

Factors such as the following may have a significant effect on the market price of the notes:

- actual or anticipated fluctuations in our operating results;
- our perceived business prospects;
- general economic conditions, including prevailing interest rates, in the United States, in Mexico and elsewhere around the world;
- the market for similar securities; and
- depreciation of the Peso against the U.S. dollar.

Similar risks will apply to the exchange notes, if issued.

If the Peso Depreciates Against the U.S. Dollar, the Effective Yield on the Notes Will Decrease Below the Interest Rate on the Notes, and the Amount Payable at Maturity May Be Less Than Your Investment, Resulting in a Loss to You

Exchange rates between the U.S. Dollar and the Peso have varied significantly from year to year and period to period. Historical Peso to U.S. dollar exchange rates are presented under “Exchange Rate Information” in this prospectus. However, historical exchange rates do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends.

Exchange rates can be volatile and unpredictable. If the Peso depreciates against the U.S. Dollar, the effective yield on the notes will decrease below the interest rate on the notes and the amount payable on the notes at maturity may be less than your investment, resulting in a loss to you. Depreciation of the Peso against the U.S. Dollar may also adversely affect the market value of the notes.

Mexican Governmental Policy or Action Could Adversely Affect the Exchange Rate Between the Peso and the U.S. Dollar and, Consequently, an Investment in the Notes

Mexican governmental policy or action could adversely affect the Peso to U.S. Dollar exchange rate, which may, in turn, negatively affect the market value of the notes as well as the yield on the notes and the amount payable on the notes at maturity.

Even in the absence of governmental policy or action directly affecting exchange rates, political or economic developments in Mexico or elsewhere could lead to significant and sudden changes in the exchange rate between the Peso and the U.S. Dollar.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately Ps.4,478.2 million (U.S.\$410.1 million) after deducting estimated discounts and estimated offering expenses. We intend to use the net proceeds for general corporate purposes, including to replenish our cash position following our payment, with cash on hand, of approximately Ps.992 million of our 8.15% UDI-denominated notes that matured on April 13, 2007, to repay other outstanding indebtedness, and repurchase our shares, in each case, subject to market conditions and other factors. For a description of our outstanding indebtedness as of December 31, 2006, see Exhibit I and “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

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.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Average(1)</u>	<u>Period End</u>
2002	10.4250	9.0005	9.6630	10.4250
2003	11.4060	10.113	10.7925	11.2420
2004	11.6350	10.805	11.2897	11.1540
2005	11.4110	10.413	10.8938	10.6275
2006	11.4600	10.4315	10.7055	10.7995
2007:				
January	11.0920	10.7650	10.9559	11.0381
February	11.1575	10.9170	10.9950	11.1575
March	11.1846	11.0130	11.1144	11.0427
April	11.0305	10.9240	10.9802	10.9295
May	10.9308	10.7380	10.8221	10.7380
June	10.9785	10.7116	10.8330	10.7901
July	11.0110	10.7276	10.8146	10.9311
August	11.2692	10.9265	11.0438	11.0320
September	11.1482	10.9255	11.0319	10.9315
October	10.9930	10.6996	10.8202	10.6996
November	11.0005	10.6670	10.8752	10.8960
December	10.9169	10.8001	10.8463	10.9169
2008:				
January	10.9730	10.8190	10.9057	10.8190
February	10.8326	10.6730	10.7679	10.7263
March (through March 17, 2008).....	10.849	10.7001	10.7706	10.7822

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

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 March 17, 2008, the noon buying rate was Ps.10.7822 per U.S.\$1.00.

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

CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2007. This table should be read together with our year-end financial statements and unaudited selected interim consolidated financial information included elsewhere in this prospectus. Information in the following table presented in U.S. Dollar amounts is translated from the Peso amounts, solely for the convenience of the reader, at an exchange rate of Ps.10.9277 to U.S.\$1.00, the Interbank Rate on September 30, 2007. Since the financial information in the following table is presented in constant Mexican Pesos in purchasing power as of September 30, 2007, it is not directly comparable to the financial information included elsewhere in this prospectus, which, unless otherwise indicated, is presented in constant Mexican Pesos in purchasing power as of December 31, 2006. The change in the NCPI for the nine-month period ended September 30, 2007 was 2.2%.

Except as described in this Prospectus, since September 30, 2007, there has been no material change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition and that of our subsidiaries taken as a whole.

	As of September 30, 2007 (1)	
	Actual (Millions of Pesos)	Actual (Millions of U.S. Dollars)
Current debt and satellite transponder lease obligation:		
Notes payable (2)	Ps 7	U.S.\$ 1
Banamex loan due 2008	480	44
Total current debt	487	45
Current portion of satellite transponder lease obligation	95	9
Long-term debt and satellite transponder lease obligation:		
Notes payable (2)	38	3
8% Notes due 2011	786	72
8.5% Senior Notes due 2032	3,278	300
9.375% Senior Notes due 2013	132	11
6.5/8% Senior Notes due 2025	6,557	600
8.49% Senior Notes due 2037	4,500	412
Banamex loan due 2009	1,162	106
Banamex loan due 2012	2,000	183
Santander Serfin loan due 2016 (3)	1,400	128
Banamex loan due 2016 (3)	2,100	192
Total long-term debt	21,994	2,007
Satellite transponder lease obligation, net of current portion	1,061	97
Total Stockholders' Equity	36,5307	3,343
Total capitalization	Ps. 60,117	U.S.\$ 5,549

(1) Solely for purposes of preparing calculations for this table, our U.S. dollar-denominated indebtedness has been translated into Pesos at an exchange rate of Ps.10.9277 to U.S.\$1.00, the Interbank Rate, as reported by Banamex, as of September 30, 2007.

(2) Represents secured debt.

(3) Represents debt incurred by Sky México and guaranteed by us.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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 prospectus. 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

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 Rate, as reported by Banamex as of December 31, 2006, which was Ps.10.8025 per U.S. Dollar. This prospectus contains translation 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 prospectus 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 FRS that became effective on January 1, 2006, which differ in some significant respects from U.S. GAAP. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005. Note 24 to our year-end financial statements provides a description of the relevant differences between Mexican GAAP 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 and 2005 and stockholders’ equity at December 31, 2005. A reconciliation of these items as of and for the year ended December 31, 2006 is not currently available and is therefore not included in this prospectus. Our 2004 and 2005 U.S. GAAP reconciled items may not be comparable to our unreconciled items as of and for the year ended December 31, 2006. Readers should not assume that the nature and amount of the reconciling items between Mexican GAAP and U.S. GAAP as of and for the years ended 2004 and 2005 are indicative of the nature and amounts of these reconciling items as of and for the year ending December 31, 2006 or for any other period. 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”.

For unaudited selected consolidated financial information as of March 31, 2007 and for the three-month periods ended March 31, 2006 and 2007 and a discussion of Televisa’s financial results for the three-month periods ended March 31, 2006 and 2007, which are presented in constant Mexican Pesos in purchasing power as of March 31, 2007, see Exhibit I to this prospectus. For a description of our indebtedness as of March 31, 2007, see Exhibit I and “Capitalization”. Since the financial information in Exhibit I and the information under “Capitalization” are presented in constant Mexican Pesos in purchasing power as of March 31, 2007, the financial information in Exhibit I and the information under “Capitalization” are not directly comparable to the financial information included elsewhere in this prospectus or in the table below, which unless otherwise indicated, is presented in constant Mexican Pesos in purchasing power as of December 31, 2006. The change in the NCPI, for the three-month period ended March 31, 2007 was 1.0%. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

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, or 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 prospectus reflects our capital structure as of December 31, 2006.

Selected Consolidated Financial Information

Please refer to Form 6-K for the quarter ended September 30, 2007, filed with the SEC on October 25, 2007 and incorporated by reference herein, for the September 2007 financial data. See "Incorporation by Reference."

	Year Ended December 31,					
	2002	2003	2004	2005	2006	2006
	(millions of Pesos in purchasing power as of December 31, 2006 or millions of U.S. Dollars)(1)					
(Mexican GAAP/FRS)						
Income Statement Data:						
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,
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	—
(U.S. GAAP)(6)						
Income Statement Data:						
Net sales.....	Ps. 25,597	Ps. 26,650	Ps. 31,519	Ps. 33,798		
Operating income.....	3,542	6,832	8,429	10,414		
Income from continuing operations.....	119	3,371	4,588	7,101		
Cumulative effect of accounting change, net.....	(1,449)	—	—	—		
Net (loss) income.....	(1,332)	3,371	4,588	7,101		
Income from continuing operations per CPO(4).....	0.04	1.17	1.55	2.43		
Net (loss) income per CPO(4).....	(0.45)	1.17	1.55	2.43		
Weighted-average number of shares outstanding (in millions)(4)(5).....	353,906	352,421	345,573	341,158		
Shares outstanding (in millions, at year end)(5).....	221,210	218,840	341,638	339,941		
(Mexican GAAP/FRS)						
Balance Sheet Data (end of year):						
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,
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,
Customer deposits and advances.....	13,820	15,839	16,454	18,778	17,162	1,
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,
(U.S. GAAP)(6)						
Balance Sheet Data (end of year):						
Cash and cash equivalents.....	Ps. 10,059	Ps. 11,244	Ps. 17,103	Ps. 15,260		
Total assets.....	66,286	76,530	88,548	85,510		
Current portion of long-term debt and other notes payable(7).....	1,457	323	3,545	354		

Long-term debt, net of current portion(8)...	15,694	16,630	20,368	18,872		
Total stockholders' equity (excluding minority interest).....	20,765	27,351	28,113	29,481		
(Mexican GAAP/FRS)						
Other Financial Information:						
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:						
Cash provided by operating activities.....	6,592	7,113	7,364	10,681		
Cash provided by (used for) financing activities.....	439	(2,997)	(562)	(9,654)		
Cash used for investing activities.....	(3,519)	(2,458)	(765)	(2,305)		
Other Data (unaudited):						
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 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. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005.
- (7) See Note 8 to our year-end financial statements.
- (8) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — 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, 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 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 prospectus, “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 “Business — 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 “Business — 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations — 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Cable Television" and "Business — Cable Television".
- (14) The results of operations of *Esmas.com* are included in the results of operations of our Other Businesses segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Other Businesses". For a description of *Esmas.com*, see "Business — 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*.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion together with our year-end financial statements and the accompanying notes, which appear elsewhere in this prospectus. This prospectus contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this prospectus, particularly in "Risk Factors". In addition to the other information in this prospectus, investors should consider carefully the following discussion and the information set forth under "Risk Factors" before evaluating us and our business.

We began to consolidate Innova, our DTH joint venture in Mexico, effective April 1, 2004. Accordingly, our financial results for the year ended December 31, 2005 may not be directly comparable to our financial results for the year ended December 31, 2004.

Preparation of Financial Statements

Our year-end financial statements have been prepared in accordance with Mexican FRS, which differ in some significant respects from U.S. GAAP. Note 24 to our year-end financial statements describes certain differences between Mexican FRS and U.S. GAAP as they relate to us through December 31, 2005. Note 24 to our year-end financial statements provides a reconciliation to U.S. GAAP of net income and total stockholders' equity. Note 24 to our year-end financial statements also presents all other disclosures required by U.S. GAAP, as well as condensed financial statement data. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005.

Results of Operations

The following tables set forth our results of operations data for the indicated periods as a percentage of net sales:

	Year Ended December 31,(1)		
	2004	2005	2006
Operating Segment Net Sales			
Television Broadcasting.....	56.9%	55.4%	53.8%
Pay Television Networks.....	2.7	3.3	3.4
Programming Exports.....	6.4	5.6	5.4
Publishing.....	7.0	7.5	7.4
Publishing Distribution.....	5.2	1.2	1.1
Sky Mexico(2).....	12.1	17.9	19.1
Cable Television.....	3.7	4.2	5.1
Radio.....	1.0	1.0	1.1
Other Businesses.....	<u>5.0</u>	<u>3.9</u>	<u>3.6</u>
Total Segment Net Sales.....	100.0%	100.0%	100.0%
Intersegment Operations.....	<u>(2.4)</u>	<u>(3.1)</u>	<u>(2.8)</u>
Total Consolidated Net Sales.....	<u>97.6%</u>	<u>96.9%</u>	<u>97.2%</u>
Total Net Sales			
Cost of Sales(3).....	50.6%	45.4%	42.7%
Selling Expenses(3).....	7.5	8.2	7.9
Administrative Expenses(3).....	5.6	5.7	6.1
Depreciation and Amortization.....	<u>7.1</u>	<u>7.4</u>	<u>7.1</u>
Consolidated Operating Income.....	<u>29.2</u>	<u>33.3</u>	<u>36.2</u>
Total.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Certain segment data set forth in these tables may vary from certain data set forth in our year-end consolidated financial statements due to differences in rounding. The segment net sales and total segment net sales data set forth in this prospectus reflect sales from intersegment operations in all periods presented. See Note 23 to our year-end financial statements.

(2) Effective April 1, 2004, we began consolidating Sky Mexico, which is applicable under Mexican FRS NIF A-8, "Supplementary Financial Reporting Standards".

(3) Excluding depreciation and amortization.

Summary of Business Segment Results

The following table sets forth the net sales and operating segment income (loss) of each of our business segments and intersegment sales and corporate expenses for the years ended December 31, 2004, 2005 and 2006. In 2003, we adopted the provisions of Bulletin B-5, "Financial Information by Segments" issued by the MIPA, which contains provisions that are similar to the standards previously applied by us under International Accounting Standard No. 14, "Segment Reporting". These standards require us to look to our internal organizational structure and reporting system to identify our business segments. In accordance with these standards, we currently classify our operations into nine business segments: Television Broadcasting, Pay Television Networks, Programming Exports, Publishing, Publishing Distribution, Sky Mexico, Cable Television, Radio and Other Businesses. In 2004, we changed the names of two of our segments — "Programming for Pay Television" to "Pay Television Networks" and "Programming Licensing" to "Programming Exports" — in order to make the descriptions more accurate. See "— New Mexican Financial Reporting Standards" and Note 1(t) to our year-end financial statements. Our results for 2004, 2005 and 2006, include Sky Mexico as a segment. Effective April 1, 2004, we adopted the guidelines of FIN 46 in accordance with Mexican FRS NIF A-8 "Supplementary Financial Reporting Standards". Before adopting FIN 46, we accounted for our investment in Sky Mexico by applying the equity method and recognized equity in results in excess of our investment up to the amount of the guarantees made by us in connection with certain capital lease obligations of Sky Mexico. See Note 1(g) to our year-end financial statements.

	Year Ended December 31,(1)		
	2004	2005	2006
	(millions of Pesos in purchasing power as of December) 31, 2006		
Operating Segment Net Sales			
Television Broadcasting.....	Ps. 18,388.2	Ps. 19,323.5	Ps. 20,972.1
Pay Television Networks.....	861.0	1,156.2	1,329.0
Programming Exports.....	2,061.5	1,952.0	2,110.9
Publishing.....	2,250.8	2,607.1	2,885.5
Publishing Distribution(2).....	1,692.4	418.5	433.5
Sky Mexico(3).....	3,910.5	6,229.2	7,452.7
Cable Television.....	1,212.8	1,462.1	1,984.7
Radio.....	318.0	358.7	444.6
Other Businesses.....	<u>1,610.1</u>	<u>1,377.8</u>	<u>1,408.1</u>
Total Segment Net Sales.....	32,305.3	34,885.1	39,021.1
Intersegment Operations.....	<u>(786.3)</u>	<u>(1,087.5)</u>	<u>(1,089.3)</u>
Total Consolidated Net Sales.....	<u>Ps. 31,519.0</u>	<u>Ps. 33,797.6</u>	<u>Ps. 37,931.8</u>
Operating Segment Income (Loss)			
Television Broadcasting.....	Ps. 8,343.8	Ps. 9,211.4	Ps. 10,598.0
Pay Television Networks.....	320.9	539.1	682.3
Programming Exports.....	786.8	695.8	869.3
Publishing.....	456.6	499.5	555.8
Publishing Distribution.....	(27.3)	6.9	18.0
Sky Mexico(3).....	1,439.3	2,618.8	3,555.5
Cable Television.....	383.4	509.4	816.8
Radio.....	34.1	54.3	94.6
Other Businesses.....	<u>(137.4)</u>	<u>(187.6)</u>	<u>(311.4)</u>
Total Operating Segment Income(4).....	11,600.2	13,947.6	16,878.9
Corporate Expenses(4).....	(167.7)	(189.9)	(450.9)
Depreciation and Amortization.....	(2,231.0)	(2,517.1)	(2,679.1)
Total Consolidated Operating Income(5).....	<u>Ps. 9,201.5</u>	<u>Ps. 11,240.6</u>	<u>Ps. 13,748.9</u>

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- (1) Certain segment data set forth in these tables may vary from certain data set forth in our year-end financial statements due to differences in rounding. The segment net sales and total segment net sales data set forth in this prospectus reflect sales from intersegment operations in all periods presented. See Note 23 to our year-end financial statements.
 - (2) Effective October 1, 2004, we changed certain key terms of substantially all our contracts with publishers for the distribution of magazines, books and newspapers. As a result, we changed our accounting treatment in our Publishing Distribution segment's net sales and cost of sales, and began recognizing our net sales as the marginal revenue from the products we distribute. Before October 2004, we recognized revenue on a gross basis.
 - (3) Effective April 1, 2004, we began consolidating Sky Mexico, in accordance with FIN 46, which is applicable under Mexican FRS NIF A-8, "Supplementary Financial Reporting Standards".
 - (4) The operating segment income (loss), and total operating segment income data set forth in this prospectus do not reflect corporate expenses or depreciation and amortization in any period presented, but are presented herein to facilitate the discussion of segment results.
 - (5) Total consolidated operating income reflects corporate expenses and depreciation and amortization in all periods presented. See Note 23 to our year-end financial statements.

Seasonality

Our results of operations are seasonal. 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. Our costs, in contrast to our revenues, are more evenly incurred throughout the year and generally do not correlate to the amount of advertising sales.

Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005

Total Segment Results

Net Sales

Our net sales increased by Ps.4,134.2 million, or 12.2%, to Ps.37,931.8 million for the year ended December 31, 2006 from Ps.33,797.6 million for the year ended December 31, 2005. This increase reflects a revenue growth in all of our business segments, partially offset by a decrease in our feature films distribution and internet businesses.

Cost of Sales

Cost of sales increased by Ps.832.5 million, or 5.4%, to Ps.16,182.8 million for the year ended December 31, 2006 from Ps.15,350.3 million for the year ended December 31, 2005. This increase was due to higher costs in the Television Broadcasting, Sky Mexico, Cable Television, Publishing, Radio, Pay Television Networks, Publishing Distribution and Other Businesses segments. These increases were partially offset by lower cost of sales in our Programming Exports segment.

Selling Expenses

Selling expenses increased by Ps.243.3 million, or 8.8%, to Ps.3,016.8 million for the year ended December 31, 2006 from Ps.2,773.5 million for the year ended December 31, 2005. This increase was attributable to higher selling expenses in our Publishing, Television Broadcasting, Sky Mexico, Programming Exports, Cable Television, Radio, Pay Television Networks and Other Businesses segments, as a result of increases in promotional and advertising expenses and commissions paid. These increases were partially offset by lower selling expenses in our Publishing Distribution segment.

Administrative Expenses

Administrative expenses increased by Ps.388.1 million, or 20.3%, to Ps.2,304.2 million for the year ended December 31, 2006, from Ps.1,916.1 million for the year ended December 31, 2005. This increase reflects the administrative expense growth in our Sky Mexico, Cable Television, Television Broadcasting, Publishing, Radio, Publishing Distribution and Other Businesses segments, as well as the increase in corporate expenses due to the adoption of the guidelines of the International Financial Reporting Standard 2, "Share-based Payment", for which we recognized in 2006 a share-based compensation expense of approximately Ps.235.0 million. These increases were partially offset by lower administrative expenses in our Pay Television Networks and Programming Exports segments.

Television Broadcasting

Television Broadcasting net sales are derived primarily from the sale of advertising time on our national television networks, Channels 2, 4, 5 and 9, and local stations, including our English language station on the Mexico/U.S. border. The contribution of local stations net sales to Television Broadcasting net sales was 13.7% in 2005 and 13.5% in 2006. No Television Broadcasting advertiser accounted for more than 10% of Television Broadcasting advertising sales in any of these years.

Television Broadcasting net sales, representing 55.4% and 53.8% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.1,648.6 million, or 8.5%, to Ps.20,972.1 million for the year ended December 31, 2006 from Ps.19,323.5 million for the year ended December 31, 2005. This increase was attributable to the broadcast of the 2006 FIFA World Cup, political advertising related to the presidential election in Mexico and higher ratings in our telenovelas.

Television Broadcasting operating segment income increased by Ps.1,386.6 million, or 15.1%, to Ps.10,598.0 million for the year ended December 31, 2006 from Ps.9,211.4 million for the year ended December 31, 2005. This increase was due to the increase in net sales, partially offset by an increase in cost of sales due to the transmission rights of the 2006 FIFA World Cup and an increase in operating expenses driven by higher commissions paid and provision for doubtful trade accounts.

Advertising Rates and Sales

We sell commercial time in two ways: upfront and scatter basis. Advertisers that elect the upfront option lock in prices for the upcoming year, regardless of future price changes. Advertisers that choose the upfront option make annual prepayments, with cash or short-term notes, and are charged the lowest rates for their commercial time, given the highest priority in schedule placement, and given a first option in advertising during special programs. Scatter advertisers, or advertisers who choose not to make upfront payments but rather advertise from time to time, risk both higher prices and lack of access to choice commercial time slots. We sell advertising to our customers on a cost per rating point basis.

The Mexican government does not restrict our ability to set our advertising rates. In setting advertising rates and terms, we consider, among other factors, the likely effect of rate increases on the volume of advertising sales. We have historically been flexible in setting rates and terms for our television advertising. Nominal rate increases have traditionally varied across daytime hours, and the same price increases have not been implemented for all programs, with higher increases in certain programs as a result of high demand for advertising during certain hours.

During 2005 and 2006, we increased our nominal advertising rates. During prime time broadcasts, we sold an aggregate of 1,574 hours of advertising time in 2005 and 1,493 hours in 2006. During sign-on to sign-off hours, we sold 3,425 hours of advertising time in 2005 and 3,216 hours in 2006. Television Broadcasting advertising time that is not sold to the public is primarily used to satisfy our legal requirement to make broadcast time available to the Mexican government and to promote our programs, services and products and entities in which we have made investments.

As of December 31, 2005 and December 31, 2006, we had received Ps.14,232.7 million (nominal) and Ps.15,946.0 million (nominal), respectively, of advertising deposits for television advertising time during 2006 and 2007, representing approximately U.S.\$1,339.4 million and U.S.\$1,476.1 million at the applicable year-end exchange rates. Approximately 57.5% and 61.9% of these deposits as of December 31, 2005 and 2006, respectively, were in the form of short-term, non-interest bearing notes, with the remainder in each of these years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2005 and 2006 was 3.1 months and 3.6 months, respectively.

Pay Television Networks

Pay Television Networks net sales are derived primarily from revenues received in exchange for providing television channels to pay television providers servicing the United States, Europe, the Caribbean, Australia, Latin America and Canada, including other cable systems in Mexico and the DTH satellite joint venture in which we have an interest. Pay television networks net sales also include the revenues from TuTV, our pay-television joint venture in the United States with Univision, in this segment. Revenues from advertising time sold with respect to programs provided to cable systems in Mexico and internationally are also reflected in this segment. Pay Television Networks sell advertising independently from our other media-related segments on a scatter basis.

Pay Television Networks net sales, representing 3.3% and 3.4% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.172.8 million, or 14.9%, to Ps.1,329.0 million for the year ended December 31, 2006 from Ps.1,156.2 million for the year ended December 31, 2005. This increase reflects higher revenues from signals sold in Mexico and Latin America, higher sales of TuTV, and an increase in advertising sales in Mexico.

Pay Television Networks operating segment income increased by Ps.143.2 million, or 26.6%, to Ps.682.3 million for the year ended December 31, 2006, from Ps.539.1 million for the year ended December 31, 2005, primarily due to higher sales and a decrease in operating expenses, partially offset by an increase in cost of sales mainly by costs of programs produced by us and higher costs from transmission rights of programs produced by third parties.

Programming Exports

Programming Exports net sales consist primarily of revenues from program license agreements and principally relate to our telenovelas and our variety programs. In 2005 and 2006, approximately 64.7% and 67.0%, respectively, of net sales for this segment were attributable to programming licensed under our program license agreement with Univision. In 2005 and 2006, we received U.S.\$109.8 million and U.S.\$126.9 million, respectively, in program royalties from Univision, related to the Univision Network and Galavision Network. In 2003, Univision became bound to pay an additional 12% in royalties from the net time sales of the TeleFutura Network, subject to certain adjustments and credits, establishing a minimum annual royalty of U.S.\$5.0 million in respect of TeleFutura for 2003, increasing by U.S.\$2.5 million for each subsequent year up to U.S.\$12.5 million. See "Business — Univision". We also license programming to broadcasters in Latin America, the Middle East, Russia and other countries.

Programming Exports net sales, representing 5.6% and 5.4% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.158.9 million, or 8.1%, to Ps.2,110.9 million for the year ended December 31, 2006, from Ps.1,952.0 million for the year ended December 31, 2005. This increase was primarily due to higher royalties paid to us under the Program License Agreement entered into with Univision in the amount of U.S.\$126.9 million, for the year ended December 31, 2006, as compared to U.S.\$109.8 million, for the year ended December 31, 2005, as well as an increase in export sales to Latin America and Europe. These increases were partially offset by lower export sales to Asia and Africa and a negative translation effect on foreign-currency denominated sales.

Programming Exports operating segment income increased by Ps.173.5 million, or 24.9%, to Ps.869.3 million for the year ended December 31, 2006 from Ps.695.8 million for the year ended December 31, 2005. This increase was primarily due to the increase in net sales, as well as a decrease in cost of sales primarily due to lower programming costs. This increase was partially offset by an increase in operating expenses primarily due to higher market research and advertising expenses.

Publishing

Publishing net sales are primarily derived from the sale of advertising pages in our various magazines, as well as magazine sales to distributors. Our Publishing segment sells advertising independently from our other media-related segments. Advertising rates are based on the publication and the assigned space of the advertisement.

Publishing net sales, representing 7.5% and 7.4% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.278.4 million, or 10.7%, to Ps.2,885.5 million for the year ended December 31, 2006 from Ps.2,607.1 million for the year ended December 31, 2005. This increase reflects sales of Editora Cinco (which we began to consolidate beginning January 2006) in the amount of Ps.129.3 million, and higher revenues from magazine circulation and advertising pages sold both in Mexico and abroad, partially offset by a negative translation effect on foreign-currency denominated sales.

Publishing operating segment income increased by Ps.56.3 million, or 11.3%, to Ps.555.8 million for the year ended December 31, 2006, from Ps.499.5 million for the year ended December 31, 2005. This increase primarily reflects the increase in net sales and was partially offset by increases in cost of sales and operating expenses due to the consolidation of Editora Cinco, as well as increases in costs of supplies, promotional and advertising expenses as well as higher personnel and distribution services costs resulting from an increase in subscriptions to our magazines.

Publishing Distribution

Publishing Distribution net sales are primarily derived from the distribution of magazines published by us, our joint ventures or independent publishers and pursuant to licenses and other arrangements with third parties.

Of the total volume of magazines we distributed, approximately, 68.0% in 2005 and 75.0% in 2006 were published by our Publishing segment.

Publishing Distribution net sales, representing 1.2% and 1.1% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.15.0 million, or 3.6%, to Ps.433.5 million for the year ended December 31, 2006, from Ps.418.5 million for the year ended December 31, 2005. This increase was primarily attributable to higher distribution sales abroad of magazines published by us and by third parties, and was partially offset by lower circulation in Mexico of magazines published by third parties and the negative translation effect of foreign-currency denominated sales.

Publishing Distribution operating segment income increased by Ps.11.1 million, or 160.9%, to Ps.18.0 million for the year ended December 31, 2006 from Ps.6.9 million for the year ended December 31, 2005. This increase was attributable to the increase in net sales as well as a decrease in operating expenses, driven by lower provision for doubtful trade accounts; partially offset by higher cost of sales primarily due to higher charges related to the distribution of magazines.

Sky Mexico

Sky Mexico net sales representing 17.9% and 19.1% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.1,223.5 million or 19.6% to Ps.7,452.7 million for the year ended December 31, 2006, from Ps.6,229.2 million for the year ended December 31, 2005. This increase was primarily due to a 14.4% increase in its subscriber base, which as of December 31, 2006 reached 1,430,100 gross active subscribers (including 91,100 commercial subscribers) compared to 1,250,600 gross active subscribers as of December 31, 2005 (of which 70,100 were commercial subscribers) and higher advertising revenues.

Sky Mexico operating segment income increased by Ps.936.7 million or 35.8% to Ps.3,555.5 million for the year ended December 31, 2006, from Ps.2,618.8 million for the year ended December 31, 2005. This increase was due to the increase in net sales, partially offset by higher programming and activation costs, associated with our larger subscriber base as well as an increase in operating expenses due to higher promotion and personnel expenses.

Cable Television

Cable Television net sales are derived from Cable Television services and advertising sales. Net sales for Cable Television services generally consist of monthly subscription fees for basic and premium service packages, fees charged for pay-per-view programming and, to a significantly lesser extent, monthly rental and one-time installation fees. Net sales for Cable Television advertising consist of revenues from the sale of advertising on Cablevisión. As of July 1, 2005, we appointed Maximedios Alternativos, S.A. de C.V. as Cablevisión's sales agent for advertising time. See "The Principal Stockholders and Related Party Transactions — Related Party Transactions — Transactions and Arrangements With Affiliates and Related Parties of Our Directors, Officers and Major Stockholders". Rates are based on the day and time the advertising is aired, as well as the type of programming in which the advertising is aired. Cable subscription and advertising rates are adjusted periodically in response to inflation and in accordance with market conditions.

Cable Television net sales, representing 4.2% and 5.1% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.522.6 million, or 35.7%, to Ps.1,984.7 million for the year ended December 31, 2006 from Ps.1,462.1 million for the year ended December 31, 2005. This increase was primarily due to a 17.6% increase in the subscriber base during 2006, to 496,500, all of which were digital subscribers at December 31, 2006, from a subscriber base of 422,100, of which 283,200 were digital subscribers, at the same date of 2005; also we had a 57.5% increase in our broadband subscriber base to 96,000 at December 31, 2006, compared with 61,000 at December 31, 2005, and a 6% rate increase in Cablevisión video service packages effective March 1, 2006.

Cable Television operating segment income increased by Ps.307.4 million, or 60.3%, to Ps.816.8 million for the year ended December 31, 2006, from Ps.509.4 million for the year ended December 31, 2005. This increase primarily reflects the increase in net sales, partially offset by an increase in cost of sales due to higher signal costs associated with the subscriber base growth, and an increase in operating expenses primarily in personnel costs as well as maintenance and advertising expenses.

Radio

Radio net sales consist of advertising sold on our radio stations. Our Radio segment sells advertising independently from our other media-related segments on a scatter basis. Rates are based on the day and time the advertising is aired, as well as the type of programming in which the advertising is aired. Given the size of our Radio segment relative to our consolidated results, starting January 1, 2007, we are classifying the results of operations of our Radio segment in our Other Businesses segment.

Radio net sales, representing 1.0% and 1.1% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.85.9 million, or 23.9%, to Ps.444.6 million for the year ended December 31, 2006 from Ps.358.7 million for the year ended December 31, 2005. This increase primarily reflects an increase in advertising time sold primarily due to the broadcast of the 2006 FIFA World Cup and political advertising related to the presidential election in Mexico. These increases were partially offset by lower sales generated by our affiliation agreement with Radiorama.

Radio operating segment income increased by Ps.40.3 million or 74.2% to Ps.94.6 million for the year ended December 31, 2006 from Ps.54.3 million for the year ended December 31, 2005. This increase was primarily due to the increase in net sales, partially offset by an increase in cost of sales related to programming costs and promotional and advertising expenses, and an increase in operating expenses due to higher commissions paid and personnel expenses.

Other Businesses

Other Businesses net sales are primarily derived from the promotion of sports and special events in Mexico, subscriber fees for nationwide paging services until October 2004, the distribution of feature films, and revenues from our internet businesses, which includes revenues from advertisers for advertising space on *Esma.com*, and revenues related to our PSMS messaging service. In the fourth quarter of 2004 we reached an agreement to sell our nationwide paging business and we completed the sale in the first quarter of 2005.

Other Businesses net sales, representing 3.9% and 3.6% of our total segment net sales for the years ended December 31, 2005 and 2006, respectively, increased by Ps.30.3 million, or 2.2%, to Ps.1,408.1 million for the year ended December 31, 2006, from Ps.1,377.8 million for the year ended December 31, 2005. This increase was primarily due to higher sales related to our sport events productions and our gaming business. This increase was partially offset by lower sales in our feature films distribution business as well as in our internet business due to lower sales related to our SMS messaging service.

Other Businesses operating segment loss increased by Ps.123.8 million, or 66.0%, to Ps.311.4 million for the year ended December 31, 2006, from Ps.187.6 million for the year ended December 31, 2005. This increase reflects an increase in cost of sales and operating expenses related to our gaming business, partially offset by the increase in net sales and lower cost of sales in our feature films distribution and internet businesses.

Depreciation and Amortization

Depreciation and amortization expense increased by Ps.162.0 million, or 6.4%, to Ps.2,679.1 million for the year ended December 31, 2006, from Ps.2,517.1 million for the year ended December 31, 2005. This change was due to higher depreciation expense for decoders in connection with the increase in the subscriber bases in our Sky Mexico and Cable Television segments, installation of new digital decoder equipment, as well as an increase in depreciation expenses in our Other Businesses segment related to our new gaming business.

Non Operating Results

Integral Cost of Financing, Net

Integral cost of financing significantly impacts our financial statements in periods of high inflation or currency fluctuations. Under Mexican FRS, integral cost of financing reflects:

- interest income;
- interest expense, including the restatement of our UDI-denominated notes;
- foreign exchange gain or loss attributable to monetary assets and liabilities denominated in foreign currencies (including gains or losses from derivative instruments); and
- gain or loss attributable to holding monetary assets and liabilities exposed to inflation.

Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies.

We record a foreign exchange gain or loss if the exchange rate of the Peso to the other currencies in which our monetary assets or liabilities are denominated varies.

The expense attributable to the integral cost of financing decreased by Ps.754.6 million, or 40.7%, to Ps.1,099.7 million for the year ended December 31, 2006 from Ps.1,854.3 million for the year ended December 31, 2005. This decrease reflected primarily a Ps.566.5 million decrease in net foreign-exchange loss resulting primarily from the difference between the spot rate and the foreign-exchange rate of the cross-currency interest rate swap agreements, or coupon swaps, we entered into; 1.66% depreciation of the Mexican Peso against the U.S. dollar in 2006 compared with a 4.69% appreciation of the Mexican Peso against the U.S. dollar in 2005; a Ps.283.5 million decrease in interest expense, primarily due to both a lower average amount of outstanding debt and a reduction in the weighted-average interest rate; and a Ps.124.4 million increase in interest income primarily in connection with a higher average amount of temporary investments.

These favorable variances were partially offset by a Ps.219.8 million increase in loss from monetary position resulting primarily from a higher net monetary asset position, and a higher annual inflation rate in 2006 (4.05%) compared with 2005 (3.3%).

Restructuring and Non-recurring Charges

Restructuring and non-recurring charges increased by Ps.375.2 million to Ps.614.4 million for the year ended December 31, 2006, compared to Ps.239.2 million for the year ended December 31, 2005. This increase reflected primarily the recognition of certain non-recurring expenses incurred in connection with the tender offer made by Sky Mexico in the second quarter of 2006 for most of its Senior Notes due 2013.

Other Expense, Net

Other expense, net, decreased by Ps.272.0 million, or 56.3%, to Ps.211.0 million for the year ended December 31, 2006, as compared with Ps.483.0 million for the year ended December 31, 2005. This decrease reflected primarily the absence of loss on disposition of both investments and fixed assets in 2006, which effect was partially offset by an increase in advisory and professional services. In 2006, other expense, net, primarily includes donations and advisory and professional services.

Income Tax, Assets Tax and Employees' Profit Sharing

Income taxes and employees' profit sharing increased by Ps.1,244.8 million, to Ps.2,047.2 million for the year ended December 31, 2006, from Ps.802.4 million for the year ended December 31, 2005. This increase reflected both a higher income tax base and a higher effective income tax rate.

We are authorized by the Mexican tax authorities to compute our income tax and assets tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 100% of their share ownership in such subsidiaries (through December 31, 2004, such percentage was 60%).

We and our Mexican subsidiaries are also subject to an assets tax, at a tax rate of 1.8% through December 31, 2006, on the adjusted book value of some of our assets. In some cases, income tax paid in excess of asset tax can be individually credited against any assets tax payable by us and our subsidiaries. The assets tax is computed on a fully consolidated basis. As of January 1, 2007, the assets tax rate is 1.25%.

The Mexican corporate income tax rate in 2004, 2005 and 2006 was 33%, 30% and 29%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in 2007 and subsequent years will be 28%.

Equity in Earnings of Affiliates

This line item reflects our equity participation in the operating results and net assets of unconsolidated businesses in which we maintain an interest, but over which we have no control. We recognized equity in losses of affiliates up to the amount of our initial investment and subsequent capital contributions, or beyond that amount when guaranteed commitments have been made by us in respect of obligations incurred by affiliates.

Equity in results of affiliates, net, decreased by Ps.768.9 million to an equity in losses of affiliates of Ps.602.2 million for the year ended December 31, 2006, compared with an equity in earnings of affiliates of Ps.166.7 million for the year ended December 31, 2005. This decrease reflected primarily an equity in loss of La Sexta, our 40% interest in a free-to-air television channel in Spain, which began operations in March 2006. In addition, beginning July 1, 2006, we reclassified our investment in Univision as a current available-for-sale financial asset. Therefore, this line item does not reflect any results from our investment in Univision since that date.

Cumulative Loss Effect of Accounting Changes, Net

In 2005, cumulative loss of accounting change of Ps.526.6 million, reflected (i) the cumulative loss effect of Ps.336.7 million, in connection with the initial accrual of share-based compensation expense for benefits granted to executives and employees under the terms of our Stock Purchase Plan and Long-term Retention Plan, in accordance with the guidelines of IFRS 2, "Share-based Payment", issued by the International Accounting Standards Board; and (ii) the cumulative loss effect of Ps.189.9 million, net of income taxes, in connection with the initial accrual of certain severance payments, in accordance with the guidelines of revised Bulletin D-3, "Labor Obligations", issued by the Mexican Institute of Public Accountants.

Minority Interest

Minority interest reflects that portion of operating results attributable to the interests held by third parties in the businesses which are not wholly-owned by us, including our Sky Mexico (since April 2004), Cable Television, Radio (since 2001) and nationwide paging (until the fourth quarter of 2004) businesses.

Minority interest in consolidated net income decreased by Ps.539.8 million, or 47.9%, to Ps.588.2 million for the year ended December 31, in 2006, from Ps.1,128.0 million from the year ended December 31, 2005. This decrease reflected primarily a lower portion of net income attributable to the interest held by minority equity owners in the Sky Mexico business.

Net Income

We generated net income in the amount of Ps.8,586.2 million in 2006, as compared to net income of Ps.6,373.8 million in 2005. The net increase of Ps.2,212.4 million reflected:

- a Ps.2,508.3 million increase in operating income;
- a Ps.754.6 million decrease in integral cost of financing, net;
- a Ps.272.0 million decrease in other expense, net;
- a Ps.526.6 million decrease in cumulative loss of accounting change; and
- a Ps.539.8 million decrease in minority interest.

These changes were partially offset by:

- a Ps.375.2 million increase in restructuring and non-recurring charges;
- a Ps.1,244.8 million increase in income tax and employees' profit sharing; and
- a Ps.768.9 million decrease in equity in results of affiliates, net.

**Results of Operations for the Year Ended December 31, 2005
Compared to the Year Ended December 31, 2004**

Total Segment Results

Net Sales

Our net sales increased by Ps.2,278.6 million, or 7.2%, to Ps.33,797.6 million for the year ended December 31, 2005, from Ps.31,519.0 million for the year ended December 31, 2004. This increase reflects a revenue growth in our Sky Mexico segment (which we began to consolidate in our financial statements beginning April 2004) and higher revenues in our Television Broadcasting, Publishing, Pay Television Networks, Cable Television and Radio segments. These increases were partially offset by (i) a decrease in our Publishing Distribution segment due to a change in the accounting treatment of sales and cost of goods sold by which, beginning in October 2004, we recognized sales as the marginal revenue from the products we distribute and (ii) lower sales in our Programming Exports and Other Businesses segments.

Cost of Sales

Cost of sales decreased by Ps.599.1 million, or 3.8%, to Ps.15,350.3 million for the year ended December 31, 2005, from Ps.15,949.4 million for the year ended December 31, 2004. This decrease was due to lower costs in the Publishing Distribution segment as a result of the accounting change described above, and decreases in Programming Exports and Other Businesses segments. These decreases were partially offset by higher cost of sales in our Sky Mexico, Television Broadcasting, Pay Television Networks, Publishing, Cable Television and Radio segments.

Selling Expenses

Selling expenses increased by Ps.406.9 million, or 17.2%, to Ps.2,773.5 million for the year ended December 31, 2005, from Ps.2,366.6 million for the year ended December 31, 2004. This increase was attributable to higher selling expenses in our Sky Mexico, Television Broadcasting, Pay Television Networks, Publishing, Cable Television and Radio segments resulting from increases in promotional and advertising expenses and commissions paid. These increases were partially offset by lower selling expenses in our Programming Exports, Publishing Distribution and Other Businesses segments.

Administrative Expenses

Administrative expenses increased by Ps.145.6 million, or 8.2%, to Ps.1,916.1 million for the year ended December 31, 2005, from Ps.1,770.5 million for the year ended December 31, 2004. This increase reflects the administrative expense increase in our Television Broadcasting, Sky Mexico, Pay Television Networks, Programming Exports, Publishing and Cable Television segments and was partially offset by a decrease in the administrative expenses of our Publishing Distribution, Radio and Other Businesses segments.

Television Broadcasting

Television Broadcasting net sales increased by Ps.935.3 million, or 5.1%, to Ps.19,323.5 million for the year ended December 31, 2005, from Ps.18,388.2 million for the year ended December 31, 2004. This increase was attributable to higher advertising revenues, driven mainly by our telenovelas and reality television programs, as well as by higher local sales.

Television Broadcasting operating segment income increased by Ps.867.6 million, or 10.4%, to Ps.9,211.4 million for the year ended December 31, 2005, from Ps.8,343.8 million for the year ended December 31, 2004. This increase was primarily due to the increase in net sales, partially offset by an increase in operating expenses driven by higher promotional and advertising expenses and personnel costs and a marginal increase in cost of sales.

Pay Television Networks

Pay Television Networks net sales increased by Ps.295.2 million, or 34.3%, to Ps.1,156.2 million for the year ended December 31, 2005, from Ps.861.0 million for the year ended December 31, 2004. This increase reflects (i) the sales of TuTV, our pay-television joint venture with Univision, (ii) higher revenues by signals sold in Mexico and Latin America, and (iii) an increase in advertising sales in Mexico.

Pay Television Networks operating segment income increased by Ps.218.2 million, or 67.9%, to Ps.539.1 million for the year ended December 31, 2005, from Ps.320.9 million for the year ended December 31, 2004. This increase was primarily due to higher sales, which was partially offset by (i) an increase in cost of sales primarily due to costs of programs produced by us and the consolidation of TuTV and (ii) an increase in operating expenses primarily due to higher commissions and provision for doubtful trade accounts.

Programming Exports

Programming Exports net sales decreased by Ps.109.5 million, or 5.3%, to Ps.1,952.0 million for the year ended December 31, 2005, from Ps.2,061.5 million for the year ended December 31, 2004. This decrease was primarily due to a negative translation effect on foreign-currency denominated sales and lower export sales to Europe. These decreases were partially offset by higher royalties paid to us under the Program License Agreement with Univision in the amount of U.S.\$109.8 million in 2005 as compared to U.S.\$105.0 million in 2004, as well as an increase in export sales to Asia and Africa.

Programming Exports operating segment income decreased by Ps.91.0 million, or 11.6%, to Ps.695.8 million for the year ended December 31, 2005 from Ps.786.8 million for the year ended December 31, 2004. This decrease was primarily due to the decrease in net sales, as well as an increase in operating expenses due to higher personnel costs and promotional and advertising expenses. This decrease was partially offset by a decrease in cost of sales primarily due to lower programming costs.

Publishing

Publishing net sales increased by Ps.356.3 million, or 15.8%, to Ps.2,607.1 million for the year ended December 31, 2005, from Ps.2,250.8 million for the year ended December 31, 2004. This increase was primarily due to an increase in magazine circulation and advertising pages sold in Mexico and abroad, which was partially offset by the negative translation effect of foreign-currency denominated sales.

Publishing operating segment income increased by Ps.42.9 million, or 9.4%, to Ps.499.5 million for the year ended December 31, 2005, from Ps.456.6 million for the year ended December 31, 2004. This increase primarily reflects the increase in net sales and was partially offset by increases in cost of sales due to the increase in costs of supplies and operating expenses attributable to an increase in promotional and advertising expenses, as well as higher personnel and distribution services costs resulting from an increase in subscriptions to our magazines.

Publishing Distribution

In the past, the agreements with our publishers provided that we did not bear any risk on inventory transferred to our publishers. Due to certain amendments to the terms and conditions under such agreements affecting the risk of loss provisions, in October 2004, we changed the accounting treatment of our Publishing Distribution segment's sales and cost of goods sold. As a result of this change, we now recognize the marginal contribution from the products in the Publishing Distribution segment as net sales. This accounting change does not have any impact on the operating segment's results.

Publishing Distribution net sales decreased by Ps.1,273.9 million, or 75.3%, to Ps.418.5 million for the year ended December 31, 2005, from Ps.1,692.4 million for the year ended December 31, 2004. This decrease was primarily attributable to the change in the accounting treatment of net sales described above and the negative translation effect of foreign-currency denominated sales. These decreases were partially offset by higher distribution sales in Mexico and abroad, of magazines published by the Company, and higher circulation in Mexico of magazines published by third parties.

On a pro forma basis, giving effect to the accounting change described above for 2004, Publishing Distribution net sales increased by Ps.22.0 million, or 5.5%, to Ps.418.5 million for the year ended December 31, 2005, from Ps.396.5 million for the year ended December 31, 2004.

Publishing Distribution operating segment income increased by Ps.34.2 million, to an income of Ps.6.9 million for the year ended December 31, 2005, from a loss of Ps.27.3 million for the year ended December 31, 2004. This increase was attributable to a decrease in cost of sales driven by the accounting change described above, as well as a decrease in operating expenses related to lower provision for doubtful trade accounts. This increase was partially offset by the decrease in net sales.

Sky Mexico

Effective April 1, 2004, we began consolidating Sky Mexico into our financial statements due to our adoption of the guidelines of FIN 46 in accordance with Mexican FRS NIF A-8, "Supplementary Financial Reporting Standards".

On a pro forma basis, giving effect to the consolidation of Sky Mexico as if it occurred on January 1, 2004, Sky Mexico net sales increased by Ps.1,101.5 million or 21.5% to Ps.6,229.2 million for the year ended December 31, 2005, from Ps.5,127.7 million for the year ended December 31, 2004. This increase was primarily due to (i) a 24.7% increase in its subscriber base which, as of December 31, 2005, reached 1,250,600 gross active subscribers (including 70,100 commercial subscribers) compared to 1,002,500 gross active subscribers as of December 31, 2004, (including 60,700 commercial subscribers) and (ii) higher revenues from pay-per-view events, primarily non-recurring sports events broadcasted on an exclusive basis.

Sky Mexico operating segment income increased, on a pro forma basis, by Ps.748.4 million, or 40.0%, to Ps.2,618.8 million for the year ended December 31, 2005 from Ps.1,870.4 million for the year ended December 31, 2004. This increase was due to the increase in net sales, which was partially offset by (i) higher programming and activation costs, (ii) higher repair of equipment costs associated with our larger subscriber base, and (iii) an increase in operating expenses due to more free special events offered to the subscribers.

Cable Television

Cable Television net sales increased by Ps.249.3 million, or 20.6%, to Ps.1,462.1 million for the year ended December 31, 2005, from Ps.1,212.8 million for the year ended December 31, 2004. This increase was primarily due to an 18.9% increase in the subscriber base during 2005 to approximately 422,100 (of which 283,200 were digital subscribers at December 31, 2005) from a subscriber base of 355,000 (of which 123,000 were digital subscribers at December 31, 2004). The increase was also attributable in part to an 130.4% increase in our broadband subscriber base to approximately 61,000 at December 31, 2005, compared with 26,500 at December 31, 2004, and a 6% price increase for Cablevisión video service packages that became effective on March 1, 2005.

Cable Television operating segment income increased by Ps.126.0 million, or 32.9%, to Ps.509.4 million for the year ended December 31, 2005, from Ps.383.4 million for the year ended December 31, 2004. This increase primarily reflects the increase in net sales, which was partially offset by (i) an increase in cost of sales due to higher signal costs associated with the subscriber base growth and (ii) an increase in operating expenses primarily in personnel costs and advertising expenses.

Radio

Radio net sales increased by Ps.40.7 million, or 12.8%, to Ps.358.7 million for the year ended December 31, 2005, from Ps.318.0 million for the year ended December 31, 2004. This increase primarily reflects an increase in advertising time sold particularly in newscasts and sporting events programs, as well as an increase in sales generated by our affiliation agreement with Radorama, S.A. de C.V., or Radorama.

Radio operating segment income increased by Ps.20.2 million, or 59.1%, to Ps.54.3 million for the year ended December 31, 2005, from Ps.34.1 million for the year ended December 31, 2004. This increase was primarily due to the increase in net sales, which was partially offset by an increase in cost of sales related to programming costs and promotional and advertising expenses and an increase in operating expenses due to higher commissions paid.

Other Businesses

Other Businesses net sales decreased by Ps.232.3 million, or 14.4%, to Ps.1,377.8 million for the year ended December 31, 2005, from Ps.1,610.1 million for the year ended December 31, 2004. This decrease was primarily due to lower sales related to our soccer business, feature films distribution and nationwide paging business (which we sold in October 2004). These decreases were partially offset by an increase in our internet business which included an increase in sales related to our PSMS messaging service.

Other Businesses operating segment loss increased by Ps.50.2 million, or 36.6%, to Ps.187.6 million for the year ended December 31, 2005, from Ps.137.4 million for the year ended December 31, 2004. This increase reflects the decrease in net sales mentioned above. The decrease in net sales was partially offset by a decrease in cost of sales and operating expenses in our soccer business, feature films distribution and nationwide paging businesses.

Depreciation and Amortization

Depreciation and amortization expense increased by Ps.286.1 million, or 12.8%, to Ps.2,517.1 million for the year ended December 31, 2005, from Ps.2,231.0 million for the year ended December 31, 2004. This change primarily reflects an increase in our Sky Mexico and Cable Television segments, which was due to an increase in their subscriber bases, partially offset by a decrease in the depreciation and amortization expenses related to our Television Broadcasting and Other Businesses segments.

Non Operating Results

Integral Cost of Financing, Net

Integral cost of financing significantly impacts our financial statements in periods of high inflation or currency fluctuations. Under Mexican FRS, integral cost of financing reflects:

- interest income;
- interest expense, including the restatement of our UDI-denominated notes, as described under “— Liquidity, Foreign Exchange and Capital Resources — Indebtedness” and “— Liquidity, Foreign Exchange and Capital Resources — Interest Expense”;
- foreign exchange gain or loss attributable to monetary assets and liabilities denominated in foreign currencies (including gains or losses from derivative instruments); and
- gain or loss attributable to holding monetary assets and liabilities exposed to inflation.

Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies.

We record a foreign exchange gain or loss if the exchange rate of the Peso to the other currencies in which our monetary assets or liabilities are denominated varies.

The expense attributable to integral cost of financing increased by Ps.224.1 million, or 13.7%, to Ps.1,854.3 million for the year ended December 31, 2005, from Ps.1,630.2 million for the year ended December 31, 2004. This increase primarily reflected a Ps.658.0 million increase in net foreign exchange loss resulting primarily from the difference between the spot rate and the foreign-exchange rate of the coupon swaps entered into by us. We entered into the coupon swap to reduce our exchange rate exposure for up to five years with respect to a portion of our outstanding U.S. Dollar-denominated indebtedness. However, the Peso appreciated 4.69% against the U.S. Dollar in 2005 compared with a 0.68% appreciation of the Peso against the U.S. Dollar in 2004. This increase was partially offset by (i) a Ps.31.9 million decrease in interest expense due primarily to a net decrease in the average amount of our total consolidated debt, (ii) a Ps.264.0 million increase in interest income in connection with a higher average amount of temporary investments and higher interest rates in 2005 as compared with the prior year, and (iii) a Ps.138.0 million increase in gain from monetary position resulting primarily from a higher net liability position in 2005 as compared with 2004, which was partially offset by lower annual inflation in 2005 (3.3%) compared with 2004 (5.2%).

Restructuring and Non-recurring Charges

Restructuring and non-recurring charges decreased by Ps.185.8 million, or 43.7%, to Ps.239.2 million for the year ended December 31, 2005, compared to Ps.425.0 million for the year ended December 31, 2004. This decrease primarily reflects the recognition in 2004 of non-recurring impairment adjustments to the carrying value of certain goodwill and trademarks, as well as a decrease in 2005 of restructuring charges in connection with work-force reductions. These favorable variances were partially offset by certain non-recurring expenses incurred in connection with the prepayment in March 2005 of a portion of our UDI-denominated Notes due 2007 and our Senior Notes due 2011.

Other Expense, Net

Other expense, net decreased by Ps.70.7 million, or 12.8%, to Ps.483.0 million for the year ended December 31, 2005, as compared with Ps.553.7 million for the year ended December 31, 2004. This decrease primarily reflects a decrease in donations and lower advisory and professional service expenses.

Income Tax, Assets Tax and Employees' Profit Sharing

Income tax decreased by Ps.462.4 million, or 36.6%, to Ps.802.4 million for the year ended December 31, 2005, from Ps.1,264.8 million for the year ended December 31, 2004. This decrease reflects an increase in consolidated deferred income tax, primarily in conjunction with the benefit from cumulative tax-loss carryforwards recognized by Sky Mexico at December 31, 2005, as a result of the expected taxable income position of Sky Mexico for the next few years.

We are authorized by the Mexican tax authorities to compute our income tax and assets tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 60% of their share ownership in such subsidiaries for periods ended on or before December 31, 2004. Effective January 1, 2005, such percentage increased to 100%.

We and our subsidiaries are also subject to an assets tax, at a tax rate of 1.8% on the adjusted book value of some of our assets through December 31, 2006. In some cases, income tax paid in excess of asset tax can be individually credited against any assets tax payable by us and our subsidiaries. The assets tax is computed on a fully consolidated basis. As of January 1, 2007, the assets tax rate was 1.25%.

The Mexican corporate income tax rate in 2003, 2004 and 2005, was 34%, 33% and 30%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in 2006 was 29%, and in 2007 and subsequent years will be 28%.

Equity in Earnings of Affiliates

This line item reflects our equity participation in the operating results and net assets of unconsolidated businesses in which we maintain an interest, but over which we have no control. We recognize equity in results of affiliates up to the amount of our initial investment and subsequent capital contributions, or beyond that amount when guaranteed commitments have been made by us in respect of obligations incurred by affiliates.

Equity in earnings of affiliates decreased by Ps.494.5 million, or 74.8%, to equity in income of affiliates of Ps.166.7 million for the year ended December 31, 2005, compared to Ps.661.2 million for the year ended December 31, 2004. This decrease primarily reflects the absence of the equity in income recognized in 2004 due to the reversal of previous equity losses recognized in excess of our investment in Sky Multi-Country Partners, or MCOP, in connection with the release of our guarantee of satellite transponder payments of MCOP. The decrease was also the result of a reduction in equity in income of Univision and OCEN, our live-entertainment venture with CIE.

Cumulative Loss Effect of Accounting Changes, Net

In 2005, cumulative effect of accounting change, net reflected (i) the cumulative loss effect of Ps.336.7 million in connection with the accrual for share-based compensation expense at December 31, 2005, for benefits granted to executives and employees under the terms of our Stock Purchase Plan and Long-Term Retention Plan, as a result of the adoption, as of that date, of the International Financial Reporting Standard 2, "Share-Based Payment", issued by the International Accounting Standards Board, and (ii) the cumulative loss effect of Ps.189.9 million, net of an income-tax benefit of Ps.81.4 million, at January 1, 2005, in connection with the adoption, as of that date, of the guidelines for recognition of severance payments in revised Bulletin D-3, "Labor Obligations", issued by the Mexican Institute of Public Accountants, or MIPA.

In 2004, cumulative effect of accounting change, net reflected the cumulative loss effect of Ps.1,098.4 million, net of an income-tax benefit of Ps.332.3 million, in connection with the consolidation of Sky Mexico in our financial statements beginning April 1, 2004, as a result of the adoption, as of that date, of FIN 46.

Minority Interest

Minority interest in consolidated net income increased by Ps.878.8 million to Ps.1,128.0 million for the year ended December 31, 2005, from Ps.249.2 million for the year ended December 31, 2004. This increase primarily reflects the portion of net income attributable to the interest held by minority stockholders in Sky Mexico, which we began consolidating in our financial statements in April 2004.

Net Income

We generated net income in the amount of Ps.6,373.8 million in 2005, as compared to net income of Ps.4,641.4 million in 2004. The net increase of Ps.1,732.4 million reflected:

- a Ps.2,039.1 million increase in operating income;
- a Ps.185.8 million decrease in restructuring and non-recurring charges;
- a Ps.70.7 million decrease in other expense, net;
- a Ps.462.4 million decrease in income taxes; and
- a Ps.571.8 million decrease in cumulative loss effect of accounting changes, net.

These changes were partially offset by:

- a Ps.224.1 million increase in integral cost of financing, net;
- a Ps.494.5 million decrease in equity in earnings of affiliates, net; and
- a Ps.878.8 million increase in minority interest.

Effects of Devaluation and Inflation

The following table sets forth, for the periods indicated:

- the percentage that the Peso devalued or appreciated against the U.S. Dollar;
- the Mexican inflation rate;
- the U.S. inflation rate; and
- the percentage change in Mexican GDP compared to the prior period.

	Year Ended		
	December 31,		
	2004	2005	2006
Devaluation (appreciation) of the Peso as compared to the U.S. Dollar(1)	(0.7)%	(4.7)%	1.7%
Mexican inflation rate(2)	5.2	3.3	4.1
U.S. inflation rate.....	3.3	3.4	3.3
Increase in Mexican GDP(3).....	4.2	2.8	4.8

(1) Based on changes in the Interbank Rates, as reported by Banamex, at the end of each period, which were as follows: Ps.11.1490 per U.S. Dollar as of December 31, 2004; Ps.10.6265 per U.S. Dollar as of December 31, 2005; and Ps.10.8025 per U.S. Dollar as of December 31, 2006.

(2) Based on changes in the NCPI from the previous period, as reported by the Mexican Central Bank, which were as follows: 112.5 in 2004; 116.3 in 2005; and 121.0 in 2006.

(3) As reported by the *Instituto Nacional de Estadística, Geografía e Informática*, or INEGI, and, in the case of GDP information for 2004, 2005 and 2006, as estimated by INEGI.

The general condition of the Mexican economy, the devaluation of the Peso as compared to the U.S. Dollar, inflation and high interest rates have in the past adversely affected, and may in the future adversely affect, our:

- **Advertising and Other Revenues.** Inflation in Mexico adversely affects consumers. As a result, our advertising customers may purchase less advertising, which would reduce our advertising revenues, and consumers may reduce expenditures for our other products and services, including pay television services.
- **U.S. Dollar-denominated Revenues and Operating Costs and Expenses.** We have substantial operating costs and expenses denominated in U.S. Dollars. These costs are principally due to our activities in the United States, the costs of foreign-produced programming and publishing supplies and the leasing of satellite transponders. The following table sets forth our U.S. Dollar-denominated revenues and operating costs and expenses for 2004, 2005 and 2006:

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
	(millions of U.S. Dollars)		
Revenues.....	U.S.\$435	U.S.\$385	U.S.\$470
Operating costs and expenses	443	393	529

On a consolidated basis, in 2004, 2005 and 2006, our U.S. Dollar-denominated costs and expenses exceeded, and they could continue to exceed in the future, our U.S. Dollar-denominated revenues. As a result we will continue to remain vulnerable to future devaluation of the Peso, which would increase the Peso equivalent of our U.S. Dollar-denominated costs and expenses.

- **Depreciation and Amortization Expense.** We restate our non-monetary Mexican and foreign assets to give effect to inflation. The restatement of these assets in periods of high inflation, as well as the devaluation of the Peso as compared to the U.S. Dollar, increases the carrying value of these assets, which in turn increases the related depreciation expense.
- **Integral Cost of Financing.** The devaluation of the Peso as compared to the U.S. Dollar generates foreign exchange losses relating to our net U.S. Dollar-denominated liabilities and increases the Peso equivalent of our interest expense on our U.S. Dollar-denominated indebtedness. Foreign exchanges losses, derivatives used to hedge foreign exchange risk and increased interest expense increase our integral cost of financing.

We have also entered into and will continue to consider entering into additional financial instruments to hedge against Peso devaluations and reduce our overall exposure to the devaluation of the Peso as compared to the U.S. Dollar, inflation and high interest rates. We cannot assure you that we will be able to enter into financial instruments to protect ourselves from the effects of the devaluation of the Peso as compared to the U.S. Dollar, inflation and increases in interest rates, or if so, on favorable terms. In the past we have designated, and from time to time in the future we may designate, certain of our investments or other assets as effective hedges against Peso devaluations. In connection with our net investment in shares of Univision, we designated as an effective hedge of foreign exchange exposure a portion of the U.S. dollar principal amount with respect to our outstanding Senior Notes due 2011, 2025 and 2032, which amounted to U.S.\$775.5 million and U.S.\$971.9 million as of December 31, 2005 and 2006, respectively (see Notes 1(c), 5 and 9 to our year-end financial statements). As long as we maintained our net investment in shares of Univision, a hedge of the designated principal amounts of our debt was effective, and any foreign exchange gain or loss attributable to this hedging long-term debt was credited or charged directly to equity (accumulated other comprehensive result) for Mexican FRS purposes. On March 29, 2007, we sold our investment in shares of Univision, and the hedge of the designated principal amount of our Senior Notes was discontinued on that date. See “Risk Factors — Risk Factors Related to Mexico”, “— Market Risk Disclosures” and Note 9 to our year-end financial statements.

Inflation Under Mexican FRS. Mexican FRS requires that our financial statements recognize the effects of inflation. In particular, our financial statements reflect the:

- restatement of Mexican non-monetary assets (other than transmission rights, inventories and equipment of non-Mexican origin), non-monetary liabilities and stockholders’ equity using the NCPI; and
- restatement of all inventories at net replacement cost.

U.S. GAAP Reconciliation

For a discussion of the principal quantitative and disclosure differences between Mexican FRS and U.S. GAAP as they relate to us through December 31, 2005, see Note 24 to our year-end financial statements. No U.S. GAAP information has been prepared for any periods subsequent to December 31, 2005.

Recently Issued U.S. Accounting Standards

SFAS No. 155, "Accounting for certain hybrid financial instruments-and amendment of FASB Statements Nos. 133 and 140" was issued on February 2006. This Statement amends FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets". This Statement permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company does not expect that the adoption of this Statement will have a material impact on the consolidated financial statements.

SFAS No. 156, "Accounting for servicing of financial assets-an amendment of FASB Statement No. 140" was issued on March 2006. This Statement amends FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. This Statement permits, but does not require, the subsequent measurement of servicing assets and servicing liabilities at fair value. This Statement permits an entity to reclassify certain available-for-sale securities to trading securities, regardless of the restriction in paragraph 15 of Statement 115, provided that those available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value. This option is available only once, as of the beginning of the fiscal year in which the entity adopts this Statement. An entity should adopt this Statement as of the beginning of its first fiscal year that begins after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided that the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The effective date of this Statement is the date an entity adopts the requirements of this Statement. An entity should apply the requirements for recognition and initial measurement of servicing assets and servicing liabilities prospectively to all transactions after the effective date of this Statement. We do not expect that the adoption of this Statement will have a material impact on the consolidated financial statements.

SFAS No. 157 "Fair Value Measurements" was issued in September 2006. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. The definition of fair value retains the exchange price notion in earlier definitions of fair value. This Statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). This Statement also emphasizes that fair value is a market-based measurement, not an entity-specific measurement. This Statement shall be effective for financial statements issued for fiscal years beginning after November 15, 2007. Earlier application is encouraged. We do not expect that the adoption of this Statement will have a material impact on the consolidated financial statements.

SFAS No. 158 “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” an amendment of FASB Statements No. 87, 88, 106, and 132(R) was published by FASB in September 2006. This Statement improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. This Statement amends Statement 87, FASB Statement No. 88, Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, Statement 106, and FASB Statement No. 132 (revised 2003), Employers’ Disclosures about Pensions and Other Postretirement Benefits, and other related accounting literature. Upon initial application of this Statement and subsequently, an employer should continue to apply the provisions in Statements 87, 88, and 106 in measuring plan assets and benefit obligations as of the date of its statement of financial position and in determining the amount of net periodic benefit cost. The required date of adoption of the recognition and disclosure provisions of this Statement an employer with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. Earlier application of the recognition or measurement date provisions is encouraged; however, early application must be for all of an employer’s benefit plans. Retrospective application of this Statement is not permitted. We are evaluating the impact that this Statement may have on the consolidated financial statements.

EITF Issue No. 05-6, “Determining the Amortization Period for Leasehold Improvements Purchased after Lease Inception or Acquired in a Business Combination”, was issued in June 2005. This guidance determines that leasehold improvements acquired in a business combination should be amortized over the shorter of the useful life of the assets or a term that includes required lease period and renewals that are deemed to be reasonably assured at the date of acquisition. The Task Force also agreed that leasehold improvements that are placed in service significantly after and not contemplated at or near the beginning of the lease term should be amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvement are purchased. This consensus should be applied to leasehold improvements that are purchased or acquired in reporting periods beginning after June 29, 2005. We do not expect that the adoption of this Statement will have a material impact on the consolidated financial statements.

On July 13, 2006, the FASB released FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (FIN 48). FIN 48 clarifies the accounting and reporting for income taxes where interpretation of the tax law may be uncertain. FIN 48 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns. FIN 48 will be applicable to us on January 1, 2007. We are evaluating the requirements and the impact that this Statement may have on the consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin 108, or SAB 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements”. SAB 108 provides guidance on evaluating a misstatement and determining its materiality using the iron curtain (balance sheet analysis) and rollover (income statement analysis) approaches, as well as correcting errors under the approaches and transition guidance. SAB 108 is effective for fiscal years ending on or after November 15, 2006. We are evaluating the requirements and the impact that this Statement may have on the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115”, which provides a fair value option to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. SFAS No. 159 is effective for the Company beginning in the 2008 first quarter. We do not expect that the adoption of this Statement will have a material impact on the consolidated financial statements.

New Mexican Financial Reporting Standards

Beginning in June 2004, the Mexican Board for Research and Development of Financial Reporting Standards, or Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, or CINIF, assumed the responsibility for setting financial reporting standards in Mexico. Before that date, the Mexican Institute of Public Accountants, or MIPA, was responsible for issuing accounting principles generally accepted in Mexico. In November 2005, the CINIF issued the first Mexican FRS, which became effective in January 2006, and included a new conceptual framework to achieve the convergence with International Financial Reporting Standards, or IFRS, issued by the International Accounting Standards Board, or IASB. Under this revised conceptual

framework, the hierarchy of Mexican FRS is set up as follows: (i) NIF and NIF Interpretations; (ii) Bulletins of Mexican FRS issued by the MIPA that have not been modified, replaced or superseded by new NIF; and (iii) those IFRS issued by the IASB and recognized as supplementary in Mexico when no general or specific guidance is provided by Mexican FRS. The provisions of the new conceptual framework issued by the CINIF did not have a significant effect on our consolidated financial statements.

In November 2005, The CINIF issued NIF B-1, "Accounting Changes and Error Corrections", which became effective on January 1, 2006. NIF B-1 applies to all voluntary changes in accounting principles and changes required by new accounting pronouncements in the case that the pronouncement does not include specific transition provisions, requires retrospective application to prior periods' financial statements of accounting changes, and provides rules to determine the period-specific effects of an accounting change. NIF B-1 also provides guidance for the revision of previously issued financial statements to reflect the correction of an error. Through December 31, 2005, Mexican FRS Bulletin A-7, "Comparability", required that changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle.

In December 2006, the CINIF issued four new standards: (i) NIF B-3, "Statement of Income", which indicates the sections and captions that should be included in an income statement, classifying income, costs and expenses into ordinary and non-ordinary, considering two approaches to present ordinary costs and expenses: by function or by nature, and eliminating from the statement of income the cumulative effect of accounting change; (ii) NIF B-13, "Events After the Date of Financial Statements", which sets forth a revised accounting treatment for events subsequent to the date of financial statements, indicating if these events should be recognized or disclosed in such financials; (iii) NIF C-13, "Related Parties", which provides amended guidance for disclosure of transactions with related parties; and (iv) NIF D-6, "Capitalization of the Integral Financing Result", which establishes the guidelines for capitalization of the financing integral result attributable to those assets that require a long-term period for acquisition before their intended use. The provisions of these new NIF became effective on January 1, 2007, and are not expected to have a significant effect on the Televisa's consolidated financial statements. See Exhibit I for a consolidated statement of income presentation for the first quarter 2007 under the guidelines established by NIF B-3, "Statement of Income".

Critical Accounting Policies

We have identified certain key accounting policies upon which our consolidated financial condition and results of operations are dependent. The application of these key accounting policies often involve complex considerations and assumptions and the making of subjective judgments or decisions on the part of our management. In the opinion of our management, our most critical accounting policies under both Mexican FRS and U.S. GAAP are those related to the accounting for programming, equity investments and the evaluation of definite lived and indefinite lived long-lived assets. For a full description of these and other accounting policies, see Note 1 and Note 24 to our year-end financial statements.

Accounting for Programming. We produce a significant portion of programming for initial broadcast over our television networks in Mexico, our primary market. Following the initial broadcast of this programming, we then license some of this programming for broadcast in secondary markets, such as the United States, Latin America (including Mexico), Asia and Europe. Under Mexican FRS, in order to properly capitalize and subsequently amortize production costs related to this programming, we must estimate the expected future benefit period over which a given program will generate revenues (generally, over a five-year period). We then capitalize the production costs related to a given program over the expected future benefit period. Under this policy, we generally expense approximately 70% of the production costs related to a given program in the year of its initial broadcast and defer and expense the remaining production costs over the remainder of the expected future benefit period. See Note 1(e) to our year-end financial statements.

We estimate expected future benefit periods based on past historical revenue patterns for similar types of programming and any potential future events, such as new outlets through which we can exploit or distribute our programming, including our consolidated subsidiaries and equity investees, among other outlets. To the extent that a given future expected benefit period is shorter than we estimate, we may have to write-off capitalized production costs sooner than anticipated. Conversely, to the extent that a given future expected benefit period is longer than we estimate, we may have to extend the amortization schedule for the remaining capitalized production costs.

We also purchase programming from, and enter into license arrangements with, various third party programming producers and providers, pursuant to which we receive the rights to broadcast programming produced by third parties over our television networks in Mexico and/or our pay television and other media outlets. In the case of programming acquired from third parties, we estimate the expected future benefit period based on the anticipated number of showings in Mexico over our television networks and/or our pay

television and other media outlets. In the case of programming licensed from third parties, we estimate the expected future benefit period based upon the term of the license. To the extent that a given future expected benefit period is shorter than we estimate, we may have to write off the purchase price or the license fee sooner than anticipated. Conversely, to the extent that a given future expected benefit period is longer than we estimate, we may have to extend the amortization schedule for the remaining portion of the purchase price or the license fee.

Equity Investments. Some of our investments are structured as equity investments. See Notes 1(g) and 2 to our year-end financial statements. As a result, under both Mexican FRS and U.S. GAAP, the results of operations attributable to these investments are not consolidated with the results of our various segments for financial reporting purposes, but are reported as equity in income (losses) of affiliates in our consolidated income statement. See Note 5 to our year-end financial statements.

In the past we have made significant capital contributions and loans to our joint ventures, and we, in the future, may make additional capital contributions and loans to at least some of our joint ventures. In the past, these ventures have generated, and they may continue to generate operating losses and negative cash flows as they continue to build and expand their respective businesses.

We periodically evaluate our investments in these joint ventures for impairment, taking into consideration the performance of these ventures as compared to projections related to net sales, expenditures and subscriber growth, strategic plans and future required cash contributions, among other factors. In doing so, we evaluate whether any declines in value are other than temporary. We have taken impairment charges in the past for some of these investments. Given the dynamic environments in which these businesses operate, as well as changing macroeconomic conditions, we cannot assure you that our future evaluations would not result in our recognizing additional impairment charges for these investments.

Once the carrying balance of a given investment is reduced to zero, we evaluate whether we should suspend the equity method accounting, taking into consideration both quantitative and qualitative factors, such as guarantees we have provided to these ventures, future funding commitments and expectations as to the viability of the business. These conditions may change from year to year, and accordingly, we periodically evaluate whether to continue to account for our various investments under the equity method.

Goodwill and Other Indefinite-lived Intangible Assets. Under Mexican FRS, goodwill and other indefinite-lived intangibles, such as television broadcast licenses were amortized on a straight-line basis over their estimated useful lives through December 31, 2004 and 2003, respectively. We ceased amortizing our goodwill and other indefinite-lived intangible assets, beginning January 1, 2004 and 2003, respectively. We assess our goodwill and other indefinite-lived intangible assets for impairment using fair value measurement techniques under Mexican FRS, which is similar to U.S. GAAP in this regard except that Mexican FRS does not require a two-step impairment evaluation process, but rather, a direct comparison of fair value to carrying value.

The identification and measurement of impairment to goodwill and intangible assets with indefinite lives involves the estimation of fair values. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge. We perform valuation analyses with the assistance of third parties and consider relevant internal data, as well as other market information, that is publicly available. Estimates of fair value are primarily determined using discounted cash flows and market comparisons. These approaches use significant estimates and assumptions including projected future cash flows (including timing), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, determination of appropriate market comparables and the determination of whether a premium or discount should be applied to comparables. Inherent in these estimates and assumptions is a certain level of risk, which we believe we have considered in our valuations. Nevertheless, if future actual results differ from estimates, a possible impairment charge may be recognized in future periods related to the write-down of the carrying value of goodwill and other intangibles in addition to the amounts recognized previously.

Long-lived Assets. Under both Mexican FRS and U.S. GAAP, we present certain long-lived assets and capitalized costs other than goodwill and other indefinite-lived intangible assets in our consolidated balance sheet. Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset is no longer recoverable from future discounted projected cash flows. Estimates of future cash flows involve considerable management judgment. These estimates are based on historical data, future revenue growth, anticipated market conditions, management plans, assumptions regarding projected rates of inflation and currency fluctuations, among other factors. If these assumptions are not correct, we would have to recognize a write-off or write-down or accelerate the amortization schedule related to the carrying value of these assets. See Notes 1(j), 7 and 20 to our year-end financial statements. Unlike U.S. GAAP, Mexican FRS allows the reversal in subsequent periods of previously taken impairment charges.

Deferred Income Taxes. Under both Mexican FRS and U.S. GAAP, we record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Liquidity, Foreign Exchange and Capital Resources

Liquidity. We generally rely on a combination of operating revenues, borrowings and net proceeds from dispositions to fund our working capital needs, capital expenditures, acquisitions and investments. Historically, we have received, and continue to receive, most of our advertising revenues in the form of upfront advertising deposits in the fourth quarter of a given year, which we in turn used, and continue to use, to fund our cash requirements during the rest of the quarter in which the deposits were received and for the first nine months of the following year. As of December 31, 2006, December 31, 2005, and December 31, 2004, we had received Ps.15,946.0 million (nominal), Ps.14,232.7 million (nominal), and Ps.13,615.3 million (nominal) respectively, of advertising deposits for television advertising during 2007, 2006 and 2005, respectively, representing U.S.\$1.5 billion, U.S.\$1.3 billion, and U.S.\$1.2 billion, respectively, at the applicable year-end exchange rates. The deposits as of December 31, 2006, represented a 12.0% (nominal) increase, or 8.3% in real terms, as compared to year-end 2005, and deposits as of December 31, 2005 represented a 4.5% (nominal) increase, or 2.0% in real terms, as compared to year-end 2004. Approximately 61.9%, 57.5% and 60.9% of the advanced payment deposits as of each of December 31, 2006, December 31, 2005, and December 31, 2004, respectively, were in the form of short-term, non-interest bearing notes, with the remainder in each of those years consisting of cash deposits. The weighted average maturity of these notes at December 31, 2006, December 31, 2005, and December 31, 2004, was 3.6 months, 3.1 months and 3.5 months, respectively.

We expect to fund our operating cash needs during 2007, other than cash needs in connection with any potential investments and acquisitions, through a combination of financing, 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.

Cash Basis Income. Our cash basis income is defined in our Consolidated Statement of Changes in Financial Position in our year end financial statements as “net income adjusted for non-cash items”. Non-cash items represent primarily depreciation and amortization, deferred income taxes, stock-based compensation and equity in results of affiliates, exclusive of changes in working capital. The Peso amounts in this section are expressed in millions of Pesos in purchasing power as of December 31, 2006.

In 2006, we generated positive cash basis income of Ps.14,088.2 million, as compared to a positive cash basis income of Ps.9,838.7 million during 2005. This change was due primarily to the following increases in cash basis income:

- a Ps.2,905.3 million increase in operating income;
- a Ps.820.7 million decrease in income and assets taxes and employees’ profit sharing;
- a Ps.752.7 million decrease in integral cost of financing, which was due primarily to a decrease in foreign exchange loss and interest expense; and
- a Ps.75.0 million decrease in other expense, net.

The increases in our cash basis income were partially offset by:

- a Ps.304.2 million increase in restructuring and non-recurring charges.

In 2005, we generated positive cash basis income of Ps.9,838.7 million, as compared to a positive cash basis income of Ps.8,641.5 million during 2004. This change was due primarily to the following increases in cash basis income:

- a Ps.2,325.2 million increase in operating income; and
- a Ps.117.2 million decrease in other expense, net.

The increases in our cash basis income were partially offset by:

- a Ps.1,012.9 million increase in income and assets taxes and employees' profit sharing;
- a Ps.208.2 million increase in integral cost of financing, which was due primarily to an increase in foreign exchange loss; and
- a Ps.24.1 million increase in restructuring and non-recurring charges.

In 2004, we generated positive cash basis income of Ps.8,641.5 million, as compared to a positive cash basis income of Ps.5,661.9 million during 2003. This change was due primarily to the following increases in cash basis income:

- a Ps.2,869.3 million increase in operating income;
- a Ps.580.1 million decrease in income and assets taxes and employees' profit sharing; and
- a Ps.579.7 million decrease in restructuring and non-recurring charges.

The increases in our cash basis income were partially offset by:

- a Ps.901.1 million increase in integral cost of financing, which was due primarily to an increase in interest expense and foreign exchange loss; and
- a Ps.148.4 million increase in other expense, net.

Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity.

During 2007, we expect to:

- make aggregate expenditures for property, plant and equipment of approximately U.S.\$300.0 million, which amount includes capital expenditures in the amounts of U.S.\$65.0 million, U.S.\$100.0 million and U.S.\$60.0 million for the expansion and improvements of our Cable Television, Sky Mexico and gaming segments, respectively; and
- make investments related to our 40% interest in La Sexta for an aggregate amount of U.S.\$101.0 million (€76.5 million).

During 2006, we:

- made aggregate capital expenditures totaling U.S.\$298.5 million, including U.S.\$75.9 million for our cable television segment, U.S.\$91.2 million for Sky Mexico, U.S.\$22.5 million for gaming, and U.S.\$108.9 million in our television broadcasting and other business segments;
- made investments related to our 40% interest in La Sexta for an aggregate amount of U.S.\$132.4 million (€104.6 million), and capital contributions of U.S.\$7.5 million in Volaris related to our 25% interest in this venture;
- acquired a 50% interest in Televisión Internacional, S.A. de C.V., or TVI, a cable television company in Mexico, in the amount of Ps.769.4 million, which was substantially paid in cash, and provided funding to TVI in the form of a loan in the amount of Ps. 240.6 million; and
- invested U.S.\$258 million 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 the second largest cable operator in Mexico, with a coupon rate of 8% in the first year and 10% in the four remaining years.

During 2005, we:

- made aggregate capital expenditures for property, plant and equipment of approximately U.S.\$248.3 million, which amount includes capital expenditures in the amount of U.S.\$51.1 million and U.S.\$109.2 million for the expansion and improvement of our Cable Television and Sky Mexico segments, respectively;
- invested a capital contribution of U.S.\$25.0 million in *Concesionaria Vuela Compañía de Aviación, S.A. de C.V.*, or Vuela, which owns and operates Volaris, a new, low-cost-carrier airline with a concession to operate in Mexico, and made a capital contribution of U.S.\$1.4 million (€1.2 million), related to our Spanish venture, La Sexta; and
- contributed Ps.5.0 million (nominal) to fund our seniority premium obligations.

For a description of commitments we have made in connection with our joint venture with Endemol, see “Business — Television — Programming”.

Refinancings. In May 2004, we entered into a five-year credit agreement with a Mexican bank for an aggregate principal amount of Ps.1,162.5 million, which net proceeds were used by us to repay any outstanding amounts under the U.S.\$100.0 million syndicated term loan. For a description of the terms of the Ps.1,162.5 million long-term credit agreement, see “— Indebtedness” below.

In October 2004, we entered into a seven-and-a-half-year credit agreement with a Mexican bank for an aggregate principal amount of Ps.2,000.0 million. Net proceeds of this loan were used principally to prefund a portion of our U.S.\$200.0 million aggregate principal amount of 8 5/8% Senior Notes due in August 2005.

In March 2005, we issued U.S.\$400 million aggregate principal amount of 6 5/8% Senior Notes due 2025. We applied the net proceeds from this issuance, as well as cash on hand, to fund our tender offers for any or all of our U.S.\$300 million aggregate principal amount outstanding of our 8.00% Senior Notes due 2011 and our Ps.3,839 million (equivalent to approximately U.S.\$336.9 million) aggregate principal amount of 8.15% UDI-denominated Notes due 2007. For a description of our 6 5/8% Senior Notes due 2025, see “— Indebtedness” below.

In May 2005, we reopened our 6 5/8% Senior Notes due 2025 for an additional U.S.\$200 million for an aggregate principal amount of U.S.\$600 million of 6 5/8% Senior Notes due 2025 outstanding.

In April 2006, Innova successfully completed a cash tender offer to purchase its U.S.\$300.0 million 9.375% Senior Notes due 2013 tendering 96.25% of the notes. This tender offer was funded by entering into two bank loans due in 2016 denominated in Pesos for a notional amount of Ps.3,500 at an average fixed interest rate for the first three years of 8.84%.

Indebtedness. As of December 31, 2006, our consolidated long-term portion of debt amounted to Ps.18,781.7 million, and our consolidated current portion of debt was Ps.986.4 million. As of December 31, 2005, our consolidated long-term portion of debt amounted to Ps.19,226.6 million, and our consolidated current portion of debt was Ps.354.3 million. As of December 31, 2004, our consolidated long-term portion of debt amounted to Ps.23,913.7million, and our consolidated current portion of debt was Ps.3,545.1 million. The following table sets forth a description of our outstanding indebtedness as of December 31, 2006, on a historical, actual basis. Information in following table is presented in millions of constant Pesos in purchasing power as of December 31, 2006:

<u>Description of Debt</u>	<u>Debt Outstanding(1)</u>			
	<u>December 31, 2006 Actual</u>	<u>Interest Rate(2)</u>	<u>Denomination</u>	<u>Maturity of Debt</u>
Long-term debt				
8% Senior Notes(2)(3).....	777.3	8.0%	U.S. Dollars	2011
8.5% Senior Notes(2).....	3,240.8	8.5%	U.S. Dollars	2032
6 5/8% Senior Notes(2)(3).....	6,481.5	6.625%	U.S. Dollars	2025
Innova’s 9 3/8% Senior Notes(4).....	121.5	9.375%	U.S. Dollars	2013
UDI-denominated notes(3)(5).....	980.2	8.15%	UDIs (Peso-Indexed)	2007
Banamex loan(6).....	2,000.0	10.35%	Pesos	2010 and 2012
Banamex loan(6).....	480.0	8.925%	Pesos	2008
Banamex loan(6).....	1,162.5	9.70%	Pesos	2009

Innova's Santander Serfin loan(4)	1,400.0	8.98%	Pesos	2016
Innova's Banamex loan(4)	2,100.0	8.74%	Pesos	2016
Other debt(7)	<u>37.9</u>	6.18%	Various	2007-2010
Total debt (including current maturities)	18,781.7	—	—	13.40 years(8)
Less: current maturities	<u>986.4</u>	—	Various	December 2007
Total long-term debt	<u>17,795.3</u>			

- (1) U.S. Dollar-denominated debt is translated into Pesos at an exchange rate of Ps.10.8025 per U.S. Dollar, the Interbank Rate, as reported by Banamex, as of December 31, 2006.
- (2) These Senior Notes are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. Interest on the Senior Notes due 2011, 2025 and 2032, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.97% and 8.94% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company. The Senior Notes due 2011 and 2032 were priced at 98.793% and 99.431%, respectively, for a yield to maturity of 8.179% and 8.553%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. Substantially all of these Senior Notes are registered with the SEC.
- (3) In March and May 2005, the Company issued these Senior Notes in the aggregate amount of U.S.\$400.0 million and U.S.\$200.0 million, respectively, which were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The net proceeds of the U.S.\$400.0 million issuance, together with cash on hand, were used to fund the Group's tender offers made and expired in March 2005 for any or all of the Senior Notes due 2011 and the Mexican Peso equivalent of UDI-denominated Notes due 2007, and prepaid principal amount of these securities in the amount of approximately U.S.\$222.0 million and Ps.2,935,097 (nominal), respectively, representing approximately 74% and 76% of the outstanding principal amount of these securities, respectively. The net proceeds of the U.S.\$200.0 million issuance were used for corporate purposes, including the prepayment of some of the Group's outstanding indebtedness.
- (4) These Senior Notes are unsecured and unsubordinated obligations of Sky Mexico. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.8580%, and is payable semi-annually. The indentures of these Senior Notes contain certain restrictive covenants for Sky Mexico on additional indebtedness, liens, sales and leasebacks, restricted payments, asset sales, and certain mergers, consolidations and similar transactions. Sky Mexico may, at its own option, redeem these Senior Notes, in whole or in part, at any time on or after September 19, 2008 at redemption prices from 104.6875% to 101.5625% between September 19, 2008 through September 18, 2011, or 100% commencing on September 19, 2011, plus accrued and unpaid interest, if any. Additionally, on or before September 19, 2006, Sky Mexico may, at its own option and subject to certain requirements, use the proceeds from one or more qualified equity offerings to redeem up to 35% of the aggregate principal amount of these Senior Notes at 109.375% of their principal amount, plus accrued and unpaid interest. In March and April 2006, Sky Mexico entered into two 10-year loans with Mexican banks in the aggregate principal amount of Ps.3,500,000 to fund, together with cash on hand, a tender offer and consent solicitation made in March 2006 and expired in April 2006 for any or all of the Senior Notes due 2013, and prepaid a principal amount of approximately U.S.\$288.7 million or 96.2% of these securities. The total aggregate amount paid by Sky Mexico in connection with this tender offer was of approximately U.S.\$324.3 million, which included related consents and accrued and unpaid interest. The 10-year Sky Mexico's indebtedness is guaranteed by the Company and includes a Ps.2,100,000 loan with an annual interest rate of 8.74% and a Ps.1,400,000 loan with an annual interest rate of 8.98% for the first three years, and the Mexican interbank interest rate or "TIIE" plus 24 basis points for the remaining seven years. Interest on these two 10-year loans is payable on a monthly basis.
- (5) Notes denominated in UDIs, representing 258,711,400 UDIs at December 31, 2005 and 2006, respectively. Interest on these notes is payable semi-annually. The balance as of December 31, 2005 and 2006 includes restatement of Ps.235,581 and Ps.265,578, respectively. The UDI value as of December 31, 2006, was of Ps.3.788954 per UDI. The 8.15% UDI-denominated notes matured on April 13, 2007.
- (6) Includes, in 2005 and 2006, outstanding balances of long-term loans in the principal amount of Ps.800,000, Ps.1,162,500 and Ps.2,000,000, respectively, in connection with certain credit agreements entered into by the Company with a Mexican bank, with

various maturities through 2012. Interest on these loans is, in a range of 8.925% to 10.35% per annum, and is payable on a monthly basis. Under the terms of these credit agreements, the Company and certain restricted subsidiaries engaged in television broadcasting, pay television networks and programming exports are required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, and liens.

- (7) Includes secured notes payable to banks, bearing annual interest rates which vary between 0.11 and 1.25 points above LIBOR. The maturities of this debt at December 31, 2006 are various from 2007 to 2010.
- (8) Actual weighted average maturity of long-term debt as of December 31, 2006.

Interest Expense. Interest expense for 2006 was Ps.1,937.6 million, Ps.39.8 million of which was attributable to the index restatement of our UDI-denominated notes due 2007.

The following table sets forth our interest expense for the years indicated:

	Year Ended December 31,(1)(2)		
	2004	2005	2006
	(millions of U.S. Dollars)		
Interest payable in U.S. Dollars	U.S. \$110.0	U.S. \$118.0	U.S. \$95.6
Amounts currently payable under Mexican withholding taxes(3)	5.0	6.3	4.2
Total interest payable in U.S. Dollars	<u>U.S. \$115.0</u>	<u>U.S. \$124.3</u>	<u>U.S. \$99.8</u>
Peso equivalent of interest payable in U.S. Dollars	Ps. 1,435.2	Ps. 1,433.6	Ps. 1,114.5
Interest payable in Pesos	632.8	754.3	783.3
Restatement of UDI-denominated Notes due 2007.....	185.0	33.1	39.8
Total interest expense(4).....	<u>Ps. 2,253.0</u>	<u>Ps. 2,221.0</u>	<u>Ps. 1,937.6</u>

- (1) U.S. Dollars are translated into Pesos at the rate prevailing when interest was recognized as an expense for each period and restated to Pesos in purchasing power as of December 31, 2006.
- (2) Interest expense in these periods includes amounts effectively payable in U.S. Dollars as a result of U.S. Dollar-Peso swaps.
- (3) See “Taxation — Federal Mexican Taxation”.
- (4) Total interest expense amounts in these periods exclude capitalized and hedged interest expense.

Guarantees. We guarantee our proportionate share of our DTH joint ventures’ minimum commitments for use on PanAmSat and other transponders for periods of up to 15 years. The amount of these guaranteed commitments is estimated to be an aggregate of approximately U.S.\$104.8 million as of December 31, 2006, related to Innova. In October 2005, in a series of related transactions, we disposed of our 30% interest in DTH Techco Partners, or Techco, and was released of any obligation in connection with a guarantee granted by the group in respect of certain of Techco’s indebtedness.

In February 2006, in connection with the transactions with DIRECTV, we entered into an amended and restated guarantee with PanAmSat, pursuant to which the proportionate share of Innova’s transponder lease obligation guaranteed by us was adjusted from 51.0% to 52.8%. In April 2006, we acquired additional equity interests in Innova from DIRECTV (as described below), and the guarantee was readjusted from 52.8% to 58.7% to cover a percentage of the transponder lease obligations equal to our percentage ownership of Innova at that time. See “The Principal Stockholders and Related Party Transactions — Related Party Transactions”, “Business — DTH Joint Ventures” and Note 11 to our year-end financial statements.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments consist primarily of long-term debt, as described above, satellite transponder obligations and transmission rights obligations.

Contractual Obligations on the Balance Sheet

The following table summarizes our contractual obligations on the balance sheet as of December 31, 2006:

	Payments Due by Period				
	Total	Less Than 12 Months January 1, 2007 to December 31, 2007	12-36 Months January 1, 2008 to December 31, 2009	36-60 Months January 1, 2010 to December 31, 2011	After 60 Months Subsequent to December 31, 2011
		(thousands of U.S. Dollars)			
8% Senior Notes	U.S. \$ 71,951	U.S. \$	U.S. \$	U.S. \$71,951	U.S. \$
8.5% Senior Notes	300,000				300,000
6.625% Senior Notes	600,000				600,000
Innova's 9.375% Senior Notes.....	11,251				11,251
UDI-denominated Notes	90,742	90,742			
Banamex loan II.....	44,434		44,434		
Banamex loan III	107,610		107,610		
Banamex loan IV	185,142			92,571	92,571
Innova's Banamex loan.....	194,400				194,400
Innova's Santander Serfin loan	129,600				129,600
Other debt	<u>3,513</u>	<u>567</u>	<u>422</u>	<u>2,524</u>	
Long-term debt	1,738,643	91,309	152,466	167,046	1,327,822
Satellite transponder obligation	111,696	7,978	18,973	23,854	60,891
Transmission rights(1)	84,208	53,734	27,842	2,632	
Total contractual obligations.....	<u>U.S.\$1,934,547</u>	<u>U.S.\$153,021</u>	<u>U.S.\$199,281</u>	<u>U.S. \$193,532</u>	<u>U.S. \$1,388,713</u>

- (1) This liability reflects our transmission rights obligations related to programming acquired or licensed from third party producers and suppliers, and special events, which are reflected for in our consolidated balance sheet within trade accounts payable (current liabilities) and other long-term liabilities.

Contractual Obligations off the Balance Sheet

The following table summarizes our contractual obligations off the balance sheet as of December 31, 2006:

	Payments Due by Period				
	Total	Less Than 12 Months January 1, 2007 to December 31, 2007	12-36 Months January 1, 2008 to December 31, 2009	36-60 Months January 1, 2010 to December 31, 2011	After 60 Months Subsequent to December 31, 2011
		(thousands of U.S. Dollars)			
Satellite transponder commitments(1)	U.S. \$63,486	U.S. \$14,707	U.S. \$24,375	U.S. \$10,678	U.S. \$13,726
Capital expenditures commitments(2)	23,765	23,765	—	—	—
Guarantees(3).....	11,426	11,426	—	—	—
Lease commitments(4).....	161,403	9,769	17,149	15,598	118,887
Other(5).....	<u>141,932</u>	<u>101,003</u>	<u>40,929</u>	<u>—</u>	<u>—</u>
Total contractual obligations.....	<u>U.S. \$402,012</u>	<u>U.S. \$160,670</u>	<u>U.S. \$82,453</u>	<u>U.S. \$26,276</u>	<u>U.S. \$132,613</u>

- (1) Our minimum commitments for the use of satellite transponders under operating lease contracts.
- (2) Our commitments for capital expenditures include U.S.\$7,900, which are related to improvements to leasehold facilities of our Gaming operations.
- (3) In connection with the disposal of our investment in PanAmSat in 1997, we granted collateral to secure certain indemnification obligations. After the expiration of applicable tax statutes of limitations, the collateral will be reduced to a de minimis amount. The collateral agreement is expected to be terminated in 2007.
- (4) Our minimum lease commitments for facilities under operating lease contracts, which are primarily related to our Gaming business, and which relate to leases over a 39-year period ending in 2046. See Note 11 to our year-end financial statements.
- (5) We have commitments of capital contributions in 2007 and 2008 related to our 40% equity interest in La Sexta in the aggregate amount of approximately 76.5 million euros (U.S.\$101,003) and 31.0 million euros (U.S.\$40,929), respectively.

Market Risk Disclosures

Market risk is the exposure to an adverse change in the value of financial instruments caused by interest rate changes, foreign currency fluctuations, inflation and changes in the market value of investments. The following information includes “forward-looking statements” that involve risks and uncertainties. Actual results could differ from those presented. Unless otherwise indicated, all information below is presented on a Mexican FRS basis in constant Pesos in purchasing power as of December 31, 2006.

Risk Management. We are exposed to market risks arising from changes in interest rates, inflation, foreign currency exchange rates and equity prices, in both the Mexican and U.S. markets. Our risk management activities are monitored by our Risk Management Committee and reported to our Executive Committee.

We monitor our exposure to interest rate risk by: (i) evaluating differences between interest rates on our outstanding debt and short-term investments and market interest rates on similar financial instruments; (ii) reviewing our cash flow needs and financial ratios (interest coverage); (iii) assessing current and forecasted trends in the relevant markets; and (iv) evaluating peer group and industry practices. This approach allows us to establish the optimal liability’s interest rate “mix” between variable and fixed rate debt.

Foreign exchange risk is monitored by assessing our net monetary liability position in U.S. Dollars and our forecasted cash flow needs for anticipated U.S. Dollar investments and servicing our U.S. Dollar-denominated debt. Equity price risk is assessed by evaluating the long-term value of our investment in both domestic and foreign affiliates, versus comparable investments in the marketplace. We classify our equity investments, consisting of investments in both domestic and foreign affiliates, as long-term assets.

In compliance with the procedures and controls established by our Risk Management Committee, in 2004, 2005 and 2006 we entered into certain derivative financial transactions with certain financial institutions in order to manage our exposure to market risks resulting from changes in foreign exchange rates, interest rates, inflation and the price of our common stock. Our objective in managing foreign currency and inflation fluctuations is to reduce earnings and cash flow volatility. See Notes 1(p) and 9 to our year-end financial statements.

Foreign Currency, Exchange Rate Risk

In connection with the Senior Notes due 2005, from June 2004 through February 2005, we entered into forward exchange contracts on a notional amount of U.S.\$185.0 million to exchange U.S. Dollars and Pesos at fixed exchange rates in June and August 2005. These contracts were settled on or before their maturity dates.

In addition, from November 2005 through January 2006, we entered into forward exchange contracts on a notional amount of U.S.\$120.0 million to exchange U.S. Dollars and Pesos at a fixed exchange rate in June 2006 in order to cover our U.S. dollars cash flow requirements.

In connection with our net investment in shares of Univision, we designated as an effective hedge of foreign exchange exposure a portion of the U.S. dollar principal amount with respect to our outstanding Senior Notes due 2011, 2025 and 2032, which amounted to U.S.\$775.5 million and U.S.\$971.9 million as of December 31, 2005 and 2006, respectively (see Notes 1(c), 5 and 9 to our year-end financial statements). As long as we maintained our net investment in shares of Univision, a hedge of the designated principal amounts of our debt was effective, and any foreign exchange gain or loss attributable to this hedging long-term debt was credited or charged directly to equity (accumulated other comprehensive result) for Mexican FRS purposes. On March 29, 2007, we cashed out our investment in shares of Univision, and the hedge of the designated principal amount of our Senior Notes was discontinued on that date.

Interest Rate Risk

In connection with the Senior Notes due 2011, 2025 and 2032 and Innova’s Senior Notes due 2013, we entered into cross-currency interest rate swap agreements, or coupon swaps, that allow us to hedge against Peso depreciation on the interest payments for a period of five years. As a result of the tender of the Senior Notes due 2011, we reclassified part of the “coupon swap” agreements to the recently issued Senior Notes due 2025. During the second quarter of 2005, we entered into an additional U.S.\$242.0 million of the principal amount. In November 2005, we entered into option contracts that allow our counterparty to extend the maturity of such coupon swaps for one year on a principal amount of U.S.\$890.0 million. During the first quarter of 2006, as a result of the cash tender offer of Senior Notes due 2013, Innova terminated U.S.\$288.75 million of the principal amount of the “coupon swaps” early to match the notional amount of notes tendered. As of March 31, 2006, such cross-currency interest rate swap agreements correspond to interest payments on U.S.\$900.98 million of the principal amount.

During March and April 2005, in connection with and ahead of the issuance and reopening of the Senior Notes due 2025, we entered into agreements that allow us to hedge against increases in the U.S. Treasury interest rates on the pricing date for a notional amount of U.S.\$500.0 million. This hedge resulted in a net loss of U.S.\$1.7 million dollars.

In connection with Innova's variable rate bank loans guaranteed by Televisa, in December 2006, we entered into a forward starting interest rate swap agreement on a notional amount of Ps.1,400 million. These agreements involve the exchange of amounts based on a variable interest rate for an amount based on fixed rates, without exchange of the notional amount upon which the payments are based. These agreements allow us to fix the interest payments for a period of seven years starting on April, 2009.

Inflation Rate Risk

We entered into inflation swap agreements to fix the inflation rate on the principal amount of the UDI-denominated medium-term notes due 2007 for a notional amount of 1,086 million UDIs. On average, we fixed the inflation rate at an annual rate of approximately 4.06%. In March 2005, in connection with the issuance of the Senior Notes due 2025 and as a result of the tender of the UDI-denominated Medium Term Notes due 2007, we terminated early the inflation swap agreements on the principal amount and received an amount equal to Ps.107.7 million.

Common Stock Price Risk

From 2002 to 2005 we entered into agreements to sell share put options on our common stock and received premiums in cash for approximately U.S.\$2.8 million. We have recorded the related premiums, in other income or expense. All of these agreements expired unexercised by the financial institutions and we recognized the benefit of unamortized premiums.

We have recorded the change in value in each period of all the above mentioned agreements, together with the amortization of related premiums, from inception through December 31, 2005 in the income statement.

Sensitivity and Fair Value Analyses

The sensitivity analyses that follow are intended to present the hypothetical change in fair value or loss in earnings due to changes in interest rates, inflation rates, foreign exchange rates and debt and equity market prices as they affect our financial instruments at December 31, 2005 and 2006. These analyses address market risk only and do not present other risks that we face in the ordinary course of business, including country risk and credit risk. The hypothetical changes reflect our view of changes that are reasonably possible over a one-year period. For purposes of the following sensitivity analyses, we have made conservative assumptions of expected near-term future changes in U.S. interest rates, Mexican interest rates, inflation rates and Peso to U.S. Dollar exchange rates of 10%, 10%, 10% and 5%, respectively. The results of the analyses do not purport to represent actual changes in fair value or losses in earnings that we will incur.

	Fair Value at December 31,		
	2005	2006	2006
	<small>(millions of Pesos in purchasing power as of December 31, 2006 or millions of U.S. Dollars)(1)</small>		
Assets:			
Temporary investments(2)	Ps. 14,810.3	Ps. 15,134.9	U.S.\$1,401.0
Liabilities:			
U.S. Dollar-denominated debt:			
Long-term debt securities.....	60.5	—	—
Senior Notes due 2011(3).....	932.4	849.0	78.6
Senior Notes due 2032(4).....	3,960.7	4,034.7	373.5
Innova's Senior Notes due 2013(5).....	3,662.1	128.2	11.9
Senior Notes due 2025(7).....	6,844.8	6,795.1	629.0
Peso-denominated debt:			
UDI-denominated long-term loan facility(8)	1,043.5	996.5	92.2
Long-term notes payable to Mexican Banks(6) ...	4,124.8	7,323.6	677.9

(1) Peso amounts have been converted to U.S. Dollars solely for the convenience of the reader at a nominal exchange rate of Ps.10.8025 per U.S. Dollar, the Interbank Rate as of December 31, 2006.

(2) At December 31, 2006, our temporary investments consisted of fixed rate short-term deposits in commercial banks (primarily

Peso- and U.S. Dollar-denominated in 2005 and 2006). Given the short-term nature of these investments, an increase in U.S. and/or Mexican interest rates would not significantly decrease the fair value of these investments.

- (3) At December 31, 2006, fair value exceeded the carrying value of these notes by approximately Ps.71.7 million (U.S.\$6.6 million). The increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes would amount to approximately Ps.156.6 million (U.S.\$14.5 million) at December 31, 2006.
- (4) At December 31, 2006, fair value exceeded the carrying value of these notes by approximately Ps.794.0 million (U.S.\$73.5 million). The increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes would amount to approximately Ps.1,197.5 million (U.S.\$110.8 million) at December 31, 2006.
- (5) At December 31, 2006, fair value exceeded the carrying value of these notes by approximately Ps.6.7 million (U.S.\$0.8 million). The increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes would amount to approximately Ps.19.5 million (U.S.\$2.0 million) at December 31, 2006.
- (6) At December 31, 2006, fair value exceeded the carrying value of these notes by approximately Ps.181.2 million (U.S.\$16.8 million). At December 31, 2006, a hypothetical 10% increase in Mexican interest rates would increase the fair value of these notes by approximately Ps.913.5 million (U.S.\$84.6 million) at December 31, 2006.
- (7) At December 31, 2006, fair value exceeded the carrying value of these notes by approximately Ps.313.6 million (U.S.\$29.0 million). An increase in the fair value of these notes due to a hypothetical 10% increase in the quoted market price of these notes would amount to approximately Ps.993.1 million (U.S.\$91.9 million) at December 31, 2006.
- (8) At December 31, 2006, fair value exceeded carrying value of amounts outstanding under this loan by approximately Ps.16.3 million (U.S.\$1.5 million). At December 31, 2006, a hypothetical 10% increase in the Mexican inflation rate to 3.6% for the year 2006 would increase principal amounts outstanding under this UDI-denominated long-term loan facility by approximately Ps.115.90 million (U.S.\$10.7 million). An inflation rate of less than 4.0% is forecasted by the Mexican government for 2006. We entered into inflation swap agreements to fix the inflation rate on this UDI-denominated facility at an annual rate of approximately 4%, however, we terminated these derivative agreements in March 2005.

We are also subject to the risk of foreign currency exchange rate fluctuations, resulting from the net monetary position in U.S. Dollars of our Mexican operations, as follows:

	Year Ended December 31,	
	2005	2006
	(in millions of U.S. Dollars)	
U.S. Dollar-denominated short-term investments and long-term notes receivable.....	U.S. \$ 682.9	U.S. \$ 2,462.5
U.S. Dollar-denominated senior debt securities and other notes payable	1,563.5	1,289.0
	880.6	(1,173.5)
Derivative instruments, net	(8.0)	(6.3)
Net liability (asset) position	<u>U.S. \$ 872.6</u>	<u>U.S.\$ (1,179.8)</u>

At December 31, 2006, a hypothetical 5.0% depreciation in the U.S. Dollar to Peso exchange rate would result in a gain in earnings of Ps.495.4 million and a decrease in other comprehensive loss of Ps.141.9 million. This depreciation rate is based on the December 31, 2006 forecast of the U.S. Dollar to Peso exchange rate for 2007 by the Mexican government for such year.

BUSINESS

Set forth below is a description of our business. This section is updated by the filings on the Form 20-F and Forms 6-K filed with the SEC which we have incorporated by reference to this prospectus. See "Incorporation by Reference."

We are the largest media company in the Spanish-speaking world and a major participant in the international entertainment industry. We produce the most Spanish-language television programs, and we believe we own the largest library of Spanish-language television programming in the world. We broadcast those programs, as well as programs produced by others, through our own networks, through our cable system and through our DTH satellite services or through other cable and satellite providers in Mexico, Latin America, Europe, Asia, Africa, the United States, Canada and Australia. We also license our programming to other television broadcasters and pay-television systems throughout the world. We believe we are also the leading publisher in the world, in terms of circulation, of Spanish-language magazines. We are a major international distributor of Spanish-language magazines. We engage in other businesses, including radio production and broadcasting, professional sports and show business promotions, feature film production and distribution, an Internet portal and gaming.

The programs shown on our networks are among the most-watched programs in Mexico. In 2005 and 2006, approximately 68% and 69.5%, respectively, of all Mexicans watching television during prime time hours, 69% and 70.1%, respectively, of all Mexicans watching television during weekday prime time hours and 70% and 71%, respectively, of all Mexicans watching from sign-on to sign-off watched our networks or stations. Our television broadcasting operations represent our primary source of revenues, and those operations generated approximately 55.4% and 53.8% of our total revenues in 2005 and 2006, respectively.

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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Liquidity" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity".

	Year Ended December 31,(1)			
	2004 (Actual)	2005 (Actual)	2006 (Actual)	2007 (Forecast)
	(millions of U.S. Dollars)			
Capital expenditures(2).....	U.S. \$ 174.6	U.S. \$ 248.3	U.S. \$ 298.5	U.S. \$ 300.0
Investments in DTH joint ventures(3).....	12.5	—	—	—
La Sexta(4).....	—	1.4	132.4	101.0
Other acquisitions and investments(5)(6)	29.3	68.0	437.7	—
Total capital expenditures and investments	<u>U.S. \$ 216.4</u>	<u>U.S. \$ 317.7</u>	<u>U.S. \$ 868.6</u>	<u>U.S. \$ 401.0</u>

(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 "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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — 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).
- (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 — 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 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 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 in Mexico and abroad.

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 “Risk Factors — Risk Factors Related to Mexico — 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 — 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 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, 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 programming, 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;
- switching its current analog subscribers to digital service in order to stimulate new subscriptions, substantially reduce piracy and offer new value-added services;
- 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
- we plan to continue 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 is continuing with its plan to switch its current analog subscriber base to the digital service. In addition, Cablevisión introduced VOD services and, subject to the receipt of the requisite governmental approvals, intends to introduce IP and telephony services.

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 Medica, 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.

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 viewers through EchoStar, DIRECTV, 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 in October 2005, 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. 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.

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 and the possible venture with Imagina, 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 Esmas.com, our Spanish-language horizontal internet portal:

- *Video-on-demand service*
With this service, internet users can download content from Televisa and third parties, pursuant to license agreements granting Esmas the right to publish and distribute audio and video content, including television programs, movies, and music videos.
- *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 portal we launched a new short-clip streaming service with more than 1,500 videos, each less than 5 minutes long. Today, we are streaming 1.7 million videos per week.
- *Tarabu*
Tarabu is the leading Mexican online digital music store in Latin America and the U.S. Tarabu utilizes proprietary technology and offers more than 500,000 songs and music videos from some of the major labels. Through this website we also cross-promote the artists of our joint venture record label, EMI Televisa Music.
- *Esmas Player*
This desktop application enables users to manage their music, image, and video libraries and access our podcasting, video, music, and liveTV services through a simple user interface. Approximately 3.4 million users have downloaded the Esmas Player from the Esmas website.

In March 2006, our subsidiary, CVQ, acquired a 50% interest in 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 "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. Cablemás is the second largest cable operator in Mexico and operates in 48 cities. As of December 31, 2006, Cablemás cable network served 709,309 cable television subscribers, 176,182 high-speed internet subscribers and 25,089 IP-telephony lines, with approximately two million homes passed. The conversion of the long term notes into equity is subject to antitrust and other approvals by the relevant regulatory authorities in Mexico.

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 prospectus 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 prospectus 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 prospectus, “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 54,500 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 launched 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 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 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 has 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 March 2007, shown on a bi-monthly basis.

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

(PERFORMANCE GRAPH)

(1) Source: IBOPE Mexico national surveys.

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

(PERFORMANCE GRAPH)

(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 a los Servicios de Televisión Digital Terrestre Digitales* 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:

	<u>Year Ended December 31,</u>		
	<u>2004(1)</u>	<u>2005(1)</u>	<u>2006(1)</u>
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.

According to the *Política Nacional para la Introducción a los Servicios de Televisión Digital Terrestre Digitales* 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:

	<u>Year Ended December 31,</u>		
	<u>2004(1)</u>	<u>2005(1)</u>	<u>2006(1)</u>
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 a los Servicios de Televisión Digital Terrestre Digitales* 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:

	Year Ended December 31,		
	2004(1)	2005(1)	2006(1)
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 approximately 72.8% of households with television sets in Mexico. Channel 9 broadcasts in all of the 27 cities other than Mexico City that are covered by national surveys.

According to the *Política Nacional para la Introducción a los Servicios de Televisión Digital Terrestre Digitales* 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:

	Year Ended December 31,		
	2004(1)	2005(1)	2006(1)
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%

(1) Source: IBOPE Mexico national surveys.

The Channel 9 Network targets families as its audience. Its programs principally consist of movies, sports, sitcoms, game shows, news and re-runs of popular programs from Channel 2.

Local Affiliates. There are currently 33 local television stations affiliated with our networks, of which 18 stations are wholly owned, one station is minority owned and 14 stations are independent affiliated stations. These stations receive part of their programming from Channels 4 and 9. See “— Channel 4 Network”. The remaining programs aired consist primarily of programs licensed from our program library and locally produced programs. The locally produced programs include news, game shows, musicals and other cultural programs and programs offering professional advice. In 2004, 2005 and 2006, the local television stations owned by us produced 39,800 hours, 38,900 hours and 43,300 hours, respectively, of programming. Each of the local affiliates maintains its own sales department and sells advertising time during broadcasts of programs that it produces and/or licenses. Generally, we pay the affiliate stations that we do not wholly own a fixed percentage of advertising sales for network affiliation.

According to the *Política Nacional para la Introducción a los Servicios de Televisión Digital Terrestre Digitales* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, four of the 18 local stations wholly owned have obtained new licenses to transmit DTV services in their service area during the transition period estimated to end by year 2021. These four stations are in place and fully operational.

Border Stations. We currently own a television station on the Mexico/U.S. border that broadcasts English-language programs, as an affiliate of the Fox Television network under an affiliation agreement with Fox, and under renewable permits issued by the FCC to the station and to Fox Television that authorize electronic cross-border programming transmissions. The station, XETV, is licensed to Tijuana and serves the San Diego television market. XETV is operated through a station operating agreement with Bay City Television, a U.S. corporation indirectly owned by Televisa. XETV’s FCC cross-border permit was renewed in 2003 for a five-year term expiring in June 2008. Fox’s cross-border FCC permit was renewed in December 2006 for a five-year term expiring November 1, 2011, and the Fox affiliation agreement for XETV expires in 2008.

Advertising Sales Plan. Our sales force is organized into separate teams, each of which focuses on a particular segment of our business. We sell advertising to our customers on a cost per rating point basis. For a description of our advertising sales plan, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Advertising Rates and Sales”.

We currently sell only a portion of our available television advertising time. We use our remaining available television advertising time to satisfy our legal obligation to the Mexican government to provide up to 18 minutes per day of our broadcast time between 6:00 a.m. to midnight for public service announcements and 30 minutes per day for public programming, in each case distributed in an equitable and proportionate manner, and to promote our products, including television, DTH satellite services, radio and cable programming, magazines, sports and special events. We sold approximately 66%, 66% and 63% of total available national advertising time on our networks during prime time broadcasts in 2004, 2005 and 2006, respectively, and approximately 55%, 56% and 52% of total available national advertising time during all time periods in 2004, 2005 and 2006, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Television Broadcasting”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Pay Television Networks”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Publishing”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Cable Television” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Radio”.

Pay Television Networks. We produce or license a suite of Spanish- and English-language television channels for pay-television systems in Mexico, Latin America, the Caribbean, Asia, Europe, the United States, Canada and Australia. These channels include programming such as general entertainment, telenovelas, movies and music-related shows, interviews and videos. Some of the programming included in these channels is produced by us while other programming is acquired or commissioned from third parties.

In 2004, 2005 and 2006, we produced approximately 6,400 hours, 7,900 hours and 10,100 hours, respectively, of programming and videos, for broadcast on our pay-television channels. The names and brands of our channels include: *Telehit*, *Ritmoson Latino*, *Bandamax*, *De Película*, *De Película Clásico*, *Unicable*, *Cinema Golden Choice 1 & 2*, *Cinema Golden Choice Latinoamérica*, *Canal de Telenovelas*, *American Network*, *Canal de las Estrellas Latinoamérica* and *Canal de las Estrellas Europa*.

TuTV, which operates and distributes a suite of Spanish-language television channels in the United States, began operations in the second quarter of 2003 and currently distributes five cable channels, including two movie channels and three channels featuring music videos, celebrity lifestyle and interviews and entertainment news programming. See “— Univision”. In May 2003, TuTV entered into a five-year distribution agreement with EchoStar Communications Corporation to distribute three of TuTV’s five channels. See “— Univision”.

Programming Exports. We license our programs and our rights to programs produced by other television broadcasters and pay-television providers in the United States, Canada, Latin America, Asia, Europe and Africa. We collect licensing fees based on the size of

the market for which the license is granted or on a percentage of the advertising sales generated from the programming. In addition to the programming licensed to Univision, we licensed approximately 54,500 hours, 52,900 hours and 48,927 hours of programming in 2004, 2005 and 2006, respectively. See “— Univision” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Programming Exports”. As of December 31, 2006, we had approximately 198,974 half-hours of television programming in our library available for licensing.

Expansion of Programming Reach. Our programs can be seen in the United States, Canada, Latin America, Asia, Europe and Africa. We intend to continue to expand our sales of Spanish-language programming internationally through cable and DTH satellite services.

Publishing

Publishing

We believe that we are the largest publisher and distributor of magazines in Mexico, and of Spanish-language magazines in the world, as measured by circulation.

With a total circulation of approximately 155 million copies in 2006, we publish 78 titles that are distributed in 20 countries, including the United States, Mexico, Colombia, Chile, Venezuela, Puerto Rico, Argentina, Ecuador, Peru and Panama, among others. See “— Publishing Distribution”. Our main publications in Mexico include a weekly entertainment and telenovelas magazine, *TV y Novelas*, and a weekly television guide, *Tele Guía*. We also publish the following popular magazines: *Vanidades*, a popular bi-weekly magazine for women; *Caras*, a monthly leading lifestyle and socialite magazine; *Eres*, a bi-weekly magazine for teenagers; *Conozca Más*, a monthly science and culture magazine; and *Furia Musical*, a bi-weekly musical magazine that promotes principally *Banda* and *Onda Grupera* music performers. Our other main publications in Latin America and the United States include *Vanidades* and *TV y Novelas U.S.A* and *Caras*.

We publish the Spanish-language edition of several magazines, including *Cosmopolitan*, *Good Housekeeping*, *Harper’s Bazaar* and *Popular Mechanics* through a joint venture with Hearst Communications, Inc.; *PC Magazine* and *EGM Electronic Gaming Monthly*, pursuant to a license agreement with Ziff-Davis Media, Inc.; *Maxim*, pursuant to a license agreement with Dennis Publishing, Inc.; *Marie Claire*, pursuant to a license agreement with Marie Claire Album; *Men’s Health and Prevention*, pursuant to a license agreement with Rodale Press, Inc.; *ESPN Magazine* pursuant to a license agreement with ESPN Magazine, LLC; *Tu Dinero*, a personal finance magazine pursuant to a license agreement with Julie Stav, Inc.; *Sport Life* and *Automóvil Panamericano*, as well as other special editions of popular automotive magazines, through a joint venture with Motorpress Iberica, S.A.; *Muy Interesante* and *Padres e Hijos* pursuant to a license agreement with GyJ España Ediciones, S.L.C. en C.; *Ocean Drive*, pursuant to a license agreement with Sobe News, Inc.; *Disney Princesas*, *Disney Winnie Pooh*, *Power Rangers* and *W.I.T.C.H.*, pursuant to a license agreement with Disney Consumer Products Latin America, Inc.; *Nick* pursuant to a license agreement with MTV Networks Latin America, Inc. and *Travel + Leisure*, pursuant to a license agreement with American Express Publishing Corporation. We also publish a Spanish-language edition of *National Geographic* and of *National Geographic Kids* in Latin America and in the United States through a licensing agreement with National Geographic Society.

During 2006, we launched seven new titles of which: four are fully-owned (namely, *Poder y Negocios*, a fortnightly business magazine — Colombian Edition, *TVyNovelas Ecuador*, a fortnightly entertainment magazine, *Bike* and *Motociclismo panamericano*); and three are licenses (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., *Atención Médica*, a medical magazine pursuant to a license agreement with Intersistemas, S.A. de C.V.).

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.

Publishing Distribution

We estimate that we distribute approximately 60%, in terms of volume, of the magazines circulated in Mexico through our subsidiary, Distribuidora Intermex, S.A. de C.V., the largest publishing distribution network in Latin America. We believe that our distribution network reaches over 300 million Spanish-speaking people in 20 countries, including Mexico, Colombia, Chile, Argentina, Ecuador, Peru and Panama. We also estimate that our distribution network reaches over 25,000 points of sale in Mexico

and over 80,000 points of sale outside of Mexico. We also own publishing distribution operations in six countries. Our publications are also sold in the United States, the Caribbean and elsewhere through independent distributors. In 2005 and 2006, approximately 68% and 75%, respectively, of the publications distributed by our company were published by our Publishing division. In addition, our distribution network sells a number of publications published by joint ventures and independent publishers, as well as videos, calling cards and other consumer products.

Cable Television

The Cable Television Industry in Mexico. Cable television offers multiple channels of entertainment, news and informational programs to subscribers who pay a monthly fee. These fees are based on the package of channels they receive. See “— Cable Television Services”. According to Mexico’s cable television trade organization, *Cámara Nacional de la Industria de Televisión por Cable*, or CANITEC, there were approximately 953 cable concessions in Mexico as of December 31, 2006, serving approximately 3.8 million subscribers.

Mexico City Cable System. We own a 51% interest in Cablevisión, one of the largest cable television operators in Mexico, which provides cable television services to subscribers in Mexico City and surrounding areas. As of December 31, 2005 and 2006, Cablevisión had over 422,100 and 496,500 basic subscribers, respectively. As of December 31, 2004, 2005 and 2006, approximately 123,000, 283,200 and 496,500 subscribers, respectively, were digital subscribers. CPOs, each representing two series A shares and one series B share of Cablevisión, are traded on the Mexican Stock Exchange under the ticker symbol “CABLE”.

Cable Television Services. Cablevisión’s basic service package offers up to 75 channels, including Mexico City’s over-the-air television channels, which as of May 19, 2005 were reduced from nine to eight due to the interruption of transmissions by Channel 40. Other channels in the basic service package include E! Entertainment, the Latin American MTV channel, ESPN International, Nickelodeon, the Latin American Discovery Channel, the Sony Channel, the Warner Channel, sports-related channels, international film channels and 20 audio channels. Cablevisión also currently offers five premium digital service packages ranging in price from Ps.360.00 to Ps.635.00, in each case, including the Ps.275.00 basic service fee. Cablevisión’s five premium digital service packages offer up to 218 channels, including 50 audio channels, which provide access to a variety of additional channels, including CNN International, HBO, Cinemax, Cinecanal and Movie City, and 22 pay-per-view channels.

Pay-Per-View Channels. Cablevisión currently offers 22 pay-per-view cable television channels in each of its digital service packages. Pay-per-view channels show films and special events programs, including sports and musical events.

Cable Television Revenues. Cablevisión’s revenues are generated from subscriptions for its cable services and from sales of advertising to local and national advertisers. Subscriber revenues come from monthly service and rental fees, and to a lesser extent, one-time installation fees. Its current monthly service fees range in price from Ps.275.00 to Ps.635.00. See “— Cable Television Services”. The Mexican government does not currently regulate the rates Cablevisión charges for its basic and digital premium service packages, although we cannot assure you that the Mexican government will not regulate Cablevisión’s rates in the future. If the SCT were to determine that the size and nature of Cablevisión’s market presence was significant enough so as to have an anti-competitive effect, then the SCT could regulate the rates Cablevisión charges for its various services.

Cable Television Initiatives. In an effort to expand its subscriber base and increase its average monthly revenues per subscriber and substantially reduce piracy, in 2004, Cablevisión began switching its current analog subscriber base to digital service. Cablevisión continues to offer on a limited basis high-speed Internet access services through cable modems.

In addition, subject to the expansion and upgrade of its existing network, the receipt of the requisite governmental approvals and, in the case of IP telephony, the availability of certain technology, Cablevisión plans to offer the following multimedia communications services to its subscribers:

- enhanced programming services, including video games; and
- IP and/or telephony services.

In order to provide these multimedia communications services, Cablevisión requires a cable network with bi-directional capability operating at a speed of at least 750 MHz and a digital set-top box. In order to provide these new services, Cablevisión is in the process of upgrading its existing cable network. Cablevisión’s cable network currently consists of more than 11,100 kilometers with over 1.5 million homes passed. In 2006, Cablevisión expanded its network by over 400 kilometers. As of December 31, 2006, 100% of

Cablevisión's network runs at least at 450 MHz, approximately 53% of Cablevisión's network runs at least at 750 MHz, approximately 14% runs at least at 870 MHz, and approximately 72% of Cablevisión's network has bi-directional capability.

Radio

Radio Stations. Our radio business, Sistema Radiópolis, or Radiópolis, is operated under a joint venture with Grupo Prisa, S.A., a leading Spanish communications group. Under this joint venture, we hold a controlling 50% full voting stake in this subsidiary and we have the right to appoint the majority of the members of the joint venture's board of directors. Except in the case of matters that require unanimous board and/or stockholder approval, such as extraordinary corporate transactions, the removal of directors and the amendment of the joint venture's organizational documents, among others, we control the outcome of most matters that require board of directors and/or stockholder approval. We also have the right to appoint Radiópolis's Chief Financial Officer. The election of Radiópolis's Chief Executive Officer requires a unanimity from the joint venture's board of directors.

Radiópolis owns and operates 17 radio stations in Mexico, including three AM and three FM radio stations in Mexico City, five AM and two FM radio stations in Guadalajara, one AM station in Monterrey, one FM radio station in Mexicali and repeater radio stations of XEW-AM in San Luis Potosí and Veracruz. Some Radiópolis stations transmit powerful signals which reach beyond the market areas they serve. For example, XEW-AM and XEWA-AM transmit signals that under certain conditions may reach the southern part of the United States. XEW-AM and most of southern Mexico. In June 2004, Radiópolis entered into an agreement with Radiorama, S.A. de C.V., or Radiorama, one of Mexico's leading radio networks, which added 41 affiliate stations (22 AM and 19 FM) to Radiópolis' existing network, expanding its total network, including owned and operated and affiliate stations, to 78 stations. After giving effect to the transaction with Radiorama, we estimate that Radiópolis' radio stations will reach 38 cities in Mexico. Our programs aired through our radio stations network reach approximately 70% percent of Mexico's population. We plan to continue exploring expanding the reach of our radio programming and advertising through affiliations with third parties and through acquisitions.

According to Investigadores Internacionales Asociados, S.C., or INRA, in 2004, 2005 and 2006, XEW-AM ranked, on average, twelve, ninth and eighth, respectively, among the 34 stations in the Mexico City metropolitan area AM market, XEQ-FM, ranked, on average, tenth, eleventh and sixth, respectively, among the 29 stations in the Mexico City metropolitan area FM market, and XEBA ranked, on average, second, second and first, respectively, among 26 stations in the Guadalajara City metropolitan FM market. INRA conducts daily door-to-door and automobiles interviews in the Mexico City metropolitan area to determine radio listeners' preferences. Outside Mexico City, INRA conducts periodic surveys. We believe that no other independent surveys of this nature are routinely conducted in Mexico.

Our radio stations use various program formats, which target specific audiences and advertisers, and cross-promote the talent, content and programming of many of our other businesses, including television, sports and news. We produce some of Mexico's top-rated radio formats, including W Radio (News-talk), Estadio W (Sports), Ke Buena (Mexican music), 40 Principales (Pop music) and Besame Radio (Spanish ballads). W Radio, Ke Buena and 40 Principales formats are also broadcast though the Internet.

The successful exclusive radio broadcasting of the 2004 Olympic games and 2006 Soccer World Cup placed Radiópolis among the highest rating sports-broadcasting radio stations in Mexico.

During the last four years, Radiópolis has organized 14 massive live musical events with leading artists in both musical formats, gathering a record attendance of approximately 50,000 people at each event. The last seven events were performed at the Estadio Azteca in Mexico City before an average attendance of approximately 70,000 people. The events organized by Radiópolis have become among the most popular music-related events among the musical radio stations in Mexico.

Radio Advertising. We sell both national and local advertising on our radio stations. Our radio advertising sales force sells advertising time primarily on a scatter basis. See "— Television — Television Broadcasting — Advertising Sales Plan". In addition, we use some of our available radio advertising time to satisfy our legal obligation to provide up to 30 minutes per day of our broadcast time, and an additional 35 minutes per day of our broadcast time between 6:00 a.m. to midnight to the Mexican government for public service announcements and programming, in each case distributed in an equitable and proportionate manner.

Other Businesses

Esmas.com. *Esmas.com* is our Spanish-language horizontal Internet portal. The portal leverages our unique and extensive Spanish-language content, including news, sports, business, music and entertainment, editorials, life and style, technology, culture, shopping, health, kids and an opinion survey channel, and offers a variety of services, including search engines, chat forums, recruitment services and news bulletins. With a wide range of content channels, online and mobile services, and with more than 165 million page views, and approximately 4.4 million monthly unique users in 2006, we believe that *Esmas.com* has positioned itself as one of the leading Internet portals in Mexico. We are currently targeting users in Mexico and intend to explore targeting users in the rest of the world. Currently, we control 100% of the venture.

In connection with the series of agreements we entered into with Univision in December 2001, as described under “— Univision,” we amended the previous Program License Agreement such that, for a five-year period ending in December 2006, we agreed to limit our rights to transmit over the Internet our programming to which Univision had television rights in the United States. For a description of current litigation we filed against Univision relating to our rights with respect to Internet distribution, see “Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision and the Recent Sale of Univision May Affect Our Relationship With Univision.”

In April 2004, *Esmas.com* began to offer premium content short message services, or PSMS, to mobile phones, in order to take advantage of the growing appetite of the Mexican consumer for wireless information. *Esmas.com* has entered into service agreements to provide PSMS content to the three largest mobile carriers of Mexico. During 2006, *Esmas.com* sent approximately 220 million messages to approximately 9.5 million mobile phone users.

The offered service consists of text information of sports, news, events, sweepstakes, contests, downloading of photos and ringtones. We believe that due to the Mexican public’s affinity for the high quality and wide range of Televisa’s programming content, *Esmas.com* has become the leading premium PSMS content provider in Mexico and in Latin America.

Sports and Show Business Promotions. We actively promote a wide variety of sports events and cultural, musical and other entertainment productions in Mexico. Most of these events and productions are broadcast on our television stations, cable television system, radio stations and DTH satellite services. See “— Television — Programming”, “— Cable Television — Cable Television Services”, “Cable Television — Pay-Per-View Channels”, “— Radio — Radio Stations”, and “— DTH Joint Ventures — Mexico”.

Soccer. We own three of Mexico’s soccer teams. These teams currently play in the Premiere League and are among the most popular and successful teams in Mexico. In 2005, *América*, one of our teams, won the Premiere League championship played during the first season of 2005. Each team plays two 17 game regular seasons per year. The best teams of each regular season engage in post-season championship play. In 2004, 2005 and 2006, we broadcasted 87, 95 and 113 hours, respectively, of our teams’ home games.

We own the Azteca Stadium which has a seating capacity of approximately 105,000 people. Azteca Stadium has hosted two World Cup Soccer Championships. In addition, *América*, *Atlante* and the Mexican National Soccer team generally play their home games at this stadium. We have exclusive rights to broadcast the home games of the teams (*América* and *Necaxa*), as well as those of eight other Premiere League soccer teams.

Promotions. We promote a wide variety of concerts and other shows, including beauty pageants, song festivals and nightclub shows of popular Mexican and international artists.

Live Entertainment. In 2005 we sold to Clear Channel Entertainment our participation in the *Vívelo* joint venture, which produced and promoted tours of Spanish-speaking artists, as well as other live entertainment events, targeting Spanish-speaking audiences in the United States. We may consider re-entering the live entertainment business in the United States, although no assurance can be given in this regard.

Feature Film Production and Distribution. We produce first-run Spanish-language feature films, some of which are among Mexico’s top films based on box office receipts. We co-produced three feature films in 2003, two in 2004, two in 2005 and none in 2006. We have previously established co-production arrangements with Mexican film production companies, as well as with major international companies such as Miravista, Warner Bros. and Plural Entertainment. We will continue to consider entering into co-production arrangements with third parties in the future, although no assurance can be given in this regard.

We distribute our films to Mexican movie theaters and later release them on video for broadcast on cable and network television. In 2004, 2005 and 2006, we released one, two and two, respectively, of our feature films through movie theaters, including *La Última Noche* and *Puños Rosas*. We also distribute our feature films outside of Mexico.

We have a first option to purchase rights in Mexico to distribute feature films of CIE in movie theatres and broadcast these films on our cable and television networks. We purchased the distribution rights in Mexico for 9 of CIE’s feature films in 2003. We have not purchased any feature films from CIE in 2004, 2005 or 2006.

We distribute feature films produced by non-Mexican producers in Mexico. Under an agreement with Warner Bros. which we recently extended through 2007, we are the exclusive distributor in Mexico of feature films produced by Warner Bros. In 2003, 2004, 2005, and 2006 we distributed 53, 47, 52 and 40 feature films, respectively, including several U.S. box office hits. We also distribute independently produced non-Mexican and Mexican films in Mexico.

At December 31, 2006, we owned or had rights to approximately 678 Spanish-language films and 164 movies on video titles. Many of these films and titles have been shown on our television networks, cable system and DTH services. We also licensed the rights to two films produced by third parties.

Nationwide Paging. We exited the nationwide paging business. On November 18, 2004, we sold our 51% interest in “Skytel”, which is a nationwide paging service in Mexico and the transaction was authorized by the SCT on March 4, 2005.

Gaming Business. In May 2005, we obtained the Gaming Permit from the *Secretaría de Gobernación* and 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 in total over the course of eight years. In addition, we recently launched Multijuegos, an online lottery with access to a nationwide network of electronic terminals. Our principal competitors in the gaming industry are CIE and Grupo Caliente.

Investments

OCEN. In October 2002, we acquired a 40% stake in OCEN, a subsidiary of CIE. OCEN owns all of the assets related to CIE’s live entertainment business unit in Mexico. OCEN’s business includes the production and promotion of concerts, theatrical, family and cultural events, as well as the operation of entertainment venues, the sale of entrance tickets, food, beverages and souvenirs, and the organization of special and corporate events. As part of the agreement, OCEN has access to our media assets to promote its events throughout Mexico, and we have the right of first refusal to broadcast on our over-the-air channels and pay-TV ventures movies and events produced and distributed by CIE. During 2005, OCEN acquired 51% of the Company named As Deporte, which produces marathons and athletic competitions, among other sporting events, for U.S.\$1.6 million and sold 60% of the Company named Audiencias Cautivas, producer in Mexico of corporate events, for U.S.\$2 million.

Mutual Fund Venture. In October 2002, we entered into a joint venture with a group of investors, including Manuel Robleda, former president of the Mexican Stock Exchange, to establish “Más Fondos”, the first mutual fund distribution company in Mexico. Más Fondos sells mutual funds that are owned and managed by third parties to individual and institutional investors. Currently, Más Fondos distributes 83 funds managed by eight entities. The company operates under a license granted by the CNBV. On June 1, 2004, Corporativo Vasco de Quiroga, S.A. de C.V., one of our subsidiaries, sold a 5% interest of Más Fondos to Grupo de Servicios Profesionales, S.A. de C.V., or Servicios Profesionales, a company controlled by Emilio Azcárraga Jean. The total consideration that Servicios Profesionales paid in connection with this acquisition was Ps.500,000. As a result of the sale, we had a 46% interest. We received authorization for this transaction from the CNBV on June 28, 2004. We currently have a 40.84% interest in Más Fondos. For a description of the transaction, see “The Principal Stockholders and Related Party Transactions — Related Party Transactions — Transactions and Arrangements With Our Directors and Officers”.

Volaris. In October 2005, we acquired a 25% interest in Controladora Vuela Compañía de Aviación, S.A. de C.V. and in Vuela, pursuant to which we made a capital contribution in the amount of U.S.\$25.0 million. We are not obligated to make any further capital contributions to Vuela. Vuela has obtained a concession to own, manage and operate a low-cost carrier airline in Mexico, which is called Volaris. Volaris began operations in March 2006. Our partners in this venture are Sinca Inbursa, S.A. de C.V., The Discovery Americas I, L.P., a private equity fund managed by Protego Asesores Financieros and Discovery Capital Corporation, and Grupo TACA, one of the leading airline operators in Latin America. We provide the in-flight entertainment for Volaris.

La Sexta. 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.

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 and the possible venture with Imagina, 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 March 2007, Torreal acquired a 20% stake in Imagina. As a result of such acquisition, the Credit Facility was cancelled and no repayment was necessary since there had been no disposition of funds thereof.

With the investment in La Sexta and the venture with Mediapro and Globomedia, 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.

For a description of our commitments of capital contributions in 2007 and 2008 related to this investment, See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations Off the Balance Sheet."

Walmex. In January 2006, we entered into an agreement with Wal-Mart de México, or Walmex, pursuant to which we will deploy, in almost 300 of their stores, a digital signage network considered by Walmex to be the first of its kind in Mexico. Digital signage is a form of out-of-home advertising in which content and messages are displayed on an electronic screen, typically with the goal of delivering targeted messages to specific locations at specific times. During 2006 we installed more than 6,000 liquid-crystal display, or LCD, screens at Walmex "Bodega Aurrera" and "Supercenter" format stores, with an average of 21 LCD displays in each Bodega Aurrera and 29 LCD displays in each Supercenter nationwide. The network uses IP to transmit, at every venue, tailor-made content we produce for the shopping centers. All the content is designed and produced by Televisa specifically for this kind of point-of-purchase private television network which includes news, entertainment, and the production of the advertisement spots for Walmex's suppliers. We view this venture as an opportunity to better serve our clients by complementing their mass-media campaigns with this out-of-home advertisement alternative.

Alvafig. In November 2006, we invested U.S.\$258.0 million (Ps.2,837,331) in debentures issued by Alvafig, S.A. de C.V., or Alvafig, and convertible into 99.99% of the equity of Alvafig, which holds 49% of the equity of Cablemás. These debentures have a five-year maturity with an annual interest of 8% in the first year and 10% in the remaining four years, which is payable on a quarterly basis. Cablemás is the second largest cable operator in Mexico operating in 48 cities. The conversion of these debentures into equity is subject to antitrust and other approvals by the relevant regulatory authorities in Mexico.

We have investments in several other businesses. See Note 5 to our year-end financial statements.

DTH Joint Ventures

Background. In November 1995, we, along with Globopar, News Corp. and, at a later date, Liberty Media, agreed to form a number of joint ventures to develop and operate DTH satellite services for Latin America and the Caribbean basin.

In October 1997, we and our partners formed MCOP, a U.S. partnership in which we, News Corp., and Globopar each indirectly held a 30% interest and in which Liberty Media indirectly held a 10% interest, to make investments in, and to supply programming and other services to, the Sky platforms in Latin America outside of Mexico and Brazil. DIRECTV purchased all of our equity interests in MCOP in November 2005. In addition, until October 2004, each of Televisa, News Corp., Globopar and Liberty Media indirectly held an interest (in the same proportion as their interests in MCOP were then held) in Sky Latin America Partners, or ServiceCo, a U.S. partnership formed to provide certain business and management services, and TechCo, a U.S. partnership formed to provide certain technical services from two uplink facilities located in Florida. DIRECTV purchased all of our equity interests in TechCo in October 2005.

Digital Ku-band DTH satellite services commenced operations for the first time in Mexico and Brazil in the fourth quarter of 1996, in Colombia in the fourth quarter of 1997, in Chile in the fourth quarter of 1998 and in Argentina in the fourth quarter of 2000. We indirectly own interests in DTH satellite joint ventures in Mexico only. In July 2002, we ceased operations in Argentina. We do not own any equity interest in the venture in Brazil. No assurance can be given that the DTH joint ventures we currently run or that we may own in the future will be successful. See “Risk Factors — Risk Factors Related to Our Business — We Have Experienced Substantial Losses, Primarily in Respect of Our Investments in Innova, and Expect to Continue to Experience Substantial Losses as a Result of Our Participation in Innova, Which Would Adversely Affect Our Net Income”.

For a description of capital contributions and loans we have made to date to those ventures, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity” and “The Principal Stockholders and Related Party Transactions — Related Party Transactions — Related Party Transactions — Transactions and Arrangements With Innova — Capital Contributions and Loans”.

We have also been developing channels exclusively for pay-television broadcast. Through our relationship with News Corp. and DIRECTV, we expect that our DTH satellite service will continue to negotiate favorable terms for programming rights with both third parties in Mexico and with international suppliers from the United States, Europe and Latin America and elsewhere.

In December 2003, News Corp. acquired a 34% equity interest in DIRECTV, and transferred its ownership interest in DIRECTV to Fox Entertainment Group, Inc., an 82% owned subsidiary of News Corp. Innova’s Social Part Holders Agreement provides that neither we nor News Corp. may directly or indirectly operate or acquire an interest in any business that operates a DTH satellite system in Mexico and other countries in Central America and the Caribbean (subject to limited exceptions).

In October 2004, DIRECTV Mexico announced that it was shutting down its operations and we, Innova, News Corp., DIRECTV, Liberty Media and Globopar entered into a series of agreements relating to our DTH joint ventures. With respect to the DTH joint venture in Mexico:

- Innova and DIRECTV Mexico entered into a purchase and sale agreement, pursuant to which Innova agreed to purchase DIRECTV Mexico’s subscriber list for two promissory notes with an aggregate original principal amount of approximately Ps.646.3 million;
- Innova and DIRECTV Mexico entered into a letter agreement which provided for cash payments to be made by Innova or DIRECTV Mexico based on the number of subscribers successfully migrating to Innova, the applicable sign-up fees for migrating subscribers, or certain migrated subscribers churning shortly after migration, among other specified payments under the agreement;
- Innova, Innova Holdings and News Corp. entered into an option agreement, pursuant to which News Corp. was granted options to acquire up to a 15% equity interest in each of Innova and Innova Holdings, dependent upon the number of subscribers successfully migrating to Innova; in exchange for the two promissory notes referred above that were delivered to DIRECTV Mexico;
- DIRECTV and News Corp. entered into a purchase agreement pursuant to which DIRECTV acquired (i) the right (which DIRECTV concurrently assigned to DTVLA) to purchase from News Corp. the options granted to News Corp. by Innova and Innova Holdings to purchase up to an additional 15% of the outstanding equity of each of such entities pursuant to the option agreement described above, and (ii) the right to acquire News Corp.’s 30% interest in Innova and Innova Holdings;
- DIRECTV and Liberty Media International, Inc., or Liberty Media, entered into a purchase agreement pursuant to which DIRECTV agreed to purchase all of Liberty Media’s 10% interest in Innova and Innova Holdings for U.S.\$88 million in cash. DIRECTV agreed that we may purchase two-thirds (2/3) of any equity interest in Innova and Innova Holdings sold by Liberty Media;
- pursuant to the DTH agreement we entered into with News Corp., Innova, DIRECTV and DTVLA, with respect to certain DTH platforms owned or operated by News Corp. or DIRECTV or their affiliates and subject to certain restrictions, we have the right to require carriage of five of our channels on any such platform serving Latin America (including Puerto Rico but

excluding Mexico, Brazil and countries in Central America), two of our channels on any such platform serving the United States or Canada, and one of our channels on any such platform serving areas other than the United States and Latin America;

- we, News Corp., Innova, DIRECTV and DTVLA entered into a DTH agreement that, among other things, governs the rights of the parties with respect to DTVLA's announced shutdown of its Mexican DTH business, planned shutdown of its existing DTH business in certain countries in Central America, the carriage of certain of our programming channels by Innova and other DTH platforms of DIRECTV, DTVLA, News Corp. and their respective affiliates, and the waiver and potential release of certain claims between certain of the parties; and
- we and Innova entered into a channel licensing agreement pursuant to which Innova will pay us a royalty fee to carry our over-the-air channels on its DTH service.

In connection with the October 2004 reorganization, with respect to the DTH joint ventures elsewhere in Latin America:

- we entered into a purchase and sale agreement with DIRECTV, pursuant to which, among other things, (i) DIRECTV acquired all of our direct equity interests in ServiceCo, (ii) DIRECTV agreed to purchase all of our indirect equity interests in MCOP, and (iii) DIRECTV has agreed to indemnify us for any and all losses arising out of our status as a partner in MCOP;
- DIRECTV also agreed to purchase each of News Corp.'s, Liberty Media's and Globopar's equity interests in TechCo (a U.S. partnership formed to provide technical services from a main uplink facility in Miami Lakes, Florida and a redundancy site in Port St. Lucie, Florida), ServiceCo and MCOP; and
- PanAmSat Corporation, or PanAmSat, unconditionally released us from any and all obligations related to the MCOP transponder lease.

In February 2006, DIRECTV notified us that the DTH business operations of DIRECTV Mexico have ceased and the following transactions were completed:

- DIRECTV Holdings exercised its right to acquire News Corp.'s 30% interest in Innova and DTVLA exercised the right to purchase the options granted to News Corp. by Innova and Innova Holdings to purchase up to an additional 12% of the outstanding equity of each of such entities pursuant to the previously disclosed option agreement;
- DTVLA exercised an option to purchase 12% of Innova and Innova Holdings which was based on the number of subscribers successfully migrating to Innova, by delivering to Innova and Innova Holdings the two promissory notes issued in connection with Innova's purchase of DIRECTV Mexico's subscriber list for cancellation in October 2004;
- DIRECTV Mexico made cash payments to Innova totaling approximately U.S.\$2.7 million pursuant to a letter agreement entered into by both parties in October 2004 in connection with the purchase of the DIRECTV Mexico's subscriber list. The payments were made due to certain ineligible subscribers, applicable sign-up costs, and other costs under the side letter;
- DIRECTV Holdings purchased all of Liberty Media's 10% interest in Innova. As described below, we exercised the right to acquire two-thirds of this 10% equity interest acquired from Liberty Media; and
- we entered into an amended and restated guaranty with PanAmSat, pursuant to which the proportionate share of Innova's transponder lease obligation guaranteed by us was to cover a percentage of the transponder lease obligations equal to our percentage ownership of Innova. As a result of our acquisition of two-thirds of the equity interests that from Liberty Media, the guarantee has been readjusted to cover a percentage of the transponder lease obligations equal to our percentage ownership of Innova.

On April 27, 2006 we acquired two-thirds of the equity interests that DIRECTV acquired from Liberty Media, therefore we and DIRECTV own 58.7% and 41.3%, respectively, of Innova's equity.

DIRECTV also purchased all of our equity interests in TechCo in October 2005 and in MCOP in November 2005. As a result of these transactions, both TechCo and MCOP are wholly owned by DIRECTV.

Mexico. We operate “Sky”, our DTH satellite joint venture in Mexico, through Innova. We indirectly own 58.7% of this joint venture. As of December 31, 2004, 2005 and 2006, Innova’s DTH satellite pay-television service had approximately 1,002,500, 1,250,600 and 1,430,100 gross active subscribers, respectively. Innova primarily attributes its successful growth to its superior programming content, its exclusive transmission of sporting events such as soccer tournaments and special events such as reality shows, its high quality customer service and its nationwide distribution network with more than 3,300 points of sale. In addition to the above, Innova also experienced growth during 2005, due to new subscribers migrating from DIRECTV Mexico, and during 2006, due to exclusive broadcasting of 34 out of the 64 matches of the 2006 Soccer World Cup. Sky continues to offer the highest quality and exclusive content in the Mexican pay-television industry. Its programming packages combine our over-the-air channels with other DTH exclusive channels produced by News Corp.

During 2006, Sky also added new exclusive content such as every game of the Spanish soccer league, as well as several new channels to its line-up, including Sky One (an exclusive channel produced by Sky for its subscribers base), TCM and MGM (movie channels) and MTV Hits and MTV Jams (musical video channels). In addition to new programming contracts, Sky continues to operate under arrangements with a number of third party programming providers to provide additional channels to its subscribers, including HBO, MaxPrime, Cinemax, Movie City, Cinecanal, E! Entertainment, The Disney Channel, National Geographic, Canal Fox, Fox Sports, Fox News, MTV, VH1, Nickelodeon, TNT, CNN, The Cartoon Network and ESPN. Sky also has arrangements with the following studios to show films on an as-needed basis: DreamWorks, 20th Century Fox, Universal Studios International, Buenavista International, MGM, Paramount Pictures, Warner Bros., and Independent Studios.

In 2005, Sky purchased from Televisa certain rights to the 2006 Soccer World Cup. Sky aired all of the 64 games of the World Cup, out of which 34 were exclusively available to Sky subscribers. The cost of these rights plus production costs were U.S.\$19.0 million.

Sky currently offers 220 digital channels through five programming packages: Basic (75 video channels, 50 audio channels and 26 pay-per-view); Fun (110 video channels, 50 audio channels and 33 pay-per-view); Movie City (119 video channels, 50 audio channels and 36 pay-per-view); HBO/Max (123 video channels, 50 audio channels and 36 pay-per-view); and Universe (137 video channels, 50 audio channels and 33 pay-per-view) for a monthly fee of Ps.228.00, Ps.288.00, Ps.428.00, Ps.478.00 and Ps.610.00, respectively. The subscriber receives a “prompt payment” discount if the monthly subscription payment is made within 12 days after the billing date.

Programming package monthly fees for residential subscribers, net of a prompt payment discount if the subscriber pays within 12 days of the billing date, are the following: Basic Ps.151.00, Fun Ps.251.00, Movie City Ps.381.00, HBO/Max Ps.431.00 and Universe Ps.571.00. Monthly fees for each programming package do not reflect a monthly rental fee in the amount of Ps.161.00 for the decoder necessary to receive the service (or Ps.148.00 if the subscriber pays within 12 days of the billing date) and a one-time installation fee of Ps.999.00, which is reduced to Ps.789.00 if the subscriber pays the monthly programming fees via an automatic charge to a debit card or Ps.299.00 if payment is charged directly to a credit card.

Sky devotes 24 pay-per-view channels to family entertainment and movies and seven channels are devoted to adult entertainment. In addition, Sky assigns five extra channels exclusively for special events, known as Sky Events, which include boxing matches, concerts, sports and movies. Sky provides some Sky Events at no additional cost while it sells others on a pay-per-view basis.

In order to more effectively compete against cable operators in the Mexican Pay-TV market, in September 2005, Sky launched the “Multiple Box” concept, which allows its current and new subscribers to have up to 4 cable boxes in their homes with independent programming on each TV.

The installation fee is based on the number of set up boxes and the method of payment chosen by the subscriber. The monthly cost consists of a programming fee plus a rental fee for each cable box.

Programming. We and News Corp. are major sources of programming content for our DTH joint ventures and have granted our DTH joint ventures in Latin America and Mexico exclusive DTH satellite service broadcast rights to all of our and News Corp.’s existing and future program services (including pay-per-view services on DTH), subject to some pre-existing third party agreements in the territories of our DTH joint ventures in Latin America and Mexico. In addition to sports, news and general entertainment programming, we provide our DTH joint ventures in Mexico with exclusive DTH satellite service broadcast rights to our four over-the-air broadcast channels, which are among the most popular television channels in Mexico. Our DTH satellite service in Mexico is the only pay-television service that offers all the over-the-air broadcast signals from Mexico City as well as our channels from Guadalajara, Monterrey, Puebla and Veracruz. Our DTH satellite service also has exclusive DTH broadcast rights in Mexico to Fox

News and Canal Fox, one of the leading pay-television channels in Mexico. Through its relationships with us and News Corp., we expect that the DTH satellite service in Mexico will be able to continue to negotiate favorable terms for programming both with third parties in Mexico and with international suppliers from the United States, Europe and Latin America.

Univision

We have a number of programming and financial arrangements with Univision, the leading Spanish-language media company in the United States, which owns and operates the Univision Network, the most-watched Spanish-language television network in the United States; the TeleFutura broadcast and Galavision satellite/cable television networks; several dozen full power and low power television broadcast stations; and 68 radio stations constituting the largest Spanish-language radio broadcasting company in the United States and the Univision Music Group, the leading Spanish-language music recording and publishing company in terms of music record sales in the United States. Information regarding Univision's business which appears in this prospectus has been derived primarily from public filings made by Univision with the SEC and the FCC.

Until recently, we owned shares and warrants representing an approximate 11.3% equity interest in Univision, on a fully diluted basis. On March 29, 2007, Univision was acquired by a group of investors, and, as a result, all of Televisa's shares and warrants in Univision have been cancelled and have been converted into cash in an aggregate amount of approximately US\$1,094.4 million. As a result of the closing of the acquisition of Univision, our former designee on the board of directors of Univision, Ricardo Maldonado Yañez, resigned from the Univision board of directors.

We and Venevisión, a Venezuelan media company, have agreed to supply programming to Univision under program license agreements, including the PLA, that expire in December 2017 (unless earlier terminated), under which we and Venevisión granted Univision an exclusive license to broadcast in the United States, solely over the Univision Network, Galavision Network and TeleFutura Network, substantially all Spanish-language television programming, including programming with Spanish subtitles, for which we or Venevisión own the United States distribution rights, subject to exceptions, including certain co-productions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Programming Exports". We are entitled, in addition to our 9% programming royalty on net time sales in respect of the Univision and Galavision Networks, to a 12% programming royalty on net time sales of the TeleFutura Network, subject to certain adjustments, including minimum annual royalties of U.S.\$5.0 million in respect of TeleFutura for 2003, increasing by U.S.\$2.5 million each year up to U.S.\$12.5 million. In exchange for programming royalties based upon combined net time sales regardless of the amount of our and Venevisión's programming used by Univision, we have agreed that we will provide Univision with 8,531 hours of programming per year for the term of the agreement. See "Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision and the Recent Sale of Univision May Affect Our Relationship With Univision" for a description of our current disputes with Univision relating to royalties under the PLA and relating to our Internet distribution rights, and our claim in such disputes that we believe we have the right to terminate the PLA due to uncured and incurable material breaches. In 2006, Televisa programming represented approximately 45% of Univision's and 19% of TeleFutura Networks' non-repeat broadcast hours, respectively. The PLA, by its terms, survives the Univision Merger.

We and Univision entered into definitive agreements in April 2003 to commence a joint venture to introduce our satellite and cable pay-TV programming into the United States. The joint venture company, TuTV, commenced operations in the second quarter of 2003. It currently distributes five channels, including two of our existing movie channels and three channels featuring music videos, celebrity lifestyle and interviews and entertainment news programming, and will create future channels available in the United States that feature our programming. In May 2003, TuTV entered into a five-year distribution agreement with EchoStar Communications Corporation for three of the five existing channels. TuTV is jointly controlled by Univision and us, and we have each agreed to contribute U.S.\$20 million over the first three years of the venture. We cannot assure you when or if this venture will be profitable.

We have an international program rights agreement with Univision that requires Univision to grant us and Venevisión the right to broadcast, outside the United States, programs produced by Univision for broadcast on the Univision Network or Galavision Network. We have the exclusive right to broadcast these programs in Mexico, and Venevisión has the exclusive right to broadcast these programs in Venezuela. We and Venevisión each have an undivided right to broadcast these programs in all other territories (other than the United States, but including Puerto Rico), provided those programs were on the air as of October 2, 1996. The rights to these programs granted to us and Venevisión will revert back to Univision when the relevant program license agreement terminates. For such programs produced after October 2, 1996, we and Venevisión have the exclusive broadcast and related merchandising rights for Mexico and Venezuela respectively, but Univision retains all rights for the rest of the world. For such programs produced after September 26, 1996, we and Venevisión have merchandising rights only in Mexico and Venezuela, respectively. The rights to these programs granted to us and Venevisión will continue until the termination of the relevant program license agreement.

In May 31, 2005, we entered into a program license agreement with Univision whereby we have granted Univision an exclusive right to broadcast our television programming in Puerto Rico, with some exceptions. We are entitled to a 12% programming royalty on the net time sales in respect to the Puerto Rico Stations. The terms and conditions of this agreement are similar to the program license agreement that we executed with Univision for the territory of the United States. We also had an option to acquire a 10% interest in these stations, but we decided not to exercise this option.

As a result of the closing of the acquisition of Univision, we are no longer bound by the provisions of the Participation Agreement, except in the case that we enter into certain transactions involving direct broadcast satellite or direct-to-home satellite to the U.S. market. The Participation Agreement 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. Subject to compliance with the limited restrictions of the surviving terms of the Participation Agreement and the terms of the PLA, we can now engage in business opportunities in the growing U.S. Hispanic marketplace relating to programming and other businesses without offering Univision participation in such opportunities. We cannot predict how our overall business relationship with Univision will be affected by the recent acquisition of Univision by an investor acquiring group. We are engaged in litigation with Univision, as described in “Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision and the Recent Sale of Univision May Affect Our Relationship With Univision” and “Legal Proceedings.” The Company expects to explore with Univision the possibility of a resolution of issues between them in the litigation possibly including possible joint endeavors or interests. There is no assurance that any such agreement will be reached. See “Business — Business Strategy — Developing New Businesses and Expanding Through Acquisitions.”

Competition

We compete with various forms of media and entertainment companies in Mexico, both Mexican and non-Mexican.

Television Broadcasting

Our television stations compete for advertising revenues and for the services of recognized talent and qualified personnel with other television stations (including the stations owned by TV Azteca) in their markets, as well as with other advertising media, such as radio, newspapers, outdoor advertising, cable television and multi-channel, multi-point, multi-channel distribution system and DTH satellite services. We generally compete with 199 channels throughout Mexico, including the channels of our major competitor, TV Azteca, which owns and operates Channels 7 and 13 in Mexico City, which we believe are affiliated with 176 stations outside of Mexico City. Televisora del Valle de Mexico, S.A. de C.V. owns the concession for Channel 40, a UHF channel that broadcasts in the Mexico City metropolitan area. Based upon IBOPE Mexico surveys, during 2004, 2005 and 2006 the combined average audience share throughout Mexico of both the Channel 7 and 13 networks was 31.1%, 31.5% and 30.5%, respectively, during prime time, and 28.7%, 29.8% and 29.0%, respectively, during sign-on to sign-off hours. See “— Television — Television Industry in Mexico”.

In addition to the foregoing channels, there are additional operating channels in Mexico with which we also compete, including Channel 11, which has 8 repeater stations, and Channel 22 in Mexico City, which are operated by the Mexican government. Our television stations are the leading television stations in their respective markets. See “— Television — Television Broadcasting”.

Our English- and Spanish-language border stations compete with English- and Spanish-language television stations in the United States, and our Spanish-language productions compete with other English- and Spanish-language programs broadcast in the United States.

We are a major supplier of Spanish-language programming in the United States and throughout the world. We face competition from other international producers of Spanish-language programming and other types of programming.

Publishing

Each of our magazine publications competes for readership and advertising revenues with other magazines of a general character and with other forms of print and non-print media. Competition for advertising is based on circulation levels, reader demographics and advertising rates.

Cable Television

According to the most recent information from CANITEC, there were approximately 953 cable concessions in Mexico as of December 31, 2006 serving approximately 3.8 million subscribers. Cablevisión is the largest cable system operator in Mexico City and one of seven cable system operators in the areas surrounding Mexico City. Cablevisión also competes with Innova, our DTH joint venture. See “—Cable Television — Mexico City Cable System” and “—DTH Satellite Services”. Cablevisión also faces competition from MVS Multivisión, S.A. de C.V., or Multivisión, a multi-point, multi-channel distribution system, or MMDS, operator, in Mexico City and the surrounding areas. MMDS, commonly called wireless cable, is a microwave transmission system which operates from a headend similar to that of a cable system. Multivisión has been in operation for more than 15 years and offers 15 channels to its subscribers. Some of the channels that Multivisión broadcasts compete directly with the Cablevisión channels, as well as Cablevisión’s 22 pay-per-view channels. Furthermore, since Cablevisión operates under non-exclusive franchises, other companies may obtain permission to build cable television systems and MMDS systems in areas where Cablevisión presently operates. In addition, pursuant to the *Ley Federal de Telecomunicaciones*, or the Telecommunications Law, Cablevisión is required to provide access to its cable network to the extent it has available capacity on its network.

In addition, in connection with Internet access services and other new products and multimedia communications services, recently cable operators, such as Cablevisión, have been authorized by the Mexican government to provide bi-directional data and Internet broadband services and to provide the transport of voice services, including Voice over Internet Protocol, or VoIP services, acting as “carriers of carriers”.

On October 2, 2006, the Mexican government enacted a new set of regulations known as the Convergence Regulations. 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 Telmex, will now be allowed to provide cable television services. We believe that we may face significant competition from new entrants providing telephony services, including cable television providers. See “Risk Factors — Risk Factors Related to our Business — We Face Competition in Each of Our Markets That We Expect Will Intensify”.

In addition, in November 2006, the CFE announced that it had 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 the 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 that could be used to transmit voice, data and video.

As a result of the aforementioned, Cablevisión will face competition from several media and telecommunications companies throughout Mexico, including Internet service providers, DTH services and other personal communications and telephone companies, including us and our affiliates.

Radio

The radio broadcast business is highly competitive in Mexico. Our radio stations compete with other radio stations in their respective markets, as well as with other advertising media, such as television, newspapers, magazines and outdoor advertising. Among our principal competitors in the radio broadcast business are Grupo Radio Centro, S.A. de C.V., which owns or operates approximately 100 radio stations throughout Mexico, 11 of which are located in Mexico City, and Grupo Acir, which owns or operates approximately 160 radio stations in Mexico, seven of which are located in Mexico City.

Competition for audience share in the radio broadcasting industry in Mexico occurs primarily in individual geographic markets. Our radio stations are located in highly competitive areas. However, the strength of the signals broadcast by a number of our stations enables them to reach a larger percentage of the radio audience outside the market areas served by their competitors.

Feature Film Production and Distribution

Production and distribution of feature films is a highly competitive business in Mexico. The various producers compete for the services of recognized talent and for film rights to scripts and other literary property. We compete with other feature film producers, Mexican and non-Mexican, and distributors in the distribution of films in Mexico. See “—Other Businesses — Feature Film Production and Distribution”. Our films also compete with other forms of entertainment and leisure time activities.

DTH Satellite Services

Innova presently competes with, or expects to compete with, among others, cable systems (including Cablevisión), MMDS systems, national broadcast networks (including our four networks), regional and local broadcast stations, unauthorized C-band and Ku-band television signals obtained by Mexican viewers on the gray market, radio, movie theaters, video rental stores, internet and other entertainment and leisure activities generally.

Innova's main DTH competitor in Mexico used to be DTVLA, which operated DIRECTV Mexico. In October 2004, DTVLA announced that it was shutting down DIRECTV Mexico's operations and agreed to sell its subscriber list to Innova.

Consolidation in the entertainment and broadcast industries could further intensify competitive pressures. As the pay-television market in Mexico matures, Innova expects 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.

Other entities have obtained licenses to provide DTH satellite services in Mexico but have never started operations.

Regulation

Our business, activities and investments are subject to various Mexican federal, state and local statutes, rules, regulations, policies and procedures, which are constantly subject to change, and are affected by the actions of various Mexican federal, state and local governmental authorities. The material Mexican federal, state and local statutes, rules, regulations, policies and procedures to which our business, activities and investments are subject are summarized below. Station XETV, Tijuana, which broadcasts Fox television network programming in the San Diego television market, is also subject to certain regulatory requirements of the U.S. Federal Communications Commission, or FCC, including the obligation to obtain permits for cross-border transmission of programming broadcast to the United States and to obtain licenses to operate microwave and/or satellite earth station transmitting equipment within the U.S. These summaries do not purport to be complete and should be read together with the full texts of the relevant statutes, rules, regulations, policies and procedures described therein.

Television

Mexican Television Regulations

Concessions. Effective as of April 2006, the *Ley Federal de Radio y Televisión*, or the Federal Law of Radio and Television was amended, to provide among other things, that in order to own and operate a new television station in Mexico, a broadcaster must obtain a concession through a public bidding process and provide a payment to the Mexican Government for the concession. Either the SCT and the Federal Telecommunications Commission shall provide notice in the *Diario Oficial de la Federación*, or the Official Gazette of the Federation, of the call for bids and the available television frequencies, and make available the prerequisites for bids from interested parties for a maximum of 30 days.

The bidders shall comply with the following requirements:

- Proof of Mexican nationality.
- Submission of a business plan;
- Submission of technical specifications and descriptions;
- Submission of a plan for coverage;
- Submission of an investment program;
- Submission of a financial program;
- Submission of plans for technical development and actualization;

- Submission of plans for production and programming;
- Receipt of a guaranty to ensure the continuation of the process until the concession is granted or denied; and
- A request for a favorable opinion from the Mexican Antitrust Commission.

Before granting the concession, the Federal Telecommunications Commission shall review the plans and programs submitted and the goals expressed by the bidder for consistency, as well as the results of the call for bids through the public auction. Within 30 days of the determination of a winning bid, such bidder has to provide proof of the required payment.

Concessions are granted for a term of up to 20 years, and extensions may be granted to the same bidder without going through another bidding process. In the event a bidder requests termination of a concession, such concession will be subject to a bidding process.

If the SCT determines that (i) the bidders' applications do not guarantee the best conditions for the rendering of radio and television services, or (ii) that the offered payment proposals are not sufficient, or, that (iii) the submitted applications do not fulfill the requirements established under the bidding call or the bidding bases, it may terminate the bidding process and not grant the concession to any of the applicants.

The SCT may void the grant of any concession or terminate or revoke the concession at any time, upon the occurrence of, among others, the following events:

- failure to construct broadcasting facilities within a specified time period;
- changes in the location of the broadcasting facilities or changes in the frequency assigned without prior governmental authorization;
- direct or indirect transfer of the concession, the rights arising therefrom or ownership of the broadcasting facilities without prior governmental authorization;
- transfer or encumbrance, in whole or in part, of the concession, the rights arising therefrom, the broadcasting equipment or any assets dedicated to the concessionaire's activities, to a foreign government, company or individual, or the admission of any such person as a partner in the concessionaire's business;
- failure to broadcast for more than 60 days without reasonable justification;
- any amendment to the bylaws of the concessionaire that is in violation of applicable Mexican law; and
- any breach to the terms of the concession title.

None of our concessions has ever been revoked or otherwise terminated.

We believe that we have operated our television concessions substantially in compliance with their terms and applicable Mexican law. If a concession is revoked or terminated, the concessionaire could be required to forfeit to the Mexican government all of its assets or the Mexican government could have the right to purchase all the concessionaire's assets. In our case, the assets of our licensee subsidiaries generally consist of transmitting facilities and antennas. See "Risk Factors — 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".

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. See "Risk Factors — 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".

Supervision of Operations. The SCT regularly inspects the television stations and the companies to which concessions have been granted must file annual reports with the SCT.

Television programming is not censored under Mexican law, except that it is subject to various regulations, including prohibitions on foul language and programming which is offensive or is against the national security or against public order. Under Mexican regulations, the *Secretaría de Gobernación*, or the Mexican Ministry of the Interior, reviews most television programming and classifies the age group for which the programming is acceptable for viewing. Programs classified for adults may be broadcast only after 10:00 p.m.; programs classified for adults and teenagers over 15 years old may be broadcast only after 9:00 p.m.; programs classified for adults and teenagers under 15 years old may be broadcast only after 8:00 p.m.; and programs classified for all age groups may be shown at any time.

Television programming is required to promote Mexico's cultural, social and ideological identity. Each concessionaire is also required to transmit each day, free of charge, up to 30 minutes of programming regarding cultural, educational, family counseling and other social matters using programming provided by the Mexican government. Historically, the Mexican government has not used a significant portion of this time. In addition, during political campaigns all registered political parties have the right to purchase time to broadcast political messages at commercial rates.

Networks. There are no Mexican regulations regarding the ownership and operation of a television network, such as the Channel 2, 4, 5 and 9 networks, apart from the regulations applicable to operating a television station as described above.

Restrictions on Advertising. Mexican law regulates the type and content of advertising broadcast on television. Concessionaires may not broadcast misleading advertisements. Under current law, advertisements of alcoholic beverages (other than beer and wine) may be broadcast only after 10:00 p.m. As of January 20, 2004, advertisements for tobacco products are prohibited by amendment to the *Ley General de Salud*, or the Public Health Law. Advertising for alcoholic beverages must not be excessive and must be combined with general promotions of nutrition and general hygiene. The advertisements of some products and services, such as medicine and alcohol, require approval of the Mexican government prior to their broadcast. Moreover, the Mexican government must approve any advertisement of lotteries and other games.

No more than 18% of broadcast time may be used for advertisements on any day. The SCT approves the minimum advertising rates. There are no restrictions on maximum rates.

Broadcast Tax. Since 1969, radio and television stations have been subject to a tax which may be paid by granting the Mexican government the right to use 12.5% of all daily broadcast time. In October 2002, the 12.5% tax was replaced by the obligation to the Mexican government to provide up to 18 minutes per day of our television broadcast time and 35 minutes per day of our radio broadcast time between 6:00 a.m. and midnight, in each case distributed in an equitable and proportionate manner. Any time not used by the Mexican government on any day is forfeited. Generally, the Mexican government uses all or substantially all of the broadcast time available under this tax.

Foreign Ownership. Non-Mexican ownership of shares of Mexican enterprises is restricted in some economic sectors, including broadcast television, cable television, radio and DTH satellite services. Under Mexico's *Ley de Inversión Extranjera*, or Foreign Investment Law, the *Ley Federal de Radio y Televisión*, or the Radio and Television Law, and the *Reglamento de la Ley de Inversión Extranjera*, or the Foreign Investment Law Regulations, foreign investors may not vote the capital stock of Mexican broadcasting companies (other than through "neutral investment" mechanisms, such as through the CPOs held by certain of our stockholders). See "— Satellite Communications — Mexican Regulation of DTH Satellite Services".

Radio

The regulations applicable to the operation of radio stations in Mexico are identical in all material respects to those applicable to television stations. As of December 31, 2006, the expiration dates of our radio concessions ranged from 2008 to 2016. See "— Television", "— Radio — Radio Stations" and "Risk Factors — 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".

Cable Television

Concessions. Cable television operators now apply for a public telecommunications network concession from the SCT in order to operate their networks and provide cable television services and other multimedia communications services. Applications are submitted to the SCT and, after a formal review process, a public telecommunications network concession is granted for an initial term of up to 30 years. Cablevisión obtained a telecommunications concession, which expires in 2029, and its concession to transmit the over-the-air UHF restricted television channel 46 expires in 2010. Pursuant to its public telecommunications concession, Cablevisión can provide cable television, limited audio transmission services, specifically music programming, bidirectional Internet access and unlimited data transmission services in Mexico City and surrounding areas in the State of Mexico. The scope of Cablevisión's public telecommunications concession is much broader than the scope of its former cable television concession, which covered only cable television services and audio programming. A public telecommunications concession may be renewed upon its expiration, or revoked or terminated prior to its expiration in a variety of circumstances including:

- unauthorized interruption or termination of service;
- interference by the concessionaire with services provided by other operators;
- noncompliance with the terms and conditions of the public telecommunications concession;
- the concessionaire's refusal to interconnect with other operators;
- loss of the concessionaire's Mexican nationality;
- unauthorized assignment, transfer or encumbrance, in whole or in part, of the concession or any rights or assets;
- the liquidation or bankruptcy of the concessionaire; and
- ownership or control of the capital stock of the concessionaire by a foreign government.

In addition, the SCT may establish under any public telecommunications concession further events which could result in revocation of the concession. Under current Mexican laws and regulations, upon the expiration or termination of a public telecommunications concession, the Mexican government has the right to purchase those assets of the concessionaire that are directly related to the concession, at market value.

Cable television operators, including Cablevisión, are subject to the Telecommunications Law and, since February 2000, have been subject to the *Reglamento del Servicio de Televisión y Audio Restringidos*, or the Restricted Television and Audio Services Regulations. Under current Mexican law, cable television operators are classified as public telecommunications networks, and must conduct their business in accordance with Mexican laws and regulations applicable to public telecommunications networks which, in addition to the Telecommunications Law and the Restricted Television and Audio Services Regulations, includes the Federal Television and Radio Law and the *Reglamento de la Ley Federal de Radio y Televisión y de la Industria Cinematográfica*, or the Federal Television, Radio and Film Industry Regulations.

Under the applicable Mexican law, the Mexican government, through the SCT, may also temporarily seize or even expropriate all of a public telecommunications concessionaire's assets in the event of a natural disaster, war, significant public disturbance or threats to internal peace and for other reasons related to preserving public order or for economic reasons. The Mexican government is obligated by Mexican law to compensate the concessionaire, both for the value of the assets seized and related profits.

Supervision of Operations. The SCT regularly inspects the operations of cable systems and cable television operators must file annual reports with the SCT.

Under Mexican law, programming broadcast on Cablevisión networks is not subject to judicial or administrative censorship. However, this programming is subject to various regulations, including prohibitions on foul language, programming which is against good manners and customs or programming which is against the national safety or against public order.

Mexican law also requires cable television operators, including Cablevisión, to broadcast programming that promotes Mexican culture, although cable television operators are not required to broadcast a specified amount of this type of programming.

In addition to broadcasting programming that promotes Mexican culture, cable television operators must also set aside a specified number of their channels, which number is based on the total number of channels they transmit, to transmit programming provided by the Mexican government. Cablevisión currently broadcasts programming provided by the Mexican government on three of its channels, Channel 11, Channel 22 and Channel 5, a channel used by the Mexican Congress.

Restrictions on Advertising. Mexican law restricts the type of advertising which may be broadcast on cable television. These restrictions are similar to those applicable to advertising broadcast on over-the-air Channels 2, 4, 5 and 9. See “— Regulation — Television — Mexican Television Regulations — Restrictions on Advertising”.

Government Participation. Pursuant to the terms of cable concessions, cable television operators, including Cablevisión through September 23, 1999, were required to pay, on a monthly basis, absent a waiver from the Mexican government, up to 15% of revenues derived from subscriber revenues and substantially all other revenues, including advertising revenues, to the Mexican government in exchange for use of the cable concession. Most cable concessionaires, including Cablevisión, obtained a waiver on an annual basis to pay 9% of their revenues as participation to the Mexican government, as opposed to 15%. Under the Federal Telecommunications Law and accompanying regulations, cable television operators with public telecommunications network concessions, including Cablevisión, no longer have to pay the Mexican government any percentage of their revenues.

Forfeiture of Assets. Under Mexican regulations, at the end of the term of a public telecommunications concession, assets of concessionaires may be purchased by the Mexican government at market value.

Non-Mexican Ownership of Public Telecommunications Networks

Under current Mexican law, non-Mexicans may currently own up to 49% of the outstanding voting stock of Mexican companies with a public telecommunications concession. However, non-Mexicans may currently own up to all of the outstanding voting stock of Mexican companies with a public telecommunications concession to provide cellular telephone services, provided, that the requisite approvals are obtained from the *Comisión Nacional de Inversiones Extranjeras*, or the Foreign Investment Commission.

Application of Existing Regulatory Framework to Internet Access and IP Telephony Services

When Cablevisión begins offering IP telephony services, it may be required, under Mexican law, to permit other concessionaires to connect their network to its network in a manner that enables its customers to choose the network by which the services are carried.

To the extent that a cable television operator has any available capacity on its network, as a public telecommunications network, Mexican law requires the operator to offer third party providers access to its network. Cablevisión currently does not have any capacity available on its network to offer to third party providers and does not expect that it will have capacity available in the future given the broad range of services it plans to provide over its network.

Satellite Communications

Mexican Regulation of DTH Satellite Services. Concessions to broadcast DTH satellite services are for an initial term of up to 30 years, and are renewable for up to 30 years. We received a 30-year concession to operate DTH satellite services in Mexico utilizing SatMex satellites on May 24, 1996. On November 27, 2000, we received an additional 20-year concession to operate our DTH satellite service in Mexico using the PAS-9 satellite system, a foreign-owned satellite system.

Like a public telecommunications network concession, a DTH concession may be revoked or terminated by the SCT prior to the end of its term in certain circumstances, which for a DTH concession include:

- the failure to use the concession within 180 days after it was granted;
- a declaration of bankruptcy of the concessionaire;
- failure to comply with the obligations or conditions specified in the concession;

- unlawful assignments of, or encumbrances on, the concession; or
- failure to pay to the government the required fees.

At the termination of a concession, the Mexican government has the preemptive right to acquire the assets of a DTH satellite service concessionaire. In the event of a natural disaster, war, significant public disturbance or for reasons of public need or interest, the Mexican government may temporarily seize and expropriate all assets related to a concession, but must compensate the concessionaire for such seizure. The Mexican government may collect fees based on DTH satellite service revenues of a satellite concessionaire.

Under the Telecommunications Law, DTH satellite service concessionaires may freely set customer fees but must notify the SCT of the amount, except that if a concessionaire has substantial market power, the SCT may determine fees that may be charged by such concessionaire. The Telecommunications Law specifically prohibits cross-subsidies.

Non-Mexican investors may currently own up to 49% of full voting equity of DTH satellite system concessionaires; provided that Mexican investors maintain control of the operation. Foreign investors may increase their economic participation in the equity of a concessionaire through neutral investment mechanisms such as the CPO trust.

Regulation of DTH Satellite Services in Other Countries. Our current and proposed DTH joint ventures in other countries are and will be governed by laws, regulations and other restrictions of such countries, as well as treaties that such countries have entered into, regulating the delivery of communications signals to, or the uplink of signals from, such countries. In addition, the laws of some other countries establish restrictions on our ownership interest in some of these DTH joint ventures as well as restrictions on programming that may be broadcast by these DTH joint ventures.

Mexican Gaming Regulations

Pursuant to Mexico's Federal Law of Games and Draws, or *Ley Federal de Juegos y Sorteos*, or Gaming Law, and its accompanying regulations, the *Reglamento de la Ley Federal de Juegos y Sorteos*, or Gaming Regulations, the *Secretaría de Gobernación*, or Mexican Ministry of the Interior, has the authority to permit the operation of all manner of games and lotteries that involve betting. This administrative authorization is defined as a permit under the Gaming Regulations. Under the Gaming Regulations, each permit establishes the terms for the operation of the respective activities authorized under the permit and the specific periods for operation of those activities. Permits for games and lotteries that involve betting have a maximum term of 25 years. The holder of the relevant permit must comply with all the terms provided in the permit, the Gaming Law and the Gaming Regulations.

In 2004, the Chamber of Deputies of the Mexican Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that the enactment of the Gaming Regulations was unconstitutional and, therefore, null and void. In January 2007, the Supreme Court of Justice declared the Gaming Regulations constitutional.

Mexican Antitrust Law

Mexico's federal antitrust law, or *Ley Federal de Competencia Económica*, which has been recently amended by the Mexican Federal Congress, and the accompanying regulations, the *Reglamento de la Ley Federal de Competencia Económica*, may affect some of our activities, including our ability to introduce new products and services, enter into new or complementary businesses and complete acquisitions. In addition, the federal antitrust law and the accompanying regulations may adversely affect our ability to determine the rates we charge for our services and products. In addition, approval of the Mexican Antitrust Commission is required for us to acquire and sell significant businesses or enter into significant transactions, such as joint ventures. See "Risk Factors — Risk Factors Related to Mexico — Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures" and "— Changes in Existing Mexican Laws and Regulations or the Imposition of New Ones May Negatively Affect Our Operations and Revenue".

The amendments to the Mexican Antitrust Law have been published in the Official Gazette of the Federation, and are in full force as of June 29, 2006 and 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.

Under the amendment, the review process of mergers and acquisitions by the Mexican Antitrust Commission, is modified by:

- Raising the thresholds to make a concentration a reportable transaction.
- Empowering the Mexican Antitrust Commission to issue a waiting order before a reported transaction may be closed, if such order is issued within ten business days from the date the transaction is reported to the Antitrust Commission.
- Requiring the Mexican Antitrust Commission to rule upon a reported transaction that the filing party deems that it does not notoriously restrain competition (attaching the necessary evidence), within 15 business days from the filing date.

Additionally, the amendments provide for a significant enhancement of the Mexican Antitrust Commission authority:

- An overreaching authority to determine whether competition, effective competition, market power and competition conditions in a specific market exist or not, either such determination is required under the antitrust law or if required under any other statute that requires a determination of market conditions.
- To issue binding opinions in competition matters whether required by specific statutes, if required by other federal authorities. Such opinions shall also be issued in connection with decrees, regulations, governmental determinations and other governmental acts (such as public bid rules) which may have an anticompetitive effect.
- It must issue an opinion related to effective competition conditions in a specific market or to the market power of a given agent in a market.
- Issue an opinion related to the granting of concessions, licenses or permits or the transfer of equity interests in concessionaries or licensees, are to be obtained if so required by the relevant statutes or the bid rules.
- The authority to perform visits to economic agents with the purpose of obtaining evidence of violations to the law, including the ability to obtain evidence of the incurrence of a vertical or horizontal restraint. In all cases, the Mexican Antitrust Commission must obtain a judicial subpoena in order to proceed with the visits. Any agent that is subject to such order is bound to allow such visits and to cooperate fully with the Mexican Antitrust Commission.

The amendments also provide for changes in the investigation process of possible illegal conducts.

Significant Subsidiaries

The table below sets forth our significant subsidiaries and Innova, a consolidated variable interest entity, as of December 31, 2006. An update of this list, as of September 30, 2007, can be found on Form 6-K for the quarter ended September 30, 2007, filed with the SEC on October 25, 2007 and incorporated by reference herein. See “Incorporation by Reference.”

<u>Name of Significant Subsidiary</u>	<u>Jurisdiction of Organization or Incorporation</u>	<u>Percentage Ownership(1)</u>
Corporativo Vasco de Quiroga, S.A. de C.V.(2)(3)	Mexico	100.0%
CVQ Espectáculos, S.A. de C.V.(2)(3)	Mexico	100.0%
Editora Factum, S.A. de C.V.(3)(4)	Mexico	100.0%
Empresas Cablevisión, S.A. de C.V.(3)(5)	Mexico	51.0%
Editorial Televisa, S.A. de C.V.(3)(6)	Mexico	100.0%
Factum Mas, S.A. de C.V.(3)(7)(8)	Mexico	100.0%
Sky DTH, S. de R.L. de C.V.(7)	Mexico	100.0%
Innova, S. de R.L. de C.V. (Innova)(9)	Mexico	58.7%
Grupo Distribuidoras Intermex, S.A. de C.V.(3)(10)	Mexico	100.0%
Campus América, S.A. de C.V.(11)	Mexico	100.0%
Linking Media, S.A. de C.V.(11)	Mexico	100.0%
Sistema Radiópolis, S.A. de C.V.(3)(12)	Mexico	50.0%
Telesistema Mexicano, S.A. de C.V.(13)	Mexico	100.0%
G-Televisa-D, S.A. de C.V.(14)	Mexico	100.0%
Televisa, S.A. de C.V.(15)	Mexico	100.0%
Televisa Juegos, S.A. de C.V.(3)(16)	Mexico	100.0%
Televisión Independiente de México, S.A. de C.V.(3)(13)	Mexico	100.0%

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- (1) Percentage of equity owned by us directly or indirectly through subsidiaries or affiliates.
 - (2) One of three direct subsidiaries through which we conduct the operations of our Other Businesses segment, excluding Internet operations.
 - (3) While this subsidiary is not a significant subsidiary within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act, we have included this subsidiary in the table above to provide a more complete description of our operations.
 - (4) Subsidiary through which we own equity interests in and conduct our Cable Television.
 - (5) Indirect subsidiary through which we conduct the operating of our Cable Television business. For a description of América Móvil's sale of its 49% equity interest in this business in April 2002, see "— Cable Television — Mexico City Cable System".
 - (6) Direct subsidiary through which we conduct the operations of our Publishing segment.
 - (7) One of two subsidiaries through which we own our equity interest in Innova.
 - (8) Direct subsidiary through which we own equity interests in and conduct our Internet business.
 - (9) Consolidated variable interest entity through which we conduct the operations of our Sky Mexico segment. We currently own a 58.7% interest in Innova.
 - (10) Direct subsidiary through which we conduct the operations of our Publishing Distribution segment.
 - (11) One of two subsidiaries through which we owned most of our equity interest in Univision.
 - (12) Direct subsidiary through which we conduct the operations of our Radio segment. Since we hold a controlling 50% full voting stake in this subsidiary and have the right to elect a majority of the members of its Board of Directors, we will continue to consolidate 100% of the results of operations of this subsidiary in accordance with Mexican FRS. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Radio" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Minority Interest".
 - (13) One of two direct subsidiaries through which we conduct the operations of our Television Broadcasting, Pay Television Networks and Programming Exports segments.
 - (14) Indirect subsidiary through which we conduct certain operations of our Television Broadcasting segment.
 - (15) Indirect subsidiary through which we conduct the operations of our Television Broadcasting, Pay Television Networks and Programming Exports segments.
 - (16) Direct subsidiary through which we conduct the operations of our Gaming Business.

Property, Plant and Equipment

Broadcasting, Office and Production Facilities. Our properties consist primarily of broadcasting, production facilities, television and reporter stations, technical operations facilities, workshops, studios and office facilities, most of which are located in Mexico. We own most of our properties or lease offices and facilities through indirect wholly owned and majority owned subsidiaries. There are no major encumbrances on any of our properties, and we currently do not have any significant plans to construct any new properties or expand or improve our existing properties. Our principal offices, which we own, are located in Santa Fe, a suburb of Mexico City. Each of our television stations has individual transmission facilities located in Mexico, substantially all of which we own. Our television production operations are concentrated in two locations in Mexico City, 16 studios in San Angel and 10 studios located in Chapultepec. We own substantially all of these studios. The local television stations wholly or majority owned by us have in the aggregate 35 production studios. We own other properties used in connection with our operations, including a training center, technical operations facilities, studios, workshops, television and repeater stations, and office facilities. We beneficially own Azteca Stadium, which seats approximately 105,000 people, through a trust arrangement which was renewed in 1993 for a term of 30 years and which may be extended for additional periods. In the aggregate, these properties, excluding Azteca Stadium, currently represent approximately 4.4 million square feet of space, of which over 3.1 million square feet are located in Mexico City and the surrounding areas, and approximately 1.3 million square feet are located outside of Mexico City and the surrounding areas.

Our cable television, radio, publishing and Mexican DTH satellite service businesses are located in Mexico City. We also own the transmission and production equipment and facilities of our radio stations located outside Mexico City.

We also own or lease over a total of 545,253 square feet in properties in the United States, Latin America, Spain and Switzerland in connection with our operations there. We own or lease all of these properties through indirect wholly owned and majority owned subsidiaries. The following table summarizes our real estate and lease agreements in the United States, Latin America, Spain and Switzerland.

Operations	Number of Properties	Location
Television and news activities		
Owned properties	1	San Diego, California
Leased properties	5	Madrid, Spain (2) San Diego, California (1) Miami, Florida (1) Zug, Switzerland (1)
Publishing activities		
Owned properties	1	Miami, Florida (1)
Leased properties	13	Beverly Hills, California (1) New York, New York (1) Medellín, Colombia (2) Cali, Colombia (2) Quito, Ecuador (2) Lima, Perú (1) Santiago, Chile (1) Chacao, Venezuela (1) San Juan, Puerto Rico (1)
Publishing distribution and other activities		
Owned properties	5	Buenos Aires, Argentina (1) Baranquilla, Colombia (1) Guayaquil, Ecuador (3)
Leased properties	5	Quito, Ecuador (1) Guayaquil, Ecuador (1) Buenos Aires, Argentina (1) Panamá, Panamá (1) Santiago, Chile (1)

Satellites. We currently use transponder capacity on five satellites: Satmex V, which reaches Mexico, the United States, Latin America, except Brazil, and the Caribbean; Intelsat 3-R (formerly PAS 3-R), which reaches North America, Western Europe, Latin America and the Caribbean; Solidaridad II, which reaches Mexico; and Galaxy 16 (formerly Galaxy IVR), which reaches Mexico, the U.S. and Canada. The Intelsat 9 (formerly PAS-9) satellite is currently functioning and its period of operation is expected to last 15 years. We are evaluating alternatives to replace Intelsat 9. Intelsat 9 provides coverage of Central America, Mexico, the Southern United States and the Caribbean. Intelsat 9 is currently evaluating the launch of a back-up satellite for such satellite. For a description of guarantees related to our DTH joint venture transponder obligations, see Note 11 to our year-end financial statements.

On September 20, 1996, PanAmSat, our primary satellite service provider, agreed to provide U.S. transponder service on three to five PAS-3R Ku-band transponders, at least three of which were intended to be for the delivery of DTH satellite services to Spain. Under the PAS-3R transponder contract, as amended, we were required to pay for five transponders at an annual fee for each transponder of U.S.\$3.1 million. We currently have available transponder capacity on two 36 MHz C-band transponders on Galaxy 16 (formerly Galaxy IVR), which reaches Mexico, the United States and Canada, due to an exchange with three of the five 54 MHz Ku-band transponders on PAS-3R described above. For each of the 36 MHz C-band transponders we pay an annual fee of approximately U.S.\$3.7 million.

On December 2005, we signed an extension with PanAmSat, for the use of three transponders on PAS-3R satellite until 2009 and 2012 and two transponders in Galaxy IVR (replaced by Galaxy 16) satellite until 2016.

PanAmSat and DIRECTV announced the completion of the sale of PanAmSat on August 20, 2004, to affiliates of Kohlberg, Kravis, Roberts & Co. L.P., The Carlyle Group and Providence Equity Partners, Inc.

On June 19, 2006, the U.S. Federal Communication Commission (FCC) announced that it has approved the merger of Intelsat, Ltd., or Intelsat, with PanAmSat Holding Corporation, or PanAmSat. Intelsat and PanAmSat announced the conclusion of their merger transaction on July 3, 2006. Previously, on August 29, 2005, Intelsat and PanAmSat announced the merger of both companies by means of an acquisition of PanAmSat by Intelsat, creating a world-class communications solution provider. The proposed merger has not had a material effect on our relationship with PanAmSat, although we cannot predict our future relationship with the new company.

On August 14, 2006, Televisa's main network broadcast operation was successfully relocated from satellite Galaxy IVR to Galaxy 16. Televisa's broadcast was formerly conducted through Galaxy IVR, which experienced an irreparable damage that shortened its expected operational life.

On February 1, 2007, Intelsat renamed some of their satellite fleet recently acquired with the merger with PanAmSat: current names for PAS-9 and PAS-3R are IS-9 and IS-3R respectively. Intelsat kept the name of Galaxy 16.

With several new domestic and international satellites having been launched recently, and with several others scheduled for launch in the next few years, including those scheduled for launch by the new Intelsat company, we believe that we will be able to secure satellite capacity to meet our needs in the future, although no assurance can be given in this regard.

Insurance. We maintain comprehensive insurance coverage for our offices, equipment and other property, subject to some limitations, that result from a business interruption due to natural disasters or other similar events, however, we do not maintain business interruption insurance for our DTH business in case of loss of satellite transmission.

Material Contracts

We have been granted a number of concessions by the Mexican government that authorize us to broadcast our programming over our television and radio stations and our cable and DTH systems. These concessions are described under “— Regulation”. If we are unable to renew, or if the Mexican government revokes, any of the concessions for our significant television stations, our business would be materially adversely affected. See “Risk Factors — 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”.

We operate our DTH satellite service in Mexico, Innova, through our DTH joint venture partners in Latin America, excluding Mexico and Brazil, through a partnership with DIRECTV. See “— DTH Joint Ventures”.

We completed a refinancing of our indebtedness in 2000, which refinancing involved a tender offer for our outstanding Series A Senior Notes, Series B Senior Notes and Senior Discount Debentures and the amendment of the related indentures, as well as the issuance of Ps.3.0 billion (nominal) as of April 14, 2000 of UDI-denominated notes. We also amended our working capital facility with Banamex in July 2000. We issued U.S.\$200.0 million aggregate principal amount of 8 5/8% Senior Notes due 2005 in August 2000, U.S.\$300.0 million aggregate principal amount of 8% Senior Notes due 2011 in September 2001, refinanced approximately U.S.\$100.0 million of our indebtedness through a five-year U.S.\$100 million term loan facility in December 2001 and U.S.\$300 million in aggregate principal amount of 8.5% Senior Notes due 2032. We redeemed all of our remaining Senior Discount Debentures and terminated the related indentures in May 2001. In addition, in May 2003, we repaid all of the remaining Series A Senior Notes, which matured in May 2003, with the net proceeds from a long-term credit agreement that we entered into with a Mexican bank for an aggregate principal amount of Ps.800.0 million. Also, in March 2005, we completed a refinancing involving a tender offer for each of our outstanding U.S.\$300 million aggregate principal amount of 8.00% Senior Notes due 2011 and our outstanding Ps. 3.0 billion (nominal) as of April 14, 2000 of our UDI-denominated notes due 2007. As part of this refinancing, we also issued U.S.\$400 million aggregate principal amount of 6 5/8% Senior Notes due 2025. In May 2005, through a reopening of the same series of note, we issued an additional U.S.\$200 million aggregate principal amount of 6 5/8% Senior Notes due 2025. In addition, we repaid all of the remaining Series B Senior Notes due 2005. For a description of the material terms of the amended indentures related to the Series A Senior Notes and Series B Senior Notes, the UDI-denominated notes, our 8% Senior Notes due 2011, our 8.5% Senior Notes due 2032 and our 6 5/8% Senior Notes due 2025, our facilities with a Mexican bank, our five-year term U.S.\$100.0 million loan facility and our Ps.800 million long-term credit agreement, see “Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Refinancings” and “Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

On May 17, 2004, we entered into a long-term credit agreement with a Mexican bank for an aggregate amount of Ps.1,162.5 million, which matures in 2009. The annual interest rate is 9.70%. See “Management’s Discussion and Analysis of Financial Condition — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

On October 22, 2004, we entered into another long-term credit agreement with a Mexican bank for an aggregate amount of Ps.2,000 million which matures in 2012. The interest rate is 10.35%. For more information regarding this credit agreement, see “Management’s Discussion and Analysis of Financial Condition — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

In March and April 2006, our consolidated variable interest entity, Sky Mexico, entered into two 10-year loans with Mexican banks in the aggregate principal amount of Ps.3,500.0 million to fund, together with cash on hand, a tender offer and consent solicitation made in March 2006, which expired in April 2006, for any or all of the Senior Notes due 2013, and to prepay a principal amount of approximately U.S.\$288.7 million or 96.2% of these securities. The total aggregate amount paid by Sky Mexico in connection with this tender offer was of approximately U.S.\$324.3 million, which included related consents and accrued and unpaid interest. The 10-year Sky Mexico indebtedness is guaranteed by us and includes a Ps.2,100.0 million loan with an annual interest rate of 8.74% and a Ps.1,400.0 million loan with an annual interest rate of 8.98% for the first three years, and the Mexican interbank interest rate, or THIE, plus 24 basis points for the remaining seven years. Interest on these two 10-year loans is payable on a monthly basis.

Our transactions and arrangements with related parties are described under “The Principal Stockholders and Related Party Transactions — Related Party Transactions — Related Party Transactions”.

For a description of our material transactions and arrangements with Univision, see “— Univision”.

Legal Proceedings

In June 2003, we were notified by the *Secretaría de Hacienda y Crédito Público*, or the Mexican tax authority, of a federal tax assessment for approximately Ps.302 million plus approximately Ps.658.7 million of penalties and surcharges. The assessment, which relates to an alleged assets tax liability for the year ended December 31, 1994, was originally brought by the Mexican tax authority in 1999, but was dismissed in 2002 on procedural grounds. We challenged the assessment before the Federal Tax Court. On August 31, 2006 the Federal Tax Court confirmed the assessment in the first instance. We challenged the resolution of the Federal Tax Court before the Collegiate Administrative Tribunals. Currently the second instance resolution is pending. We believe that this claimed assessment is without merit, and we are vigorously defending against it before the appropriate judicial authority, although no assurances can be given as to the outcome of this dispute. We have not accounted for any provisions in connection with this matter.

In October 2001, a claim for damages was filed in connection with an alleged copyright infringement on a technical written work titled *La Lupa*, or Catch the Clue. In November 2002, a final judgment was entered against us whereby we were declared liable for an amount equal to 40% of the income generated from such work. In January 2005, a motion to enforce the final judgment was filed and the parties are currently in the process of arguing before the court the amounts that we will be liable to pay to plaintiffs. Although we currently believe that the ultimate amount of damages will not be material, no assurances can be given in this regard.

We have been named as a defendant in a first amended complaint dated February 23, 2006 purportedly filed by Welk Group Inc., or Welk, in California Superior Court. The complaint alleges that plaintiff owns rights to three sound recordings that we (and others) supposedly used without permission as background music (i) in certain episodes of three of our television shows (*El Chavo del 8*, *El Chapulin Colorado* and *Chespirito*) and (ii) possibly in ring tones and video games. The plaintiff has also named our distributors in the United States (Univision, Galavision and Xenon Pictures), as well as Roberto Gomez Bolaños, the original producer of the shows, as defendants. Plaintiff seeks to recover “all gains, direct and indirect profits” from defendants’ alleged wrongful conduct. We believe that the claim by Welk is without merit, and intend to vigorously dispute this claim, although we cannot assure you as to the outcome of the claim.

On October 18, 2004, Darlene Investments, LLC, or Darlene, a minority owner of DTVLA, filed an action in the Circuit Court of the 11th Judicial District in and for Miami-Dade County, Florida against DTVLA, DIRECTV, DIRECTV International, Inc., DIRECTV Latin America Holdings, Inc. (together, the “DIRECTV Defendants”); News Corp. Ltd.; Televisa; MCOP; Innova and Globo Comunicacoes e Participacoes, S.A. The complaint sought an injunction based on allegations that the DIRECTV Defendants breached fiduciary and contractual duties to Darlene by entering into transactions with MCOP, Sky Brasil Servicos Ltda. and Innova in respect of their respective direct-to-home satellite services and that the remaining defendants aided and abetted the DIRECTV Defendant’s alleged breaches of their contractual and fiduciary duties. The complaint also asserted claims for monetary damages

against the DIRECTV Defendants and News Corp. based on fraud and tortious interference with contract. The DIRECTV Defendants moved to stay the action pending arbitration on the grounds that disputes between the DIRECTV Defendants and Darlene were subject to arbitration under their relevant contracts. On November 3, 2005, the motion to stay was granted and the judge essentially stayed all proceedings pending the arbitration among Darlene, DIRECTV and DTVLA. On January 1, 2007 Darlene filed a notice of voluntary dismissal of action therefore terminating the above-mentioned proceeding.

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 alleging that Univision breached the PLA, and 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 Telefutura 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 us and Televisa, S.A. de C.V. 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. We have recognized these payments made by Univision as customer deposits and advances in its consolidated balance sheets.

In January 2007, in the District Court Action, the court reset the discovery cut-off date in the case for June 29, 2007, and the trial date for October 30, 2007. Televisa believes the counterclaims and affirmative defenses asserted by Univision are without merit and is defending them vigorously.

The company expects to explore with Univision the possibility of a resolution of issues between them in the litigation potentially including possible joint endeavors or interests. There is no assurance that any such agreement will be reached.

See "Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision and the Recent Sale of Univision May Affect Our Relationship With Univision".

On May 25, 2005, the Mexican Antitrust Commission notified us that, in response to a claim by a third party, it had commenced an investigation into alleged violations of the Mexican Antitrust law by two of our subsidiaries relating to their unilateral refusal to provide certain pay and free television signals to a cable provider in Piedras Negras, Coahuila. On May 9, 2006, the Mexican Antitrust Commission notified us that it had determined that the two subsidiaries had committed violations of the Mexican Antitrust Laws. On June 20, 2006, we filed a request for review of the ruling at the Mexican Antitrust Commission. On September 18, 2006, the Commission revoked its prior decision, ruling that neither of our subsidiaries had been engaged in monopolistic practices. This decision is final and binding.

There are other various legal actions and other claims pending against us that are incidental to the ordinary course of our business. Our management does not consider these actions or claims to be material. See Note 11 to our year-end financial statements.

MANAGEMENT

Board of Directors

The following table sets forth the names of our current directors and their alternates, their dates of birth, their principal occupation, their business experience, including other directorships, and their years of service as directors or alternate directors. Each of the following directors and alternate directors were elected or ratified for a one-year term by our stockholders at our April 27, 2007 annual stockholders' meeting.

<u>Name and Date of Birth</u>	<u>Principal Occupation</u>	<u>Business Experience</u>	<u>First Elected</u>
Emilio Fernando Azcárraga Jean (02/21/68)	Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee of Grupo Televisa	Member of the Board of Banco Nacional de México, S.A., former Member of the Board of Teléfonos de México, S.A.B. de C.V. and former Vice Chairman of the Board of Univision	December 1990
<i>In alphabetical order:</i>			
Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President and Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former Chief Financial Officer of Grupo Televisa and former Alternate Member of the Board of Univision and Partner, Mijares, Angoitia, Cortés y Fuentes, S.C. (1994-1999)	April 1998
María Asunción Aramburuzabala Larregui (05/02/63)	Chief Executive Officer of Tresalia Capital, S.A. de C.V.	Vice Chairwoman of the Board and Member of the Executive Committee of Grupo Modelo, S.A.B. de C.V. and Grupo Televisa, S.A.B. and Member of the Boards of Grupo Financiero Banamex, S.A. de C.V., Banco Nacional de México, S.A. and América Móvil, S.A.B. de C.V.	July 2000
Pedro Aspe Armella (07/07/50)	Chairman of the Board and Chief Executive Officer of Evercore/Protego Asesores, S.A. de C.V.	Member of the Boards of The McGraw-Hill Companies and Xignux and former Member of the Board of Vector Casa de Bolsa, S.A. de C.V.	April 2003
Julio Barba Hurtado (05/20/33)	Legal Advisor to the Board and the Executive Committee and Secretary to the Audit Committee of Grupo Televisa	Former Legal Advisor to Televisa, S.A. de C.V.	December 1990
José Antonio Bastón Patiño (04/13/68)	Corporate Vice President of Television and Member of the Executive Committee of Grupo Televisa	Former Vice President of Operations of Grupo Televisa, and former General Director of Programming of Grupo Televisa and former Member of the Board of Univision	April 1998
Alberto Bailleres González (08/22/31)	President of Grupo Bal, S.A. de C.V.	Member of the Boards of Valores Mexicanos, Casa de Bolsa, S.A. de C.V., Desc., S.A.B. de C.V., Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), Grupo Financiero BBVA Bancomer, S.A. de C.V., Industrias Peñoles, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B., Grupo Palacio de Hierro, S.A.B. de C.V., Profuturo GNP, S.A. de C.V., Aseguradora Porvenir GNP, S.A. de C.V. and President of the Board of Governors of the Instituto Tecnológico Autónomo de México, A.C. (ITAM)	April 2005

Manuel Jorge Cutillas Covani (03/01/32)	Director of Grupo Bacardi Limited	Member of the Board of Bacardi Limited and former Chairman of the Board of Bacardi Limited	April 1994
Carlos Fernández González (09/29/66)	Chief Executive Officer and Chairman of the Board of Grupo Modelo, S.A.B. de C.V.	Member of the Boards of Anheuser-Busch Companies, Inc., Grupo Financiero Santander, S.A.B. de C.V. and Emerson Electric, Co. Member of the Board and Partner of Finacless Mexico, S.A.B. de C.V. and Partner and CEO of Tenedora San Carlos, S.A. de C.V.	July 2000
Bernardo Gómez Martínez (07/24/67)	Executive Vice President and Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former President of the Mexican Chamber of Television and Radio Broadcasters and Deputy to the President of Grupo Televisa	April 1999
Claudio X. González Laporte (05/22/34)	Chairman of the Board and Chief Executive Officer of Kimberly-Clark de México, S.A.B. de C.V.	Member of the Boards of Kimberly-Clark Corporation, General Electric Co., Kellogg Company, Home Depot, Inc., Alfa, S.A.B. de C.V., Grupo Carso, S.A.B. de C.V., América Móvil, S.A.B. de C.V. and Investment Company of America, and former President of the Mexican Business Council	April 1997
Roberto Hernández Ramírez (03/24/42)	Chairman of the Board of Banco Nacional de México, S.A.	Former Chief Executive Officer of Banco Nacional de México, S.A. and Member of the Boards of Grupo Televisa, S.A.B., Citigroup, Inc., Gruma, S.A.B. de C.V., Grupo Financiero Banamex Accival, S.A. de C.V., and the Nature Conservancy and World Monuments Fund	April 1992
Enrique Krauze Kleinbort (09/17/47)	Director and Partner of Editorial Clío Libros y Videos, S.A. de C.V.	Director and Partner of Editorial Vuelta, S.A. de C.V.	April 1996
Germán Larrea Mota Velasco (10/26/53)	Chairman of the Board, Chief Executive Officer and President of Grupo México, S.A.B. de C.V.	Chairman of the Board and Chief Executive Officer of Southern Copper Corporation and Grupo Ferroviario Mexicano, S.A. de C.V., former Chairman of the Board and former Chief Executive Officer of Asarco Incorporated and former Member of the Boards of Banco Nacional de México, S.A. and Bolsa Mexicana de Valores, S.A. de C.V.	April 1999
Gilberto Pérezalonso Cifuentes (03/06/43)	Financial Advisor and Member of the Audit and Corporate Practices Committee of Grupo Televisa	Former Chief Executive Officer of Corporación GEO, S.A.B. de C.V., Chief Executive Officer of Aerovías de Mexico, S.A. de C.V., Member of the Boards of Grupo Gigante, S.A.B. de C.V., Consorcio Aeroméxico, S.A.B. de C.V., Telefonica Moviles Mexico, S.A. de C.V. Southern Peru Copper Corporation and Afore Banamex, S.A.	April 1998

José Antonio Fernández Carbajal (2/15/54)	Chairman of the Board and CEO of Fomento Económico Mexicano, S.A.B. de C.V. and Coca-Cola Femsa, S.A.B. de C.V.	Member of the Boards of BBVA Bancomer, S.A., Grupo Industrial Saltillo, S.A.B. de C.V., Industrias Peñoles, S.A.B. de C.V., and Grupo Industrial Bimbo, S.A.B. de C.V.	April 2007
Alejandro Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing and Member of the Executive Committee of Grupo Televisa	Stockholder of Grupo TV Promo, S.A. de C.V. and former Advisor to former Mexican President Ernesto Zedillo	April 1998
Fernando Senderos Mestre (03/03/50)	Chairman of the Board and Chief Executive Officer of DESC, S.A.B. de C.V.	Member of the Boards of Teléfonos de México, S.A.B. de C.V., Alfa, S.A.B. de C.V., Kimberly-Clark de México, S.A.B. de C.V. and Industrias Peñoles, S.A.B. de C.V.	April 1992
Enrique F. Senior Hernández (08/03/43)	Executive Vice President and Managing Director of Allen & Company LLC	Member of the Boards of Pics Retail Networks, Coca-Cola Femsa, S.A.B. de C.V., Cinemark USA Inc. and Non Traditional Media	April 2001
Lorenzo H. Zambrano Treviño (03/27/44)	Chairman of the Board and Chief Executive Officer of Cemex, S.A.B. de C.V.	Member of the Boards of Grupo Televisa, S.A.B, Alfa, S.A.B. de C.V., IBM, Citigroup, Allianz, Grupo Financiero Bancomer, S.A. de C.V. Empresas ICA, Sociedad Controladora, S.A.B. de C.V., Fomento Económico Mexicano, S.A.B. de C.V. and Vitro, S.A.B. de C.V.	April 1999

Alternate Directors:

In alphabetical order:

Herbert A. Allen III (06/08/67)	President of Allen & Company LLC	Former Managing Director of Allen & Company Incorporated, Member of the Board of Convera Corporation	April 2002
Juan Pablo Andrade Frich (06/05/64)	Asset Manager of Tresalia Capital, S.A. de C.V.	Former Member of the Executive Committee of Grupo Televisa, S.A.B., former Member of the Audit Committee of Grupo Televisa, S.A.B., former Member of the Board of Televisión and former Member of the Board of Empresas Cablevisión, S.A.B. de C.V.	July 2000
Lucrecia Aramburuzabala Larregui de Fernandez (03/29/67)	Private Investor	Former employee of Tresalia Capital, S.A. de C.V. and Member of the Board of Grupo Modelo, S.A.B. de C.V. and former Member of the Board of Televisión	July 2000
Félix José Araujo Ramírez (03/20/51)	Vice President Grupo Televisa; President of Telesistema Mexicano, S.A. de C.V.	Former Private Investor in Promoción y Programación de la Provincia, S.A. de C.V., Promoción y Programación del Valle de Lerma, S.A. de C.V., Promoción y Programación del Sureste, S.A. de C.V., Teleimagen Profesional del Centro, S.A. de C.V. and Estrategia Satélite, S.C.	April 2002
Joaquín Balcárcel Santa Cruz (01/04/69)	Vice President — Legal and General Counsel and Prosecretary of the Audit Committee of Grupo Televisa	Former Legal Director, Vice President and General Counsel of Grupo Televisa and former associate at Martínez, Algaba, Estrella, De Haro y Galván-Duque, S.C.	April 2000

Rafael Carabias Príncipe (11/13/44)	Chief Financial Officer of Gestora de Inversiones Audiovisuales La Sexta, S.A.	Former Member of the Boards of Promecap, S.C. and Grupo Financiero del Sureste, S.A., former Director of Corporate Finance of Scotiabank Inverlat, S.A. and former Vice President of Administration of Grupo Televisa	April 1999
Francisco José Chévez Robelo (07/03/29)	Retired Partner of Chévez, Ruiz, Zamarripa y Cía., S.C. and Chairman of the Audit Committee of Grupo Televisa	Member of the Board of Empresas Cablevisión, S.A.B. de C.V. and former Partner of Chévez, Ruíz, Zamarripa y Cía., S.C.	April 2003
José Luis Fernández Fernández (05/18/59)	Partner of Chévez, Ruíz, Zamarripa y Cia., S.C.	Former Member of the Boards of Alexander Forbes, S.A. de C.V. and Afore Bital, S.A.	April 2002
Salvi Rafael Folch Viadero (08/16/67)	Chief Financial Officer of Grupo Televisa	Former Vice President of Financial Planning of Grupo Televisa, Chief Executive Officer and Chief Financial Officer of Comercio MAS, S.A. de C.V. and former Vice Chairman of Banking Supervision of the National Banking and Securities Commission	April 2002
Leopoldo Gómez González Blanco (04/06/59)	Vice President of News of Grupo Televisa	Former Director of Information to the President of Grupo Televisa	April 2003
Jorge Agustín Lutteroth Echegoyen (01/24/53)	Vice President and Corporate Controller of Grupo Televisa	Former Senior Partner of Coopers & Lybrand Despacho Roberto Casas Alatríste, S.C.	April 2000
Alberto Javier Montiel Castellanos (11/22/45)	Director of Montiel Font y Asociados, S.C. and Member of the Audit and Corporate Practices Committee of Grupo Televisa	Former Tax Director of Wal-Mart de México, S.A.B. de C.V.	April 2002
Raúl Morales Medrano (05/12/70)	Partner of Chévez, Ruiz, Zamarripa y Cia., S.C.	Former Senior Manager of Chévez, Ruiz, Zamarripa y Cia., S.C.	April 2002

María Asunción Aramburuzabala Larregui and Lucrecia Aramburuzabala Larregui are sisters. Carlos Fernández González is the husband of Lucrecia Aramburuzabala Larregui and the brother-in-law of María Asunción Aramburuzabala Larregui.

María Asunción Aramburuzabala Larregui and Carlos Fernández González were beneficiaries of the Investor Trust, which before August 17, 2005 was one of our major stockholders through the ownership of 5.15% of the total issued and outstanding Shares. These Shares were then held in the Stockholder Trust. See “The Principal Stockholders and Related Party Transactions — The Major Stockholders”. Pursuant to the Stockholder Trust agreement, the Investor Trust was entitled to nominate one individual to our Board of Directors so long as the Shares it held through the Stockholder Trust constituted more than 2% of the total issued and outstanding Shares. See “The Principal Stockholders and Related Party Transactions — The Major Stockholders” for a further discussion of the rights of the Investor Trust.

Our Board of Directors

General. The management of our business is vested in our Board of Directors. Our bylaws currently provide for a Board of Directors of 20 members, at least 25% of which must be “independent directors” under Mexican law (as described below), with the same number of alternate directors. The Mexican Securities Market Law provides that the following persons, among others, do not qualify as independent:

- our principals, employees or managers, as well as the statutory auditors, or *comisarios*, of our subsidiaries, including those individuals who have occupied any of the described positions within a period of 12 months preceding the appointment;
- individuals who have significant influence over our decision making processes;
- controlling stockholders, in our case, the beneficiaries of the Stockholder Trust;
- partners or employees of any company which provides advisory services to us or any company which is part of the same economic group as we are and that receives 10% or more of its income from us;
- significant clients, suppliers, debtors or creditors, or members of the Board or executive officers of any such entities; or
- spouses, family relatives up to the fourth degree, or cohabitants of any of the aforementioned individuals.

Election of Directors. A majority of the members of our Board of Directors must be Mexican nationals and must be elected by Mexican stockholders. At our annual stockholders' meeting on April 27, 2007 and at our annual meetings thereafter, a majority of the holders of the A Shares voting together elected, or will have the right to elect, eleven of our directors and corresponding alternates and a majority of the holders of the B Shares voting together elected, or will have the right to elect, five of our directors and corresponding alternates. At our special stockholders' meetings, a majority of the holders of the L Shares and D Shares will each continue to have the right to elect two of our directors and alternate directors, each of which must be an independent director. Ten percent holders of A Shares, B Shares, L Shares or D Shares will be entitled to nominate, a director and corresponding alternates. Each alternate director may vote in the absence of a corresponding director. Directors and alternate directors are elected for one-year terms by our stockholders at each annual stockholders' meeting, and each serves for up to a 30 day term once the one-year appointment has expired or upon resignation; in this case, the Board of Directors is entitled to appoint provisional directors, without the approval of the stockholders meeting. All of the current and alternate members of the Board of Directors were elected by our stockholders at our 2007 annual stockholders' special and general meetings, which were held on April 27, 2007.

Quorum; Voting. In order to have a quorum for a meeting of the Board of Directors, generally at least 50% of the directors or their corresponding alternates must be present. However, in the case of a meeting of the Board of Directors to consider certain proposed acquisitions of our capital stock, at least 75% of the directors or their corresponding alternates must be present. In the event of a deadlock of our Board, our Chairman will have the deciding vote.

Meetings; Actions Requiring Board Approval. Our bylaws provide that our Board must meet at least once a quarter, and that our Chairman, 25% of the Board, our Secretary or alternate Secretary or the Chairman of the Audit and Corporate Practices Committee may call for a Board meeting.

Pursuant to the Mexican Securities Market Law and our bylaws, our Board of Directors must approve, among other matters:

- our general strategy;
- with input from the Audit and Corporate Practices Committee, on an individual basis: (i) any transactions with related parties, subject to certain limited exceptions, (ii) the appointment of our Chief Executive Officer, his compensation and removal for justified causes; (iii) our financial statements and those of our subsidiaries, (iv) unusual or non-recurrent transactions and any transactions or series of related transactions during any calendar year that involve (a) the acquisition or sale of assets with a value equal to or exceeding 5% of our consolidated assets; or (b) the giving of collateral or guarantees or the assumption of liabilities, equal to or exceeding 5% of our consolidated assets, (v) agreements with our external auditors; and (vi) accounting policies, within GAAP;
- creation of special committees and granting them the power and authority, provided that the committees will not have the authority which by law or under our by-laws is expressly reserved for the stockholders or the Board;
- matters related to antitakeover provisions provided for in our bylaws; and
- the exercise of our general powers in order to comply with our corporate purpose.

Duty of Care and Duty of Loyalty. The Mexican Securities Market Law imposes a duty of care and a duty of loyalty on directors. The duty of care requires our directors to act in good faith and in the best interests of the company. In carrying out this duty, our directors are required to obtain the necessary information from the Chief Executive Officer, the executive officers, the external auditors or any other person to act in the best interests of the company. Our directors are liable for damages and losses caused to us and our subsidiaries as a result of violating their duty of care.

The duty of loyalty requires our directors to preserve the confidentiality of information received in connection with the performance of their duties and to abstain from discussing or voting on matters in which they have a conflict of interest. In addition, the duty of loyalty is breached if a stockholder or group of stockholders is knowingly favored or if, without the express approval of the Board of Directors, a director takes advantage of a corporate opportunity. The duty of loyalty is also breached, among other things, by (i) failing to disclose to the Audit and Corporate Practices Committee or the external auditors any irregularities that the director encounters in the performance of his or her duties; or (ii) disclosing information that is false or misleading or omitting to record any transaction in our records that could affect our financial statements. Directors are liable for damages and losses caused to us and our subsidiaries for violations of this duty of loyalty. This liability also extends to damages and losses caused as a result of benefits obtained by the director or directors or third parties, as a result of actions of such directors.

Our directors may be subject to criminal penalties of up to 12 years' imprisonment for certain illegal acts involving willful misconduct that result in losses to us. Such acts include the alteration of financial statements and records.

Liability actions for damages and losses resulting from the violation of the duty of care or the duty of loyalty may be exercised solely for our benefit and may be brought by us, or by stockholders representing 5% or more of our capital stock, and criminal actions only may be brought by the Mexican Ministry of Finance, after consulting with the Mexican National Banking and Securities Commission. As a safe harbor for directors, the liabilities specified above (including criminal liability) will not be applicable if the director acting in good faith (i) complied with applicable law, (ii) made the decision based upon information provided by our executive officers or third-party experts, the capacity and credibility of which could not be subject to reasonable doubt, (iii) selected the most adequate alternative in good faith or if the negative effects of such decision could not have been foreseeable, and (iv) complied with stockholders' resolutions provided the resolutions do not violate applicable law.

The members of the board are liable to our stockholders only for the loss of net worth suffered as a consequence of disloyal acts carried out in excess of their authority or in violation of our bylaws.

In accordance with the Mexican Securities Market Law, supervision of our management is entrusted to our Board of Directors, which shall act through an Audit and Corporate Practices Committee for such purposes, and to our external auditor. The Audit and Corporate Practices Committee (together with the Board of Directors) replaces the statutory auditor (*comisario*) that previously had been required by the Mexican Corporations Law.

Audit and Corporate Practices Committee. The Audit and Corporate Practices Committee is currently composed of three members: Francisco José Chévez Robelo, the Chairman, Alberto Montiel Castellanos and Gilberto Pérezalonso Cifuentes. These members were elected at our ordinary stockholders' meeting held on April 27, 2007 and Board of Directors Meeting held on October 27, 2006. The Chairman of the Audit and Corporate Practices Committee is appointed at our stockholders' meeting, and the board of directors appoints the remaining members.

The Audit and Corporate Practices Committee is responsible for, among other things: (i) supervising our external auditors and analyzing their reports, (ii) analyzing and supervising the preparation of our financial statements, (iii) informing the Board of Directors of our internal controls and their adequacy, (iv) requesting reports of our Board of Directors and executive officers whenever it deems appropriate, (v) informing the Board of any irregularities that it may encounter, (vi) receiving and analyzing recommendations and observations made by the stockholders, directors, executive officers, our external auditors or any third party and taking the necessary actions, (vii) calling stockholders' meetings, (viii) supervising the activities of our Chief Executive Officer, (ix) providing an annual report to the Board of Directors, (x) providing opinions to our Board of Directors, (xi) requesting and obtaining opinions from independent third parties and (xii) assisting the Board in the preparation of annual reports and other reporting obligations.

The Chairman of the Audit and Corporate Practices Committee, shall prepare an annual report to our Board of Directors with respect to the findings of the Audit and Corporate Practices Committee, which shall include, among other things (i) the status of the internal controls and internal audits and any deviations and deficiencies thereof, taking into consideration the reports of external auditors and independent experts, (ii) the results of any preventive and corrective measures taken based on results of investigations in

respect of non-compliance of operating and accounting policies, (iii) the evaluation of external auditors, (iv) the main results from the review of our financial statements and those of our subsidiaries, (v) the description and effects of changes to accounting policies, (vi) the measures adopted as result of observations of stockholders, directors, executive officers and third parties relating to accounting, internal controls, and internal or external audits; (vii) compliance with stockholders' and directors' resolutions; (viii) observations with respect to relevant directors and officers; (ix) the transactions entered into with related parties; and (x) the remunerations paid to directors and officers.

Committees of Our Board of Directors. Our Board of Directors has an Executive Committee. Each member is appointed for a one-year term at each annual general stockholders' meeting. Our bylaws provide that the Executive Committee may generally exercise the powers of the Board of Directors, except those expressly reserved for the Board in our bylaws or by applicable law. The Executive Committee currently consists of Emilio Azcárraga Jean, Alfonso de Angoitia Noriega, Bernardo Gómez Martínez, José Antonio Bastón Patiño, Julio Barba Hurtado, and Alejandro Quintero Iñiguez.

Executive Officers

The following table sets forth the names of our executive officers, their dates of birth, their current position, their prior business experience and the year in which they were appointed to their current positions:

<u>Name and Date of Birth</u>	<u>Principal Position</u>	<u>Business Experience</u>	<u>First Appointed</u>
Emilio Fernando Azcárraga Jean (02/21/68)	Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee of Grupo Televisa	Member of the Board of Banco Nacional de México, S.A., former Member of the Board of Teléfonos de México, S.A.B. de C.V. and former Vice Chairman of the Board of Univision	March 1997
<i>In alphabetical order:</i>			
Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President and Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former Chief Financial Officer of Grupo Televisa, Member of the Board and of the Executive Committee of Grupo Televisa, former Alternate Member of the Board of Univision and Partner, Mijares, Angoitia, Cortés y Fuentes, S.C. (1994-1999)	January 2004
Félix José Araujo Ramírez (03/20/51)	Vice President of Grupo Televisa, President of Telesistema Mexicano, S.A. de C.V.	Former Private Investor in Promoción y Programación de la Provincia, S.A. de C.V., Promoción y Programación del Valle de Lerma, S.A. de C.V., Promoción y Programación del Sureste, S.A. de C.V., Teleimagen Profesional del Centro, S.A. de C.V. and Estrategia Satélite, S.C.	January 1993
Maximiliano Arteaga Carlebach (12/06/42)	Vice President of Operations, Technical Service and Television Production of Grupo Televisa	Former Vice President of Operations — Televisa Chapultepec, former Vice President of Administration — Televisa San Angel and Chapultepec and former Vice President of Administration and Finance of Univisa, Inc.	March 2002
José Antonio Bastón Patiño (04/13/68)	Corporate Vice President of Television of Grupo Televisa	Member of the Board and of the Executive Committee of Grupo Televisa, former Vice President of Operations of Grupo Televisa, former General Director of Programming of Grupo Televisa and former Member of the Board of Univision	February 2001

Jean Paul Broc Haro (08/08/62)	Chief Executive Officer of Cablevisión	Former General Manager of Pay Television Networks of Grupo Televisa	February 2003
Salvi Folch Viadero (08/16/67)	Chief Financial Officer of Grupo Televisa	Former Vice President of Financial Planning of Grupo Televisa, Chief Executive Officer and Chief Financial Officer of Comercio MAS, S.A. de C.V. and former Vice Chairman of Banking Supervision of the National Banking and Securities Commission	January 2004
Bernardo Gómez Martínez (07/24/67)	Executive Vice President and Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Former Deputy to the President of Grupo Televisa, member of the Board and of the Executive Committee of Televisa and former President of the Mexican Chamber of Television and Radio Broadcasters	January 2004
Eduardo Michelsen Delgado (03/03/71)	Chief Executive Officer of Editorial Televisa	Former Vice President of Operations of Editorial Televisa Internacional	January 2002
Jorge Eduardo Murguía Orozco (01/25/50)	Vice President of Production of Grupo Televisa	Former Administrative Vice President and former Director of Human Resources of Televisa	March 1992
Alejandro Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing of Grupo Televisa	Member of the Board and of the Executive Committee of Grupo Televisa, Stockholder and Member of the Board of Grupo TV Promo, S.A. de C.V. and former advisor to former Mexican President Ernesto Zedillo	April 1998
Francisco Javier Mérida Guzmán (07/31/67)	Chief Executive Officer Sistema Radiópolis	Former General Director of Cadena SER Former National Sales Manager of Cadena SER	October 2006
Alexandre Moreira Penna Da Silva (12/25/54)	Chief Executive Officer of Innova	Former Vice President of Corporate Finance of Grupo Televisa and former Managing Director of JPMorgan Chase	January 2004

Compensation of Directors and Officers

For the year ended December 31, 2006, we paid our directors, alternate directors and executive officers for services in all capacities aggregate compensation of approximately nominal Ps. 402 million (U.S.\$36.5 million using the Interbank Rate, as reported by Banamex, as of December 31, 2006).

We made Ps.92.1 million in contributions to our pension and seniority premium plans on behalf of our directors, alternate directors and executive officers in 2006. Projected benefit obligations as of December 31, 2006 were approximately Ps.56.3 million.

Use of Certain Assets and Services

We maintain an overall security program for Mr. Azcárraga, other top executives, their families, in some cases, and for other specific employees and service providers, as permitted under our “Política de Seguridad” policy, due to business-related security concerns. We refer to the individuals described above as Key Personnel. Our security program includes the use of our personnel, assets and services to accomplish security objectives.

According to this program, we require, under certain circumstances, that certain authorized Key Personnel use aircrafts, either owned or leased by us, for non-business, as well as business travel for our benefit rather than as a personal benefit. The use of such aircrafts is carried out in accordance with, among others, our “Política de Seguridad” policy, which establishes guidelines under which

authorized Key Personnel may use such aircrafts for personal purposes. If the use of such aircrafts for personal purposes exceeds the specified number of hours, the relevant Key Personnel must reimburse us for the cost of operating the aircrafts during the excess time of use. The aggregate amount of compensation set forth in “— Compensation of Directors and Officers” does include the cost to us of providing this service.

In addition, certain Key Personnel is provided with security systems and equipment for their residences and/or automobiles and with security advice and personal protection services at their residences. The use of these security services is provided in accordance with our “Política de Seguridad” policy. The cost of these systems and services are incurred as a result of business-related concerns and are not considered for their personal benefit. As a result, the Company has not included such cost in “— Compensation of Directors and Officers”.

Stock Purchase Plan

Pursuant to the terms of our stock purchase plan, as amended, we may grant eligible participants, who consist of key executives and other personnel, rights to purchase CPOs and/or CPO equivalents or we may conditionally sell CPOs and/or CPO equivalents to these participants. Our stockholders have authorized the allocation of up to 8% of our capital stock to this and any other plans we may establish from time to time for the benefit of our employees. See “— Long-Term Retention Plan”. Pursuant to the stock purchase plan, the exercise or sale prices of the CPOs and/or CPO equivalents are based on then current market prices at the time the options are granted or the conditional sale agreement is executed. We have implemented the stock purchase plan by means of a special purpose trust. The CPOs, CPO equivalents and underlying shares that are part of the stock purchase plan will be held by the special purpose trust and will be voted with the majority of the CPOs, CPO equivalents and underlying shares represented at the relevant meeting until these securities are transferred to plan participants or otherwise sold in the open market. In accordance with the stock purchase plan, our President and the technical committee of the special purpose trust have broad discretion to make decisions related to the stock purchase plan, including the ability to accelerate vesting terms, to release or transfer CPOs and/or CPO equivalents, subject to conditional sale agreements, to plan participants in connection with sales for purposes of making the payment of the related purchase price, and to implement amendments to the stock purchase plan, among others.

The stock purchase plan has been implemented in several stages since 1999, through a series of conditional sales to plan participants of CPOs. The conditional sale agreements entered into by plan participants since the implementation of the stock purchase plan through the fourth quarter of 2001 were terminated for several reasons, including the failure of plan participants to pay the purchase price and the fact that the average closing price per CPO on the Mexican Stock Exchange fell below certain thresholds for a 15 trading day period.

As of March 2004, allocations and conditional sale agreements have been made or executed with respect to approximately 118 million CPOs, generally at exercise prices ranging from approximately Ps.11.21 to Ps.19.10 (approximately U.S.\$1.01 to U.S.\$1.73) per CPO (in certain cases, adjusted upwards by a specified percentage ranging from 2% to 6%, depending upon whether the purchase price is paid in Pesos or in U.S. Dollars, generally from the date of the relevant conditional sale agreement through the date of payment(s)). Pursuant to the related conditional sale agreements, rights to approximately 30.0 million CPOs vested in February 2003, approximately 17.5 million CPOs vested in March 2004, approximately 17.5 million CPOs vested in March 2005, approximately 9.5 million CPOs vested in July 2005, approximately 18.7 million vested in March 2006, approximately 10.7 million vested in July 2006, approximately 3.7 million vested in November 2006 and approximately 0.7 million vested in March 2007. Rights to the remaining CPOs currently vest no later than 2008. Rights to purchase these CPOs currently expire in 2011. Unless the technical committee of the special purpose trust or our President determines otherwise, these CPOs will be held in the special purpose trust until they are transferred to plan participants or otherwise sold in the open market, subject to the conditions set forth in the related conditional sale agreements. Any CPOs not transferred to plan participants pursuant to the relevant conditional sale agreement may be allocated to other existing or future plan participants, provided that the rights of the original plan participants to purchase these CPOs have expired or are terminated. See Notes 12 and 24 to our year-end financial statements, included elsewhere in this prospectus.

In December 2002, we registered for sale CPOs by the special purpose trust to plan participants pursuant to a registration statement on Form S-8 under the Securities Act. The registration of these CPOs permits plan participants who are not affiliates and/or the special purpose trust on behalf of these plan participants to sell their CPOs that have vested into the Mexican and/or U.S. markets through ordinary brokerage transactions without any volume or other limitations or restrictions. Those plan participants who are affiliates may only sell their vested CPOs either pursuant to an effective registration statement under the Securities Act or in reliance on an exemption from registration. All or a portion of the net proceeds from any such sales would be used to satisfy the purchase price obligations of these plan participants pursuant to their conditional sale agreements. As of December 31, 2006, approximately 69 million CPOs transferred to employee plan participants have been sold in open market transactions. Additional sales took place during the three-months ended March 31, 2007, and will continue to take place during or after 2007.

Long-Term Retention Plan

At our general extraordinary and ordinary stockholders' meeting held on April 30, 2002, our stockholders authorized the creation and implementation of a Long-Term Retention Plan, which supplements our existing stock purchase plan. At the meeting, our stockholders also authorized the issuance of A Shares in an aggregate amount of up to 4.5% of our capital stock at the time the A Shares are issued, a portion of the 8% of our capital stock previously authorized by our stockholders for these plans, as well as the creation of one or more special purpose trusts to implement the Long-Term Retention Plan. One of these special purpose trusts currently owns approximately 133.8 million CPOs or CPO equivalents, of which approximately 50% are in the form of CPOs and the remaining 50% are in the form of A, B, D and L Shares. During 2006, approximately 9.7 million CPOs were early vested. We estimate that the remaining CPOs and CPO equivalents will become granted and/or vested in periods between 2008 and 2023. Pursuant to our Long-Term Retention Plan, we may grant eligible participants, who consist of unionized and non-unionized employees, including key personnel, awards as stock options, conditional sales, restricted stock or other similar arrangements. As approved by our stockholders, the exercise or sale price, as the case may be, is based (i) on the average trading price of the CPOs during the first six months of 2003, or (ii) on the price determined by the Board, the technical committee of the special purpose trust or the President of Televisa, in either case, adjusted by any applicable discount, including discounts attributable to limitations on the disposition of the Shares or CPOs that are subject to the Long-Term Retention Plan. The CPOs and their underlying shares as well as A, B, D and L Shares that are part of the Long-Term Retention Plan will be held by the special purpose trust and will be voted (y) with the majority of those securities, as the case may be, represented at the relevant meeting or (z) as determined by the technical committee of the special purpose trust, until these securities are transferred to plan participants or otherwise sold in the open market. As of December 31, 2006, approximately 1.9 million CPOs transferred to employee plan participants have been sold in the open market. Additional sales took place during the three months ended on March 31, 2007, and will continue to take place during or after 2007.

As of December 31, 2006, awards under the Long-Term Retention Plan have been granted or reserved with respect to approximately 45.3 million CPOs or CPO equivalents, either in the form of CPOs or Shares, of which rights with respect to approximately 37.7 million CPOs or CPO equivalents shall vest between 2008 and 2010 at a price of approximately Ps.13.45 per CPO. The remaining 7.6 million CPOs or CPO equivalents may be exercised at a price of approximately Ps.28.05 per CPO in periods commencing in 2008 and ending in 2023 (in certain cases, adjusted upwards by a specified percentage similar to the interest rate generated by Government liquid securities). Pursuant to the resolutions adopted by our stockholders' meeting, we have not, and do not intend to, register shares under the Securities Act that are allocated to the Long-Term Retention Plan.

Share Ownership of Directors and Officers

Share ownership of our directors, alternate directors and executive officers is set forth in the table under "The Principal Stockholders and Related Party Transactions — Related Party Transactions". Except as set forth in this table, none of our directors, alternate directors or executive officers is currently the beneficial owner of more than 1% of any class of our capital stock or conditional sale agreements or options representing the right to purchase more than 1% of any class of our capital stock.

Employees and Labor Relations

The following table sets forth the number of employees and a breakdown of employees by main category of activity and geographic location as of the end of each year in the three-year period ended December 31, 2006:

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total number of employees	14,140	15,076	16,205
Category of activity:			
Employees.....	14,104	15,042	16,170
Executives.....	36	34	35
Geographic location:			
Mexico.....	12,769	13,680	14,629
Latin America (other than Mexico).....	965	954	1,131
U.S.	398	435	437
Spain.....	8	7	8

As of December 31, 2004, 2005 and 2006, approximately half of our employees were represented by unions. We believe that our relations with our employees are good. Under Mexican law, the agreements between us and most of our television, radio and cable television union employees are subject to renegotiation on an annual basis in January of each year. We also have union contracts with artists, musicians and other employees, which are also renegotiated on an annual basis.

THE PRINCIPAL STOCKHOLDERS AND RELATED PARTY TRANSACTIONS

The Principal Stockholders and Related Party Transactions

The following table sets forth information about the beneficial ownership of our capital stock by our directors, alternate directors, executive officers and each person who is known by us to own more than 5% of the currently outstanding A Shares, B Shares, L Shares or D Shares as of May 31, 2007. Except as set forth below, we are not aware of any holder of more than 5% of any class of our Shares.

of Owner	Share Beneficially Owned(1)(2)								Aggregate Percentage of Outstanding Shares Beneficially Owned
	A Shares		B Shares		D Shares		L Shares		
	Number	Percentage of Class	Number	Percentage of Class	Number	Percentage of Class	Number	Percentage of Class	
ga Trust(3)	52,991,825,693	43.7%	67,814,604	0.1%	107,886,870	0.1%	107,886,870	0.1%	15.1%
Trust(3)	1,657,549,900	1.4%	1,458,643,912	2.5%	2,320,569,860	2.7%	2,320,569,860	2.7%	2.2%
mark Investments(4)	3,569,130,000	2.9%	3,140,834,400	5.5%	4,996,782,000	5.7%	4,996,782,000	5.7%	4.7%
Stanley Investment Management	3,341,287,625	2.8%	2,940,333,110	5.1%	4,677,802,675	5.3%	4,677,802,675	5.3%	4.4%

- (1) Unless otherwise indicated, the information presented in this section is based on the number of shares authorized, issued and outstanding as of May 31, 2007. The number of shares issued and outstanding for legal purposes as of May 31, 2007 was 62,461,173,050 series A Shares, 54,965,832,284 series B Shares, 87,445,642,270 series D Shares and 87,445,642,270 series L Shares, in the form of CPOs, and an additional 58,926,613,375 series A Shares, 2,357,207,692 series B Shares, 238,595 series D Shares and 238,595 series L Shares not in the form of CPOs. For financial reporting purposes under Mexican FRS only, the number of shares authorized, issued and outstanding as of May 31, 2006 was 60,007,307,400 series A Shares, 52,806,430,512 series B Shares, 84,010,230,360 series D Shares and 84,010,230,360 series L Shares in the form of CPOs, and an additional 52,915,848,965 series A Shares, 186,537 series B Shares, 238,541 series D Shares and 238,541 series L Shares not in the form of CPOs. The number of shares authorized, issued and outstanding for financial reporting purposes under Mexican FRS as of May 31, 2007 does not include: (i) 31,319,122 CPOs and an additional 516,887,975 series A Shares, 20,675,534 series B Shares, 25 series D Shares and 25 series L Shares not in the form of CPOs acquired by one of our subsidiaries, Televisa, S.A. de C.V., substantially all of which are currently held by the trust created to implement our stock purchase plan; and (ii) 66,835,504 CPOs and an additional 5,493,876,435 series A Shares, 2,336,345,621 series B Shares, 29 series D Shares and 29 series L Shares not in the form of CPOs acquired by the trust we created to implement our long-term retention plan. See Notes 2 and 12 to our year-end financial statements.
- (2) Except indirectly through the Stockholder Trust, none of our directors and executive officers currently beneficially owns more than 1% of our outstanding A Shares, L Shares or D Shares. See “Management — Share Ownership of Directors and Officers”. This information is based on information provided by directors and executive officers.
- (3) For a description of the Stockholder Trust, see “— The Major Stockholders” below.
- (4) Based solely on information included in the Report on Form 13F filed on March 31, 2007 by AIM Trimark Investments.
- (5) Based solely on information included in the Report on Form 13F filed on March 31, 2007 by Morgan Stanley Investment Management, Inc.

The Major Stockholders

Approximately 44.88% of the outstanding A Shares, 2.65% of the outstanding B Shares, 2.76% of the outstanding D Shares and 2.76% of the outstanding L Shares are held through the Stockholder Trust, including shares in the form of CPOs. The beneficiaries of the Stockholder Trust are a trust for the benefit of Emilio Azcárraga Jean, or the Azcárraga Trust, and a trust for the benefit of Promotora Inbursa, S.A. de C.V., or the Inbursa Trust. Promotora Inbursa, S.A. de C.V. is an indirect subsidiary of Grupo Financiero Inbursa, S.A.B. de C.V.

On August 17, 2005, a trust for the benefit of María Asunción Aramburuzabala Larregui, Lucrecia Aramburuzabala Larregui de Fernández, María de las Nieves Fernández González, Antonino Fernández Rodríguez and Carlos Fernández González (the “Investor Trust”) released its Shares held in the Stockholder Trust, which represented 19.84% of the Shares held then through the Stockholder

Trust. On July 1, 2005 the Inbursa Trust released 15,514,667,113 Shares from the Stockholder Trust, which represent two-thirds of the Shares it held through the Stockholder Trust before July 1, 2005.

The Azcárraga Trust beneficially owns 87.29% of the Televisa shares held through the Stockholder Trust and the Inbursa Trust beneficially owns 12.71% of the Televisa shares held through the Stockholder Trust.

The Televisa shares held through the Stockholder Trust are voted by the trustee as instructed by a Technical Committee comprising five members — three appointed by the Azcárraga Trust and one appointed by each of the Inbursa Trust and the Investor Trust. On August 17, 2005, the Investor Trust released all of its shares held in the Stockholder Trust. Accordingly, the Investor Trust is no longer entitled to appoint a member of the Technical Committee. Therefore, decisions by the Technical Committee shall be approved by members appointed by the Azcárraga Trust and the Inbursa Trust. Accordingly, except as described below, Emilio Azcárraga Jean will control the voting of the shares held through the Stockholder Trust. In elections of directors, the Technical Committee will instruct the trustee to vote the A Shares held through the Stockholder Trust for individuals designated by Mr. Azcárraga Jean. The A Shares held through the Stockholder Trust constitute a majority of the A Shares whose holders are entitled to vote them, because non-Mexican holders of CPOs and GDSs are not permitted by law to vote the underlying A Shares. Accordingly, so long as non-Mexicans own more than a minimal number of A Shares, Mr. Azcárraga Jean will have the ability to direct the election of eleven out of 20 members of our Board and in addition, since he controls the majority of A Shares, certain key matters including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws require his vote in favor.

Pursuant to Televisa's bylaws, holders of Series B shares are entitled to elect five out of 20 members of the Board of Directors. The Stockholder Trust regulates the manner in which stockholders participating in such trust are entitled to propose nominees as members of the Board of Directors to be elected by holders of Series B Shares. In accordance with the Stockholders Trust, the five nominees for which the trustee will vote the B Shares held by the Stockholders Trust are proposed by the stockholders participating in the Stockholders Trust, as follows (i) Emilio Azcárraga Jean is entitled to propose two nominees to be members of the Board of Directors elected by Series B Shares; (ii) the Investors Trust was entitled to propose one nominee, so long as the shares it held through the Stockholder Trust constituted more than 2% of the total issued and outstanding Televisa shares, however, on August 17, 2005, the Investor Trust released all of its shares held through the Stockholder Trust; and (iii) until the Inbursa Trust is entitled to release all its Televisa shares from the Stockholder Trust, and so long as the shares it holds through the Stockholder Trust constitute more than 2% of the total issued and outstanding Televisa shares, the Inbursa Trust will be entitled to propose two nominees. In the event that one of the nominees proposed by the Inbursa Trust is not elected to our Board of Directors, then so long as Mr. Azcárraga Jean has the ability to direct the election of 11 Board members, the A Shares held through the Stockholder Trust will be voted for one individual nominated by the Inbursa Trust to serve on our Board.

Because the B Shares held through the Stockholder Trust constitute only 2.65% of the total B Shares outstanding, there can be no assurance that individuals nominated by the Stockholder Trust beneficiaries will be elected to our Board.

Pursuant to the arrangements constituting the Stockholder Trust, Emilio Azcárraga Jean agreed to consult with the Inbursa Trust and the Investor Trust as to the voting of shares held through the Stockholder Trust on matters specifically set forth in the Stockholder Trust agreement, including increases or reductions in the capital stock of Televisa; merger, split-up, dissolution, liquidation or bankruptcy proceedings of Televisa; related party transactions, extensions of credit or share repurchases, in each case exceeding specified thresholds; and selection of the chairman of Televisa's Board of Directors, if different from Emilio Azcárraga Jean. Due to the Investor Trust releasing all the Shares it held through the Stockholder Trust on August 17, 2005, Emilio Azcárraga Jean is no longer obligated to consult on these matters with the Investor Trust. If the Inbursa Trust requests that shares be voted in a particular way on such a matter, and Mr. Azcárraga Jean declines to do so, the Inbursa Trust may immediately release its Televisa shares from the Stockholder Trust. These consultation rights will terminate if the Inbursa Trust ceases to be party to the Stockholder Trust or if it owns less than 2% of the total capital stock of Televisa.

The beneficiaries of the Stockholder Trust will have only limited rights to transfer or pledge their trust interests without the consent of the other trust beneficiaries, but they may transfer freely to affiliated parties as defined in the Stockholder Trust Agreement.

Except for two million CPOs which were released to the Fernández family immediately upon the completion of the Recapitalization, the Stockholder Trust beneficiaries were not permitted to release shares from the trust before July 1, 2005. Beginning July 1, 2005, the Investor Trust was permitted to release or sell any or all of its Shares from the Stockholder Trust. On August 17, 2005 the Investor Trust released all its Shares held in the Stockholder Trust. On January 13, 2006, a group of stockholders led by

María Asunción Aramburuzabala Larregui, sold approximately 60 million of our CPOs which were formerly held by the Investor Trust.

Beginning on July 1, 2005, the Inbursa Trust was allowed to release or sell up to two-thirds of its Shares held in the Stockholder Trust and beginning on July 1, 2009 it will be allowed to release or sell its remaining Shares held in the Stockholder Trust. On July 1, 2005 the Inbursa Trust released 15,514,667,113 Shares from the Stockholders Trust which represented two-thirds of the Shares it held through the Stockholders Trust before July 1, 2005.

In addition, as described above, if the Inbursa Trust requests that Shares be voted in a particular way on any matter specifically set forth in the Stockholder Trust Agreement, and Mr. Azcárraga Jean declines to do so, the Inbursa Trust may immediately release its Shares.

Related Party Transactions

Transactions and Arrangements With Innova. In 2004, 2005 and 2006, we engaged in, and we expect that we will continue to engage in, transactions with Innova, including, without limitation, the transactions described below. We hold a 58.7% equity interest in Innova through a consolidated joint venture with DIRECTV. Beginning April 1, 2004, we began including the assets, liabilities and results of operations of Innova in our consolidated financial statements (see Note 1(b) to our year-end financial statements). 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. See Note 9 to Innova's year-end financial statements for all of the information that Innova must make publicly available in Mexico regarding transactions and arrangements with us.

Capital Contributions and Loans. In May 2004, we entered into the following transactions with Innova and the other two equity owners of Innova at the time, News Corp. and Liberty Media, which had the net effect of increasing Innova's net worth by U.S.\$15 million but did not affect the relative ownership interests of any equity owner:

- News Corp. contributed to Innova an account receivable of U.S.\$15 million owed to News Corp. by Sky DTH, S. de R.L. de C.V., or Sky DTH;
- We assigned to Sky DTH an account receivable of U.S.\$15 million owed to us by Innova; and
- Innova, Innova Holdings, News Corp., Liberty Media and Sky DTH agreed that the obligation owed by Innova to Sky DTH and the obligation owed by Sky DTH to Innova would be set off against each other and cancelled.

In connection with this transaction, we and the other equity owners also increased Innova's capital by a de minimis amount. See "— Business — DTH Joint Ventures".

Programming. Pursuant to an agreement between us and Innova, we have granted Innova exclusive DTH rights to some program services in Mexico, subject to some preexisting agreements with third parties. Innova paid us approximately Ps.385.0 million, Ps.405.0 million and Ps.658.6 million for these rights in 2004, 2005 and 2006, respectively. Innova currently pays the rates paid by third party providers of cable television, subject to certain exceptions, and MMDS services in Mexico for our various programming services. In addition, pursuant to the agreement and subject to certain exceptions, we cannot charge Innova higher rates than the rates that we charge third party providers of cable television and MMDS services in Mexico for our various programming services. In October 2004, we entered into new channel licensing agreements with Innova pursuant to which Innova will pay us a royalty fee to carry our over-the-air channel on its DTH service.

In 2005 Innova, purchased from Televisa certain rights to the 2006 Soccer World Cup, including the rights to air all 64 games of the World Cup, out of which 34 were exclusively available to Sky subscribers. The cost of these rights plus production costs amounted to U.S.\$19.0 million.

Advertising Services. Innova purchased magazine advertising space and television and radio advertising time from us in connection with the promotion of its DTH satellite services in 2004, 2005 and 2006, and we expect that Innova will continue to do so in the future. For television, radio and magazine advertising, Innova paid and will continue to pay the rates applicable to third party advertisers. Innova paid Ps.136.9 million, Ps.143.0 million and Ps.150.0 million for advertising services in 2004, 2005 and 2006, respectively.

Guarantees. We have guaranteed a portion of Innova's payments to PanAmSat for transponder services on satellite IS-9 (formerly PAS-9). Our guarantee is currently limited to 58.7% of Innova's obligations under the transponder lease. Innova is obligated to pay a monthly service fee of U.S.\$1.7 million to PanAmSat for satellite signal reception and retransmission service from transponders on the IS-9 satellite through September 2015. As of December 31, 2004, 2005 and 2006, we had guaranteed payments in the amount of U.S.\$111.8 million, U.S.\$101.4 million and U.S.\$104.8 million respectively, which represented 51% of Innova's obligations to PanAmSat at the end of each of 2004 and 2005 and 58.7% of Innova's obligations to PanAmSat at the end of 2006. See "Business — DTH Joint Ventures". See Note 11 to our year-end financial statements. If Innova does not pay these fees in a timely manner, we will be required to pay our proportionate share of its obligations to PanAmSat. We have also guaranteed 100% of Innova's payment obligation under both the Ps.2.1 billion, 10-year bank loan with Banamex, as well as the Ps. 1.4 billion, 10-year bank loan with Banco Santander Serfin, S.A., or Santander.

In July 2005, we entered into a long-term credit agreement with Innova in the aggregate principal amount of Ps.1,012,000, with a partial maturity (50%) in 2010 and the remainder in 2011, and interest of 10.55% per annum payable on a monthly basis. The proceeds from the credit agreement were used to prepay all of the outstanding amounts under a long-term credit agreement entered into in December 2004 between Innova and a Mexican bank in the same principal amount, and with the same maturity and interest conditions. In November 2005, Innova prepaid Ps.512 million of this loan at par and no penalty was incurred. In November 2006, Innova prepaid the Ps.500 million outstanding amount of this loan. No penalties were incurred and the payment was done with Innova's cash on hand.

Tax Sharing Agreement. We have a tax sharing agreement with Innova, which sets forth certain of our rights and obligations, as well as those of Innova, with respect to Innova's liability for federal income and assets taxes imposed under Mexican tax laws. We received an authorization from Mexican tax authorities to include Innova's results in our consolidated tax return for purposes of determining our income and assets taxes. Tax profits or losses obtained by Innova are consolidated with our tax profits or losses up to 100% of our percentage ownership of Innova, which is currently 58.6%. Pursuant to the tax sharing agreement, in no event shall Innova be required to remit to us an amount in respect of its federal income and assets taxes that is in excess of the product of (x) the amount that Innova would be required to pay on an individual basis, as if Innova had filed a separate tax return, and (y) with respect to asset and income taxes, our direct or indirect percentage ownership of Innova's capital stock.

For additional information concerning transactions with Innova, as well as amounts paid to us by Innova pursuant to these transactions in 2005, see Note 16 to our year-end financial statements and Note 9 to Innova's year-end financial statements. See also "Risk Factors — Risk Factors Related to Our Business — We Have Experienced Substantial Losses, Primarily in Respect of Our Investments in Innova, and Expect to Continue to Experience Substantial Losses as a Result of Our Participation in Innova, Which Would Adversely Affect Our Net Income" and "— Overview — DTH Joint Ventures — Mexico".

Transactions and Arrangements with MCOP. In November 2005, DIRECTV purchased all of our equity interest in MCOP, a DTH non-consolidated joint venture in Latin America outside of Mexico and Brazil. Prior to that sale, in 2003, 2004 and 2005, we engaged in various transactions with MCOP, including, without limitation, the transactions described below. See "Information on the Company — Business Overview — DTH Joint Ventures — Mexico".

Capital Contributions and Loans. From MCOP's inception through December 2004, we have made approximately U.S.\$139.2 million in capital contributions. Additionally, capital contributions of approximately U.S.\$15.0 million were made on our behalf by News Corp. in which amount was reflected as a liability due to News Corp. in our consolidated balance sheets at December 31, 2003. During 2003 and 2004, we made loans to MCOP in the aggregate amount of U.S.\$13.1 million and U.S.\$7.2 million respectively, in connection with the transponder service agreement with PanAmSat. We are not obligated to make any further capital contributions or loans to MCOP and we no longer own an equity interest in MCOP.

Programming. MCOP paid us approximately U.S.\$1.5 million for rights to carry certain of our program services in 2003 and U.S.\$0.5 million in 2004. MCOP currently pays the rates paid by third party providers of cable television and MMDS services for our various programming services.

Guarantees. Until October 2004, we had guaranteed MCOP's payments to PanAmSat for transponder services on PAS-6B in proportion to our respective ownership interest in MCOP, which was 30%. MCOP was obligated to pay a monthly service fee of U.S.\$3.0 million to PanAmSat for satellite signal reception and retransmission service from transponders on the PAS-6B satellite through 2014. In October 2004, in conjunction with a series of agreements entered into by us with DIRECTV and News Corp., we were released from our satellite transponder guarantee, which, as of December 31, 2004, amounted to approximately Ps.371.7 million.

For additional information concerning transactions with MCOP, see Note 2 to our year-end financial statements.

Transactions and Arrangements with TechCo. In October 2005, DIRECTV purchased all of our equity interest in TechCo, our U.S. partnership formed to provide certain technical services from a main uplink facility in Miami Lakes, Florida and a redundancy site in Port St. Lucie, Florida. Prior to such sale, in 2003, 2004 and 2005, we engaged in transactions with TechCo, including, without limitation, the transactions described below.

Capital Contributions and Loans. From TechCo's inception through December 2004, we have made approximately U.S.\$12.9 million in capital contributions. During 2003 and 2004, we made loans to TechCo in the aggregate amount of U.S.\$7.5 million and U.S.\$4.5 million, respectively, in connection with TechCo's operating cash shortfall. We will not continue to fund TechCo's shortfall in the future.

Guarantees. We have guaranteed 36% of TechCo's payments in respect of its capital lease obligations. TechCo was obligated to make payments under its capital leases with various maturities between 2005 and 2007 for an aggregate amount of U.S.\$27.4 million in respect of its capital lease obligations. As of December 31, 2004, we had guaranteed payments by TechCo in the aggregate amount of U.S.\$9.9 million.

For additional information concerning transactions with TechCo, see Note 2 to our year-end financial statements. See also "— Business Overview — DTH Joint Ventures — Mexico".

Transactions and Arrangements With Univision. In 2004, 2005 and 2006 we engaged in, and we expect that we will continue to engage in, certain transactions with Univision. Until recently, we owned 39,289,534 shares and warrants representing an approximate 11.3% equity stake in Univision, on a fully diluted basis. For a description of programming and other agreements between us and Univision, as well as royalties paid to us by Univision pursuant to programming agreements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Total Segment Results — Programming Exports", "— Business — Univision" and Note 16 to our year end financial statements.

In April 2006, we designated Ricardo Maldonado Yañez, Secretary to our Board of Directors, as a director of Univision. As of the closing of the acquisition of Univision on March 29, 2007, Ricardo Maldonado Yañez resigned from the Univision board of directors.

Transactions and Arrangements With Vuela.

Pursuant to a license agreement between Televisa and Vuela, we granted Vuela the right to broadcast some of our television programs in the audio and video systems installed in Vuela's aircrafts, facilities, and vehicles. Under this license agreement Vuela pays Televisa a monthly royalty in the amount of Ps.100,000. In addition, Televisa entered into an agreement with Vuela pursuant to which Televisa sells airplane screen advertising to be aired in the audio and video systems installed in Vuela's aircrafts. Televisa pays Vuela a monthly fixed consideration of Ps.100,000 and a variable consideration of 15% of the revenues obtained by Televisa from such airplane screen sales. During 2006, Televisa paid Vuela the amount of Ps.389,935 as variable consideration under such agreement. We believe that such amount is comparable to those paid to third parties in these types of transactions.

Transactions and Arrangements With Our Directors and Officers

On June 1, 2004, Servicios Profesionales, a company controlled by Emilio Azcárraga Jean, purchased a 5% interest of Más Fondos from Corporativo Vasco de Quiroga, S.A. de C.V., one of our subsidiaries and the controlling stockholder of Más Fondos. The total consideration that Servicios Profesionales paid in connection with this acquisition was Ps.500,000. We received authorization for this transaction from the CNBV on June 28, 2004. For additional information concerning Más Fondos see "— Business — Investments — Mutual Fund Venture".

On May 31, 2000, we made a personal loan in the amount of U.S.\$150,000 to Jorge Eduardo Murguía Orozco, one of our executive officers. The aggregate principal amount of this loan, together with accrued interest, was repaid in full by Mr. Murguía in June 2004.

Certain of our executive officers have in the past, and from time to time in the future may, purchase debt securities issued by us and/or Innova from third parties in negotiated transactions.

Transactions and Arrangements With Affiliates and Related Parties of Our Directors, Officers and Major Stockholders

Production Services. FV Productions, LLC., a television production company owned by Ultra Enterprises, Inc. and Ultra Enterprises II, LLC, provides, from time to time, production services as required by Televisa, S.A. de C.V. Ultra Enterprises, Inc. and Ultra Enterprises II, LLC are currently controlled by Grupo Televisión, S.A. de C.V., or Televisión, where Mr. Emilio Azcárraga Jean, our Chief Executive Officer, President and Chairman of the Board, acts as a stockholder. FV Productions, LLC has provided Televisa the following production services: (i) during 2004, production services for the production of a *telenovela* entitled “Inocente de Ti”, which consisted of 135 episodes and had a cost of U.S.\$5,640,482.76; (ii) during 2004 and ending in 2005, production services for the production of a *telenovela* entitled “El Amor no Tiene Precio”, which consisted of 279 episodes and had a cost of U.S.\$11,280,007.00; and (iii) during 2006 and ending in 2007, production services for the production of a *telenovela* entitled “Las Dos Caras de Ana”, which consisted of 120 episodes and had a cost of U.S.\$7,711,682.00. As of today, FV Productions, LLC provides Televisa production services for the production of a *telenovela* entitled “Quiero Contigo”, which consists of 120 episodes and has a cost of U.S.\$7.2 million. We believe that the fees paid by Televisa to FV Productions, LLC for the referred production services are comparable to those paid to third parties for these types of services. In addition, in June 2004, Televisión granted Televisa a call option to require Televisión to sell and Televisa granted Televisión a put option to require Televisa to purchase, shares representing all of the outstanding equity interest of Ultra Enterprises, Inc. owned by Televisión or by its subsidiary TVC Holdings U.S.A, LLC at the time of exercise of the option. The options may be exercised at any time prior to June 30, 2009 for a price equal to 3.6 times the average of the operating income before depreciation and amortization of Ultra Enterprises, Inc. for the two years prior to the exercise of the option.

Acquisition of Telespecialidades. In June 2003, we purchased all the outstanding equity of Telespecialidades, a company which was owned by all of the stockholders of Televisión in the same proportion that they owned Televisión. The total consideration we paid in connection with this acquisition was approximately U.S.\$83.0 million, which was financed with cash on hand. At the time of the acquisition, Telespecialidades’s net assets consisted principally of 1,591,283 CPOs, which CPOs were previously owned by Televisión, and tax loss carryforwards of approximately Ps.7,593.3 million. The terms of this acquisition were approved by our Audit Committee. Telespecialidades was merged into Televisa, S.A. de C.V. on December 31, 2003.

Consulting Services. Instituto de Investigaciones Sociales, S.C., a consulting firm which is controlled by Ariana Azcárraga De Surmont, the sister of Emilio Azcárraga Jean, has, from time to time during 2004, 2005 and 2006 provided consulting services and research in connection with the effects of our programming, especially telenovelas, on our viewing audience. Instituto de Investigaciones Sociales, S.C. has provided us with such services in 2006 and we expect to continue these arrangements through 2007.

Loans from Banamex. From time to time in the past and in 2003, 2004, 2005 and 2006, Banamex made loans to us, Televisión and several other of our affiliates, including Innova, and we expect that this will continue to be the case in the future. These loans were made to us, Televisión and our affiliates, including Innova, on terms substantially similar to those offered by Banamex to third parties. Emilio Azcárraga Jean, our Chief Executive Officer, President and Chairman of the Board, is a member of the Board of Banamex. One of our directors, Roberto Hernández Ramírez, is the Chairman of the Board of Banamex. Mr. Hernández is also a member of the Board of, and the beneficial owner of less than 1% of the outstanding capital stock of, Citigroup, Inc., the entity that indirectly controls Banamex. Lorenzo H. Zambrano Treviño, one of our directors, is also a member of the Board of Banamex. For a description of amounts outstanding under, and the terms of, our existing credit facilities with Banamex, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

Advertising Services. Two of our directors, María Asunción Aramburuzabala Larregui and Carlos Fernández González, and one of our alternate directors, Lucrecia Aramburuzabala Larregui, are members of the Board and Executive Committee of, as well as stockholders of, Grupo Modelo, S.A.B. de C.V., or Grupo Modelo, the leading producer, distributor and exporter of beer in Mexico. Carlos Fernández González also serves as the Chief Executive Officer of Grupo Modelo. Grupo Modelo purchased advertising services from us in connection with the promotion of its products from time to time in 2004, 2005 and 2006, and we expect that this will continue to be the case in the future. Grupo Modelo paid and will continue to pay rates applicable to third party advertisers for these advertising services.

Several other members of our current Board serve as members of the Boards and/or stockholders of other companies. See “Directors, Senior Management and Employees”. Some of these companies, including Banamex, Kimberly-Clark de México, S.A.B. de C.V., Grupo Financiero Santander, S.A.B. de C.V. and Teléfonos de México, S.A.B. de C.V., among others, purchased advertising services from us in connection with the promotion of their respective products and services from time to time in 2004, 2005 and 2006, and we expect that this will continue to be the case in the future. Similarly, Alejandro Quintero Iñiguez, a member of the Board and the Executive Committee of Grupo Televisa, S.A.B. and our Corporate Vice President of Sales and Marketing, is a stockholder and member of the Board of Grupo TV Promo, S.A. de C.V., or Grupo TV Promo and TV Promo, S.A. de C.V., or TV Promo. Grupo TV Promo and TV Promo are Mexican companies which render services of publicity, promotion and advertisement to third parties; these entities act as licensees of the Company for the use and exploitation of certain images and/or trademarks of shows and novelas produced by the Company; and produce promotional campaigns and events for the Company and for some of the Company’s clients. Grupo TV Promo and TV Promo jointly with other entities in which Mr. Alejandro Quintero has a direct and/or indirect participation, such as Producción y Creatividad Musical, S.A. de C.V. and TV Promo International, Inc. have purchased and will continue to purchase advertising services from us, some of which are referred to the aforementioned promotional campaigns. The companies described above pay rates applicable to third party advertisers that purchase unsold advertising services, which are lower than the rates paid by advertisers that purchase advertising in advance or at regular rates. Alejandro Quintero does not currently receive any form of compensation from Grupo TV Promo and/or TV Promo, other than dividends to which he may be entitled to receive as stockholder, as the case may be. During 2006, TV Promo purchased unsold advertising from Televisa for a total of Ps.160.7 million.

Agency Services. As of July 2005, Maximedios Alternativos, S.A. de C.V., or Maximedios, a Mexican company, was appointed as sales agent of Televisa for the sale of in-store television advertising, airplane screen advertising, sponsorship of our soccer teams, as well as pay-tv advertising sales (which includes Innova, Televisa Networks, and Cablevision). Televisa, Innova, Televisa Networks and Cablevision, respectively pay Maximedios 15% of the revenues from advertising sales made on their behalf and Televisa pays Maximedios 15% of the revenues from airplane screen sales and in-store advertising and 5% of the revenues from sponsorships. Alejandro Quintero Iñiguez, a member of the Board and the Executive Committee of Grupo Televisa, S.A.B. and our Corporate Vice President of Sales and Marketing jointly with other members of his family, are majority stockholders and members of the Board of Grupo TV Promo, S.A. de C.V. and Producción y Creatividad Musical, S.A. de C.V., companies that have a majority interest in Maximedios.

Alejandro Quintero does not currently receive any form of compensation from Maximedios, other than dividends to which he may be entitled to receive as indirect stockholder. During 2005 and 2006, Televisa and the aforementioned affiliates, paid Maximedios the amount of Ps.19.8 million and Ps.109.8 million, respectively, as sales commissions. We believe that such amount is comparable to those paid to third parties for these types of services.

Legal and Advisory Services. During 2004, 2005 and 2006, Mijares, Angoitia, Cortés y Fuentes, S.C., a Mexican law firm, provided us with legal and advisory services, and we expect that this will continue to be the case in the future. Alfonso de Angoitia Noriega, a partner on leave of absence from the law firm of Mijares, Angoitia, Cortés y Fuentes, S.C., is one of our directors, a member of our Executive Committee, an Executive Vice President and was a member of the Related Party Transactions Committee. Alfonso de Angoitia Noriega does not currently receive any form of compensation from, or participates in any way in the profits of, Mijares, Angoitia, Cortés y Fuentes, S.C. Ricardo Maldonado Yáñez, a partner from the law firm of Mijares, Angoitia, Cortés y Fuentes, S.C., serves also as Secretary of our Board of Directors and Secretary to the Executive Committee of our Board of Directors. We believe that the fees we paid for these services were comparable to those that we would have paid another law firm for similar services. See Note 16 to our year-end financial statements.

Potential Sale of Property. We recently entered into a Letter of Intent with Icon Servicios Administrativos, S. de R.L. de C.V., or Icon, related to a possible sale to Icon of a portion of the real estate adjacent to our principal headquarters in Santa Fe, Mexico City for a purchase price preliminarily estimated to be approximately U.S.\$80 million. A shareholder of Icon is Mr. Adolfo Fastlicht Kurian, the brother-in-law of Mr. Emilio Azcárraga Jean, our Chief Executive Officer and Chairman of the Board. This potential sale is subject to a number of closing conditions and regulatory approvals as well as obtaining a third party appraisal, and no assurances can be given that this potential sale will be consummated.

DESCRIPTION OF THE NOTES

The notes are to be issued under an indenture, dated as of August 8, 2000, as amended or supplemented through the expiration date, which we collectively call the indenture, between Televisa, as issuer, The Bank of New York, as trustee, registrar, paying agent and transfer agent and The Bank of New York (Luxembourg) S.A., as Luxembourg paying agent and transfer agent. The following summary of certain provisions of the indenture and the notes does not purport to be complete and is subject to, and qualified in its entirety by, reference to the provisions of the indenture, including the definitions of certain terms contained in the indenture. Capitalized terms not defined in this section of the prospectus have meanings as set forth in the indenture. For a description of restrictions on the transfer of the notes, see “Notice to Investors”.

General

The indenture does not limit the aggregate principal amount of senior debt securities which may be issued under the indenture and provides that Televisa may issue senior debt securities from time to time in one or more series. The senior debt securities which Televisa may issue under the indenture, including the notes, are collectively referred to in this prospectus as the “senior notes”.

The 8.49% senior notes due 2037, which are referred to in this prospectus as the “notes”, will constitute a single series of senior notes under the indenture. The notes will be unsecured senior obligations of Televisa. Televisa may “reopen” the note series and issue additional notes of the same series. The Exchange Offer was completed on August 22, 2007. Ps.4,469,100,000 aggregate principal amount of notes, (“Exchange Notes”) representing approximately 99.3% of the notes were exchanged. The closing of the exchange offer occurred Friday, September 7, 2007. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the notes (“Old Notes”) remained outstanding. Holders of notes who did not exchange their notes for exchange notes will vote together as a single series of senior notes with holders of the exchange notes of the series for all relevant purposes under the indenture. In that regard, the indenture requires that certain actions by the holders under the notes (including acceleration following an event of default) must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding notes. In determining whether holders of the requisite percentage in principal amount have given any notice, consent or waiver or taken any other action permitted under the indenture, any notes which remain outstanding after the exchange offer will be aggregated with the exchange notes of the relevant series and the holders of the notes and exchange notes will vote together as a single series for all purposes. Accordingly, all references in this prospectus to specified percentages in aggregate principal amount of the outstanding notes will be deemed to mean, at any time after the exchange offer is consummated, the percentages in aggregate principal amount of the notes and the exchange notes then outstanding.

The notes will bear interest at the rate per annum shown above from the date of original issuance (May 9, 2007) or from the most recent date to which interest has been paid or duly provided for, payable semi-annually on May 11 and November 11 of each year, each of which is referred to in this prospectus as an “interest payment date”, commencing November 11, 2007, to the persons in whose names the notes are registered at the close of business on the fifteenth calendar day preceding the interest payment date. Interest payable at maturity will be payable to the person to whom principal will be payable on that date. Interest on the notes will be calculated on the basis of the actual number of days elapsed during the relevant interest period and a 360-day year. The maturity date for the notes is May 11, 2037. The redemption price at maturity is 100% of the principal amount, plus accrued and unpaid interest. If any payment is due on a date on the notes on a day that is not a business day, the related payment of principal and interest will be made on the next succeeding business day from the original due date to (but excluding) that next business day. Payments postponed to the next business day in this situation will be treated as if they were made on the original due date and postponement of this kind will not result in an event of default under the notes or the indenture. However, interest will accrue on the principal amount of the notes at the applicable rate (8.49%). A business day means a day other than a Saturday, Sunday or other day on which banking institutions in New York, New York, Mexico City or Luxembourg or any other jurisdiction where a paying agent is located are authorized or obligated by law, regulation or executive order to close. The notes will not be subject to any sinking fund. For a discussion of the circumstances in which the interest rate on the notes may be adjusted, see “Exchange Offer; Registration Rights”.

The indenture does not contain any provision that would limit the ability of Televisa to incur indebtedness or to substantially reduce or eliminate Televisa’s assets or that would afford the holders of the notes protection in the event of a decline in Televisa’s credit quality or a takeover, recapitalization or highly leveraged or similar transaction involving Televisa. In addition, subject to the limitations set forth under “— Merger and Consolidation”, Televisa may, in the future, enter into certain transactions, including the sale of all or substantially all of its assets or the merger or consolidation of Televisa, that would increase the amount of Televisa’s indebtedness or substantially reduce or eliminate Televisa’s assets, which may have an adverse effect on Televisa’s ability to service its indebtedness, including the notes.

Each book-entry note will be represented by one or more global notes in fully registered form, registered in the name of the clearing system, which may include Clearstream Banking, Société Anonyme, Luxembourg, or Clearstream Banking, or Euroclear Bank S.A./N.V., or Euroclear, or their respective nominees. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by Clearstream Banking and Euroclear and their respective participants. See “— Form of Notes, Clearing and Settlement — Global Notes”. Except in the limited circumstances described in this prospectus, book-entry notes will not be exchangeable for notes issued in fully registered form (“certificated notes”). See “— Form of Notes, Clearing and Settlement — Certificated Notes”.

Notes sold to qualified institutional buyers, or QIBs, and subsequent transferees, directly or indirectly, of those notes and notes sold initially to non-U.S. persons in reliance on Regulation S under the Securities Act will be issued as book-entry notes and will be represented as global notes, which will be deposited with the custodian for the clearing system and registered in the name of the clearing system nominee. See “— Form of Notes, Clearing and Settlement — Global Notes”.

In the event that, as a result of certain changes in law affecting Mexican withholding taxes, Televisa becomes obliged to pay additional amounts in excess of those attributable to a Mexican withholding tax rate of 10%, the notes will be redeemable, as a whole but not in part, at Televisa’s option at any time at 100% of their principal amount plus accrued and unpaid interest, if any. See “— Optional Redemption — Withholding Tax Redemption”.

The notes are subject to restrictions on the resale or other transfer thereof as described under “Notice to Investors”. In addition, book-entry notes may be transferred or exchanged only through the clearing system. See “— Form of Notes, Clearing and Settlement — Clearing and Settlement Procedures”. Registration of transfer or exchange of certificated notes will be made at the office or agency maintained by Televisa for this purpose in the Borough of Manhattan, The City of New York, currently the office of the trustee at 101 Barclay Street, 4 East, New York, New York 10286 or at the office of The Bank of New York (Luxembourg) S.A., our paying and transfer agent in Luxembourg, at Aerogulf Center, 1A Hoehenhof, L-1736 Senningerberg, Luxembourg. Neither Televisa nor the trustee will charge a service charge for any registration of transfer or exchange of notes, but Televisa may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange (other than exchanges pursuant to the indenture not involving any transfer). Televisa will maintain a paying and transfer agent in Luxembourg for so long as any notes or any exchange notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF.

Payments

Televisa will make payments of principal, and premium, if any, and interest on book-entry notes in accordance with the applicable policies of Clearstream Banking and Euroclear as in effect from time to time. Under these policies, we will make payments directly to the common depository for Clearstream Banking and Euroclear, or its nominee, and not to any indirect holders who own beneficial interests in a global note. An indirect holder’s right to receive those payments will be governed by the rules and practices of Clearstream Banking and Euroclear and their participants. The indenture does not provide any time limits on the validity of claims for payment of principal or interest on the notes.

In the case of certificated notes, Televisa will pay the principal and premium, if any, due on the maturity date in immediately available funds upon presentation and surrender by the holder of the notes at the office or agency maintained by Televisa for this purpose in the Borough of Manhattan, The City of New York, currently the office of the trustee at 101 Barclay Street, 4 East, New York, New York 10286. Televisa will pay interest due on the maturity date of a certificated note to the person to whom payment of the principal and premium, if any, will be made. Televisa will pay interest due on a certificated note on any interest payment date other than the maturity date by check mailed to the address of the holder entitled to the payment as the address shall appear in the note register of Televisa. Notwithstanding the foregoing, a holder of the Peso equivalent of US\$10.0 million or more in aggregate principal amount of certificated notes will be entitled to receive interest payments, if any, on any interest payment date other than the maturity date by wire transfer of immediately available funds if appropriate wire transfer instructions have been received in writing by the trustee not less than 15 calendar days prior to the interest payment date. Any wire transfer instructions received by the trustee will remain in effect until revoked by the holder. Any interest not punctually paid or duly provided for on a certificated note on any interest payment date other than the maturity date will cease to be payable to the holder of the note as of the close of business on the related record date and may either be paid (1) to the person in whose name the certificated note is registered at the close of business on a special record date for the payment of the defaulted interest that is fixed by Televisa, written notice of which will be given to the holders of the notes not less than 30 calendar days prior to the special record date, or (2) at any time in any other lawful manner.

All monies paid by Televisa to the trustee or any paying agent for the payment of principal of, and premium and interest on, any note which remains unclaimed for two years after the principal, premium or interest is due and payable may be repaid to Televisa and, after that payment, the holder of the note will look only to Televisa for payment.

Ranking and Holding Company Structure

We are a holding company with no significant operating assets other than through our ownership of shares of our subsidiaries and cash and cash equivalents. We receive substantially all of our operating income from our subsidiaries. The notes will be solely our unsecured senior obligations ranking *pari passu* among themselves and with other unsecured senior obligations, including the 8% Senior Notes due 2011, the 8.50% Senior Notes due 2032 and the 6.625% Senior Notes due 2025. Claims of creditors of our subsidiaries, including trade creditors and banks and other lenders, will have priority over the claims of holders of the notes with respect to the assets of our subsidiaries. At December 31, 2006, our subsidiaries had approximately Ps.26,625.9 million (equivalent to approximately U.S.\$2,464.8 million) of liabilities (excluding liabilities to us and excluding guarantees by subsidiaries of indebtedness of Televisa), U.S.\$313.6 million of which was Dollar-denominated including approximately Ps.3,659.5 million (equivalent to approximately U.S.\$338.8 million) of indebtedness, U.S.\$14.7 million of which was Dollar-denominated. All of these liabilities will effectively rank senior to the notes. See “Risk Factors — Risk Factors Related to the Notes — We Are a Holding Company and Our Assets Are Held Primarily by Our Subsidiaries; Creditors of Those Companies Have a Claim on Their Assets That Is Effectively Senior to That of Holders of the Notes”.

Payment Currency

Payments in U.S. Dollars. Payment of principal, interest, additional amounts and any other amounts due in respect of the notes will be made, except as provided below, in U.S. Dollars, in amounts determined by converting the Mexican Peso amounts into U.S. Dollars at the Settlement Rate on the applicable Rate Calculation Date.

For the purposes of translating Mexican Peso amounts into U.S. Dollars:

“Settlement Rate” means the Mexican Peso /U.S. Dollar exchange rate, or the “FIX FX Rate”, reported by the *Banco de México* (Bank of Mexico, or “Central Bank”) as the average of quotes in the wholesale foreign exchange market in Mexico for transactions payable in 48 hours on its website (which, at the date hereof, is located at <http://www.banxico.gob.mx>) on the applicable Rate Calculation Date. In the event that the FIX FX Rate is not so available by 3:00 p.m. (Mexico City time) on any Rate Calculation Date, then the Settlement Rate for such Rate Calculation Date will be determined by taking the arithmetic mean (such mean, the “Alternative Rate”) of the Mexican Peso / U.S. Dollar exchange rate for the foreign exchange market in Mexico for transactions payable in 48 hours offered at or about such time on such date by (i) Banco Nacional de México, S.A., Institución de Banca Múltiple, (ii) Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa, (iii) Bank of America Global FX, (iv) HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC and (v) JPMorgan Chase Bank, N.A. (the “Reference Banks”); *provided, however*, that if any of the Reference Banks ceases to offer such an exchange rate, that bank will be replaced by us, for the purpose of determining the Alternative Rate, with another leading bank or financial institution. In the event that neither the FIX FX Rate nor the Alternative Rate can be ascertained on a Rate Calculation Date in accordance with the foregoing, Televisa will determine the Settlement Rate (and method of determining the Settlement Rate) in respect of such date in its sole and absolute discretion, taking into consideration all available information that in good faith it deems relevant.

“Rate Calculation Date” means the second Mexican FX Day immediately preceding an interest payment date, maturity date or redemption date, as applicable. Notwithstanding the preceding sentence, if the Rate Calculation Date is not a business day, then the Rate Calculation Date will be the immediately preceding Mexican FX day (*i.e.*, prior to such second Mexican FX Day) that is a business day. As defined in the indenture, “business day” for purposes of such calculation means each Monday, Tuesday, Wednesday, Thursday and Friday that is (i) not a day on which banking institutions in New York City or Mexico City generally are authorized or obligated by law, regulation or executive order to close and (ii) a day on which banks and financial institutions in Mexico are open for business with the general public.

“Mexican FX Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is (i) not a day on which banking institutions or foreign exchange markets in Mexico City generally are authorized or obligated by law, regulation or executive order to close and (ii) a day on which banking institutions and foreign exchange markets in Mexico City are open for business with the general public. The FIX FX Rate for any Mexican FX Day is also published in the Official Gazette of Mexico, or the *Diario Oficial de la Federación*, on the succeeding Mexican FX Day.

As long as the notes are outstanding, we will maintain a calculation agent for determining the Settlement Rate on each Rate Calculation Date. We have initially appointed The Bank of New York to serve as calculation agent. Each determination of the calculation agent will, in the absence of manifest error, be conclusive for all purposes and binding on us and the holders of the notes.

The calculation agent will give notice to holders of the notes of the Settlement Rate and the U.S. Dollar amounts to be paid per Ps.1,000,000 principal amount of notes on the business day immediately preceding the applicable payment date in the manner described under “— Notices”.

Election for Payment in Mexican Pesos. A holder of the notes may elect to receive payment of principal, interest, additional amounts and any other amounts due in respect of the notes in Mexican Pesos. A holder who wishes to elect to receive a particular payment in Mexican Pesos must notify the principal paying agent no later than the eighth day preceding the applicable payment date (but not earlier than the applicable record date). Holders who wish to receive payments in Mexican Pesos must deliver a separate notice of any such election with respect to each payment date. Holders who own beneficial interests in the global note through accounts with Clearstream Banking or Euroclear must arrange to have such notice given on their behalf. See “— Form of Notes, Clearing and Settlement”.

Form of Notes, Clearing and Settlement

Global Notes

The notes will be issued in book-entry form in minimum denominations of Ps.1,000,000 and integral multiples of Ps.100,000 in excess thereof. Each book-entry note will be represented by one or more registered notes in global form, without interest coupons, as follows:

- notes sold to QIBs under Rule 144A will be represented by the Rule 144A global note; and
- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S global note.

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

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

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

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

Except as provided below, owners of beneficial interest in the notes will not be entitled to have the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders of the notes under the indenture governing the notes, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each person owning a beneficial interest in a note must rely on the procedures of Clearstream Banking and Euroclear and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, in order to exercise any rights of a holder of notes.

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

Clearstream Banking and Euroclear

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

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

Clearance and Settlement Procedures

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

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

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

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

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

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

Same-Day Settlement and Payment. The underwriters will settle the notes in immediately available funds. We will make all payments of principal and interest on the notes in immediately available funds. Secondary market trading between participants in Clearstream Banking and Euroclear will occur in accordance with the applicable rules and operating procedures of Clearstream Banking and Euroclear and will be settled using the procedures applicable to securities in immediately available funds. See “— Clearstream Banking and Euroclear” above.

Indeval

Holders of notes may own beneficial interests in the global note through the facilities of Indeval, which is a participant in each of Clearstream Banking and Euroclear. Indeval is a privately owned securities depository that is authorized and acts as a clearinghouse, depository and central custodian for securities in Mexico. As such, Indeval provides settlement and transfer services and is the registration agent for Mexican securities transactions, eliminating the need for physical transfer of securities. We anticipate that Indeval will elect to receive payments on the notes in Mexican Pesos. Accordingly, we expect that holders who own beneficial interests in the notes through Indeval will receive principal, interest, additional amounts and any other amounts due in respect of the notes in Mexican Pesos (rather than U.S. Dollars). In addition, holders who own beneficial interests in the notes through Indeval may be required to certify as to their residency in accordance with the procedures of Indeval.

Certificated Notes

The global notes representing the notes will be exchangeable for certificated notes of like tenor and terms and of differing authorized denominations aggregating a like principal amount, only if

- the common depository notifies Televisa that it is unwilling or unable to continue as common depository for the global notes,
- the common depository ceases to be a clearing agency registered under the Exchange Act,
- we in our sole discretion determine that the global notes shall be exchangeable for certificated notes, or
- there shall have occurred and be continuing an event of default under the indenture with respect to the notes;

provided that interests in the Regulation S global notes will not be exchangeable for certificated notes until expiration of the 40-day distribution compliance period and receipt of certification of non-U.S. beneficial ownership as described above.

In the event that we issue certificated securities under the limited circumstances described above, then holders of certificated securities may transfer their notes in whole or in part upon the surrender of the certificate to be transferred, together with a completed and executed assignment form endorsed on the certificated note, at the offices of the transfer agent in New York City or, so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF, at the main office of the transfer agent in Luxembourg. Copies of this assignment form may be obtained at, as the case may be, the offices of the transfer agent in New York City and at the main office of the transfer agent in Luxembourg. Each time that we transfer or exchange a new note in certificated form for another note in certificated form, and after the transfer agent receives a completed assignment form, we will make available for delivery the new definitive note at, as the case may be, the offices of the transfer agent in New York City or at the main office of the transfer agent in Luxembourg. Alternatively, at the option of the person requesting the transfer or exchange, we will mail, at that person’s risk, the new certificated note to the address of that person that is specified in the assignment form. In addition, if we issue notes in certificated form, then we will make payments of, interest on and any other amounts payable under the notes to holders in whose names notes in certificated form, are registered at the close of business on the record date for these payments. If the notes are issued in certificated form, we will make payments of principal and any redemption payments against the surrender of these certificated notes at the offices of the paying agent in New York City or, if the notes are then listed on the Luxembourg Stock Exchange for trading on the Euro MTF, at the main office of the paying agent in Luxembourg. The rules of the Luxembourg Stock Exchange currently require cash or checks to be mailed to the addresses communicated by holders against the surrender of notes at the office of the paying agent in Luxembourg, if not surrendered at the office of another paying agent.

Unless and until we issue the notes in fully certificated, registered form,

- you will not be entitled to receive a certificate representing your interest in the notes;
- all references in this prospectus to actions by holders will refer to action taken by a depositary upon instructions from their direct participants; and
- all references in this prospectus to payments and notices to holders will refer to payments and notices to the common depositary, as the registered holder of the notes, for distribution to you in accordance with its policies and procedures.

If we issue the notes in certificated registered form, so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF, we will maintain a paying agent and a transfer agent in Luxembourg. We will also publish a notice in Luxembourg in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*). We will also publish a notice in Luxembourg in a leading newspaper having general circulation in Luxembourg if any change is made in the paying agent or the transfer agent in Luxembourg.

Certain Covenants

The indenture will provide that the covenants set forth below will be applicable to Televisa and its Restricted Subsidiaries.

Limitation on Liens. Televisa will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or assume any Lien, except for Permitted Liens, on any Principal Property to secure the payment of Funded Indebtedness of Televisa or any Restricted Subsidiary if, immediately after the creation, incurrence or assumption of such Lien the sum of (without duplication) (A) the aggregate outstanding principal amount of all Funded Indebtedness of Televisa and the Restricted Subsidiaries that is secured by Liens (other than Permitted Liens) on any Principal Property and (B) the Attributable Debt relating to any Sale and Leaseback Transaction which would otherwise be subject to the provisions of clause 2(A)(i) of the "Limitation on Sale and Leaseback" covenant would exceed the greater of (x) U.S.\$300 million and (y) 15% of Adjusted Consolidated Net Tangible Assets, unless effective provision is made whereby the notes (together with, if Televisa shall so determine, any other Funded Indebtedness ranking equally with the notes, whether then existing or thereafter created) are secured equally and ratably with (or prior to) such Funded Indebtedness (but only for so long as such Funded Indebtedness is so secured). For purposes of this covenant, the value of any Lien on any Principal Property securing Funded Indebtedness will be computed on the basis of the lesser of (i) the outstanding principal amount of such secured Funded Indebtedness and (ii) the higher of (x) the book value or (y) the Fair Market Value of the Principal Property securing such Funded Indebtedness.

The foregoing limitation on Liens shall not apply to the creation, incurrence or assumption of the following Liens ("Permitted Liens"):

(1) Any Lien which arises out of a judgment or award against Televisa or any Restricted Subsidiary with respect to which Televisa or such Restricted Subsidiary at the time shall be prosecuting an appeal or proceeding for review (or with respect to which the period within which such appeal or proceeding for review may be initiated shall not have expired) and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review or with respect to which Televisa or such Restricted Subsidiary shall have posted a bond and established adequate reserves (in accordance with Mexican GAAP) for the payment of such judgment or award;

(2) Liens arising from the rendering of a final judgment or order against Televisa or any Restricted Subsidiary of Televisa that would not, with notice, passage of time or both, give rise to an Event of Default;

(3) Liens incurred or deposits made to secure indemnity obligations in respect of the disposition of any business or assets of Televisa or any Restricted Subsidiary; *provided* that the property subject to such Lien does not have a Fair Market Value in excess of the cash or cash equivalent proceeds received by Televisa and its Restricted Subsidiaries in connection with such disposition;

(4) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of discharging or defeasing Indebtedness of Televisa or any Restricted Subsidiary;

(5) Liens on assets or property of a Person existing at the time such Person is merged into, consolidated with or acquired by Televisa or any Restricted Subsidiary or becomes a Restricted Subsidiary; *provided* that: (i) any such Lien is not incurred in contemplation of such merger, consolidation or acquisition and does not secure any property of Televisa or any Restricted Subsidiary other than the property and assets subject to such Lien prior to such merger, consolidation or acquisition or (ii) if such Lien is incurred in contemplation of such merger, consolidation or acquisition it would be, if created or incurred on or after the consummation of such merger, consolidation or acquisition, a Permitted Lien under clause 7 below;

(6) Liens existing on the date of original issuance of the first series of notes pursuant to the indenture;

(7) Liens securing Funded Indebtedness (including in the form of Capitalized Lease Obligations and purchase money Indebtedness) incurred for the purpose of financing the cost (including without limitation the cost of design, development, site acquisition, construction, integration, manufacture or acquisition) of real or personal property (tangible or intangible) which is incurred contemporaneously therewith or within 180 days thereafter; *provided* (i) such Liens secure Funded Indebtedness in an amount not in excess of the cost of such property (plus an amount equal to the reasonable fees and expenses incurred in connection with the incurrence of such Funded Indebtedness) and (ii) such Liens do not extend to any property of Televisa or any Restricted Subsidiary other than the property for which such Funded Indebtedness was incurred;

(8) Liens to secure the performance of statutory and common law obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(9) Liens to secure the notes;

(10) Liens granted in favor of Televisa and/or any Wholly Owned Restricted Subsidiary to secure indebtedness owing to Televisa or such Wholly Owned Restricted Subsidiary;

(11) Legal or equitable encumbrances deemed to exist by reason of the inclusion of customary negative pledge provisions in any financing document of Televisa or any Restricted Subsidiary;

(12) Liens on the rights of Televisa or any Restricted Subsidiary to licensing, royalty and other similar payments in respect of programming or films and all proceeds therefrom; and

(13) Any Lien in respect of Funded Indebtedness representing the extension, refinancing, renewal or replacement (or successive extensions, refinancings, renewals or replacements) of Funded Indebtedness secured by Liens referred to in clauses (3), (4), (5), (6), (7), (8), (9), (10), (11) and (12) above; *provided* that the principal of the Funded Indebtedness secured thereby does not exceed the principal of the Funded Indebtedness secured thereby immediately prior to such extension, renewal or replacement, plus any accrued and unpaid interest or capitalized interest payable thereon, reasonable fees and expenses incurred in connection therewith, and the amount of any prepayment premium necessary to accomplish any refinancing; and *provided, further*, that such extension, renewal or replacement shall be limited to all or a part of the property (or interest therein) subject to the Lien so extended, renewed or replaced (plus improvements and construction on such property); and *provided, further*, that in the case of Liens referred to in clauses (3), (4), (8), (9), (10), (11) and (12), the secured party with respect to the Lien so extended, renewed, refinanced or replaced is the party (or any successor or assignee thereof) that was secured prior to such extension, renewal, refinancing or replacement.

Limitation on Sale and Leaseback. Televisa will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that Televisa or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the gross cash proceeds of the Sale and Leaseback Transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors and set forth in a resolution delivered to the Trustee, of the Principal Property that is the subject of the Sale and Leaseback Transaction; and

(2) either

(A) Televisa or the Restricted Subsidiary, as applicable, either (i) could have incurred a Lien to secure Funded Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction pursuant to the "Limitation on Liens" covenant, or (ii) makes effective provision whereby the notes (together with, if Televisa shall so determine, any other Funded Indebtedness ranking equally with the notes, whether then existing or thereafter created) are secured equally and ratably with (or prior to) the obligations of Televisa or the Restricted Subsidiary under the lease of such Principal Property, or

(B) within 360 days, Televisa or the Restricted Subsidiary either (i) applies an amount equal to the Attributable Debt in respect of such Sale and Leaseback Transaction to purchase the notes or to retire, defease or prepay (in whole or in part) other Funded Indebtedness, or (ii) enters into a bona fide commitment to expend for the acquisition or improvement of a Principal Property an amount at least equal to the Attributable Debt in respect of such Sale and Leaseback Transaction.

Designation of Restricted Subsidiaries. The Board of Directors of Televisa may designate an Unrestricted Subsidiary as a Restricted Subsidiary or designate a Restricted Subsidiary as an Unrestricted Subsidiary at any time; *provided* that (1) immediately after giving effect to such designation, Televisa and its Restricted Subsidiaries would have been permitted to incur at least \$1.00 of additional Funded Indebtedness secured by a Lien pursuant to the "Limitation on Liens" covenant (other than Funded Indebtedness permitted to be secured by a Lien pursuant to the provisions of the definition of "Permitted Liens"), (2) no default or event of default shall have occurred and be continuing, and (3) an Officer's Certificate with respect to such designation is delivered to the Trustee within 75 days after the end of the fiscal quarter of Televisa in which such designation is made (or, in the case of a designation made during the last fiscal quarter of Televisa's fiscal year, within 120 days after the end of such fiscal year), which Officers' Certificate shall state the effective date of such designation. Televisa has initially designated as Unrestricted Subsidiaries all of its Subsidiaries other than those subsidiaries engaged in television broadcasting, pay television networks and programming exports (other than the subsidiaries which operate Bay City Television) and will deliver the required Officers' Certificate with respect thereto to the Trustee, on or prior to the date of initial issuance of the first series of notes pursuant to the indenture.

Repurchase of Securities upon a Change of Control. Televisa must commence, within 30 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all securities then outstanding, at a purchase price equal to 101% of the principal amount of the securities on the date of repurchase, plus accrued interest (if any) to the date of purchase. Televisa is not required to make an Offer to Purchase following a Change of Control if a third party makes an Offer to Purchase that would be in compliance with the provisions described in this covenant if it were made by Televisa and such third party purchases (for the consideration referred to in the immediately preceding sentence) the securities validly tendered and not withdrawn. Prior to the mailing of the notice to holders and publishing such notice to holders in a daily newspaper of general circulation in Luxembourg commencing such Offer to Purchase, but in any event within 30 days following any Change of Control, Televisa covenants to (i) repay in full all indebtedness of Televisa that would prohibit the repurchase of the securities pursuant to such Offer to Purchase or (ii) obtain any requisite consents under instruments governing any such indebtedness of Televisa to permit the repurchase of the securities. Televisa shall first comply with the covenant in the preceding sentence before it repurchases securities upon a Change of Control pursuant to this covenant.

The covenant requiring Televisa to repurchase the notes will, unless consents are obtained, require Televisa to repay all indebtedness then outstanding, which by its terms would prohibit such note repurchase, either prior to or concurrently with such note repurchase. There can be no assurance that Televisa will have sufficient funds available at the time of any Change of Control to make any debt payment (including repurchases of notes) required by the foregoing covenant (as well as by any covenant contained in other securities of Televisa which might be outstanding at the time).

Additional Amounts. All payments of amounts due in respect of the notes by Televisa will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Mexico, any political subdivision thereof or any agency or authority of or in Mexico ("Taxes") unless the withholding or deduction of such Taxes is required by law or by the interpretation or administration thereof. In that event, Televisa will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amounts receivable by the holders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the notes, in the absence of such withholding or deduction, which Additional Amounts shall be due and payable when the amounts to which such Additional Amounts relate are due and payable; except that no such Additional Amounts shall be payable with respect to:

(i) any Taxes which are imposed on, or deducted or withheld from, payments made to the holder or beneficial owner of a note by reason of the existence of any present or former connection between the holder or beneficial owner of the note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, corporation or partnership) and Mexico (or any political subdivision or territory or possession thereof or area subject to its jurisdiction) (including, without limitation, such holder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) (x) being or having been a citizen or resident thereof, (y) maintaining or having maintained an office, permanent establishment, fixed base or branch therein, or (z) being or having been present or engaged in a trade or business therein) other than the mere holding of such note or the receipt of amounts due in respect thereof;

(ii) any estate, inheritance, gift, sales, stamp, transfer or personal property Tax;

(iii) any Taxes that are imposed on, or withheld or deducted from, payments made to the holder or beneficial owner of a note to the extent such Taxes would not have been so imposed, deducted or withheld but for the failure by such holder or beneficial owner of such note to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Mexico (or any political subdivision or territory or possession thereof or area subject to its jurisdiction) of the holder or beneficial owner of such Note if (x) such compliance is required or imposed by a statute, treaty, regulation, rule, ruling or administrative practice in order to make any claim for exemption from, or reduction in the rate of, the imposition, withholding or deduction of any Taxes, and (y) at least 60 days prior to the first payment date with respect to which Televisa shall apply this clause (iii), Televisa shall have notified all the holders of notes, in writing, that such holders or beneficial owners of the notes will be required to provide such information or documentation;

(iv) any Taxes imposed on, or withheld or deducted from, payments made to a holder or beneficial owner of a note at a rate in excess of the 4.9% rate of Tax in effect on the date hereof and uniformly applicable in respect of payments made by Televisa to all holders or beneficial owners eligible for the benefits of a treaty for the avoidance of double taxation to which Mexico is a party without regard to the particular circumstances of such holders or beneficial owners (*provided* that, upon any subsequent increase in the rate of Tax that would be applicable to payments to all such holders or beneficial owners without regard to their particular circumstances, such increased rate shall be substituted for the 4.9% rate for purposes of this clause (iv)), but only to the extent that (x) such holder or beneficial owner has failed to provide on a timely basis, at the reasonable request of Televisa (subject to the conditions set forth below), information, documentation or other evidence concerning whether such holder or beneficial owner is eligible for benefits under a treaty for the avoidance of double taxation to which Mexico is a party if necessary to determine the appropriate rate of deduction or withholding of Taxes under such treaty or under any statute, regulation, rule, ruling or administrative practice, and (y) at least 60 days prior to the first payment date with respect to which Televisa shall make such reasonable request, Televisa shall have notified the holders of the notes, in writing, that such holders or beneficial owners of the notes will be required to provide such information, documentation or other evidence;

(v) to or on behalf of a holder of a note in respect of Taxes that would not have been imposed but for the presentation by such holder for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holder of such note would have been entitled to Additional Amounts in respect of such Taxes on presenting such note for payment on any date during such 15-day period; or

(vi) any combination of (i), (ii), (iii), (iv) or (v) above (the Taxes described in clauses (i) through (vi), for which no Additional Amounts are payable, are hereinafter referred to as "Excluded Taxes").

Notwithstanding the foregoing, the limitations on Televisa's obligation to pay Additional Amounts set forth in clauses (iii) and (iv) above shall not apply if (a) the provision of information, documentation or other evidence described in such clauses (iii) and (iv) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note (taking into account any relevant differences between U.S. and Mexican law, rules, regulations or administrative practice) than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8BEN and W-9) or (b) Rule 3.23.8 issued by the *Secretaria de Hacienda y Crédito Público* (Ministry of Finance and Public Credit) or a substantially similar successor of such rule is in effect, unless the provision of the information, documentation or other evidence described in clauses (iii) and (iv) is expressly required by statute, regulation, rule, ruling or administrative practice in order to apply Rule 3.23.8 (or a substantially similar successor of such rule), Televisa cannot obtain such information, documentation or other evidence on its own through reasonable diligence and Televisa otherwise would meet the requirements for application of Rule 3.23.8 (or such successor of such rule). In addition, such clauses (iii) and (iv) shall not be construed to require that a non-Mexican pension or retirement fund or a non-Mexican financial institution or any other holder register with the Ministry of Finance and Public Credit for the purpose of establishing eligibility for an exemption from or reduction of Mexican withholding tax or to require that a holder or beneficial owner certify or provide information concerning whether it is or is not a tax-exempt pension or retirement fund.

At least 30 days prior to each date on which any payment under or with respect to the notes is due and payable, if Televisa will be obligated to pay Additional Amounts with respect to such payment (other than Additional Amounts payable on the date of the indenture), Televisa will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable, and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Whenever either in the indenture or in this prospectus there is mentioned, in any context, the payment of principal (and premium, if any), redemption price, interest or any other amount payable under or with respect to any note, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

In the event that Televisa has become or would become required to pay any Additional Amounts in excess of those attributable to Taxes that are imposed, deducted or withheld at a rate of 10% as a result of certain changes affecting Mexican tax laws, Televisa may redeem all, but not less than all, of the notes, at any time at 100% of the principal amount, together with accrued and unpaid interest thereon, if any, to the redemption date. See “— Optional Redemption — Withholding Tax Redemption”.

Televisa will provide the Trustee with documentation evidencing the payment of Mexican taxes in respect of which Televisa has paid any Additional Amounts. Copies of such documentation will be made available to the holders or the paying agent, as applicable, upon request therefor.

In addition, Televisa will pay any stamp, issue, registration, documentary or other similar taxes and other duties (including interest and penalties) (a) payable in Mexico or the United States (or any political subdivision of either jurisdiction) in respect of the creation, issue and offering of the notes, and (b) payable in Mexico (or any political subdivision thereof) in respect of the subsequent redemption or retirement of the notes (other than, in the case of any subsequent redemption or retirement, Excluded Taxes; except for this purpose, the definition of Excluded Taxes will not include those defined in clause (ii) thereof).

Optional Redemption

We will not be permitted to redeem the notes before their stated maturity, except as set forth below. The notes will not be entitled to the benefit of any sinking fund — meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be entitled to require us to repurchase your notes from you before the stated maturity.

Optional Redemption With “Make-Whole” Amount

We will have the right at our option to redeem any of the notes in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days’ but not more than 60 days’ notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (calculated on the basis of the actual number of days in each such remaining interest period and a 360-day year) at the M Bono Rate (the “Make-Whole Amount”), plus in each case accrued interest on the principal amount of the notes to the date of redemption.

“M Bono Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable M Bono Issue, assuming a price for the Comparable M Bono Issue (expressed as a percentage of its principal amount) equal to the Comparable M Bono Price for such redemption date.

“Comparable M Bono Issue” means the Mexican *Bonos de Desarrollo del Gobierno Federal con Tasa de Interés Fija* security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

“Independent Investment Banker” means one of the Reference M Bono Dealers appointed by us.

“Comparable M Bono Price” means, with respect to any redemption date (1) the average of the Reference M Bono Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference M Bono Dealer Quotation or (2) if we obtain fewer than four such Reference M Bono Dealer Quotations, the average of all such quotations.

“Reference M Bono Dealer” means (i) Casa de Bolsa Santander S.A., (ii) ING (México) S.A. de C.V. Casa de Bolsa, (iii) BBVA Bancomer S.A., (iv) Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex and (v) HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, or their affiliates that are primary Mexican government securities dealers; *provided, however*, that if any of the foregoing shall cease to be a primary Mexican government securities dealer in Mexico City (a “Primary M Bono Dealer”), we will substitute therefor another Primary M Bono Dealer.

“Reference M Bono Dealer Quotation” means, with respect to each Reference M Bono Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable M Bono Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference M Bono Dealer at 2:30 pm Mexico City time on the third business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate.

Withholding Tax Redemption

The notes are subject to redemption (“Withholding Tax Redemption”) at any time (a “Withholding Tax Redemption Date”), as a whole but not in part, at the election of Televisa, at a redemption price equal to 100% of the unpaid principal amount thereof plus accrued and unpaid interest, if any, to and including the Withholding Tax Redemption Date (the “Withholding Tax Redemption Price”) if, as a result of (i) any change in or amendment to the laws, rules or regulations of Mexico, or any political subdivision or taxing authority or other instrumentality thereof or therein, or (ii) any amendment to or change in the rulings or interpretations relating to such laws, rules or regulations made by any legislative body, court or governmental or regulatory agency or authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) of Mexico, or any political subdivision or taxing authority or other instrumentality thereof or therein, or (iii) any official interpretation, application or pronouncement by any legislative body, court or governmental or regulatory agency or authority that provides for a position with respect to such laws, rules or regulations that differs from the theretofore generally accepted position, which amendment or change is enacted, promulgated, issued or announced or which interpretation, application or pronouncement is issued or announced, in each case, after the Closing Date, Televisa has become or would become required to pay any Additional Amounts (as defined above) in excess of those attributable to Taxes (as defined above) that are imposed, deducted or withheld at a rate of 10% on or from any payments under the notes. See “— Additional Amounts” and “Taxation — Mexican Taxation”.

The election of Televisa to redeem the Notes shall be evidenced by a certificate (a “Withholding Tax Redemption Certificate”) of a financial officer of Televisa, which certificate shall be delivered to the Trustee. Televisa shall, not less than 35 days nor more than 45 days prior to the Withholding Tax Redemption Date, notify the Trustee in writing of such Withholding Tax Redemption Date and of all other information necessary to the giving by the Trustee of notices of such Withholding Tax Redemption. The Trustee shall be entitled to rely conclusively upon the information so furnished by Televisa in the Withholding Tax Redemption Certificate and shall be under no duty to check the accuracy or completeness thereof. Such notice shall be irrevocable and upon its delivery Televisa shall be obligated to make the payment or payments to the Trustee referred to therein at least two Business Days prior to such Withholding Tax Redemption Date.

Notice of Withholding Tax Redemption shall be given by the Trustee to the holders, in accordance with the provisions under “Notices”, upon the mailing by first-class postage prepaid to each holder at the address of such holder as it appears in the Register not less than 30 days nor more than 60 days prior to the Withholding Tax Redemption Date.

The notice of Withholding Tax Redemption shall state:

- (i) the Withholding Tax Redemption Date;
- (ii) the Withholding Tax Redemption Price;
- (iii) the sum of all other amounts due to the holders under the notes and the indenture;
- (iv) that on the Withholding Tax Redemption Date the Withholding Tax Redemption Price will become due and payable upon each such note so to be redeemed;
- (v) the place or places, including the offices of our paying agent in Luxembourg, where such Notes so to be redeemed are to be surrendered for payment of the Withholding Tax Redemption Price; and
- (vi) the ISIN number of the notes.

Notice of Withholding Tax Redemption having been given as aforesaid, the notes so to be redeemed shall, on the Withholding Tax Redemption Date, become due and payable at the Withholding Tax Redemption Price therein specified. Upon surrender of any such notes for redemption in accordance with such notice, such notes shall be paid by the paying agent on behalf of Televisa on the Withholding Tax Redemption Date; *provided* that moneys sufficient therefor have been deposited with the Trustee for the holders.

Notwithstanding anything to the contrary herein or in the indenture or in the notes, if a Withholding Tax Redemption Certificate has been delivered to the Trustee and Televisa shall have paid to the Trustee for the benefit of the holders (i) the Withholding Tax Redemption Price and (ii) all other amounts due to the holders and the Trustee under the notes and the indenture, then neither the holders nor the Trustee on their behalf shall any longer be entitled to exercise any of the rights of the holders under the notes other than the rights of the holders to receive payment of such amounts from the paying agent and the occurrence of an Event of Default whether before or after such payment by Televisa to the Trustee for the benefit of the holders shall not entitle either the holders or the Trustee on their behalf after such payment to declare the principal of any Notes then outstanding to be due and payable on any date prior to the Withholding Tax Redemption Date. The funds paid to the Trustee shall be used to redeem the notes on the Withholding Tax Redemption Date.

Merger and Consolidation

Televisa may not consolidate with or merge into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets and the properties and assets of its Subsidiaries (taken as a whole) as an entirety to, any entity or entities (including limited liability companies) unless (1) the successor entity or entities, each of which shall be organized under the laws of Mexico or of the United States or a State thereof, shall assume by supplemental indenture all the obligations of Televisa under the Notes, the indenture and the registration rights agreement, (2) immediately after giving effect to the transaction or series of transactions, no default or event of default shall have occurred and be continuing, and (3) if, as a result of such transaction, properties or assets of Televisa would become subject to an encumbrance which would not be permitted by the terms of the notes, Televisa or the successor entity or entities shall take such steps as are necessary to secure such notes equally and ratably with all indebtedness secured thereunder; *provided*, that notwithstanding the foregoing, nothing herein shall prohibit Televisa or a Restricted Subsidiary from selling, assigning, transferring, leasing, conveying or otherwise disposing of any of Televisa's Subsidiaries that are Unrestricted Subsidiaries at the date of the indenture or any interest therein or any assets thereof. Thereafter, all such obligations of Televisa shall terminate.

Events of Default

The term "event of default" means any one of the following events with respect to any series of senior debt securities, including the notes:

- (1) default in the payment of any interest on any senior debt security of the series, or any Additional Amounts payable with respect thereto, when the interest becomes or the Additional Amounts become due and payable, and continuance of the default for a period of 30 days;
- (2) default in the payment of the principal of or any premium on any senior debt security of the series, or any Additional Amounts payable with respect thereto, when the principal or premium becomes or the Additional Amounts become due and payable at their maturity;
- (3) failure of Televisa to comply with any of its obligations described above under "— Merger and Consolidation";
- (4) default in the deposit of any sinking fund payment when and as due by the terms of a senior debt security of the series;
- (5) default in the performance, or breach, of any covenant or warranty of Televisa in the indenture or the senior debt securities (other than a covenant or warranty a default in the performance or the breach of which is elsewhere in the indenture specifically dealt with or which has been expressly included in the indenture solely for the benefit of a series of senior debt securities other than the relevant series), and continuance of the default or breach for a period of 60 days after there has been given, by registered or certified mail, to Televisa by the trustee or to Televisa and the trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of the series, a written notice specifying the default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" under the indenture;

(6) if any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of Televisa or any Material Subsidiary of Televisa, whether the Indebtedness now exists or shall hereafter be created, shall happen and shall result in Indebtedness in aggregate principal amount (or, if applicable, with an issue price and accreted original issue discount) in excess of U.S.\$100 million becoming or being declared due and payable prior to the date on which it would otherwise become due and payable, and (i) the acceleration shall not be rescinded or annulled, (ii) such Indebtedness shall not have been paid or (iii) Televisa or such Material Subsidiary shall not have contested such acceleration in good faith by appropriate proceedings and have obtained and thereafter maintained a stay of all consequences that would have a material adverse effect on Televisa, in each case within a period of 30 days after there shall have been given, by registered or certified mail, to Televisa by the trustee or to Televisa and the trustee by the holders of at least 25% in principal amount of the outstanding senior debt securities of the series then outstanding, a written notice specifying the default or breaches and requiring it to be remedied and stating that the notice is a "Notice of Default" or other notice as prescribed in the indenture; *provided, however*, that if after the expiration of such period, such event of default shall be remedied or cured by Televisa or be waived by the holders of such Indebtedness in any manner authorized by such mortgage, indenture or instrument, then the event of default with respect to such series of senior debt securities or by reason thereof shall, without further action by Televisa, the trustee or any holder of senior debt securities of such series, be deemed cured and not continuing;

(7) the entry by a court having competent jurisdiction of:

(a) a decree or order for relief in respect of Televisa or any Material Subsidiary in an involuntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law, which decree or order shall remain unstayed and in effect for a period of 60 consecutive days;

(b) a decree or order adjudging Televisa or any Material Subsidiary to be insolvent, or approving a petition seeking reorganization, arrangement, adjustment or composition of Televisa or any Material Subsidiary, which decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(c) a final and non-appealable order appointing a custodian, receiver, liquidator, assignee, trustee or other similar official of Televisa or any Material Subsidiary or of any substantial part of the property of Televisa or any Material Subsidiary or ordering the winding up or liquidation of the affairs of Televisa;

(8) the commencement by Televisa or any Material Subsidiary of a voluntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or of a voluntary proceeding seeking to be adjudicated insolvent or the consent by Televisa or any Material Subsidiary to the entry of a decree or order for relief in an involuntary proceeding under any applicable bankruptcy, insolvency, reorganization or other similar law or to the commencement of any insolvency proceedings against it, or the filing by Televisa or any Material Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable law, or the consent by Televisa or any Material Subsidiary to the filing of the petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or similar official of Televisa or any Material Subsidiary or any substantial part of the property of Televisa or any Material Subsidiary or the making by Televisa or any Material Subsidiary of an assignment for the benefit of creditors, or the taking of corporate action by Televisa or any Material Subsidiary in furtherance of any such action; or

(9) any other event of default provided in or pursuant to the indenture with respect to senior debt securities of the series.

If an event of default with respect to senior debt securities of any series at the time outstanding (other than an event of default specified in clause (7) or (8) above) occurs and is continuing, then the trustee or the holders of not less than 25% in principal amount of the outstanding senior debt securities of the series may declare the principal of all the senior debt securities of the series, or such lesser amount as may be provided for in the senior debt securities of the series, to be due and payable immediately, by a notice in writing to Televisa (and to the trustee if given by the holders), and upon any declaration the principal or such lesser amount shall become immediately due and payable. If an event of default specified in clause (7) or (8) above occurs, all unpaid principal of and accrued interest on the outstanding senior debt securities of that series (or such lesser amount as may be provided for in the senior debt securities of the series) shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of any senior debt security of that series.

At any time after a declaration of acceleration or automatic acceleration with respect to the senior debt securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of the outstanding senior debt securities of the series, by written notice to Televisa and the trustee, may rescind and annul the declaration and its consequences if:

(1) Televisa has paid or deposited with the trustee a sum of money sufficient to pay all overdue installments of any interest on and additional amounts with respect to all senior debt securities of the series and the principal of and any premium on any senior debt securities of the series which have become due otherwise than by the declaration of acceleration and interest on the senior debt securities; and

(2) all events of default with respect to senior debt securities of the series, other than the non-payment of the principal of, any premium and interest on, and any additional amounts with respect to senior debt securities of the series which shall have become due solely by the acceleration, shall have been cured or waived.

No rescission shall affect any subsequent default or impair any right consequent thereon.

Meetings of Noteholders

A meeting of noteholders may be called by the trustee, Televisa or the holders of at least 10% in aggregate principal amount of the outstanding notes at any time and from time to time, to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other actions provided by the indenture to be made, given or taken by holders of notes. The meeting shall be held at such time and at such place in the Borough of Manhattan, The City of New York or in such other place as the trustee shall determine. Notice of every meeting of noteholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given not less than 21 nor more than 180 days prior to the date fixed for the meeting.

The persons entitled to vote a majority in principal amount of the outstanding notes shall constitute a quorum for a meeting; except that if any action requires holders of at least 66 2/3% in principal amount of the outstanding notes to consent or waiver the Persons entitled to vote 66 2/3% in principal amount of the outstanding notes shall constitute a quorum. Any resolution presented to a meeting at which a quorum is present may be adopted only by the affirmative vote of the holders of a majority in principal amount of the outstanding notes; except that any resolution requiring consent of the holders of at least 66 2/3% in principal amount of the outstanding notes may be adopted at a meeting by the affirmative vote of the holders of at least 66 2/3% in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of notes duly held in accordance with the indenture shall be binding on all the holders of notes, whether or not such holders were present or represented at the meeting.

Modification and Waiver

Modification and amendments of the indenture may be made by Televisa and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of each series affected thereby; *provided, however*, that no modification or amendment may, without the consent of the holder of each outstanding senior debt security affected thereby:

(1) change the stated maturity of the principal of, or any premium or installment of interest on, or any Additional Amounts with respect to, any senior debt security;

(2) reduce the principal amount of, or the rate (or modify the calculation of the rate) of interest on, or any Additional Amounts with respect to, or any premium payable upon the redemption of, any senior debt security;

(3) change the redemption provisions of any senior debt security or adversely affect the right of repayment at the option of any holder of any senior debt security;

(4) change the place of payment or the coin or currency in which the principal of, any premium or interest on or any Additional Amounts with respect to any senior debt security is payable;

(5) impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any senior debt security (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of any holder, on or after the date for repayment);

(6) reduce the percentage in principal amount of the outstanding senior debt securities, the consent of whose holders is required in order to take certain actions;

(7) reduce the requirements for quorum or voting by holders of senior debt securities as provided in the indenture;

(8) modify any of the provisions in the indenture regarding the waiver of past defaults and the waiver of certain covenants by the holders of senior debt securities except to increase any percentage vote required or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each senior debt security affected thereby; or

(9) modify any of the above provisions.

The holders of not less than a majority in aggregate principal amount of the senior debt securities of any series may, on behalf of the holders of all senior debt securities of the series, waive compliance by Televisa with certain restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of the outstanding senior debt securities of any series may, on behalf of the holders of all senior debt securities of the series, waive any past default and its consequences under the indenture with respect to the senior debt securities of the series, except a default:

- in the payment of principal (or premium, if any), or any interest on or any Additional Amounts with respect to senior debt securities of the series; or
- in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each senior debt security of any series.

Under the indenture, Televisa is required to furnish the trustee annually a statement as to performance by Televisa of certain of its obligations under the indenture and as to any default in the performance. Televisa is also required to deliver to the trustee, within five days after becoming aware thereof, written notice of any event of default or any event which after notice or lapse of time or both would constitute an event of default.

The indenture contains provisions permitting Televisa and the trustee, without the consent of any holders of notes, to enter into a supplemental indenture, among other things, for purposes of curing any ambiguity or correcting or supplementing any provisions contained in the indenture or in any supplemental indenture or making other provisions in regard to the matters or questions arising under the indenture or any supplemental indenture as the Board of Directors of Televisa deems necessary or desirable and which does not adversely affect the interests of the holders of notes in any material respect. Televisa and the trustee, without the consent of any holders of notes, may also enter into a supplemental indenture to establish the forms or terms of any series of senior debt securities as are not otherwise inconsistent with any of the provisions of the indenture.

Notices

While the notes are represented by the global note deposited with the common depositary for Clearstream Banking and Euroclear, notices to holders may be given by delivery to Clearstream Banking and Euroclear, and such notices will be deemed to be given on the date of delivery to Clearstream Banking and Euroclear. The trustee will also mail notices by first-class mail, postage prepaid, to each registered holder's last known address as it appears in the security register that the trustee maintains. The trustee will only mail these notices to the registered holder of the notes. You will not receive notices regarding the notes directly from us unless we reissue the notes to you in fully certificated form. In addition, so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF, in accordance with the rules and regulations of the Luxembourg Stock Exchange, all notices regarding the notes shall be valid if published in a leading daily newspaper of general circulation in Luxembourg, which is expected to be *d'Wort* or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

Neither the failure to give any notice to a particular holder, nor any defect in a notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange.

Unclaimed Amounts

Any money deposited with the trustee or paying agent or held by Televisa, in trust, for the payment of principal, premium, interest or any Additional Amounts, that remains unclaimed for two years after such amount becomes due and payable shall be paid to Televisa on its request or, if held by Televisa, shall be discharged from such trust. The holder of the notes will look only to Televisa for payment thereof, and all liability of the trustee, paying agent or of Televisa, as trustee, shall thereupon cease. However, the trustee

or paying agent may at the expense of Televisa cause to be published once in a newspaper in each place of payment, or to be mailed to holders of notes, or both, notice that that money remains unclaimed and any unclaimed balance of such money remaining, after a specified date, will be repaid to Televisa.

Certain Definitions

The following are certain of the terms defined in the indenture:

For purposes of the following definitions, the covenants described under “— Certain Covenants” and the indenture generally, all calculations and determinations shall be made in accordance with Mexican GAAP as in effect on the closing date and shall be based upon the consolidated financial statements of Televisa and its restricted subsidiaries prepared in accordance with Mexican GAAP and Televisa’s accounting policies as in effect on the closing date. Where calculations or amounts are determined with reference to reports filed with the Commission or the Trustee, the information contained in such reports shall (solely for purposes of the indenture) be adjusted to the extent necessary to conform to Mexican GAAP as in effect on the closing date.

“**Adjusted Consolidated Net Tangible Assets**” means the total amount of assets of Televisa and its Restricted Subsidiaries (less applicable depreciation, amortization and other valuation reserves), including any write-ups or restatements required under Mexican GAAP (other than with respect to items referred to in clause (ii) below), after deducting therefrom (i) all current liabilities of Televisa and its Restricted Subsidiaries (excluding deposits and customer advances) and (ii) all goodwill, trade names, trademarks, licenses, concessions, patents, unamortized debt discount and expense and other intangibles, all as determined in accordance with Mexican GAAP; *provided* that “Adjusted Consolidated Net Tangible Assets” shall be deemed to include transmission rights, programs and films, as determined in accordance with Mexican GAAP.

“**Affiliate**” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Attributable Debt**” in respect of a Sale and Leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with Mexican GAAP.

“**Board of Directors**” means the Board of Directors of Televisa or the Executive Committee thereof, if duly authorized by the Board of Directors and under Mexican Law to act with respect to the indenture; *provided*, that for purposes of clause (ii) of the definition of Change of Control, the Board of Directors shall mean the entire Board of Directors then in office.

“**Capitalized Lease Obligation**” of any Person means any obligation of such Person to pay rent or other amounts under a lease with respect to any property (whether real, personal or mixed) acquired or leased (other than leases for transponders) by such Person and used in its business that is required to be accounted for as a liability on the balance sheet of such Person in accordance with Mexican GAAP and the amount of such Capitalized Lease Obligation shall be the amount so required to be accounted for as a liability.

“**Change of Control**” means such time as (i) a “person” or “group” (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the ultimate “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act) of shares of Voting Stock of Televisa representing more than 35% of the total voting power of the total Voting Stock of Televisa on a fully diluted basis and (A) such ownership is greater than the amount of voting power of the total Voting Stock, on a fully diluted basis, “beneficially owned” by the Existing Stockholders and their Affiliates on such date, (B) such beneficial owner has the right under applicable law to exercise the voting power of such shares and (C) such beneficial owner has the right to elect more directors than the Existing Stockholders and their Affiliates on such date; or (ii) individuals who on the Closing Date constitute the Board of Directors of Televisa (together with any new directors whose election by the Board of Directors or whose nomination for election by Televisa’s stockholders was approved by a vote of at least two-thirds of the members of the Board of Directors then in office who either were members of the Board of Directors on the Closing Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office.

“**Existing Stockholders**” means (i) Emilio Azcárraga Jean, (ii) a parent, brother or sister of the individual named in clause (i), (iii) the spouse or a former spouse of any individual named in clause (i) or (ii), (iv) the lineal descendants of any person named in clauses (i) through (iii) and the spouse or a former spouse of any such lineal descendant, (v) the estate or any guardian, custodian or other legal representative of any individual named in clauses (i) through (iv), (vi) any trust established solely for the benefit of any one or more of the individuals named in clauses (i) through (v) and (vii) any Person in which all of the equity interests are owned, directly or indirectly, by any one or more of the Persons named in clauses (i) through (vi).

“**Fair Market Value**” means, with respect to any asset or property, the price which could be negotiated in an arm’s-length transaction, for cash, between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by the Board of Directors of Televisa, acting in good faith and evidenced by a resolution delivered to the Trustee.

“**Funded Indebtedness**” of any Person means, as of the date as of which the amount thereof is to be determined, without duplication, all Indebtedness of such Person for borrowed money or for the deferred purchase price of property or assets in respect of which such Person is liable and all guarantees by such Person of any Indebtedness of others for borrowed money, and all Capitalized Lease Obligations of such Person, which by the terms thereof have a final maturity, duration or payment date more than one year from the date of determination thereof (including, without limitation, any balance of such Indebtedness or obligation which was Funded Indebtedness at the time of its creation maturing within one year from such date of determination) or which has a final maturity, duration or payment date within one year from such date of determination but which by its terms may be renewed or extended at the option of such Person for more than one year from such date of determination, whether or not theretofore renewed or extended; *provided, however*, “Funded Indebtedness” shall not include (1) any Indebtedness of Televisa or any Subsidiary to Televisa or another Subsidiary, (2) any guarantee by Televisa or any Subsidiary of Indebtedness of Televisa or another Subsidiary; *provided* that such guarantee is not secured by a Lien on any Principal Property, (3) any guarantee by Televisa or any Subsidiary of the Indebtedness of any person (including, without limitation, a business trust), if the obligation of Televisa or such Subsidiary under such guaranty is limited in amount to the amount of funds held by or on behalf of such person that are available for the payment of such Indebtedness, (4) liabilities under interest rate swap, exchange, collar or cap agreements and all other agreements or arrangements designed to protect against fluctuations in interest rates or currency exchange rates, and (5) liabilities under commodity hedge, commodity swap, exchange, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect against fluctuations in prices. For purposes of determining the outstanding principal amount of Funded Indebtedness at any date, the amount of Indebtedness issued at a price less than the principal amount thereof shall be equal to the amount of the liability in respect thereof at such date determined in accordance with Mexican GAAP.

“**Indebtedness**” of any Person means:

- (1) any indebtedness of such Person (i) for borrowed money or (ii) evidenced by a note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any property or assets, including securities;
- (2) any guarantee by such Person of any indebtedness of others described in the preceding clause (1); and
- (3) any amendment, renewal, extension or refunding of any such indebtedness or guarantee.

“**Lien**” means any mortgage, pledge, lien, security interest, or other similar encumbrance.

“**Material Subsidiary**” means, at any relevant time, any Subsidiary that meets any of the following conditions:

- (1) Televisa’s and its other Subsidiaries’ investments in and advances to the Subsidiary exceed 10% of the total consolidated assets of Televisa and its Subsidiaries;
- (2) Televisa’s and its other Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the total consolidated assets of Televisa and its Subsidiaries;
- (3) Televisa’s and its other Subsidiaries’ proportionate share of the total revenues (after intercompany eliminations) of the Subsidiary exceeds 10% of the total consolidated revenue of Televisa and its Subsidiaries; or
- (4) Televisa’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Subsidiary exceeds 10% of such income of Televisa and its Subsidiaries;

all as calculated by reference to the then latest fiscal year-end accounts (or consolidated fiscal year-end accounts, as the case may be) of such Subsidiary and the then latest audited consolidated fiscal year-end accounts of Televisa and its Subsidiaries.

“**Mexican GAAP**” means generally accepted accounting principles in Mexico and the accounting principles and policies of Televisa and its Restricted Subsidiaries, in each case as in effect as of the date of the indenture. All ratios and computations shall be computed in conformity with Mexican GAAP applied on a consistent basis and using constant Mexican peso calculations.

“**Mexican Pesos**” means the legal currency of Mexico.

“**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“**Principal Property**” means, as of any date of determination, (a) any television production and/or network facility, television programming library, and, if applicable, any cable system and satellite television services facility, including land and buildings and other improvements thereon and equipment located therein, owned by Televisa or any Restricted Subsidiary and used in the ordinary course of its business and (b) any executive offices, administrative buildings, and research and development facilities, including land and buildings and other improvements thereon and equipment located therein, of Televisa or any Restricted Subsidiary, other than any such property which, in the good faith opinion of the Board of Directors, is not of material importance to the business conducted by Televisa and its Restricted Subsidiaries taken as a whole.

“**Restricted Subsidiary**” means, as of any date of determination, a subsidiary which has been, or is then being, designated a Restricted Subsidiary in accordance with the “Designation of Restricted Subsidiaries” covenant, unless and until designated an Unrestricted Subsidiary in accordance with such covenant.

“**Sale and Leaseback Transactions**” means any arrangement providing for the leasing to Televisa or a Subsidiary of any Principal Property (except for temporary leases for a term, including renewals, of not more than three years) which has been or is to be sold by Televisa or such Subsidiary to the lessor.

“**Subsidiary**” means any corporation, association, limited liability company, partnership or other business entity of which a majority of the total voting power of the capital stock or other interests (including partnership interests) entitled (without regard to the incurrence of a contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) Televisa, (ii) Televisa and one or more of its Subsidiaries or (iii) one or more Subsidiaries of Televisa.

“**Televisa**” means Grupo Televisa, S.A., a limited liability stock corporation (*sociedad anónima*) organized under the laws of the United Mexican States, until a successor replaces it pursuant to the applicable provisions of the indenture and thereafter means the successor.

“**Unrestricted Subsidiary**” means, as of any date of determination, any Subsidiary of Televisa that is not a Restricted Subsidiary.

“**Voting Stock**” means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“**Wholly Owned**” means, with respect to any Restricted Subsidiary of any Person, such Restricted Subsidiary if all of the outstanding Capital Stock in such Restricted Subsidiary (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable law and shares of Common Stock that, in the aggregate, do not exceed 1% of the economic value or voting power of the Capital Stock of such Restricted Subsidiary) is owned by such Person or one or more Wholly Owned Restricted Subsidiaries of such Person.

Discharge, Defeasance and Covenant Defeasance

Televisa may discharge certain obligations to holders of any series of senior debt securities that have not already been delivered to the trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing or causing to be deposited with the trustee, in trust, funds specifically pledged as security for, and dedicated solely to, the benefit of the holders, in an amount in Mexican Pesos or Government Obligations, which is defined below, in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the trustee, to pay and discharge the entire indebtedness on the senior debt securities with respect to principal (and premium, if any) and interest to the date of the deposit (if the senior debt securities have become due and payable) or to the maturity thereof, as the case may be.

The indenture provides that, unless the provisions of the “Defeasance and Covenant Defeasance” section thereof are made inapplicable in respect of any series of senior debt securities of or within any series pursuant to the “Amount Unlimited; Issuable in Series” section thereof, Televisa may elect, at any time, either:

- to defease and be discharged from any and all obligations with respect to the senior debt securities (except for, among other things, the obligation to pay additional amounts, if any, upon the occurrence of certain events of taxation, assessment or governmental charge with respect to payments on the senior debt securities and other obligations to register the transfer or exchange of the senior debt securities, to replace temporary or mutilated, destroyed, lost or stolen senior debt securities, to maintain an office or agency with respect to the senior debt securities and to hold moneys for payment in trust) (“defeasance”); or
- to be released from its obligations with respect to the senior debt securities under the covenants described under “— Certain Covenants” and “— Merger and Consolidation” above or, if provided pursuant to the “Amount Unlimited; Issuable in Series” section of the indenture, its obligations with respect to any other covenant, and any omission to comply with the obligations shall not constitute a default or an event of default with respect to the senior debt securities (“covenant defeasance”).

Defeasance or covenant defeasance, as the case may be, shall be conditioned upon the irrevocable deposit by Televisa with the trustee, as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the notes, of (i) an amount in Dollars or in such Foreign Currency in which such senior debt securities, together with all interest appertaining thereto, are then specified as payable at their stated maturity, or (ii) an amount of Government Obligations, which is defined below, applicable to such senior debt securities and the interest appertaining thereto (determined on the basis of the currency in which such senior debt securities and interest appertaining thereto are then specified as payable at their stated maturity), which through the scheduled payment of principal and interest in accordance with their terms will provide money, or (iii) a combination thereof in an amount, in any case, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the trustee, to pay and discharge the entire indebtedness on the senior debt securities with respect to principal (and premium, if any) and interest to the date of the deposit (if the senior debt securities have become due and payable) or to the maturity thereof, as the case may be.

Such a trust may only be established if, among other things,

- the applicable defeasance or covenant defeasance does not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which Televisa is a party or by which it is bound, and
- Televisa has delivered to the trustee an opinion of counsel (as specified in the indenture) to the effect that the holders of the senior debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance or covenant defeasance had not occurred, and the opinion of counsel, in the case of defeasance, must refer to and be based upon a letter ruling of the Internal Revenue Service received by Televisa, a revenue ruling published by the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture.

“Government Obligations” means securities which are:

- direct obligations of the United States of America or the government or the governments in the confederation which issued the Foreign Currency in which the senior debt securities of a particular series are payable, for the payment of which the full faith and credit of the United States or such other government or governments is pledged; or
- obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such other government or governments, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government or governments;

and which are not callable or redeemable at the option of the issuer or issuers thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any Government Obligation or a specific payment of interest on or principal of or any other amount with respect to any Government Obligation held by the custodian for the account of the holder of the depositary receipt; *provided* that (except as required by law) the custodian is not authorized to make any deduction from the amount

payable to the holder of the depositary receipt from any amount received by the custodian with respect to the Government Obligation or the specific payment of interest on or principal of or any other amount with respect to the Government Obligation evidenced by the depositary receipt.

In the event Televisa effects covenant defeasance with respect to any senior debt securities and the senior debt securities are declared due and payable because of the occurrence of any event of default other than an event of default with respect to the "Limitations on Liens" and "Limitation on Sale and Leaseback" covenants contained in the indenture (which sections would no longer be applicable to the senior debt securities after the covenant defeasance) or with respect to any other covenant as to which there has been covenant defeasance, the amount in the Foreign Currency in which the senior debt securities are payable, and Government Obligations on deposit with the trustee, will be sufficient to pay amounts due on the senior debt securities at the time of the stated maturity but may not be sufficient to pay amounts due on the senior debt securities at the time of the acceleration resulting from the event of default. However, Televisa would remain liable to make payment of the amounts due at the time of acceleration.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any provisions relating to conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

Submission to Jurisdiction; Agent for Service of Process

We will submit to the jurisdiction of any federal or state court in the City of New York, Borough of Manhattan for purposes of all legal actions and proceedings instituted in connection with the notes, the indenture or the registration rights agreement. We expect to appoint CT Corporation System Inc., 111 Eighth Avenue, New York, New York 10011 as our authorized agent upon which service of process may be served in any such action.

Regarding the Trustee

The trustee is permitted to engage in other transactions with Televisa and its subsidiaries from time to time; *provided* that if the trustee acquires any conflicting interest it must eliminate the conflict upon the occurrence of an event of default, or else resign.

Televisa may at any time remove the trustee at its office or agency in the City of New York designated for the foregoing purposes and may from time to time rescind such designations.

No Personal Liability of Shareholders, Officers, Directors, or Employees

The indenture provides that no recourse for the payment of the principal of, premium, if any, or interest on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of Televisa in such indenture, or in any of the notes or because of the creation of any indebtedness represented thereby, shall be had against any shareholder, officer, director, employee or controlling person of Televisa or of any successor thereof.

EXCHANGE OFFER; REGISTRATION RIGHTS

The summary set forth below of provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which will be made available to prospective purchasers of the notes upon request to us. In addition, the information set forth below concerning certain interpretations of and positions taken by the staff of the SEC is not intended to constitute legal advice, and prospective investors should consult their own legal advisors with respect to such matters.

We will enter into a registration rights agreement to be dated as of May 9, 2007, with the initial purchasers pursuant to which we will agree, for the benefit of the holders of the notes offered by this prospectus, at our cost, to:

- use our best efforts to prepare and, as soon as practicable within 120 days following the original issue date of the notes, file with the SEC an exchange offer registration statement with respect to a proposed exchange offer and the issuance and delivery to the holders, in exchange for the notes, of the exchange notes, which will have terms identical in all material respects to the notes, except that the exchange notes will not contain terms with respect to transfer restrictions and will not provide for any increase in the interest rate under the circumstances described below;
- use our reasonable best efforts to cause the exchange offer registration statement to be declared effective under the Securities Act within 180 days of the most recent issue date;
- use our best efforts to keep the exchange offer registration statement effective until the closing of the exchange offer; and
- use our best efforts to cause the exchange offer to be consummated not later than 210 days following the most recent issue date.

No assurances can be given that we will be able to consummate the exchange offer. See “Risk Factors — Risk Factors Related to the Notes — The Notes Are a New Issue of Securities for Which There Is Currently No Public Market; You May Be Unable to Sell Your Notes if a Trading Market for the Notes Does Not Develop”.

The exchange notes will be issued under the indenture relating to the notes or an indenture identical in all material respects to that indenture and which has been qualified under the Trust Indenture Act. Upon the effectiveness of the exchange offer registration statement, Televisa will offer the exchange notes in exchange for surrender of the notes. Televisa will keep the exchange offer open for not less than 20 business days after the date on which notice of the exchange offer is mailed to the holders of the notes (or longer if required by applicable law). For each note surrendered to Televisa pursuant to the exchange offer and not withdrawn by the holder, the holder of the note will receive an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the last date on which interest was paid on the note surrendered in exchange or, if no interest has been paid on that note, from the original issue date of the notes. The exchange offer was completed on August 27, 2007.

The Exchange Offer was completed on August 22, 2007. Ps.4,469,100,000 aggregate principal amount of Old Notes, representing approximately 99.3% of the Old Notes were exchanged. Ps.4,469,100,000 aggregate principal amount of Old Notes, representing approximately 99.3% of the Old Notes were exchanged. The closing of the exchange offer occurred Friday, September 7, 2007. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the Old Notes will remain outstanding. Following the closing of the exchange offer, approximately Ps.30,900,000 aggregate principal amount of the Old Notes will remain outstanding.

Application is expected to be made to list the exchange notes on the Luxembourg Stock Exchange for trading on the Euro MTF. Notice will be made in a daily newspaper of general circulation in Luxembourg (which is expected to be *d’Wort*) prior to commencing the exchange offer. You may obtain documents relating to the exchange offer and consummate the exchange at the office of The Bank of New York (Luxembourg) S.A., our paying and transfer agent in Luxembourg, at Aerogulf Center, 1A Hoehenhof, L-1736 Senningerberg, Luxembourg. The results of the exchange offer, including any increase in the rate, will be provided to the Luxembourg Stock Exchange and published in a daily newspaper of general circulation in Luxembourg (which is expected to be *d’Wort*).

Based on existing interpretations of the Securities Act by the staff of the SEC in several no-action letters to third parties, and subject to the immediately following sentence, we believe that the exchange notes issued pursuant to the exchange offer may be offered for resale, resold or otherwise transferred by the holders (other than holders who are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any purchaser of notes who is an affiliate of Televisa or who intends to participate in the exchange offer for the purpose of distributing the exchange notes, or any

participating broker-dealer who purchased the notes for its own account, other than as a result of market-making activities or other trading activities, to resell pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretations by the staff of the SEC;
- will not be able to tender its notes in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the exchange notes, unless such sale or transfer is made pursuant to an exemption from such requirements.

We do not intend to seek our own interpretation regarding the exchange offer and there can be no assurance that the staff of the SEC would make a similar determination with respect to the exchange notes as it has in other interpretations to third parties.

Each holder of notes, other than certain specified holders, who wishes to exchange the notes for the exchange notes in the exchange offer will be required to make representations that:

- it is not an affiliate of Televisa;
- it is not a broker-dealer tendering notes acquired directly from Televisa for its own account;
- any exchange notes to be received by it will be acquired in the ordinary course of its business; and
- it has no arrangement with any person to participate in the distribution, within the meaning of the Securities Act, of the exchange notes.

In addition, in connection with resales of exchange notes, any participating broker-dealer must deliver a prospectus meeting the requirements of the Securities Act. The staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes, other than a resale of an unsold allotment from the original sale of the notes, with the prospectus contained in the exchange offer registration statement. Under the registration rights agreement, we have agreed, for a period of 90 days following the consummation of the exchange offer, to make available a prospectus meeting the requirements of the Securities Act to any such participating broker-dealer for use in connection with any resale of any exchange notes acquired in the exchange offer.

If:

(1) we are not permitted to file the exchange offer registration statement or to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy;

(2) for any reason, the exchange offer registration statement is not declared effective within 180 days following the date of most recent issuance of these notes or the exchange offer is not consummated within 210 days following the most recent issue date;

(3) upon the request of the initial purchasers in certain circumstances; or

(4) a holder is not permitted to participate in the exchange offer or does not receive fully tradeable exchange notes pursuant to the exchange offer;

we will, in lieu of effecting the registration of the exchange notes pursuant to the exchange offer registration statement:

(1) as promptly as practicable, file with the SEC a shelf registration statement covering resales of the notes;

(2) use our reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act not later than 180 days after the most recent issue date;

(3) use our reasonable best efforts to keep effective the shelf registration statement until two years after the issue date or until all of the notes covered by the shelf registration statement have been sold or otherwise cease to be "Registrable Securities" within the meaning of the registration rights agreement; and

(4) use our reasonable best efforts to ensure that:

- the shelf registration statement and any amendment thereto and any prospectus included therein complies in all material respects with the Securities Act; and
- the shelf registration statement and any amendment thereto and any prospectus included therein does not, when it becomes effective, contain an untrue statement of a material fact.

During any 365-day period, we will have the ability to suspend the availability of such shelf registration statement for up to two periods of up to 45 consecutive days (except for the consecutive 45-day period immediately prior to the maturity of the notes), but no more than an aggregate of 60 days during any 365-day period, if our Board of Directors determines in good faith that there is a valid purpose for the suspension.

We will, in the event of the filing of a shelf registration statement, provide to each holder of notes that are covered by the shelf registration statement copies of the prospectus which is a part of the shelf registration statement and notify each such holder when the shelf registration statement has become effective. A holder of notes that sells the notes pursuant to the shelf registration statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with the sales and will be bound by the provisions of the registration rights agreement which are applicable to the holder (including certain indemnification obligations).

Each note will contain a legend to the effect that the holder of the note, by its acceptance thereof, agrees to be bound by the provisions of the registration rights agreement. In that regard, if a holder receives notice from Televisa that any event occurs which:

- (1) makes any statement in the prospectus which is part of the shelf registration statement (or, in the case of participating broker-dealers, the prospectus which is a part of the exchange offer registration statement) untrue in any material respect;
- (2) requires the making of any changes in the prospectus to make the statements therein not misleading; or
- (3) is specified in the registration rights agreement,

the holder (or participating broker-dealer, as the case may be) will suspend the sale of notes pursuant to that prospectus until Televisa has either:

- amended or supplemented the prospectus to correct the misstatement or omission; and
- furnished copies of the amended or supplemented prospectus to the holder (or participating broker-dealer, as the case may be); or
- given notice that the sale of the notes may be resumed, as the case may be.

If a registration default occurs, which means one of the following events occurs:

- the exchange offer registration statement is not filed with the SEC on or prior to the 120th calendar day following the most recent issue date;
- the exchange offer registration statement is not declared effective on or prior to the 180th calendar day following the most recent issue date; or
- the exchange offer is not consummated or a shelf registration statement with respect to the notes is not declared effective on or prior to the 210th calendar day following the most recent issue date, then the interest rate borne by the notes that are affected by the registration default with respect to the first 90-day period, or portion thereof, will be increased by an additional interest of 0.25% per annum upon the occurrence of each registration default. The amount of additional interest will increase by an additional 0.25% each 90-day period, or portion thereof, while a registration default is continuing until all registration defaults have been cured; *provided* that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Upon:
 - the filing of the exchange offer registration statement after the 120th calendar day;
 - the effectiveness of the exchange offer registration statement after the 180th calendar day;

- the consummation of the exchange offer;
- the effectiveness of the shelf registration statement after the 210th calendar day; or
- the date on which all exchange notes are saleable pursuant to Rule 144(k) under the Securities Act or any successor provision,

the interest rate on the notes will be reduced to the original interest rate set forth on the cover page of this prospectus if Televisa is otherwise in compliance with this paragraph. If after any such reduction in interest rate, a different event specified above occurs, the interest rate will again be increased pursuant to the foregoing provisions.

If the shelf registration statement is unusable by the holders for any reason for more than 30 days, then the interest rate borne by the notes will be increased by 0.25% per annum of the principal amount of the notes for the first 90-day period (or portion thereof) beginning on the 31st day that the shelf registration statement ceased to be usable. This interest rate will be increased by an additional 0.25% per annum of the principal amount of the notes at the beginning of each subsequent 90-day period; *provided* that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Any amounts payable under this paragraph shall also be deemed “additional interest” for purposes of the registration rights agreement. Upon the shelf registration statement once again becoming usable, the interest rate borne by the notes will be reduced to the original interest rate if Televisa is otherwise in compliance with the registration rights agreement at such time. Additional interest shall be computed based on the actual number of days elapsed in each 90-day period in which the shelf registration statement is unusable.

Televisa shall notify the trustee within five business days of an event date, which is each and every date on which an event occurs in respect of which additional interest is required to be paid. Additional interest shall be paid by depositing with the trustee, in trust, for the benefit of the holders of the notes, on or before the applicable semiannual interest payment date, immediately available funds in sums sufficient to pay the additional interest then due. The additional interest due shall be payable on each interest payment date to the record holder of notes entitled to receive the interest payment to be paid on such date as set forth in the indenture. Each obligation to pay additional interest shall be deemed to accrue from and including the day following the applicable event date.

The registration rights agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

TAXATION

PURSUANT TO U.S. TREASURY DEPARTMENT CIRCULAR 230, WE ARE INFORMING YOU THAT (A) THIS SUMMARY IS NOT INTENDED AND WAS NOT WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE U.S. FEDERAL TAX LAWS THAT MAY BE IMPOSED ON THE TAXPAYER, (B) THIS SUMMARY WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING BY US AND THE INITIAL PURCHASERS OF THE NOTES, AND (C) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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

This summary is for general information only and is based on the tax laws of the United States and Mexico as in effect on the date of this Prospectus, as well as regulations, rulings and decisions of the United States and rules and regulations of Mexico available on or before that date and now in effect. All of the foregoing are subject to change, possibly with retroactive effect, which could affect the continued validity of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Mexican, U.S. or other tax consequences of the purchase, ownership and disposition of the notes, including the particular tax consequences to them in light of their particular investment circumstances.

United States/Mexico Tax Treaty

A convention for the Avoidance of Double Taxation and protocols to that convention (collectively referred to herein as the “U.S.-Mexico treaty”) are in effect. However, as discussed below under “— Federal Mexican Taxation”, as of the date of this Prospectus, the U.S.-Mexico treaty is not generally expected to have any material effect on the Mexican income tax consequences described in this Prospectus. The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters.

Mexico has also entered into, and is negotiating several other, tax treaties with various countries that also, as of the date of this Prospectus, are not generally expected to have any material effect on the Mexican income tax consequences described in this Prospectus.

United States Federal Income Taxation

This summary of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the notes is limited to beneficial owners of the notes that:

- acquire the notes in this offering at a price equal to the issue price of the notes (i.e., the first price at which a substantial amount of the notes is sold, other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers);
- are U.S. holders (as defined below); and
- will hold the notes as capital assets.

As used in this Prospectus, a “U.S. holder” means a beneficial owner of notes that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or entity treated as a corporation for such purposes) created or organized in or under the laws of the United States, or any State thereof or the District of Columbia;

- an estate the income of which is includible in its gross income for U.S. federal income tax purposes without regard to its source; or
- a trust, if either (x) it is subject to the primary supervision of a court within the United States and one or more “United States persons” has the authority to control all substantial decisions of the trust or (y) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a “United States person”.

This summary does not discuss considerations or consequences relevant to persons subject to special provisions of U.S. federal income tax law, such as:

- entities that are tax-exempt for U.S. federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts;
- pass-through entities (including partnerships and entities and arrangements classified as partnerships for U.S. federal income tax purposes) and beneficial owners of pass-through entities;
- certain U.S. expatriates;
- persons that are subject to the alternative minimum tax;
- financial institutions, insurance companies, and dealers or traders in securities or currencies;
- persons having a “functional currency” other than the U.S. Dollar; and
- persons that will hold the notes as part of a constructive sale, wash sale, conversion transaction or other integrated transaction or a straddle, hedge or synthetic security.

If a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds the notes, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership, and partnerships holding the notes should consult their own tax advisors regarding the U.S. federal income tax consequences of purchasing, owning and disposing of the notes. In addition, this summary does not address the tax consequences to U.S. holders that purchase the notes other than in this offering or at a price other than the issue price of the notes. Finally, this summary does not address the effect of any U.S. federal tax laws other than the U.S. federal income tax laws (e.g., U.S. federal estate or gift tax laws) or any U.S. state or local tax laws on a beneficial owner of the notes. This discussion assumes that each beneficial owner of the notes will comply with the certification procedures described in “Description of the Notes — Certain Covenants — Additional Amounts” as may be necessary to obtain a reduced rate of withholding tax under Mexican law. Each beneficial owner of the notes should consult a tax advisor as to the particular tax consequences to it of purchasing, owning and disposing of the notes, including the applicability and effect of any state, local or foreign tax laws.

Interest and Additional Amounts. Interest on the notes and Additional Amounts paid in respect of Mexican withholding taxes imposed on interest payments on the notes (as described in “Description of the Notes — Certain Covenants — Additional Amounts”) will be taxable to a U.S. holder as ordinary interest income at the time they are paid or accrued in accordance with the U.S. holder’s usual method of accounting for U.S. federal income tax purposes. The amount of income taxable to a U.S. holder will include the amount of all Mexican taxes that we withhold (as described below under “— Mexican Taxation”) from these payments made on the notes. Thus, a U.S. holder will have to report income in an amount that is greater than the amount of cash it receives from these payments on its note. For purposes of the following discussion, references to interest include Additional Amounts.

Payments of interest on the notes will be determined by reference to Pesos and paid in U.S. Dollars unless a holder of the notes elects to receive a particular payment in Pesos (see “Description of the Notes — Payment Currency”) and, accordingly, the following rules will apply. A cash basis U.S. holder will be required to include in income the U.S. Dollar amount of the interest payment received (or, if the interest payment is received in Pesos, the U.S. Dollar value of the amount received, determined by translating such amount into U.S. Dollars at the spot exchange rate in effect on the date of receipt). An accrual basis U.S. holder may determine the amount of income recognized with respect to interest payments in accordance with either of two methods. Under the first method, the U.S. holder will be required to accrue interest income on a note in Pesos and translate the amount accrued into U.S. Dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. holder’s taxable year). Under the second method, an accrual basis U.S. holder may elect to accrue interest income at the spot exchange rate in effect on the last day

of the accrual period (or last day of the taxable year within such accrual period if the accrual period spans more than one taxable year) or at the spot exchange rate in effect on the date the interest payment is received if such date is within five business days of the last day of the accrual period. A U.S. holder that makes an election under the second method must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the U.S. Internal Revenue Service and, accordingly, U.S. holders should consult their own tax advisors as to the desirability, mechanics and collateral consequences of making this election.

Upon receipt of an interest payment in U.S. Dollars (including amounts received upon the disposition of a note attributable to accrued but unpaid interest), an accrual basis U.S. holder will recognize foreign currency gain or loss if the amount actually received differs from the amount of interest income accrued to the extent the difference is attributable to a difference in the exchange rate used to accrue that interest income and the exchange rate used to compute the U.S. Dollar amount of the interest payment. Upon receipt of an interest payment in Pesos (including amounts received upon the disposition of a note attributable to accrued but unpaid interest), an accrual basis U.S. holder will recognize foreign currency gain or loss in an amount equal to the difference between the U.S. Dollar value of such payment (determined by translating the payment at the spot exchange rate for Pesos in effect on the date received) and the U.S. Dollar value of the interest income that the U.S. holder has previously accrued with respect to such payment. Foreign currency gain or loss will be treated as ordinary income or loss and generally as U.S. source for foreign tax credit purposes, and generally will not be treated as interest income or expense. A cash basis U.S. holder that elects to receive a particular interest payment in Pesos generally will not recognize any foreign currency gain or loss on receipt of such payment.

A U.S. holder may, subject to certain limitations, be eligible to claim any Mexican income taxes withheld from interest payments as a credit or deduction for purposes of computing its U.S. federal income tax liability, even though we will remit these Mexican withholding tax payments. Interest and Additional Amounts paid on the notes will constitute income from sources without the United States for foreign tax credit purposes. For taxable years beginning on or before December 31, 2006, for foreign tax credit purposes, such income generally will constitute “high withholding tax interest”, unless the Mexican withholding tax rate applicable to the U.S. holder is less than 5% (such as during the period in which the 4.9% Mexican withholding tax rate, as discussed in “Federal Mexican Taxation” applies), in which case such income generally will constitute “passive income” or, in the case of certain U.S. holders, “financial services income”. For taxable years beginning after December 31, 2006, such income generally will constitute “passive category income” or, in the case of certain U.S. holders, “general category income”, for foreign tax credit purposes. The rules relating to the calculation and timing of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the rules relating to the availability of deductions, are complex and their application depends upon a U.S. holder’s particular circumstances. In addition, foreign tax credits generally will not be allowed for Mexican taxes withheld from interest on certain short-term or hedged positions in the notes. U.S. holders should consult with their own tax advisors with regard to the availability of a credit or deduction in respect of foreign taxes and, in particular, the application of the foreign tax credit rules to their particular situations.

Dispositions of the Notes. Unless a nonrecognition provision of the U.S. federal income tax laws applies, upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a U.S. holder will recognize taxable gain or loss in an amount equal to the difference, if any, between the amount realized (determined in U.S. Dollars) on the sale, exchange, redemption, retirement or other taxable disposition (other than amounts attributable to accrued interest, which will be treated as described above) and the U.S. holder’s tax basis in the note (determined in U.S. Dollars). If a U.S. holder receives Pesos on the sale, exchange, retirement or other disposition of a note, the amount realized generally will be the U.S. Dollar value of the Pesos received, calculated at the spot exchange rate on the date of the sale, exchange, retirement or other disposition. However, if the notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual method U.S. holder) will determine the U.S. Dollar amount realized by translating the Pesos received at the spot exchange rate on the settlement date of the sale, exchange, retirement or other disposition. If an accrual method U.S. holder makes such an election, the election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the U.S. Internal Revenue Service. If an accrual method U.S. holder does not make such an election, such a holder will determine the U.S. Dollar equivalent of the amount realized by translating that amount at the spot exchange rate on the date of the sale, exchange, retirement or other disposition and generally will recognize foreign currency gain or loss equal to the difference (if any) between the U.S. dollar equivalent of the amount realized based on the spot exchange rates in effect on the disposition date and the settlement date.

A U.S. holder’s tax basis in a note generally will be its U.S. Dollar cost for the note. If a U.S. holder pays the purchase price for a note in Pesos, such U.S. holder’s tax basis in the note generally will be the U.S. Dollar value of the purchase price on the date of purchase, calculated at the spot exchange rate in effect on such date. However, if the notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual method U.S. holder) will determine the U.S. Dollar amount of the purchase price by translating the Pesos paid at the spot exchange rate on the settlement date of the purchase. As described above, if an accrual method U.S. holder makes such an election, the election must be applied consistently to all debt instruments from year to year

and cannot be changed without the consent of the U.S. Internal Revenue Service. If an accrual method U.S. holder does not make such an election, such a holder will determine the U.S. Dollar equivalent of the purchase price by translating that amount at the spot exchange rate on the date of the purchase and generally will recognize foreign currency gain or loss equal to the difference (if any) between the U.S. dollar equivalent of the purchase price based on the spot exchange rates in effect on the purchase date and the settlement date.

Subject to the foreign currency rules discussed below, gain or loss recognized by a U.S. holder on the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital gain or loss. The gain or loss recognized by a U.S. holder will be long-term capital gain or loss if the note has been held for more than one year at the time of the disposition. Long-term capital gains recognized by individual and certain other non-corporate U.S. holders generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gain or loss recognized by a U.S. holder generally will be U.S. source gain or loss for foreign tax credit purposes. Therefore, if any such gain is subject to Mexican income tax, a U.S. holder may not be able to credit the Mexican income tax against its U.S. federal income tax liability. U.S. holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the notes.

A U.S. holder may recognize foreign currency gain or loss attributable to a change in exchange rates between the date of the purchase of a note and the date of the sale, exchange, redemption, retirement or other disposition of the note. Gain or loss attributable to a change in exchange rates will equal the difference between (1) the U.S. Dollar value of the Pesos principal amount of the note (determined based on the spot exchange rate in effect on the date of the sale, exchange, redemption, retirement or other disposition of the note) and (2) the U.S. Dollar value of the Pesos principal amount of the note (determined based on the spot exchange rate in effect on the date of the purchase of the note). For this purpose, the principal amount of the note is the U.S. holder's purchase price for the note in Pesos. The amount of foreign currency gain or loss will be limited to the amount of overall gain or loss realized on the sale, exchange, redemption, retirement or other disposition of the note. Foreign currency gain or loss will be treated as ordinary income or loss and generally as U.S. source for foreign tax credit purposes, and generally will not be treated as interest income or expense.

Foreign Currency Gain or Loss With Respect to Pesos. A U.S. holder that purchases a note with previously owned Pesos will recognize foreign currency gain or loss at the time of purchase attributable to the difference at the time of purchase, if any, between the U.S. Holder's tax basis in such Pesos and the fair market value of the note in U.S. Dollars on the date of purchase. A U.S. holder's tax basis in Pesos received as interest on, or received on the sale, exchange, redemption, retirement or other disposition of, a note will be the U.S. Dollar value thereof determined at the spot exchange rate in effect on the date the holder received the Pesos. Upon any subsequent conversion or other disposition of the Pesos for U.S. Dollars, a U.S. holder generally will recognize foreign currency gain or loss equal to the difference between the amount of U.S. Dollars received and the U.S. holder's tax basis in the Pesos.

Backup Withholding and Certain Reporting Requirements. In general, "backup withholding" may apply to payments of principal and interest made on a note, and to the proceeds of a disposition of a note before maturity within the United States, that are made to a non-corporate beneficial owner of the notes if that beneficial owner fails to provide an accurate taxpayer identification number or otherwise comply with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax and may be credited against a beneficial owner's U.S. federal income tax liability, provided that the required information is furnished to the U.S. Internal Revenue Service.

Pursuant to U.S. Treasury regulations, a U.S. holder that recognizes a foreign currency loss in a taxable year that exceeds \$50,000 in the case of an individual or trust, for certain other holders, may be required to disclose the transaction as a "reportable transaction" on IRS Form 8886 (or a suitable substitute).

Non-U.S. Holders. For purposes of the following discussion a "non-U.S. holder" means a beneficial owner of the notes that is not, for U.S. federal income tax purposes, a U.S. holder or a partnership (or entity or arrangement classified as a partnership for such purposes). A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on:

- interest and Additional Amounts received in respect of the notes, unless those payments are effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States; or
- gain realized on the sale, exchange, redemption or retirement of the notes, unless that gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States or, in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Federal Mexican Taxation

The below discussion does not address all Mexican tax considerations that may be relevant to particular investors, nor does it address the special tax rules applicable to certain categories of investors or any tax consequences under the tax laws of any state or municipality of Mexico.

The following is a general summary of the principal consequences, under the Mexican income tax law, Federal Tax Code and rules as currently in effect, or the Mexican Income Tax Law, all of which are subject to change or interpretation, and under the U.S.-Mexico treaty, of the purchase, ownership and disposition of the notes by a foreign holder that acquires the notes in this offering at the price at which the notes are sold in this offering. As used in this prospectus, a “foreign holder” means a beneficial owner of the notes that:

- is not a resident of Mexico for tax purposes;
- does not hold the notes or a beneficial interest in the notes in connection with the conduct of a trade or business through a permanent establishment in Mexico; and
- is not (a) a holder of more than 10% of our voting stock, directly or indirectly, jointly with persons related to us or individually, or (b) a corporation or other entity, more than 20% of whose stock is owned, directly or indirectly, jointly by persons related to us or individually (each a “Related Party”), that in the case of either (a) or (b), is the effective beneficiary, directly or indirectly, jointly with persons related to us or individually, of more than 5% of the aggregate amount of any interest payment on the notes.

For these purposes, persons will be related if:

- one person holds an interest in the business of the other person;
- both persons have common interests; or
- a third party has an interest in the business or assets of both persons.

According to the Mexican Income Tax Law:

- an individual is a Mexican tax resident if the individual has established his home in Mexico. When an individual, in addition to his home in Mexico, has a home in another country, the individual will be a Mexican tax resident if his center of vital interests is located in Mexico. This will be deemed to occur if, among other circumstances, either (i) more than 50% of the total income obtained by the individual in the calendar year is Mexican source or (ii) when the individual’s center of professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico in which his/her income is subject to a preferred tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered Mexican residents for tax purposes during the year of filing of the notice of such residence change and during the following three years. Unless otherwise proven, a Mexican national is considered a Mexican tax resident;
- a legal entity is considered a Mexican tax resident if it maintains the main administration of its head office, business or the effective location of its management in Mexico;
- a foreign person with a permanent establishment in Mexico will be required to pay taxes in Mexico in accordance with the Mexican Income Tax Law for income attributable to such permanent establishment; and
- a foreign person without a permanent establishment in Mexico will be required to pay taxes in Mexico in respect of revenues proceeding from sources of wealth located in national territory.

Each foreign holder should consult a tax advisor as to the particular Mexican or other tax consequences to that foreign holder of purchasing, owning and disposing of the notes, including the applicability and effect of any state, local or foreign tax laws.

Interest and Principal. Payments of interest on the notes (including payments of principal in excess of the issue price of the notes, which under the Mexican Income Tax Law are deemed to be interest) made by us to a foreign holder will be subject to a Mexican withholding tax assessed at a rate of 4.9% if all of the following requirements are met:

- the notes, as expected, are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has entered into a treaty for the avoidance of double taxation and such treaty is in effect;
- regarding the notes, as expected, the notice referred to in the second paragraph of Article 7 of the Securities Market Law is filed with the National Banking and Securities Commission, and a copy of that notice is provided to the Mexican Ministry of Finance and Public Credit;
- we file with the SAT 15 days after placement of the notes according to this prospectus and certain information relating to the issuance of the notes; and
- we timely file with the Mexican Ministry of Finance and Public Credit, on a quarterly basis, information representing (a) the amount and the payment date of interest, and (b) that no Related Party jointly or individually, directly or indirectly, is the effective beneficiary of more than 5% of the aggregate amount of each interest payment, and we maintain records that evidence compliance with this requirement.

We expect that all of the foregoing requirements will be met and, accordingly, we expect to withhold Mexican tax from interest payments on the notes made to foreign holders at the 4.9% rate in accordance with the Mexican Income Tax Law. In the event that any of the foregoing requirements are not met, under the Mexican Income Tax Law, payments of interest on the notes made by us to a foreign holder will be subject to Mexican withholding tax assessed at a rate of 10% or higher, if certain other requirements are not complied with.

As of the date of this prospectus, neither the U.S.-Mexico treaty nor any other tax treaty entered into by Mexico is expected generally to have any material effect on the Mexican income tax consequences described in this prospectus, because, as discussed above, it is expected that the 4.9% rate will apply in the future and, therefore, that we will be entitled to withhold taxes in connection with interest payments under the notes at the 4.9% rate.

Foreign holders residing in the United States should nonetheless be aware that Mexico presently has a treaty for the avoidance of double taxation with the United States. Under the U.S.-Mexico treaty, the Mexican withholding tax rate applicable to interest payments made to U.S. holders which are eligible for benefits under the U.S.-Mexico treaty will be limited to either:

- 15% generally; or
- 4.9% in the event that the notes are considered to be “regularly and substantially traded on a recognized securities market”.

Other foreign holders should consult their tax advisors regarding whether they reside in a country that has entered into a treaty for the avoidance of double taxation with Mexico and, if so, the conditions and requirements for obtaining benefits under that treaty. The Mexican Income Tax Law provides that in order for a foreign holder to be entitled to the benefits under a treaty entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements established in the Mexican Income Tax Law.

Holders or beneficial owners of the notes may be requested, subject to specified exceptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate applicable to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not provided prior to the payment of any interest to that holder or beneficial owner, we may withhold Mexican tax from that interest payment to that holder or beneficial owner at the maximum applicable rate, but our obligation to pay Additional Amounts relating to those withholding taxes will be limited as described under “Description of the Notes — Certain Covenants — Additional Amounts”.

Under the Mexican Income Tax Law, payments of interest made by us with respect to the notes to non-Mexican pension or retirement funds will be exempt from Mexican withholding taxes, provided that the fund:

- is the effective beneficiary of each interest payment;
- is duly organized under the laws of its country of origin;
- is exempt from income tax in that country in respect of such interest payment; and

- is registered with the Mexican Ministry of Finance and Public Credit for that purpose.

We have agreed, subject to specified exceptions and limitations, to pay Additional Amounts relating to the above-mentioned Mexican withholding taxes to foreign holders of the notes. See “Description of the Notes — Certain Covenants — Additional Amounts”.

Under the Mexican Income Tax Law, a foreign holder will not be subject to any Mexican withholding or similar taxes on payments of principal on the notes made by us (except for payments of principal in excess of the issue price of the notes, which under the Mexican Income Tax Law are deemed to be interest subject to the Mexican withholding taxes described above).

Dispositions. Under the Mexican Income Tax Law, gains resulting from the sale of the notes by a foreign holder to a Mexican resident or permanent establishment of a foreign holder, or by the sale of a permanent establishment of a foreign holder, will be treated as interest and therefore will be subject to the Mexican withholding tax rules described above.

Other Taxes. A foreign holder will not be liable for Mexican estate, gift, inheritance or similar taxes with respect to its holding of the notes, nor will it be liable for Mexican stamp, registration or similar taxes.

European Union Directive on the Taxation of Savings Income

On July 1, 2005 a new European Union directive regarding the taxation of savings income payments came into effect. The directive obliges a Member State of the European Union, or Member States, to provide to the tax authorities of another Member State details of payments of interest or other similar income payments made by a person within its jurisdiction for the immediate benefit of an individual or to certain non corporate entities resident in that other Member State (or for certain payments secured for their benefit). However, Austria, Belgium and Luxembourg have opted out of the reporting requirements and are instead applying a special withholding tax for a transitional period in relation to such payments of interest, deducting tax at rates rising over time to 35 per cent. This transitional period commenced on July 1, 2005 and will terminate at the end of the first fiscal year following agreements by certain non European Union countries to the exchange of information relation to such payments.

Also with effect from July 1, 2005, a number of non European Union countries and certain dependent or associated territories of Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person in that jurisdiction for the immediate benefit of an individual or to certain non corporate entities in any Member State. The Member States have entered into reciprocal provision of information or transitional special withholding tax arrangements with certain of those dependent or associated territories. These apply in the same way to payments by persons in any Member State to individuals or certain non-corporate residents of those territories.

If a payment were to be made or collected through a Member State (or such a non-European Union country or territory) which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the issuer nor any paying agent nor any other person would be obliged to pay additional amounts to the holders of the notes or to otherwise compensate the holders of the notes for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. However, we have undertaken that, to the extent permitted by law, we will maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the directive (if such a state exists).

PLAN OF DISTRIBUTION

Goldman, Sachs & Co. and HSBC Securities (USA) Inc. are acting as joint book-running managers of the offering. Subject to the terms and conditions stated in the purchase agreement dated as of May 2, 2007, each initial purchaser named below has agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the notes set forth opposite the initial purchaser's name.

<u>Initial Purchaser</u>	<u>Principal Amount</u>
Goldman, Sachs & Co.	Ps.2,250,000,000
HSBC Securities (USA) Inc.	2,250,000,000
Total.....	Ps.4,500,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the notes if they purchase any of the notes.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The initial purchasers have agreed to resell the notes within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Notice to Investors". After the notes are released for sale, the price at which the notes are offered and other selling terms may be changed at any time without notice.

Accordingly, in connection with sales outside the United States, each initial purchaser has agreed that, except as permitted by the purchase agreement and set forth in the "Notice to Investors", it will not offer or sell the notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, and it will have sent to each dealer to which it sells notes during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

Each of the initial purchasers has severally represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issue or sale of any notes included in this offering in circumstances in which section 21(1) of the FSMA does not apply to us; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes included in this offering in, from or otherwise involving the United Kingdom; and

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has severally represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The notes have not been and will not be registered with the National Securities Registry maintained by the CNBV, and may not be offered or sold publicly in Mexico. The notes may be privately placed in Mexico, pursuant to the exemption set forth in Article 8 of the Mexican Securities Market Law.

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each initial purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Purchasers of notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the purchase price to investors.

The notes will constitute a new issue of securities with no established trading market. The notes are expected to be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF. However, we cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the liquidity of or the trading market for the notes.

In connection with this offering, the initial purchasers may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of notes in excess of the principal amount of notes to be purchased by the initial purchasers in this offering, which creates a short position for the initial purchasers. Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the fifth business day following the date of the pricing of the notes (this settlement cycle being referred to as "T+5"). Because trades in the secondary market generally settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade in the notes on the date of the pricing or the next succeeding business day should consult their own advisor.

Certain of the initial purchasers and their respective affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The initial purchasers or their respective affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

NOTICE TO INVESTORS

The notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered hereby only (a) to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act), or QIBs, in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons (“foreign purchasers”, which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)) in offshore transactions meeting the requirements of Rule 903 of Regulation S. As used herein, the terms “offshore transactions”, “United States” and “U.S. person” have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with Televisa and the initial purchasers as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and, except as described in this memorandum, will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any of such notes prior to (a) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date of original issuance of the notes and (b) such later date, if any, as may be required by applicable laws except:

- to Televisa or any of its subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- outside the United States to foreign purchasers in offshore transactions meeting the requirements of Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;

(5) It understands that the certificates evidencing the notes (other than the Regulation S global notes) will bear a legend substantially to the following effect unless otherwise agreed by Televisa and the trustee:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR 904 OF REGULATION S, (2) AGREES THAT IT WILL NOT OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY, EXCEPT (A)(I) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, (II) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT, OR (III) PURSUANT TO AN

EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION”, “UNITED STATES” AND “U.S. PERSON” HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

(6) If it is a foreign purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this prospectus, it acknowledges and agrees that, until the expiration of the 40-day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note, and that each Regulation S global note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATIONS) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS), EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A (“RULE 144A”) UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE INDENTURE REFERRED TO HEREIN.

(7) It shall not sell or otherwise transfer such notes to, and each purchaser covenants that it is not acquiring the notes for or on behalf of, and will not transfer the notes to, any pension or welfare plan (as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), except that such a purchase for or on behalf of a pension or welfare plan shall be permitted:

(a) to the extent such purchase is made by or on behalf of a bank collective investment fund maintained by the purchaser in which, at any time while the notes are held by the purchaser, no plan (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total assets in such collective investment fund and the conditions of Section III of Prohibited Transaction Class Exemption 91-38 issued by the Department of Labor are satisfied;

(b) to the extent such purchase is made by or on behalf of an insurance company pooled separate account maintained by the purchaser in which, at any time while the notes are held by the purchaser, no plan (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total of all assets in such pooled separate account and the conditions of Section III of Prohibited Transaction Class Exemption 90-1 issued by the Department of Labor are satisfied;

(c) to the extent such purchase is made on behalf of a plan by (1) an investment adviser registered under the Investment Advisers Act of 1940 that had as of the last day of its most recent fiscal year total assets under its management and control in excess of U.S.\$50.0 million and had stockholders’ or partners’ equity in excess of U.S.\$750,000 as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles, (2) a bank as defined in Section 202(a)(2) of the Investment Advisers Act of 1940 (the “Advisers Act”) with equity capital in excess of U.S.\$1.0 million as of the last day of its most recent fiscal year, (3) an insurance company which is qualified under the laws of more than one state to manage, acquire or dispose of any assets of a plan, which insurance company has as of the last day of its most recent fiscal year, net worth in excess of U.S.\$1.0 million and which is subject to supervision and examination by a state authority having supervision over insurance companies, or (4) a savings and loan association, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, that has made application for and been granted trust powers to manage, acquire or dispose of assets of a plan by a State or Federal authority having supervision over a savings and loan association, which savings and loan association has, as of the last day of its most recent fiscal year, equity capital or net worth in excess of U.S.\$1.0 million and, in any case, such investment adviser, bank, insurance company or savings and loan is otherwise a qualified professional asset manager, as such term is used in Prohibited Transaction Exception 84-14 issued by the Department of Labor, and the assets of such plan when combined with the assets of other plans established or maintained by the same employer (or affiliates thereof) or employee organization and managed by such investment adviser, bank, insurance company or savings and loan do not represent more than

20% of the total client assets managed by such investment adviser, bank, insurance company or savings and loan and the conditions of Part I of such exemption are otherwise satisfied;

(d) to the extent such transfer is made to a plan and the investment decision to accept such transfer is made on behalf of the plan by: a subsidiary corporation of an employer in respect of the plan or its parent organization, or a qualifying membership nonprofit corporation in respect of an employer or its parent organization, which is (i) an investment adviser registered under the Advisers Act with assets under its management and control in excess of U.S.\$50 million derived from plans maintained by the adviser or its affiliates, measured as of the last day of its most recent fiscal year and (ii) otherwise qualifies as an “in house asset manager”, as such term is used in Prohibited Transaction Class Exemption 96-23 issued by the Department of Labor, *provided* that plans maintained by the adviser and its affiliates have aggregate assets of at least U.S.\$250 million, measuring each plan’s assets as of the last day of its reporting year; and the transfer is otherwise eligible for exemptive relief under Prohibited Transaction Class Exemption 96-23;

(e) to the extent such plan is a government plan (as defined in Section 3 of ERISA) which is not subject to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code; or

(f) to the extent such purchase is made by or on behalf of an insurance company with assets in its insurance company general account, and the conditions of Prohibited Transaction Class Exemption 95-60 issued by the Department of Labor are satisfied;

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

(9) It acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to Televisa and the trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that Televisa, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify Televisa, the trustee and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

GENERAL INFORMATION

Clearing Systems

The Old Notes and the Exchange Notes have been accepted for clearance through Euroclear and Clearstream Banking. For the Rule 144A notes, the ISIN number is XS0300179602 and the common code is 030017960. For the Regulation S notes, the ISIN number is XS0300178380 and the common code is 030017838. For the Exchange Notes, the ISIN number is XS0316989523 and the common code is 031698952.

Listing

Application has been made to admit the Old Notes and the Exchange Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market. Copies of the *estatutos sociales* of Televisa in English, the indenture, as may be amended or supplemented from time to time, any registration rights agreement, any published annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of Televisa will be available at the principal office of Televisa, at the offices of the trustee, at no cost, and at the addresses of the paying agents set forth on the back cover of this prospectus. Televisa does not make publicly available annual or quarterly non-consolidated financial statements. Televisa will maintain a paying and transfer agent in Luxembourg for so long as any notes or any exchange notes are listed on the Luxembourg Stock Exchange.

The notes have not been and will not be registered with the National Securities Registry maintained by the CNBV, and may not be offered or sold publicly, or otherwise be subject of brokerage activities in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law. As required under the Mexican Securities Market Law, we will notify the CNBV of the offering of the notes outside of Mexico. Such notice will be delivered to the CNBV to comply with a legal requirement and for information purposes and the delivery and the acceptance by the CNBV of such notice, does not imply any certification as to the investment quality of the notes or our solvency, liquidity or credit quality.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the notes. The issuance of the notes was authorized by resolutions of the Board of Directors of Televisa passed on February 21, 2007.

No Material Adverse Change

Except as described in this prospectus, since December 31, 2006, there has been no material change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to our financial condition and that of our subsidiaries taken as a whole.

Litigation

Except as disclosed in "Business — Legal Proceedings", Televisa is not involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened) relating to claims or amounts which may have or have had during the 12 months prior to the date of this prospectus a material adverse effect on the financial position of Televisa and its subsidiaries taken as a whole.

LEGAL MATTERS

Some legal matters relating to the validity of the notes will be passed upon by Mijares, Angoitia, Cortés y Fuentes, S.C., Mexico City, Mexico and Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York, Televisa's Mexican and U.S. counsel, respectively, and by Ritch Mueller, S.C., Mexico City, Mexico and Milbank, Tweed, Hadley & McCloy LLP, New York, New York, Mexican and U.S. counsel, respectively, to the initial purchasers. With respect to matters of Mexican law, Fried, Frank, Harris, Shriver & Jacobson LLP may rely upon the opinion of Mijares, Angoitia, Cortés y Fuentes, S.C. and Milbank, Tweed, Hadley & McCloy LLP may rely upon the opinion of Ritch Mueller, S.C.

Alfonso de Angoitia Noriega, one of our directors, Executive Vice President and Member of the Executive Office of the Chairman and Member of the Executive Committee of Televisa, is a partner on leave of absence from Mijares, Angoitia, Cortés y Fuentes, S.C. and Ricardo Maldonado Yáñez, Secretary of the Board and Secretary of the Executive Committee of Grupo Televisa, is an active partner of Mijares, Angoitia, Cortés y Fuentes, S.C.

INDEPENDENT ACCOUNTANTS

The financial statements of Televisa as of December 31, 2005 and 2006 and for the three years ended December 31, 2004, 2005 and 2006, included in this prospectus, have been audited by PricewaterhouseCoopers, S.C., independent accountants, as stated in their report appearing herein.

AVAILABLE INFORMATION

Televisa is subject to the informational requirements of the Exchange Act and in accordance therewith files reports and other information with the SEC. Reports and other information filed by Televisa with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such materials can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. Any filings we make electronically will be available to the public over the Internet at the SEC's website at www.sec.gov.

We will make available to the holders of the notes, at the corporate trust office of The Bank of New York, the trustee under the indenture and supplemental indenture governing the notes, at no cost, copies, in physical form, of the indenture and the supplemental indenture as well as our annual report on Form 20-F in English, including a review of our operations, and annual audited consolidated financial statements prepared in conformity with Mexican FRS, together with a reconciliation of operating income, net income and total stockholders' equity to U.S. GAAP as well as a copy of this prospectus and our articles of association (*estatutos sociales*). We will also make available at the office of the trustee our unaudited quarterly consolidated financial statements in English prepared in accordance with Mexican FRS.

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GRUPO TELEVISIA, S.A.B. AND SUBSIDIARIES**

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Report of Independent Registered Public Accounting Firm

México, D.F., April 2, 2007

To the Stockholders of Grupo Televisa, S.A.B.:

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A.B. (“the Company”) and its subsidiaries as of December 31, 2005 and 2006 and the related consolidated statements of income, of changes in stockholders’ equity and of changes in financial position for the years ended December 31, 2004, 2005 and 2006. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. As of and for the year ended December 31, 2005, we did not audit the financial statements of Univision Communications, Inc. (“Univision”), an equity method investee. The Company’s consolidated financial statements include the investment in Univision of Ps.5,912 million as of December 31, 2005, and an equity in earnings of Univision in the consolidated income statements of the Company of Ps.291 million and Ps.200 million for the years ended December 31, 2004 and 2005, respectively. The financial statements of Univision were audited by other auditors, and our opinion expressed herein, insofar as it relates to that investment, is based solely on the report of the other auditors. As of December 31, 2006, the investment in Univision is recorded at fair value, as discussed in Note 5 to the consolidated financial statements.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the standards of financial information used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Televisa, S.A.B. and its subsidiaries at December 31, 2005 and 2006, and the consolidated results of their operations, changes in their stockholders’ equity and changes in their financial position for the years ended December 31, 2004, 2005 and 2006 in conformity with Mexican Financial Reporting Standards.

Mexican Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of the consolidated net income for each of the two years ended December 31, 2004 and 2005, and the determination of consolidated stockholders’ equity at December 31, 2005, to the extent summarized in Note 24 to the consolidated financial statements.

PricewaterhouseCoopers

C.P.C. José Miguel Arrieta Méndez
Audit Partner

Consolidated Balance Sheets
As of December 31, 2005 and 2006
(In thousands of Mexican pesos in purchasing power as of December 31, 2006)
(Notes 1 and 2)

	2005	2006
ASSETS		
Current:		
Available:		
Cash	Ps. 566,655	Ps. 675,840
Temporary investments	<u>14,810,279</u>	<u>15,134,908</u>
	15,376,934	15,810,748
Trade notes and accounts receivable, net	14,459,545	13,597,569
Other accounts and notes receivable, net	593,738	1,488,340
Due from affiliated companies	336,273	184,814
Transmission rights and programming	3,246,981	3,053,174
Inventories	664,151	772,890
Available-for-sale investment	—	11,821,932
Other current assets	<u>601,498</u>	<u>771,083</u>
Total current assets	35,279,120	47,500,550
Transmission rights and programming, noncurrent	4,079,892	3,428,848
Investments	7,895,046	5,710,663
Property, plant and equipment, net	20,528,184	20,975,939
Intangible assets and deferred charges, net	10,419,131	5,390,082
Other assets	<u>20,528</u>	<u>24,408</u>
Total assets	<u>Ps. 78,221,901</u>	<u>Ps. 83,030,490</u>
LIABILITIES		
Current:		
Current portion of long-term debt	Ps. 354,256	Ps. 986,368
Current portion of satellite transponder lease obligation	78,668	86,176
Trade accounts payable	3,074,484	3,450,753
Customer deposits and advances	16,168,025	16,893,604
Taxes payable	1,098,587	1,179,477
Accrued interest	348,171	262,064
Due to affiliated companies	810,655	38,133
Other accrued liabilities	<u>1,645,009</u>	<u>2,047,737</u>
Total current liabilities	23,577,855	24,944,312
Long-term debt, net of current portion	18,872,379	17,795,330
Satellite transponder lease obligation, net of current portion	1,235,042	1,120,415
Customer deposits and advances, noncurrent	2,609,862	268,200
Other long-term liabilities	480,074	522,047
Deferred taxes	172,371	1,488,778
Pension plans, seniority premiums and severance indemnities	199,949	287,035
Total liabilities	<u>47,147,532</u>	<u>46,426,117</u>
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Capital stock issued, no par value	10,290,302	10,126,212
Additional paid-in capital	<u>4,383,180</u>	<u>4,383,180</u>
	14,673,482	14,509,392
Retained earnings:		
Legal reserve	1,871,279	2,058,060
Reserve for repurchase of shares	5,977,422	4,459,258
Unappropriated earnings	12,313,812	16,715,254
Net income for the year	<u>6,373,822</u>	<u>8,586,188</u>
	26,536,335	31,818,760
Accumulated other comprehensive loss, net	(3,690,105)	(3,703,701)
Shares repurchased	<u>(7,330,702)</u>	<u>(7,603,171)</u>
	15,515,528	20,511,888
Total majority interest	30,189,010	35,021,280
Minority interest	<u>885,359</u>	<u>1,583,093</u>
Total stockholders' equity	31,074,369	36,604,373
Total liabilities and stockholders' equity	<u>Ps. 78,221,901</u>	<u>Ps. 83,030,490</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands of Mexican pesos in purchasing power as of December 31, 2006,
except per CPO amounts)
(Notes 1 and 2)

		<u>2004</u>	<u>2005</u>	<u>2006</u>
Net sales.....	(Note 23)	Ps. 31,518,972	Ps. 33,797,563	Ps. 37,931,841
Cost of sales (excluding depreciation and amortization)		15,949,394	15,350,340	16,182,882
Operating expenses (excluding depreciation and amortization):				
Selling.....		2,366,583	2,773,497	3,016,828
Administrative		1,770,461	1,916,065	2,304,171
Depreciation and amortization		<u>2,231,065</u>	<u>2,517,015</u>	<u>2,679,066</u>
Operating income	(Note 23)	9,201,469	11,240,646	13,748,894
Integral cost of financing, net	(Note 17)	1,630,188	1,854,259	1,099,691
Restructuring and non-recurring charges	(Note 18)	424,977	239,220	614,354
Other expense, net.....	(Note 19)	<u>553,730</u>	<u>483,037</u>	<u>211,041</u>
Income before income taxes and employees' profit sharing		<u>6,592,574</u>	<u>8,664,130</u>	<u>11,823,808</u>
Income taxes	(Note 20)	1,257,804	781,692	2,016,671
Employees' profit sharing.....	(Note 20)	<u>7,009</u>	<u>20,714</u>	<u>30,502</u>
		<u>1,264,813</u>	<u>802,406</u>	<u>2,047,173</u>
Income before equity in results of affiliates and cumulative loss of accounting change		5,327,761	7,861,724	9,776,635
Equity in earnings (losses) of affiliates, net	(Note 5)	661,247	166,649	(602,206)
Cumulative loss of accounting change, net.....	(Note 1(b)(n)(r))	<u>(1,098,423)</u>	<u>(526,592)</u>	<u>—</u>
Consolidated net income		4,890,585	7,501,781	9,174,429
Minority interest	(Note 15)	<u>(249,181)</u>	<u>(1,127,959)</u>	<u>(588,241)</u>
Net income	(Note 13)	<u>Ps. 4,641,404</u>	<u>Ps. 6,373,822</u>	<u>Ps. 8,586,188</u>
Net income per CPO.....	(Note 21)	<u>Ps. 1.60</u>	<u>Ps. 2.19</u>	<u>Ps. 2.96</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands of Mexican pesos in purchasing power as of December 31, 2006)
(Notes 1 and 2)

	Capital Stock Issued (Note 12)	Additional Paid-In Capital	Retained Earnings (Note 13)	Accumulated Other Comprehensive Loss (Note 14)	Shares Repurchased (Note 13)	Total Majority Interest	Minority Interest (Note 15)	Total Stockholders' Equity
Balance at January 1, 2004.....	Ps. 9,282,794	Ps. 4,	Ps. 25,959,456	Ps. (2,537,465)	Ps. (7,175,060)	Ps. 29,912,905	Ps. 1,219,971	Ps. 31,132,876
Dividends.....	—	—	(4,280,816)	—	—	(4,280,816)	—	(4,280,816)
Stock dividends.....	1,007,508	—	(1,007,508)	—	—	—	—	—
Repurchase of capital stock.....	—	—	(138,276)	—	(738,472)	(876,748)	—	(876,748)
Sale of repurchase shares.....	—	—	(515,169)	—	1,145,445	630,276	—	630,276
Decrease in minority interest.....	—	—	—	—	—	—	(1,349,582)	(1,349,582)
Comprehensive income (loss).....	—	—	4,641,404	(217,291)	—	4,424,113	—	4,424,113
Balance at December 31, 2004.....	10,290,302	4,	24,659,091	(2,754,756)	(6,768,087)	29,809,730	(129,611)	29,680,119
Dividends.....	—	—	(4,480,311)	—	—	(4,480,311)	—	(4,480,311)
Repurchase of capital stock.....	—	—	—	—	(1,242,838)	(1,242,838)	—	(1,242,838)
Sale of repurchase shares.....	—	—	(352,915)	—	680,223	327,308	—	327,308
Increase in minority interest.....	—	—	—	—	—	—	1,014,970	1,014,970
Stock-based compensation.....	—	—	336,648	—	—	336,648	—	336,648
Comprehensive income (loss).....	—	—	6,373,822	(935,349)	—	5,438,473	—	5,438,473
Balance at December 31, 2005.....	10,290,302	4,	26,536,335	(3,690,105)	(7,330,702)	30,189,010	885,359	31,074,369
Dividends.....	—	—	(1,119,749)	—	—	(1,119,749)	—	(1,119,749)
Share cancellation.....	(164,090)	—	(1,518,164)	—	1,682,254	—	—	—
Repurchase of capital stock.....	—	—	—	—	(3,107,697)	(3,107,697)	—	(3,107,697)
Sale of repurchase shares.....	—	—	(586,984)	—	1,152,974	565,990	—	565,990
Increase in minority interest.....	—	—	—	—	—	—	697,734	697,734
Benefit from capital contribution of minority interest in Sky Mexico.....	—	—	371,627	—	—	371,627	—	371,627
Loss on minority interest acquisition of Sky Mexico.....	—	—	(685,540)	—	—	(685,540)	—	(685,540)
Stock-based compensation.....	—	—	235,047	—	—	235,047	—	235,047
Comprehensive income (loss).....	—	—	8,586,188	(13,596)	—	8,572,592	—	8,572,592
Balance at December 31, 2006.....	<u>Ps. 10,126,212</u>	<u>Ps. 4,</u>	<u>Ps. 31,818,760</u>	<u>Ps. (3,703,701)</u>	<u>Ps. (7,603,171)</u>	<u>Ps. 35,021,280</u>	<u>Ps. 1,583,093</u>	<u>Ps. 36,604,373</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Financial Position
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands of Mexican pesos in purchasing power as of December 31, 2006)
(Notes 1 and 2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating activities:			
Consolidated net income.....	Ps. 4,890,585	Ps. 7,501,781	Ps. 9,174,429
Adjustments to reconcile net income to resources provided by (used for) operating activities:			
Equity in (earnings) losses of affiliates.....	(661,247)	(166,649)	602,206
Depreciation and amortization.....	2,231,065	2,517,015	2,679,066
Write-off of long-lived assets and other amortization.....	295,333	101,498	170,476
Deferred taxes.....	655,647	(819,707)	1,245,815
Loss (gain) on disposition of affiliates.....	131,665	178,205	(18,848)
Stock-based compensation.....	—	—	235,047
Cumulative loss effect of accounting changes.....	1,098,423	526,592	—
	<u>8,641,471</u>	<u>9,838,735</u>	<u>14,088,191</u>
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade notes and accounts receivable, net.....	74,533	(2,384,961)	861,976
Transmission rights and programming.....	335,693	1,016,378	749,871
Inventories.....	(117,001)	48,455	(108,739)
Other accounts and notes receivable and other current assets.....	(397,446)	828,851	(1,064,187)
Increase (decrease) in:			
Customer deposits and advances.....	579,864	2,323,724	(1,616,083)
Trade accounts payable.....	(650,988)	778,642	376,269
Other liabilities, taxes payable and deferred taxes.....	(187,786)	(772,626)	540,377
Pension plans and seniority premiums.....	68,283	77,678	87,086
	<u>(294,848)</u>	<u>1,916,141</u>	<u>(173,430)</u>
Resources provided by operating activities.....	<u>8,346,623</u>	<u>11,754,876</u>	<u>13,914,761</u>
Financing activities:			
Issuance of Senior Notes due 2025.....	—	6,634,328	—
Prepayments of Senior Notes and UDIs denominated Notes.....	—	(5,909,836)	—
Prepayments of Senior Notes due 2013.....	—	—	(3,195,625)
Other increase in debt.....	4,498,598	—	3,500,000
Other decrease in debt.....	(2,476,846)	(5,598,073)	(856,431)
Repurchase and sale of capital stock.....	(246,474)	(915,528)	(2,541,707)
Dividends paid.....	(4,280,816)	(4,480,311)	(1,119,749)
Gain on issuance of shares of investee.....	115,983	—	—
Gain on valuation of available-for-sale investments.....	—	—	(578,656)
Loss on minority interest acquisition of Sky Mexico.....	—	—	(685,540)
Benefit from capital contribution of minority interest in Sky Mexico.....	—	—	371,627
Minority interest.....	(55,290)	(112,988)	109,493
Translation effect.....	(52,380)	116,756	16,575
Resources used for financing activities.....	<u>(2,497,225)</u>	<u>(10,265,652)</u>	<u>(4,980,013)</u>
Investing activities:			
Due from affiliated companies, net.....	(39,105)	556,543	(621,063)
Investments.....	(257,183)	(1,250,054)	(4,726,247)
Disposition of investments.....	39,020	109,271	6,933,725
Investments in property, plant and equipment.....	(2,179,428)	(2,849,075)	(3,304,323)
Disposition of property, plant and equipment.....	159,715	329,857	513,378
Investment in goodwill and other intangible assets.....	(228,575)	(1,725,838)	(1,180,338)
Disposition of goodwill and other intangible assets.....	281,582	702,284	5,709,746
Available-for-sale investment in shares of Univision.....	—	—	(11,821,932)
Other assets.....	(105,855)	121,789	(3,880)
Resources used for investing activities.....	<u>(2,329,829)</u>	<u>(4,005,223)</u>	<u>(8,500,934)</u>
Net increase (decrease) in cash and temporary investments.....	3,519,569	(2,515,999)	433,814
Net increase in cash and temporary investments upon Sky Mexico's consolidation.....	503,046	—	—
Cash and temporary investments at beginning of year.....	13,870,318	17,892,933	15,376,934
Cash and temporary investments at end of year.....	<u>Ps. 17,892,933</u>	<u>Ps. 15,376,934</u>	<u>Ps. 15,810,748</u>

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands of Mexican pesos in purchasing power as of December 31, 2006,
except per CPO, per share and exchange rate amounts)

1. Accounting Policies

The principal accounting policies followed by Grupo Televisa, S.A.B. (the “Company”) and its consolidated entities (collectively, the “Group”) and observed in the preparation of these consolidated financial statements are summarized below.

a) Basis of Presentation

The financial statements of the Group are presented on a consolidated basis in accordance with Mexican Financial Reporting Standards (“Mexican FRS”) issued by the Mexican Financial Reporting Standards Board (“Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera” or “CINIF”), and accordingly, include the recognition of the effects of inflation on financial information.

In June 2004, the CINIF assumed the responsibility for setting accounting and reporting standards in Mexico. Before that date the Mexican Institute of Public Accountants (“MIPA”) was responsible for issuing accounting principles generally accepted in Mexico (“Mexican GAAP”). In November 2005, the CINIF issued the first Mexican FRS, which became effective in January 2006, and included a new conceptual framework to achieve the convergence with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). Under this revised conceptual framework, the hierarchy of Mexican FRS is set up as follows: (i) Financial Reporting Standards (“Normas de Información Financiera” or “NIF”) and NIF Interpretations; (ii) Bulletins of Mexican GAAP issued by the MIPA that have not been modified, replaced or superseded by new NIF; and (iii) those IFRS issued by the IASB and recognized as supplementary in Mexico when no general or specific guidance is provided by Mexican FRS. The provisions of the new conceptual framework issued by the CINIF did not have a significant effect on the Group’s consolidated financial statements.

The consolidated financial statements include the net assets and results of operations of all companies in which the Company has a controlling interest (subsidiaries). The consolidated financial statements also include the accounts of variable interest entities (“VIEs”) in which the Group is deemed the primary beneficiary (see Note 1(b)). All significant intercompany balances and transactions have been eliminated from the financial statements.

The preparation of financial statements in conformity with Mexican FRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

These consolidated financial statements were authorized for issuance on April 4, 2007, by the Group’s Vice President Controller Office.

b) Members of the Group

At December 31, 2006, the Group consisted of the Company and various consolidated entities, including the following:

<u>Consolidated Entities</u>	<u>Company’s Ownership(1)</u>	<u>Business Segments(2)</u>
Telesistema Mexicano, S.A. de C.V. and subsidiaries, including Televisa, S.A. de C.V.	100%	Television Broadcasting Pay Television Networks Programming Exports
Televisión Independiente de México, S.A. de C.V. and subsidiaries ...	100%	Television Broadcasting
Campus América, S.A. de C.V. and subsidiaries, including TuTv, LLC (“TuTv”)(3).....	100%	Television Broadcasting Pay Television Networks
Editorial Televisa, S.A. de C.V. and subsidiaries.....	100%	Publishing
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries.....	100%	Publishing Distribution
Innova, S. de R. L. de C.V. and subsidiaries (collectively, “Sky Mexico”)(3)	58.7%	Sky Mexico

Empresas Cablevisión, S. A. B. de C.V. and subsidiaries	51%	Cable Television
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Radio
Corporativo Vasco de Quiroga, S.A. de C.V. and subsidiaries	100%	Other Businesses
CVQ Espectáculos, S.A. de C.V. and subsidiaries	100%	Other Businesses
Televisa Juegos, S.A. de C.V. and subsidiaries	100%	Other Businesses

- (1) Percentage of equity interest directly or indirectly held by the Company in the holding entity.
- (2) See Note 23 for a description of each of the Group's business segments.
- (3) The Group adopted the guidelines of the Financial Accounting Standards Board Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," as permitted under the scope of Mexican FRS NIF A-8, "Supplementary Financial Reporting Standards." FIN 46, which became effective in 2004, requires the primary beneficiary of a VIE to consolidate that entity. The primary beneficiary of a VIE is the party that absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. In accordance with the guidelines of FIN 46, the Group identified Sky Mexico and TuTv as VIEs and the Group as the primary beneficiary of the investment in each of these entities, and on April 1, 2004, began to include in its consolidated financial statements the assets, liabilities and results of operations of Sky Mexico and TuTv. As a result of adoption of FIN 46, the Group recognized a consolidated cumulative loss effect of Ps.1,098,423, net of income tax in the amount of Ps.332,340, in its consolidated statement of income for the year ended December 31, 2004. TuTv is a 50% joint venture with Univision Communications Inc. ("Univision"), engaged in the distribution of the Group's Spanish-speaking programming packages in the United States.

The Group's Television Broadcasting, Sky Mexico, Cable Television and Radio businesses require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. Also, the Group's Gaming business, which is reported in the Other Businesses segment, require a permission granted by the Mexican Federal Government for a fixed term. At December 31, 2006, the expiration dates of the Group's concessions and permission were as follows:

	<u>Expiration Dates</u>
Television Broadcasting.....	In 2021
Sky Mexico.....	In 2020 and 2026
Cable Television	In 2029
Radio.....	Various from 2008 to 2016
Gaming	In 2030

c) Foreign Currency Translation

Monetary assets and liabilities of Mexican companies denominated in foreign currencies are translated at the prevailing exchange rate at the balance sheet date. Resulting exchange rate differences are recognized in income for the year, within integral cost of financing.

Assets, liabilities and results of operations of non-Mexican subsidiaries are first converted to Mexican FRS, including restating to recognize the effects of inflation based on the inflation of each foreign country, and then translated to Mexican pesos utilizing the exchange rate as of the balance sheet date at year-end. Resulting translation differences are recognized in equity as part of the other comprehensive income or loss. Financial statements of non-Mexican operations that are integral to Mexican operations are converted to Mexican FRS and translated to Mexican pesos by utilizing the exchange rate of the balance sheet date at year-end for monetary assets and liabilities, with the related adjustment included in net income, and historical exchange rates for non-monetary items.

In connection with its net investment in shares of Univision, the Group has designated as an effective hedge of foreign exchange exposure the outstanding principal amount of a portion of its U.S.-dollar-denominated Senior Notes due 2011, 2025 and 2032, which total principal amount was of U.S.\$775.5 million and U.S.\$971.9 million as of December 31, 2005 and 2006, respectively. Consequently, any foreign exchange gain or loss attributable to this designated hedging long-term debt, is credited or charged directly to equity (other comprehensive income or loss) (see Notes 5 and 9).

d) Temporary Investments

The Group considers all highly liquid investments with original maturities of one year or less, to be temporary investments. Temporary investments are valued at market value.

As of December 31, 2005 and 2006, temporary investments consisted of fixed short-term deposits in commercial banks (primarily Mexican pesos and U.S. dollars), with an average yield of approximately 3.30% for U.S. dollar deposits and 9.60% for Mexican peso deposits in 2005, and approximately 4.69% for U.S. dollar deposits and 7.38% for Mexican peso deposits in 2006.

e) Transmission Rights and Programming

Programming is comprised of programs, literary works, production talent advances and films.

Transmission rights and literary works are valued at the lesser of acquisition cost or net realizable value. Programs and films are valued at the lesser of production cost, which consists of direct production costs and production overhead, or net realizable value. Payments for production talent advances are initially capitalized and subsequently included as direct or indirect costs of program production.

The Group's policy is to capitalize the production costs of programs which benefit more than one annual period and amortize them over the expected period of future program revenues based on the Company's historical revenue patterns for similar productions.

Transmission rights, programs, literary works, production talent advances and films are restated by using the National Consumer Price Index ("NCPI") factors, and specific costs for some of these assets, which are determined by the Group on the basis of last purchase price or production cost, or replacement cost whichever is more representative. Cost of sales is determined based on restated costs, and calculated for the month in which such transmission rights, programs, literary works, production talent advances and films are matched with related revenues.

Transmission rights and literary works are amortized over the lives of the contracts. Transmission rights in perpetuity, are amortized on a straight-line basis over the period of the expected benefit as determined based upon past experience, but not exceeding 25 years.

f) Inventories

Inventories of paper, magazines, materials and supplies are valued at the lesser of acquisition cost or net realizable value. Inventories are restated by using the NCPI factors and specific costs for some of these assets, which are determined by the Group on the basis of last purchase price.

g) Investments

Investments in companies in which the Group exercises significant influence or joint control are accounted for by the equity method. The Group recognizes equity in losses of affiliated companies up to the amount of its initial investment and subsequent capital contributions, or beyond that when guaranteed commitments have been made by the Group in respect of obligations incurred by investees, but not in excess of such guarantees. If an affiliated company for which the Group had recognized equity losses up to the amount of its guarantees generates net income in the future, the Group would not recognize its proportionate share of this net income until the Group first recognizes its proportionate share of previously unrecognized losses.

Investments in debt securities that the Group has the ability and intent to hold to maturity are classified as investments "held-to-maturity," and reported at amortized cost. Investments in debt securities not classified as held-to-maturity are classified as "available-for-sale," and are recorded at fair value with unrealized gains and losses included in consolidated stockholders' equity as accumulated other comprehensive result (see Note 5).

Other investments are accounted for at cost.

h) Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost and thereafter are restated to constant Mexican pesos using the NCPI, except for equipment of non-Mexican origin, which is restated using an index which reflects the inflation in the respective country of origin and the exchange rate of the Mexican Peso against the currency of such country at the balance sheet date ("Specific Index").

Depreciation of property, plant and equipment is based upon the restated carrying value of the assets in use and is computed using the straight-line method over the estimated useful lives of the assets ranging principally from 20 to 65 years for buildings, from 5 to 20 years for buildings improvements, from 3 to 17 years for technical equipment and from 3 to 10 years for other property and equipment.

i) Intangible Assets and Deferred Financing Costs

Intangible assets and deferred financing costs are recognized at cost and thereafter restated using the NCPI.

Intangible assets are composed of goodwill, publishing trademarks, television network concession, licenses and software, subscriber list and other items. Goodwill, publishing trademarks and television network concession are intangible assets with indefinite lives and are not amortized. Indefinite-lived intangibles are assessed annually for impairment or more frequently, if circumstances indicate a possible impairment exists. Licenses and software, subscriber list and other items are intangible assets with finite lives and are amortized, on a straight-line basis, over their estimated useful lives, which range principally from three to 20 years.

Deferred financing costs consist of fees and expenses incurred in connection with the issuance of long-term debt. These financing costs are amortized over the period of the related debt (see Note 7).

j) Impairment of Long-lived Assets

The Group reviews for impairment the carrying amounts of its long-lived assets, tangible and intangible, including goodwill (see Note 7), at least once a year, or whenever events or changes in business circumstances indicate that these carrying amounts may not be recoverable. To determine whether an impairment exists, the carrying value of the reporting unit is compared with its fair value. Fair values estimates are based on quoted market values in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including discounted value of estimated future cash flows, market multiples or third-party appraisal valuations.

k) Customer Deposits and Advances

Customer deposit and advance agreements for television advertising services provide that customers receive preferential prices, that are fixed for the contract period, for television broadcast advertising time based on rates established by the Group. Such rates vary depending on when the advertisement is aired, including the season, hour, day, rating and type of programming.

Customer deposits and advances for television advertising services are considered non-monetary items since they are non-refundable and are applied at rates in effect when they were received. Accordingly, these deposits and advances are restated to recognize the effects of inflation by using the NCPI.

l) Stockholders' Equity

The capital stock and other stockholders' equity accounts (other than the result from holding non-monetary assets account and the foreign currency translation adjustments account) include the effect of restatement, determined by applying the change in the NCPI between the dates capital was contributed or net results were generated to the most recent period end. The restatement represents the amount required to maintain the contributions, share repurchases and accumulated results in Mexican pesos in purchasing power as of December 31, 2006.

m) Revenue Recognition

The Group derives the majority of its revenues from media and entertainment-related business activities both domestically and internationally. Revenues are recognized when the service is provided and collection is probable. A summary of revenue recognition policies by significant activity is as follows:

- Advertising revenues, including deposits and advances from customers for future advertising, are recognized at the time the advertising services are rendered.
- Revenues from program services for pay television and licensed television programs are recognized when the programs are sold and become available for broadcast.
- Revenues from magazine subscriptions are initially deferred and recognized proportionately as products are delivered to subscribers. Revenues from the sales of magazines are recognized on the date of circulation of delivered merchandise, net of a provision for estimated returns.
- The revenue from publishing distribution is recognized upon distribution of the products.
- Sky Mexico program service revenues, including advances from customers for future DTH program services and installation fees, are recognized at the time the DTH service is provided.
- Cable television subscription, pay-per-view and installation fees are recognized in the period in which the services are rendered.
- Revenues from attendance to soccer games, including revenues from advance ticket sales for soccer games and other promotional events, are recognized on the date of the relevant event.
- Motion picture production and distribution revenues are recognized as the films are exhibited.
- Gaming revenues consist of the net win from gaming activities, which is the difference between amounts wagered and amounts paid to winning patrons.

n) Pension Plans, Seniority Premiums and Indemnities

Plans exist for pension and retirement payments for substantially all of the Group's Mexican employees, funded through irrevocable trusts. Payments to the trusts are determined in accordance with actuarial computations of funding requirements. Pension payments are made by the trust administrators.

Increases or decreases in the seniority premium liability are based upon actuarial calculations.

Through December 31, 2004, severance indemnities to dismissed personnel were charged to income in the year in which they were incurred. Beginning January 1, 2005, severance indemnities to dismissed personnel, other than those arising from restructurings, are recognized based upon actuarial calculations. In connection with this accounting change, resulting from the provisions of revised Mexican GAAP Bulletin D-3, "Labor Obligations," the Group recognized a severance liability of Ps.271,349 as of that date, and a cumulative loss effect of accounting change in the amount of Ps.189,944, net of an income tax benefit of Ps.81,405, for the year ended December 31, 2005.

o) Income Taxes and Employees' Profit Sharing

The income tax, the asset tax and the employees' profit sharing are recognized in income as they are incurred.

The recognition of deferred income taxes is made by using the comprehensive asset and liability method. Under this method, deferred income taxes are calculated by applying the respective income tax rate to the temporary differences between the accounting and tax values of assets and liabilities at the date of the financial statements.

p) Derivative Financial Instruments

Effective January 1, 2005, the Group adopted the provisions of Mexican GAAP Bulletin C-10, "Derivative Financial Instruments and Hedge Operations". Bulletin C-10 establishes accounting and reporting standards requiring that all derivative instruments, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or a liability measured at its fair value. Bulletin C-10 also requires that changes in the derivative's fair value be recognized in current earnings unless specific hedge accounting criteria is met, in which case such changes will be recognized in current earnings or stockholders'

equity (as accumulated other comprehensive result) depending on the intended use of the derivative and the resulting designation. Bulletin C-10 also requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The adoption of these provisions in 2005 did not have a significant impact in the Group's financial statements. As of December 31, 2005 and 2006, none of the Group's derivatives qualified for hedge accounting.

q) Comprehensive Income

Comprehensive income includes the net income for the period presented in the income statement plus other results for the period reflected in the stockholders' equity which are from non-owner sources (see Note 14).

r) Stock-based Compensation

In 2005, the Group adopted the guidelines of the IFRS 2, "Share-based payment," issued by the IASB. IFRS 2 requires accruing in stockholders' equity for share-based compensation expense as measured at fair value at the date of grant, and applies to those equity benefits granted to officers and employees (see Note 12). Before adopting IFRS 2, the Group recognized these equity benefits in consolidated stockholders' equity, when such benefits became vested. In connection with the adoption of IFRS 2, the Group recognized a non-taxable cumulative loss of accounting change at December 31, 2005, in the amount of Ps.336,648, which was reflected in its consolidated statement of income for the year then ended. Adoption of IFRS 2 is required under the scope of Mexican FRS NIF A-8, "Supplementary Financial Reporting Standards". The Group recognized a stock-based compensation expense of Ps.235,047 for the year ended December 31, 2006, which was accounted for in consolidated income as a corporate expense.

s) Prior Years' Financial Statements

The Group's financial statements for prior years have been restated to Mexican pesos in purchasing power as of December 31, 2006, by using a restatement factor derived from the change in the NCPI, which for 2004 and 2005 was 1.0752 and 1.0405, respectively. Had the alternative weighted average factor allowed under Mexican FRS been applied to restate the Group's financial statements for prior years, which included the results of Mexican and non-Mexican subsidiaries, the restatement factor for 2004 and 2005 would have been 1.0746 and 1.0407, respectively.

The NCPI at the following dates was:

December 31, 2003	106.996
December 31, 2004	112.550
December 31, 2005	116.301
December 31, 2006	121.015

Reclassifications have been made to the 2004 and 2005 consolidated financial statements to make them comparable with the 2006 presentation.

t) New Mexican FRS

In November 2005, the CINIF issued the NIF B-1, "Accounting Changes and Error Corrections," which became effective on January 1, 2006. NIF B-1 applies to all voluntary changes in accounting principles and changes required by new accounting pronouncements in the case that the pronouncement does not include specific transition provisions, requires retrospective application to prior periods' financial statements of accounting changes, and provides rules to determine the period-specific effects of an accounting change. NIF B-1 also provides guidance for the revision of previously issued financial statements to reflect the correction of an error. Through December 31, 2005, former Mexican GAAP Bulletin A-7, "Comparability," required that changes in accounting principles to be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle.

In December 2006, the CINIF issued four new standards: (i) NIF B-3, "Statement of Income," which indicates the sections and captions that should be contained in a statement of income, classifying income, costs and expenses in ordinary and non-ordinary, considering two approaches to present ordinary costs and expenses: by function or by nature, and eliminating from the statement of income the cumulative effect of accounting change; (ii) NIF B-13, "Events After the Date of Financial Statements," which sets forth a revised accounting treatment for events subsequent to the date of financial statements, indicating if these events should be recognized or disclosed in such financials; (iii) NIF C-13, "Related Parties," which provides an amended guidance for disclosure of transactions

with related parties; and (iv) NIF D-6, "Capitalization of the Integral Financing Result," which establishes the guidelines for capitalization of integral financing result attributable to those assets that require a long-term period for acquisition before their intended use. The provisions of these new NIF became effective on January 1, 2007, and are not expected to have a significant effect on the Group's consolidated financial statements.

2. Acquisitions, Investments and Dispositions

In 2004, the Company sold its 30% minority interest in Grupo Europroducciones, S. A., a television programming producer in Spain, in the aggregate amount of approximately 7.5 million euros (Ps.124,989) in cash. As a result of this disposal, the Company recognized a net loss of approximately 8.0 million euros (Ps.131,665) as other expense in its consolidated statement of income for the year ended December 31, 2004.

In October 2004, in conjunction with a series of agreements entered into by and among the Group, The DIRECTV Group, Inc. ("DIRECTV") and News Corporation ("News Corp."), the Group announced that (a) DIRECTV Mexico agreed to sell its subscriber list to Sky Mexico; (b) News Corp. received an option to purchase an equity stake in Sky Mexico; (c) the Group would have the right to acquire two-thirds of the Liberty Media Corp. ("Liberty Media") 10% equity interest in Sky Mexico; and (d) the Group agreed to sell, subject to certain conditions, its 30% equity interest in Sky Multi-Country Partners ("SMCP"), and was released of its satellite transponder guarantee in SMCP. In November 2005, the Group concluded the disposition of its 30% interest in SMCP, and no gain or loss was recognized by the Group on this disposal since no carrying value was outstanding for such investment. In February 2006, affiliates of DIRECTV completed the acquisition of equity interests in Sky Mexico, which were formerly held by News Corp. and Liberty Media. This acquisition included the capitalization of the purchase price of the list of subscribers sold by DIRECTV Mexico to Sky Mexico in the aggregate amount of Ps.646,287. As a result of these transactions, the Group's equity stake in Sky Mexico was reduced from 60% to 52.7%, and DIRECTV became the owner of the remaining 47.3% stake. In April 2006, the Group exercised its right to acquire two-thirds of the equity interest in Sky Mexico that DIRECTV acquired from Liberty Media. This minority interest acquisition amounted to approximately U.S.\$58.7 million (Ps.648,689), and was financed with cash on hand. After this transaction, the Group (i) increased its equity stake in Sky Mexico from 52.7% to 58.7%, and DIRECTV became the owner of the remaining 41.3% (see Note 11); and (ii) recognized the excess of the purchase price over the carrying value of this minority interest as a capital distribution made to DIRECTV in the amount of Ps.685,540.

In November 2004, the Group sold its 51% interest in its nationwide paging service in Mexico. This transaction was approved by the Mexican regulatory authorities in March 2005. As a result of this disposal, the Group recognized a net loss of approximately Ps.5,489 as other expense in its consolidated statement of income for the year ended December 31, 2004.

During the second half of 2004, the Group acquired certain companies in an aggregate amount of Ps.352,156 (Ps.247,982 in cash and Ps.104,174 through the capitalization of liabilities), which net assets at the time of acquisitions consisted principally of tax loss carryforwards in the amount of approximately Ps.3,369,913, of which Ps.2,708,619 and Ps.442,390 were used by the Group in 2004 and 2005, respectively (see Note 20).

In 2004, the Group provided funding to DTH TechCo Partners ("TechCo"), a general partnership that provided technical services to DTH ventures in Latin America through September 2005, in the aggregate amount of approximately U.S.\$5.4 million (Ps.64,104), in the form of long-term notes receivable (U.S.\$4.5 million) and as a capital contribution (U.S.\$0.9 million). In October 2005, in a series of related transactions, the Group disposed its 30% interest in TechCo, and was released of any obligation in connection with a guarantee granted by the Group in respect of certain TechCo's indebtedness. As a result of this disposal, the Group recognized a pretax loss of approximately Ps.166,632 as other expense, which primarily consisted of the aggregate amount of the carrying value of the Group's net investment in TechCo, which included all of the outstanding amounts receivable in connection with long-term loans made by the Group to TechCo (see Note 19).

In October 2005, the Group acquired 40% of the outstanding capital stock of Gestora de Inversiones Audiovisuales La Sexta, S.A. ("La Sexta") for an aggregate amount of approximately 1.2 million euros (Ps.15,942). In November 2005, the government of Spain granted a concession to La Sexta to operate for 10 years a free-to-air television channel, which started operations in March 2006. During 2006, the Group made additional capital contributions related to its 40% interest in La Sexta in the amount of approximately 104.6 million euros (Ps.1,479,559). The Group's investment in La Sexta is accounted for using the equity method (see Notes 5 and 11).

In October 2005, the Group agreed to participate with a 25% interest in Concesionaria Vuela Compañía de Aviación, S.A. de C.V. ("Volaris"), a low-cost carrier airline with a concession to operate in Mexico. In 2005 and 2006, the Group made initial capital

contributions in Volaris in the amount of U.S.\$25.0 million (Ps.281,818) and U.S.\$7.5 million (Ps.84,241), respectively. The Group's investment in Volaris is accounted for using the equity method (see Note 5). Volaris started operations in March 2006.

In November 2005, the Group completed the acquisition of all of the outstanding equity of Comtelvi, S. de R. L. de C.V. ("Comtelvi"), an entity owned by a third party that at the time of acquisition had structured note investments and other financial instrument assets and liabilities, as well as tax losses of approximately Ps.3,445,750 that were used by the Group in the fourth quarter of 2005 (see Note 20). The total consideration paid in connection with this acquisition was the equivalent of U.S.\$39.1 million (Ps.441,622).

In December 2005, the Group entered into a series of agreements to acquire certain operating assets, which were owned by Editora Cinco, S.A., a Colombian publisher, comprising primarily a group of magazine publishing trademarks and related rights in Mexico, Colombia, Chile and the United States, in an aggregate amount of approximately U.S.\$15.0 million (Ps.166,201), of which U.S.\$13.6 million (Ps.149,205) are related to trademarks. This acquisition was completed by the Group in February 2006. In the first quarter of 2006, the Group allocated the purchase price to these intangible assets, including goodwill, based upon a preliminary valuation. Upon completion of a final valuation, the Group recorded a related impairment charge of approximately U.S.\$8.2 million (Ps.90,078) in consolidated income for the year ended December 31, 2006 (see Notes 7).

In March 2006, the Group acquired a 50% interest in Televisión Internacional, S. A. de C. V. ("TVI"), a cable television company in Mexico, in the amount of Ps.769,383, which was substantially paid in cash. An additional purchase price adjustment was agreed with to be paid by the Group in the second quarter of 2006 in the amount of Ps.18,588. The aggregate purchase price exceeded the Group's proportionate share of TVI's underlying net assets acquired by approximately Ps.719,501 at the time of acquisition. The Group allocated the excess purchase price to its proportionate share of TVI's tangible (Ps.77,639) and intangible (Ps.239,020) assets and recognized a goodwill in the amount of Ps.402,842, based upon a preliminary valuation. The Group expects to complete its final valuation and purchase price allocation in the first half of 2007. This transaction is subject to certain conditions required by the Mexican regulatory authorities (see Note 5 and 7).

In November 2006, the Group invested U.S.\$258 million (Ps.2,837,331) in debentures issued by Alvafig, S.A. de C.V. ("Alvafig") and convertible into 99.99% of the equity of Alvafig, which holds 49% of the equity of Cablemás, S.A. de C.V. ("Cablemás"). These debentures have a five-year maturity with an annual interest of 8% in the first year and 10% in the remaining four years, which is payable on a quarterly basis. Cablemás is the second largest cable operator in Mexico operating in 48 cities. The conversion of these debentures into equity of Alvafig is subject to approval by the Mexican regulatory authorities (see Note 5).

3. Trade Notes and Accounts Receivable

Trade notes and accounts receivable as of December 31, 2005 and 2006, consisted of:

	<u>2005</u>	<u>2006</u>
Non-interest bearing notes received as customer deposits and advances.....	Ps. 12,797,785	Ps. 11,957,311
Accounts receivable, including value-added tax receivables related to advertising services.....	2,802,946	2,672,873
Allowance for doubtful accounts	<u>(1,141,186)</u>	<u>(1,032,615)</u>
	<u>Ps. 14,459,545</u>	<u>Ps. 13,597,569</u>

4. Transmission Rights and Programming

At December 31, 2005 and 2006, transmission rights and programming consisted of:

	<u>2005</u>	<u>2006</u>
Transmission rights.....	Ps. 3,	Ps. 3,
Programming	<u>3,</u>	<u>2,</u>
	<u>7,</u>	<u>6,</u>
Non-current portion of:		
Transmission rights.....	2,	1,
Programming	<u>2,</u>	<u>1,</u>
	<u>4,</u>	<u>3,</u>
Current portion of transmission rights and programming	<u>Ps. 3,</u>	<u>Ps. 3,</u>

5. Investments

At December 31, 2005 and 2006, the Group had the following investments:

	2005	2006	Ownership % as of December 31, 2006
Accounted for by the equity method:			
Univision(a)	Ps. 5,	Ps. —	9.75%
Ocesa Entretenimiento, S. A. de C. V. (“OCEN”)(b)	521,	503,	40.0%
La Sexta (see Notes 2 and 11).....	—	729,	40.0%
Volaris (see Note 2)	250,	257,	25.0%
TVI(c)	—	97,	50.0%
Other	101,	95,	
	6,	1,	
Other investments:			
Convertible debentures due 2011(d)	—	2,	
Held-to-maturity debt securities (see Note 1(g))(e)	931,	906,	
Deposit in escrow(f).....	138,	—	
Warrants to acquire shares of Univision common stock(a)	24,	—	
TVI(c)	—	256,	
Other	40,	25,	
	1,	4,	
	Ps. 7,	Ps. 5,	

- (a) Through June 30, 2006, this investment was accounted for under the equity method. Beginning in the third quarter of 2006, the Group announced its intention to have its shares and warrants of Univision common stock cashed out in connection with the merger contemplated by a related agreement entered into by Univision and an acquiring investor group. Accordingly, beginning July 1, 2006, the Group (i) classified its investment in shares of Univision common stock as a current available-for-sale financial asset; (ii) discontinued the recognition of any equity method result related to this investment; (iii) recorded this financial asset at fair value, with unrealized gains and losses included in the Group’s consolidated stockholders’ equity as accumulated other comprehensive result; and (iv) this financial asset is being hedged by the Group’s outstanding Senior Notes due 2011, 2025 and 2032, in the aggregate amount of approximately U.S.\$971.9 million (see Notes 1 (c), 9 and 11). As of December 31, 2005 and 2006, the Group owned 16,594,500 shares Class “A” and 13,593,034 shares Class “T” of common stock of Univision. As of December 31, 2005 and 2006, the Group also owned warrants to acquire 6,374,864 shares Class “A” and 2,727,136 shares Class “T” of common stock of Univision, most of which had an exercise price of U.S.\$38.261 per share, and expired in December 2017 (see Note 9). The warrants to purchase 9,000,000 shares of Univision common stock were assigned a zero value since they were acquired by the Group as a non-cash consideration for surrendering certain governance rights previously held by the Group in Univision. The warrants to acquire 100,000 shares of Univision common stock were accounted for at acquisition cost and classified as other investments. At December 31, 2006, the carrying value of the 100,000 warrants was written off since the exercise price was greater than the tender offer price. The carrying value of the Group’s net investment in Univision at December 31, 2005, also included goodwill in the amount of Ps.5,701,000 (see Note 7), which in 2006 has been reclassified to become part of the basis of the available-for-sale financial asset. The proposed merger was concluded by Univision on March 29, 2007, and the 30,107,534 shares of Univision common stock owned by the Group were converted, like all shares of Univision common stock, into cash at U.S.\$36.25 per share. Also, under the terms of the merger agreement, all of the Group’s warrants to acquire shares of Univision common stock were cancelled. The aggregate cash amount received by the Group in connection with the closing of this merger was of approximately U.S.\$1,094.4 million (Ps.11,821,932).
- (b) OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S. A. de C. V. (“CIE”), and is engaged in the live entertainment business in Mexico. In the third quarter of 2006, OCEN paid dividends to the Group related to its 40% interest in the aggregate amount of Ps.102,573 (see Notes 7 and 16).
- (c) Cable television company with a license to operate in the city of Monterrey and surrounding areas, which expires in 2026. In March 2006, in connection with the acquisition of a 50% interest in this venture, the Group provided funding to TVI in the form of a short-term loan in the principal amount of Ps.240,589, with an annual interest rate equal to the Mexican inter-bank rate plus 150 basis points, and maturity in March 2007. The accrued interest receivable from this loan was of Ps.16,138, as of December 31, 2006 (see Note 2).

- (d) Available-for-sale debt securities that are convertible into 2,838 million shares, or 99.99%, of authorized common stock of Alvafig. The Group can convert all or a portion of these debentures into shares of Alvafig common stock (i) when a non-compliance occur with any payment obligation set up in the debenture issuance agreement; or (ii) at any time after the first anniversary of the debt issuance and prior to maturity. The debentures cannot be called before maturity by the issuer, and are secured by substantially all of the outstanding shares of common stock of Alvafig, which are held by a designated trust. This investment is classified as an available-for-sale debt security, and is recorded at fair value, with unrealized gains and losses included in the Group's consolidated stockholders' equity as accumulated other comprehensive result (see Note 2).
- (e) Held-to-maturity securities represent structured notes and corporate fixed income securities with maturities in 2008. These investments are stated at cost.
- (f) In connection with the disposal of an investment of the Group in 1997, the Group granted collateral to secure certain indemnification obligations which consisted, at December 31, 2005 and 2006, of short-term securities of approximately U.S.\$12.5 million (Ps.138,593) and U.S.\$11.4 million (Ps.123,429), respectively. After the expiration of applicable tax statutes of limitations, the collateral will be reduced to a de minimus amount. The Group classified this deposit in escrow as temporary investments in its consolidated balance sheet as of December 31, 2006, since the collateral agreement is expected to be terminated in 2007 (see Note 11).

In 2004, 2005 and 2006, the Group recognized, in the consolidated statements of income, equity in earnings (losses) of affiliates of Ps.661,247, Ps.166,649, and Ps.(602,206), respectively, and in the consolidated other comprehensive income or loss (see Note 14), equity in the gain (loss) from holding non-monetary assets of affiliates of Ps.12, Ps.(925), and Ps.(6,902), respectively, equity in the translation (loss) gain effect of affiliates of Ps.(156,404), Ps.(302,149) and Ps.557,524, respectively, and in 2005 and 2006, equity in the (loss) gain on issuance of shares of associates of Ps.(197,076) and Ps.55,831, respectively.

6. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2005 and 2006, consists of:

	<u>2005</u>	<u>2006</u>
Buildings	Ps. 8,287,664	Ps. 8,394,388
Buildings improvements	1,646,510	1,632,675
Technical equipment	18,698,870	20,118,867
Satellite transponders	1,702,468	1,694,099
Furniture and fixtures	520,339	576,030
Transportation equipment	1,150,699	1,263,059
Computer equipment	<u>1,471,032</u>	<u>1,594,073</u>
	33,477,582	35,273,191
Accumulated depreciation	<u>(17,870,662)</u>	<u>(19,449,494)</u>
	15,606,920	15,823,697
Land	3,975,677	3,988,747
Construction in progress	<u>945,587</u>	<u>1,163,495</u>
	<u>Ps. 20,528,184</u>	<u>Ps. 20,975,939</u>

At December 31, 2005 and 2006, the Group's Mexican subsidiaries had technical, transportation and computer equipment of non-Mexican origin totaling Ps.4,664,100 and Ps.4,840,985, respectively, net of accumulated depreciation (see Note 1(h)).

Had the NCPI been applied to restate all of the Group's net equipment, the net balance of property, plant and equipment as of December 31, 2005 and 2006 would have been Ps.21,584,248 and Ps.21,234,629, respectively.

Depreciation charged to income in 2004, 2005 and 2006 was Ps.1,945,925, Ps.2,168,828 and Ps.2,349,901, respectively.

Satellite transponders are recorded as an asset equal to the net present value of committed payments under a 15-year service agreement entered into with Intelsat Corporation ("Intelsat", formerly PanAmSat Corporation) for 12 KU-band transponders on Intelsat's satellite IS-9 (see Note 8). As of December 31, 2005 and 2006, satellite transponders, net of accumulated depreciation, amounted to Ps.1,097,146 and Ps.978,813, respectively.

7. Intangible Assets and Deferred Charges, Net

The balances of intangible assets and deferred charges as of December 31, were as follows (see Note 1(i)):

	2005			2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Goodwill.....			Ps. 7,			Ps. 2,
Publishing and TVI trademarks			473,			580,
Television network concession			627,			627,
Concession TVI.....			—			141,
Intangible assets with finite lives and deferred charges:						
Licenses and software.....	Ps. 1,	Ps. (825,743)	354,	Ps. 814,	Ps. (458,416)	356,
Subscriber list.....	593,	(142,812)	450,	642,	(291,099)	351,
Other intangible assets.....	203,	(75,894)	127,	526,	(192,255)	334,
Deferred financing costs (see Note 8).....	1,	(208,204)	894,	1,	(232,867)	813,
	<u>Ps. 3,</u>	<u>Ps. (1,252,653)</u>	<u>Ps. 10,</u>	<u>Ps. 3,</u>	<u>Ps. (1,174,637)</u>	<u>Ps. 5,</u>

Amortization of intangible assets with finite lives (other than goodwill) and deferred financing costs charged to income in 2004, 2005 and 2006, was Ps.333,175, Ps.441,944 and Ps.409,563, respectively, of which Ps.34,112, Ps.50,023 and Ps.48,043 in 2004, 2005 and 2006, respectively, were recorded as interest expense (see Note 17) and Ps.13,923, Ps.43,735 and Ps.32,355 in 2004, 2005 and 2006, respectively, were recorded as non-recurring charges in connection with the extinguishment of long-term debt (see Note 18).

The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2006, were as follows:

	Balance as of December 31, 2005	Acquisitions	Foreign Currency Translation Adjustments	Adjustments/Reclassifications	Impairment Adjustments	Balance as of December 31, 2006
Goodwill:						
Television Broadcasting.....	Ps. 1,353,012	Ps. —	Ps. —	Ps. (340)	Ps. —	Ps. 1,352,672
Publishing Distribution	24,630	—	—	(975)	—	23,655
Other Businesses.....	37,978	—	—	—	—	37,978
Equity-method investees(1)	6,076,229	402,	—	(5,708,431)	—	770,640
	<u>Ps. 7,491,849</u>	<u>Ps. 402,</u>	<u>Ps. —</u>	<u>Ps. (5,709,746)</u>	<u>Ps. —</u>	<u>Ps. 2,184,945</u>
Trademarks(2):						
Publishing	Ps. 473,482	Ps. 149,	Ps. 43	Ps. —	Ps. (90,078)	Ps. 532,707
TVI.....	—	48,	—	—	—	48,198
	<u>Ps. 473,482</u>	<u>Ps. 197,</u>	<u>Ps. 43</u>	<u>Ps. —</u>	<u>Ps. (90,078)</u>	<u>Ps. 580,905</u>

(1) See Note 5.

(2) See Notes 2 and 18.

8. Long-term Debt and Satellite Transponder Lease Obligation

Long-term debt and satellite transponder lease obligation outstanding as of December 31, were as follows:

	<u>2005</u>	<u>2006</u>
U.S.\$5.3 million 11.875% Series "B" Senior Notes due 2006	Ps. 59,	Ps. —
U.S.\$75.5 million in 2005 and U.S.\$72 million in 2006 of 8% Senior Notes due 2011(1)(2).....	834,	777,
U.S.\$300 million 8.50% Senior Notes due 2032(1).....	3,	3,
U.S.\$600 million 6.625% Senior Notes due 2025(1)(2).....	6,	6,
U.S.\$300 million in 2005 and U.S.\$11.3 million in 2006 of 9.375% Senior Notes due 2013(3)	3,	121,
Other U.S. dollar debt(4)	43,	37,
8.15% UDI-denominated Notes due 2007(2)(5).....	979,	980,
Mexican peso long-term loans(3)(6).....	4,	7,
Other Mexican peso bank loans	464	—
Other currency debt	<u>989</u>	<u>420</u>
Total long-term debt	19,	18,
Less: Current portion	<u>354</u>	<u>986</u>
Long-term debt, net of current portion.....	<u>Ps.18,872,379</u>	<u>Ps.17,795,330</u>
Satellite transponder lease obligation(7).....	Ps.1,313,710	Ps. 1,
Less: Current portion	78,	86,
Satellite transponder lease obligation, net of current portion.....	<u>Ps. 1,</u>	<u>Ps. 1,</u>

- (1) These Senior Notes are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. Interest on the Senior Notes due 2011, 2025 and 2032, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.97% and 8.94% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company. The Senior Notes due 2011 and 2032 were priced at 98.793% and 99.431%, respectively, for a yield to maturity of 8.179% and 8.553%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. Substantially all of these Senior Notes are registered with the U.S. Securities and Exchange Commission (the "SEC").
- (2) In March and May 2005, the Company issued these Senior Notes in the aggregate amount of U.S.\$400.0 million and U.S.\$200.0 million, respectively, which were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The net proceeds of the U.S.\$400.0 million issuance, together with cash on hand, were used to fund the Group's tender offers made and expired in March 2005 for any or all of the Senior Notes due 2011 and the Mexican peso equivalent of UDI-denominated Notes due 2007, and prepaid principal amount of these securities in the amount of approximately U.S.\$222.0 million and Ps.2,935,097 (nominal), respectively, representing approximately 74% and 76% of the outstanding principal amount of these securities, respectively. The net proceeds of the U.S.\$200.0 million issuance were used for corporate purposes, including the prepayment of some of the Group's outstanding indebtedness.
- (3) These Senior Notes are unsecured and unsubordinated obligations of Sky Mexico. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.8580%, and is payable semi-annually. The indentures of these Senior Notes contain certain restrictive covenants for Sky Mexico on additional indebtedness, liens, sales and leasebacks, restricted payments, asset sales, and certain mergers, consolidations and similar transactions. Sky Mexico may, at its own option, redeem these Senior Notes, in whole or in part, at any time on or after September 19, 2008 at redemption prices from 104.6875% to 101.5625% between September 19, 2008 through September 18, 2011, or 100% commencing on September 19, 2011, plus accrued and unpaid interest, if any. Additionally, on or before September 19, 2006, Sky Mexico may, at its own option and subject to certain requirements, use the proceeds from one or more qualified equity offerings to redeem up to 35% of the aggregate principal amount of these Senior Notes at 109.375% of their principal amount, plus accrued and unpaid interest. In March and April 2006, Sky Mexico entered into two 10-year loans with Mexican banks in the aggregate principal amount of Ps.3,500,000 to fund, together with cash on hand, a tender offer and consent solicitation made in March 2006 and expired in April 2006 for any or all of the Senior Notes due 2013, and prepaid a principal amount of approximately U.S.\$288.7 million or 96.2% of these securities. The total aggregate amount paid by Sky Mexico in connection with this tender offer was of approximately U.S.\$324.3 million, which included related consents and accrued and unpaid interest. The 10-year Sky Mexico's

indebtedness is guaranteed by the Company and includes a Ps.2,100,000 loan with an annual interest rate of 8.74% and a Ps.1,400,000 loan with an annual interest rate of 8.98% for the first three years, and the Mexican interbank interest rate or "TIIE" plus 24 basis points for the remaining seven years. Interest on these two 10-year loans is payable on a monthly basis.

- (4) Includes notes payable to banks, bearing annual interest rates which vary between 0.11 and 1.25 points above LIBOR. The maturities of this debt at December 31, 2006 are various from 2007 to 2010.
- (5) Notes denominated in Mexican Investment Units ("Unidades de Inversión" or "UDIs"), representing 258,711,400 UDIs at December 31, 2005 and 2006. Interest on these notes is payable semi-annually. The balance as of December 31, 2005 and 2006 includes restatement of Ps.235,581 and Ps.265,578, respectively. The UDI value as of December 31, 2006, was of Ps.3.788954 per UDI.
- (6) Includes in 2005 and 2006, outstanding balances of long-term loans in the principal amount of Ps.800,000, Ps.1,162,500 and Ps.2,000,000, respectively, in connection with certain credit agreements entered into by the Company with a Mexican bank, with various maturities through 2012. Interest on these loans is, in a range of 8.925% to 10.35% per annum, and is payable on a monthly basis. Under the terms of these credit agreements, the Company and certain restricted subsidiaries engaged in television broadcasting, pay television networks and programming exports are required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, and liens. The 2006 balance also includes the Sky Mexico long-term loans discussed in paragraph (3) above.
- (7) Sky Mexico is committed to pay a monthly fee of U.S.\$1.7 million under a capital lease agreement entered into with Intelsat Corporation (formerly PanAmSat Corporation) February 1999 for satellite signal reception and retransmission service from 12 KU-band transponders on satellite IS-9, which became operational in September 2000. The service term for IS-9 will end at the earlier of (a) the end of 15 years or (b) the date IS-9 is taken out of service. The obligations of Sky Mexico under the IS-9 agreement are proportionately guaranteed by the Company and the other Sky Mexico equity owners in relation to their respective ownership interests (see Notes 6 and 11).

In January 2005, Sky Mexico prepaid all of the outstanding amounts of its U.S.\$88 million 12.875% Senior Notes originally due in 2007, by using the net proceeds of a long-term credit agreement entered into in December 2004 by Sky Mexico with a Mexican bank in the aggregate principal amount of Ps.1,088,114 (Ps.1,012,000 nominal) with a partial maturity (50%) in 2010 and the remainder in 2011, and interest of 10.55% per annum payable on a monthly basis. In July 2005, Sky Mexico prepaid all of the outstanding amounts of such loan with the net proceeds of a long-term credit agreement entered into by Sky Mexico with the Company in the same principal amount and with the same maturity and interest conditions.

Maturities of Debt and Satellite Transponder Lease Obligation

Debt maturities for the years subsequent to December 31, 2006, are as follows:

2007	Ps.	986,
2008		483,
2009		1,
2010		1,
2011		777,
Thereafter.....		14,
		<u>Ps.18,781,698</u>

Future minimum payments under satellite transponder lease obligation for the years subsequent to December 31, 2006, are as follows:

2007	Ps.	220,
2008		220,
2009		220,
2010		220,
2011		220,
Thereafter.....		<u>809,</u>
		1,
Less: amount representing interest		<u>704,</u>
		<u>Ps.1,206,591</u>

9. Financial Instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, the available-for-sale investment in Univision classified as a current financial asset beginning July 1, 2006 (see Note 5), debt securities classified as held-to-maturity and available-for-sale investments, accounts payable, debt and derivative financial instruments. For cash, temporary investments, accounts receivable, accounts payable, and short-term notes payable due to banks and other financial institutions, the carrying amounts approximate fair value due to the short maturity of these instruments. The available-for-sale investment in Univision and the debt securities classified as available-for-sale investments are recorded at fair value. The fair value of the Group's long-term debt securities are based on quoted market prices. Escrow deposits (see Note 5) bear interest at market rates and the carrying value approximates fair value.

The fair value of warrants to purchase shares of common stock of Univision was based upon an option pricing model. The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 8) was estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities. The fair value of held-to-maturity securities, and currency option, interest rate swap and share put option agreements was based on quotes obtained from financial institutions.

The carrying and estimated fair values of the Group's financial instruments at December 31, 2005 and 2006 were as follows:

	2005		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivative financial instruments:				
Assets:				
Available-for-sale investment in Univision (see Note 5)	Ps. —	Ps. —	Ps. 11,	Ps. 11,
Univision warrants (see Note 5)	24,	1,	—	—
Held-to-maturity securities (see Note 5)	930,	919,	3,	3,
Liabilities:				
Senior Notes due 2011, 2025 and 2032	Ps. 10,	Ps. 11,	Ps. 10,	Ps. 11,
Other long-term debt securities	3,	3,	121,	128,
UDI-denominated long-term securities	979,	1,	980,	996,
Long-term notes payable to Mexican banks	4,	4,	7,	7,
Derivative financial instruments:				
Assets:				
Sky Mexico's interest rate swaps(a)	Ps. —	Ps. —	Ps. 710	Ps. 710
Liabilities:				
Sky Mexico's interest rate swaps(a)	Ps. 76,	Ps. 76,	Ps. —	Ps. —
Foreign currency forwards(b)	3,	3,	—	—
Interest rate swaps(c)	312,	312,	315,	315,

(a) In February 2004, Sky Mexico entered into coupon swap agreements to hedge a portion of its U.S. dollar foreign exchange exposure related to its Senior Notes due 2013. Under these transactions, Sky Mexico receives semi-annual payments calculated based on the aggregate notional amount of U.S.\$11.3 million at an annual rate of 9.375%, and Sky Mexico makes monthly payments calculated based on an aggregate notional amount of approximately Ps.123,047 at an annual rate of 10.25%. These transactions will terminate in September 2008. As of December 31, 2006, Sky Mexico recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange loss).

(b) In 2004 and 2005, the Company entered into forward contracts with diverse financial institutions to buy U.S.\$185.0 million of the Senior Notes due 2005 for hedge purposes. The average price fixed in these agreements was Ps.11.73 per U.S. dollar. In the years ended December 31, 2004 and 2005, as a result of the depreciation of the exchange rate of the U.S. dollar in relation to the Mexican peso, the Company recorded a loss for these transactions of Ps.154,992 in 2005, in the integral cost of financing (foreign exchange gain or loss). In addition, as of December 31, 2005, the Group had entered into forward exchange contracts to cover cash flow requirements on a notional amount of U.S.\$85.0 million to exchange U.S. dollars and Mexican pesos at an average exchange rate of Ps.10.85 per U.S. dollar in 2006.

(c) In order to reduce the adverse effects of exchange rates on the Senior Notes due 2011, 2025 and 2032, during 2004 and 2005, the Company entered into interest rate swap agreements with various financial institutions that allow the Company to hedge against Mexican peso depreciation on interest payments for a period of five years. Under these transactions, the Company receives semi-

annual payments based on the aggregate notional amount U.S.\$890 million as of December 31, 2005 and 2006, at an average annual rate of 7.37%, and the Company makes semi-annual payments based on an aggregate notional amount of approximately Ps.9,897,573 as of December 31, 2005 and 2006, at an average annual rate of 8.28%, without an exchange of the notional amount upon which the payments are based. In the years ended December 31, 2005 and 2006, the Company recorded a loss of Ps.383,275 and Ps. 88,233, respectively, in the integral cost of financing (foreign exchange loss) derived of the change in fair value of these transactions. In November 2005, the Group entered into option contracts that allow the counterparty to extend the maturity of the swap agreements for one additional year on the notional amount of U.S.\$890.0 million.

10. Pension Plans, Seniority Premiums and Severance Indemnities

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans for substantially all of their employees. Additionally, the Group has a defined benefit pension plan for executives. All pension benefits are based on salary and years of service rendered.

Under the provisions of the Mexican labor law, seniority premiums are payable based on salary and years of service, to employees who resign or are terminated prior to reaching retirement age. Some companies in the Group have seniority premium benefits which are greater than the legal requirement. After retirement age employees are no longer eligible for seniority premiums.

Pension and seniority premium amounts are actuarially determined by using real assumptions (net of inflation) and attributing the present value of all future expected benefits proportionately over each year from date of hire to age 65. The Group used a 4% discount rate and 2% salary scale for 2004, 2005 and 2006. The Group used a 5%, 5% and 9.67% return on assets rate for 2004, 2005 and 2006, respectively. The Group makes voluntary contributions from time to time to trusts for the pension and seniority premium plans which are generally deductible for tax purposes. In 2004 and 2005, the Group made cash contributions of approximately Ps.69,939 (nominal) and Ps.4,996 (nominal), respectively, to its seniority premium plans. Plan assets were invested in a portfolio that primarily consisted of debt and equity securities (including shares of the Company) as of December 31, 2005 and 2006. Pension and seniority premium benefits are paid when they become due.

The pension plan, seniority premium and severance indemnity liability (see Note 1(n)) as of December 31, 2005 and 2006, was as follows:

	<u>2005</u>	<u>2006</u>
Seniority premiums:		
Actuarial present value of benefit obligations:		
Vested benefit obligations	Ps. 159,316	Ps. 140,341
Non-vested benefit obligations	82,921	100,999
Accumulated benefit obligation.....	242,237	241,340
Benefit attributable to projected salaries	19,233	18,963
Projected benefit obligation.....	261,470	260,303
Plan assets.....	468,857	528,489
Plan assets in excess of projected benefit obligation.....	207,387	268,186
Items to be amortized over an average 9-year period:		
Transition obligation	123,224	101,957
Unrecognized prior service cost	(113,292)	(111,533)
Unrecognized net gain from experience differences	(8,700)	(89,095)
	<u>1,232</u>	<u>(98,671)</u>
Net projected asset.....	208,619	169,515
Pension plans:		
Actuarial present value of benefit obligations:		
Vested benefit obligations	284,962	306,640
Non-vested benefit obligations	306,994	339,987
Accumulated benefit obligation.....	591,956	646,627
Benefit attributable to projected salaries	150,063	157,277
Projected benefit obligation.....	742,019	803,904
Plan assets.....	1,014,882	1,209,151
Plan assets in excess of projected benefit obligation.....	272,863	405,247
Items to be amortized over an average 18-year period:		
Transition obligation	128,983	116,167
Unrecognized prior service cost	(15,324)	(13,349)

Unrecognized net gain from experience differences	<u>(492,259)</u>	<u>(621,270)</u>
Net projected liability	<u>(378,600)</u>	<u>(518,452)</u>
Severance indemnities:		
Actuarial present value of benefit obligations:		
Vested benefit obligations	—	—
Non-vested benefit obligations	<u>276,638</u>	<u>330,065</u>
Accumulated benefit obligation.....	<u>276,638</u>	<u>330,065</u>
Benefit attributable to projected salaries	<u>26,193</u>	<u>26,896</u>
Projected benefit obligation.....	<u>302,831</u>	<u>356,961</u>
Plan assets.....	—	—
Projected benefit obligation in excess of plan assets	<u>(302,831)</u>	<u>(356,961)</u>
Items to be amortized over an average 6-year period:		
Unrecognized net loss from experience difference.....	—	<u>13,616</u>
Net projected liability	<u>(302,831)</u>	<u>(343,345)</u>
Total labor liabilities	<u>Ps.(199,949)</u>	<u>Ps. (287,035)</u>

The net pension, seniority premium and severance indemnities cost for 2004, 2005 and 2006 was Ps.91,151, Ps.93,365 and Ps.73,825, respectively.

11. Commitments and Contingencies

At December 31, 2006, the Group had commitments in an aggregate amount of Ps.256,725, of which Ps.85,345 were commitments related to gaming operations, Ps.79,027 were commitments to acquire television technical equipment, Ps.37,237, were commitments for the acquisition of software and related services, and Ps.55,116 were construction commitments for building improvements and technical facilities.

In the second half of 2005, the Group entered into a series of agreements with EMI Group PLC (“EMI”), a world leading recording music company, by which (i) a 50/50 joint venture music company (“Televisa EMI Music”) was created in Mexico in October 2005; and (ii) the Group became a 50/50 partner of EMI’s U.S. Latin music operations (“EMI Televisa Music”) beginning September 1, 2005. In accordance with the terms of such agreements, and under certain specific circumstances, (i) in the case of Televisa EMI Music, either party will have the right to acquire the other party’s interest in Televisa EMI Music in accordance with an agreed formula, and (ii) in the case of EMI Televisa Music, the Group may require EMI to purchase or EMI may require the Group to sell its 50% interest in the U.S. venture operations. These joint ventures did not require any significant capital funding by the Group during 2005 and 2006. The Group may fund up to 50% of certain working capital requirements of EMI Televisa Music during 2007, in the form of long-term loans.

The Group has granted collateral in connection with certain indemnification obligations (see Note 5), which includes a deposit of approximately U.S.\$11.4 million (Ps.123,429) of short-term securities as of December 31, 2006.

At December 31, 2006, the Group had the following aggregate minimum annual commitments for the use of satellite transponders (other than transponders for DTH television services described below):

	<u>Thousands of</u> <u>U.S. Dollars</u>
2007	U.S.\$ 14,707
2008	13,477
2009	10,898
2010	5,938
2011 and thereafter	<u>18,466</u>
	<u>U.S.\$ 63,486</u>

The Group has guaranteed a 58.7% of Sky Mexico’s minimum commitments for use of satellite transponders over a period ending in 2015. As of December 31, 2006, this guarantee is estimated to be an aggregate of approximately U.S.\$104.8 million (undiscounted) as of December 31, 2006 (see Notes 2, 8 and 9).

The Company has guaranteed the obligation of Sky Mexico for direct loans in an aggregate amount of Ps.3,500,000, which are reflected in the December 31, 2006 balance sheet as liabilities (see Note 8).

The Group leases facilities, primarily for its Gaming business, under operating leases expiring through 2046. The Group's Gaming business started operations in the second quarter of 2006. As of December 31, 2006, minimum annual lease commitments (undiscounted) are as follows:

2007	Ps.	105,
2008		94,
2009		91,
2010		86,
2011		82,
Thereafter.....		<u>1,</u>
	<u>Ps.</u>	<u>1,</u>

At December 31, 2006, the Group had commitments of capital contributions in 2007 and 2008 related to its 40% equity interest in La Sexta in the aggregate amount of approximately 76.5 million euros and 31.0 million euros, respectively (see Notes 2 and 5). Also, in connection with this investment and the framework agreement entered into by the Group in March 2006 with the Mediapro group and the Arbol group (the controlling partners of the company that holds a 51% equity interest in La Sexta), the Group received: (i) a call option under which the Group may subscribe, at a price of 80 million euros, a percentage of the capital stock of Imagina Media Audiovisual, S. A. ("Imagina"), the parent company that holds all of the shares of the Mediapro group and the Arbol group, that will be determined as a result of the application of a formula related to the enterprise value of Imagina at the time of exercise of the option by the Group; (ii) an exclusivity to acquire up to 20% of the capital stock of Imagina for a period that ended in December 2006; (iii) a right to match an offer from a third party to subscribe or acquire stock of Imagina for a period of 137 days after the ending of the exclusivity period; and (iv) a right of first refusal until June 2011 to acquire a certain percentage of the capital stock of Imagina. Additionally, as part of the framework agreement and in exchange for the call option and rights granted in connection with the Imagina investment, the Group agreed to grant Inversiones Mediapro Arbol, S.L., a wholly-owned subsidiary of Imagina, a line of credit for up to 80 million euros to be used exclusively for equity contributions by the Mediapro group and the Arbol group in La Sexta, provided that, in the event the Group exercise the call option, or a third party acquires a portion of the capital stock of Imagina, Imagina and its shareholders have undertaken that the amounts outstanding under the line of credit will be either credited towards the subscription price or repaid with the proceeds from the acquisition by the third party. At December 31, 2006, the line of credit granted by the Group had not been used by Inversiones Mediapro Arbol, S. L.

In June 2003, the Company was notified by the Mexican tax authority of a federal tax claim made against the Company for approximately Ps. 960,657, including penalties and surcharges, for an alleged asset tax liability for the year 1994. The Company believes it has meritorious defense against this claim.

As of December 31, 2006, the Group has accrued Ps.23,333 representing the Group's estimate of state income tax and other tax liabilities in connection with audits of a former U.S. subsidiary of the Company for fiscal periods ended in 1995, 1996 and 1997. These matters did not have, and the Group does not expect that they will have, a material adverse effect on its financial condition or results of operations.

During 2006 and 2007, the Group filed petitions with Mexican Federal Courts in response to assertions made by the Mexican tax authorities that the Group owed income taxes in connection with certain acquisition of exclusivity rights of soccer players from foreign entities in 1999, 2000, 2001 and 2002. The Group believes it has certain meritorious defenses on these claims and sufficient amounts for the account of such income taxes have been provided.

There are other various legal actions and other claims pending against the Group incidental to its businesses and operations. In the opinion of the Group's management, none of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

Univision

During 2005, Televisa, S.A. de C.V. ("Televisa"), a subsidiary of the Company, filed a complaint (which was subsequently amended) in the U.S. District Court for the Central District of California alleging that Univision breached the Second Amended and Restated Program License Agreement entered into as of December 19, 2001 (the "PLA") between Televisa Internacional, S.A. de C.V., a predecessor company, and Univision, as well as the December 19, 2001 letter agreement between Televisa and Univision relating to soccer broadcast rights (the "Soccer Agreement"), among other claims ("District Court Action"). Univision filed related

answers denying all allegations and asserting affirmative defenses, as well as related counterclaims against Televisa and the Company. Univision also claimed that the Company had breached other agreements between the parties, including a Participation Agreement entered into as of October 2, 1996 and a Telefuturo Production Services Agreement. In addition, Univision claimed that the Company breached a Guaranty dated December 19, 2001, by which, among other things, the Company guaranteed that the Company's affiliates (including Televisa) would produce a specified minimum number of novellas.

During 2006, Televisa and the Company 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 also amended its complaint again, adding the Company as a plaintiff. In their amended complaint, Televisa and the Company 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 and the Company do not have the right to terminate or suspend performance of their obligations under the PLA or the Soccer Agreement. Also, in 2006, Televisa 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 may transmit or permit others to transmit any television programming into the United States from Mexico by means of the Internet. That lawsuit was stayed. 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 may not transmit or permit others to transmit any television programming into the United States by means of the Internet.

During 2005 and 2006, in connection with the Company's complaint in the District Court Action, Univision made payments to the Group under protest 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. The Group has recognized these payments made by Univision as customer deposits and advances in its consolidated balance sheets (see Note 16).

In January 2007, the U.S. District Court for the Central District of California reset the discovery cut-off date in the case for June 29, 2007, and the trial date for October 30, 2007 in the District Court Action. The Group cannot predict how its overall business relationship with Univision will be affected by this dispute. The Group believes the counterclaims and affirmative defenses made by Univision are without merit and will defend vigorously.

12. Capital Stock, Stock Purchase Plan and Long-term Retention Plan

Capital Stock

The Company has four classes of capital stock: Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, with no par value. The Series "A" Shares and Series "B" Shares are common shares. The Series "D" Shares are limited-voting and preferred dividend shares, with a preference upon liquidation. The Series "L" Shares are limited-voting shares.

The Company's shares are publicly traded in Mexico, primarily in the form of Ordinary Participation Certificates ("CPOs"), each CPO representing 117 shares comprised of 25 Series "A" Shares, 22 Series "B" Shares, 35 Series "D" Shares and 35 Series "L" Shares; and in the United States in the form of Global Depositary Shares ("GDS"), each GDS representing five CPOs (before March 22, 2006 each GDS was represented by 20 CPOs). Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A", Series "B" and Series "D" Shares.

At December 31, 2006, shares of capital stock and CPOs consisted of (in thousands):

	<u>Authorized and Issued (1)</u>	<u>Repurchased by the Company (2)</u>	<u>Acquired by a Company's Trust (3)</u>	<u>Acquired by a Company's Subsidiary (4)</u>	<u>Outstanding</u>
Series "A" Shares.....	123,	(1,342,667)	(7,164,764)	(1,185,988)	113,
Series "B" Shares.....	59,	(1,181,547)	(3,806,726)	(609,484)	53,
Series "D" Shares.....	90,	(1,879,735)	(2,339,243)	(936,741)	85,
Series "L" Shares.....	90,	(1,879,735)	(2,339,243)	(936,741)	85,
Total shares.....	<u>363,</u>	<u>(6,283,684)</u>	<u>(15,649,976)</u>	<u>(3,668,954)</u>	<u>337,</u>
Shares in the form of CPOs(5).....	<u>302,</u>	<u>(6,283,684)</u>	<u>(7,819,754)</u>	<u>(3,131,390)</u>	<u>284,</u>
CPOs(5).....	<u>2,</u>	<u>(53,707)</u>	<u>(66,835)</u>	<u>(26,764)</u>	<u>2,</u>

- (1) In April 2004, the Company's stockholders approved a restructuring of the Company's capital stock (the "Recapitalization"), which comprised the following: (i) a 25-for-one stock split, which became effective on July 26, 2004 (all the Company's share and per share data in these financial statements are presented on a post-split basis); (ii) the creation of the Series "B" Shares; (iii) a 14-for-25 stock dividend in the amount of Ps. 1,007,508 (nominal of Ps. 906,114); and (iv) an increase in the number of shares represented by each outstanding CPO. The Recapitalization increased the number of the Company's shares by a factor of 39 on a pre-split basis but did not affect the Company's total equity or dilute the equity interest of any shareholder.
- (2) In 2004, 2005 and 2006, the Company repurchased 1,813,102 thousand, 3,645,463 thousand, and 6,714,057 thousand shares, respectively, in the form of 15,497 thousand, 31,158 thousand, and 57,385 thousand CPOs, respectively, in the amount of Ps. 419,446, Ps. 1,108,338 and Ps. 2,595,366, respectively, in connection with a share repurchase program that was approved by the Company's stockholders and exercised at the discretion of management. In 2004, the Company resold 468 thousand shares in the form of four thousand CPOs, repurchased under this program, in the amount of Ps. 109. In April 2006, the Company's stockholders approved (i) the cancellation of 5,888,469.6 thousand shares of capital stock in the form of 50,328.8 thousand CPOs, which were repurchased by the Company under this program in 2004, 2005 and 2006; and (ii) up to 15% of the outstanding shares of the Company's common stock as the amount of shares that can be repurchased by the Company.
- (3) In connection with the Company's Long-Term Retention Plan described below.
- (4) In connection with the Company's Stock Purchase Plan described below.
- (5) In 2004 and 2005, the Company issued an aggregate of 392,841 thousand additional CPOs by combining Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, not in the form of CPOs, which were owned by certain shareholders (312,880 thousand CPOs) or acquired primarily by trusts designated for purposes of the Group's stock purchase plans (79,961 thousand CPOs).

On December 21, 2006, the Company's stockholders approved certain changes to the Company's bylaws to conform with applicable regulations for Mexican public companies in accordance with the new Mexican Stock Market law, which became effective in June 2006. These changes included, among others, the creation of a corporate practice committee, additional duties for the audit committee, more specific responsibilities for members of the board of directors and the corporate executive officer, and a new name for the nature of company under which the Company's is incorporated, which changed from "Sociedad Anónima" or "S.A." (limited liability company) to "Sociedad Anónima Bursátil" or "S.A.B." (public limited liability company).

Under the Company's bylaws, the Company's Board of Directors consists of 20 members, of which the holders of Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, each voting as a class, are entitled to elect eleven members, five members, two members and two members, respectively.

Holders of Series "D" Shares are entitled to receive an annual, cumulative and preferred dividend equivalent to 5% of the nominal capital attributable to those Shares (nominal Ps. 0.00034177575 per share) before any dividends are payable in respect of Series "A" Shares, Series "B" Shares or Series "L" Shares. Holders of Series "A" Shares, Series "B" Shares and Series "L" Shares are entitled to receive the same dividends as holders of Series "D" Shares if shareholders declare dividends in addition to the preferred dividend that holders of Series "D" Shares are entitled to. If the Company is liquidated, Series "D" Shares are entitled to a liquidation preference equal to the nominal capital attributable to those Shares (nominal Ps. 0.00683551495 per share) before any distribution is made in respect of Series "A" Shares, Series "B" Shares and Series "L" Shares.

At December 31, 2006, the restated tax value of the Company's common stock was Ps. 22,457,650. In the event of any capital reduction in excess of the tax value of the Company's common stock, such excess will be treated as dividends for income tax purposes (see Note 13).

Stock Purchase Plan

The Company adopted a Stock Purchase Plan (the "Plan") that provides, in conjunction with the Long-term Retention Plan described below, for the grant and sale of up to 8% of the Company's capital stock to key Group employees. Pursuant to this Plan, as of December 31, 2006, the Company had assigned approximately 117.5 million CPOs, at market prices, subject to certain conditions, including vesting periods within five years from the time the awards are granted. The shares sold pursuant to the Plan, some of which have been registered pursuant to a registration statement on Form S-8 under the Securities Act of the United States, can only be transferred to the plan participants when the conditions set forth in the Plan and the related agreements are satisfied. During 2004,

2005 and 2006, approximately 42.5 million CPOs, 26.9 million CPOs, and 33.1 million CPOs, respectively, were exercised pursuant to this Plan in the amount of Ps. 630,168, Ps. 325,561 and Ps. 427,858, respectively, and transferred to the Plan participants. In 2004, those Series “B”, Series “D” and Series “L” Shares, together with certain Series “A” Shares, not in the form of CPOs and previously held by the designated Plan trust, were exchanged for approximately 3.4 million CPOs.

Long-term Retention Plan

The Company adopted a Long-term Retention Plan (the “Retention Plan”) which supplements the Company’s existing Stock Purchase Plan described above, and provides for the grant and sale of the Company’s capital stock to key Group employees. Pursuant to the Retention Plan, as of December 31, 2005 and 2006, the Company had assigned approximately 46.8 million CPOs and 47.4 million CPOs, respectively, at an exercise price of Ps.13.45 per CPO, subject to certain conditions, including a vesting period between 2008 and 2010. During 2006, approximately 9,675 thousand CPOs were early exercised pursuant to this Retention Plan in the amount of Ps. 113,686.

As of December 31, 2006, the designated Retention Plan trust owned approximately 133.8 million CPOs or CPOs equivalents, including approximately 7.6 million CPOs or CPOs equivalents that have been reserved to a group of employees, and may be granted at a price of approximately Ps. 28.05 per CPO, subject to certain conditions, in vesting periods between 2008 and 2023. In 2004, as a result of the Recapitalization described above and other related transactions, the designated Retention Plan trust received a number of Series “B”, Series “D” and Series “L” Shares against the delivery of the same number of Series “A” Shares. Also, in 2004, certain Series “A”, Series “B”, Series “D” and Series “L” Shares, held by the Retention Plan trust, were exchanged for approximately 76.5 million CPOs.

Beginning in 2005, in connection with the Company’s Plan and Retention Plan, the Group determined the stock-based compensation expense, as required by IFRS 2 (see Note 1(r)), by using the Black-Scholes pricing model at the date on which the stock was granted to personnel under the Group’s stock-based compensation plans, on the following arrangements and weighted-average assumptions:

	<u>Stock Purchase Plan</u>		<u>Long-term Retention Plan</u>
Arrangements:			
Year of grant.....	2003	2004	2004
Number of CPOs granted	2,360	32,918	46,784
Contractual life	3-5 years	1-3 years	4-6 years
Assumptions:			
Dividend yield	3.00%	3.00%	3.00%
Expected volatility(1)	31.88%	21.81%	22.12%
Risk-free interest rate	9.35%	6.52%	8.99%
Expected life of awards (in years)	4.01 years	2.62 years	4.68 years

(1) Volatility was determined by reference to historically observed prices of the Group’s CPO.

A summary of the stock awards for employees as of December 31, 2005 and 2006, is presented below (in constant pesos and thousands of CPOs):

	<u>2005</u>		<u>2006</u>	
	<u>CPOs</u>	<u>Weighted- Average Exercise Price</u>	<u>CPOs</u>	<u>Weighted- Average Exercise Price</u>
Stock Purchase Plan:				
Outstanding at beginning of year.....	71,262	14.36	48,182	14.99
Granted	599	13.81	—	—
Exercised	(23,455)	11.42	(29,050)	12.39
Forfeited	(224)	14.28	(716)	13.07
Outstanding at beginning of year.....	48,182	14.99	18,416	16.30
Exercisable at end of year.....	4,472	16.87	8,492	15.80
Long — Term Retention Plan:				
Outstanding at beginning of year.....	45,109	13.45	46,784	12.10
Granted	2,714	12.10	1,340	11.75
Exercised	—	—	—	—

Forfeited	<u>(1,039)</u>	<u>12.10</u>	<u>(734)</u>	<u>11.75</u>
Outstanding at beginning of year.....	<u>46,784</u>	<u>12.10</u>	<u>47,390</u>	<u>11.75</u>
Exercisable at end of year.....	<u>—</u>	<u>—</u>	<u>9,675</u>	<u>11.75</u>

As of December 31, 2006, the weighted-average remaining contractual life of the awards under the Stock Purchase Plan and the Long-term Retention Plan is 0.3 and 2.10 years, respectively.

13. Retained Earnings

In accordance with Mexican law, the legal reserve must be increased by 5% of annual net profits until it reaches 20% of the capital stock amount. In 2004, 2005 and 2006, the Company's stockholders approved increases to the legal reserve amounting to Ps.203,392, Ps.232,070 and Ps.186,781, respectively. This reserve is not available for dividends, but may be used to reduce a deficit or may be transferred to stated capital. Other appropriations of profits require the vote of the stockholders.

In prior years the Company's stockholders approved appropriating from retained earnings a reserve amounting to Ps.7,483,296 for the repurchase of shares, at the discretion of management. Through December 31, 2006, this reserve has been used in an amount of Ps.3,024,038, in connection with the cancellation of shares repurchased by the Company.

Unappropriated earnings as of December 31, 2005 and 2006 are comprised of (i) accumulated earnings from prior years for an amount of Ps.14,710,965 and Ps.19,778,257, respectively; (ii) cumulative charges in connection with the acquisition of shares of the Company made by subsidiaries and a subsequently cancelled or sold in an amount of Ps.2,410,847 and Ps.2,762,784, respectively; and (iii) other unappropriated earnings in an amount of Ps.13,694, and other cumulative charges in an amount of Ps.300,219, respectively.

In April 2004, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,280,816 (nominal Ps.3,850,000), which consisted of nominal Ps.1.21982800845 per CPO and nominal Ps.0.40660933615 per Share of former Series "A," not in the form of a CPO, and was paid in cash in May 2004.

In April 2004, in connection with the Recapitalization of the Company (see Note 12), the Company's stockholders approved a stock dividend in the amount of Ps.1,007,508 (nominal Ps.906,114).

In April 2005, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,480,311 (nominal Ps.4,214,750), which consisted of nominal Ps.1.35 per CPO and nominal Ps.0.01153846153 per Share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2005.

In April 2006, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.1,119,749 (nominal Ps.1,087,049), which consisted of nominal Ps.0.35 per CPO and nominal Ps.0.00299145 per Share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2006.

Dividends, either in cash or in other forms, paid by the Mexican companies in the Group will be subject to income tax if the dividends are paid from earnings that have not been subject to Mexican income taxes computed on an individual company basis under the provisions of the Mexican Income Tax Law. In this case, dividends will be taxable by multiplying such dividends by a 1.3889 factor and applying to the resulting amount the income tax rate of 28%.

At December 31, 2006, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.49,976. In addition, the payment of dividends is restricted under certain circumstances by the terms of certain Mexican peso loan agreements (see Note 8).

14. Comprehensive Income (Loss)

Comprehensive income (loss) related to the majority interest for the years ended December 31, 2004, 2005 and 2006, was as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net income.....	Ps.4,641,404	Ps.6,373,822	Ps.8,586,188
Other comprehensive (loss) income, net:			
Foreign currency translation adjustments, net(1)	(208,784)	(185,393)	574,099
Result from holding non-monetary assets, net(2).....	(137,107)	(552,880)	(64,870)

Result from available for-sale investments, net(3)	—	—	(578,656)
Gain (loss) on equity accounts of investees, net(4)	128,600	(197,076)	55,831
Total other comprehensive loss, net.....	<u>(217,291)</u>	<u>(935,349)</u>	<u>(13,596)</u>
Comprehensive income.....	<u>Ps. 4,424,113</u>	<u>Ps. 5,438,473</u>	<u>Ps. 8,572,592</u>

- (1) The amounts for 2004, 2005 and 2006 include the foreign exchange gain (loss) of, Ps.45,850, Ps.433,752 and Ps.(572,738), respectively, which were hedged in connection with the Group's net investment in Univision as a foreign entity investment through June 30, 2006 (see Notes 1(c), 5 and 17).
- (2) Represents the difference between specific costs (net replacement cost or Specific Index) of non-monetary assets and the restatement of such assets using the NCPI, net of deferred tax (provision) benefit of Ps.58,952, Ps.221,285 and Ps.30,300 for the years ended December 31, 2004, 2005 and 2006, respectively.
- (3) The amount for 2006 includes a foreign exchange loss of Ps.(97,668), net of foreign exchange gain of Ps.539,563, which was hedged in connection with the Group's available-for-sale investment in Univision beginning July 1, 2006 (see Notes 1(c), 5 and 17); loss on monetary position of Ps.(434,153); and other fair value loss of Ps.(46,835).
- (4) Represents the gains or losses on the dilution of investments in equity investees and the recognition of the components of other comprehensive income recorded by the equity investees.

The changes in components of accumulated other comprehensive (loss) income for the years ended December 31, 2004, 2005 and 2006, were as follows:

	<u>Gain (Loss) on Equity Accounts of Investees</u>	<u>Accumulated Monetary Result</u>	<u>Result from Available- For-Sale Financial Assets</u>	<u>Cumulative Result from Holding Non- Monetary Assets</u>	<u>Cumulative Result from Foreign Currency Translation</u>	<u>Cumulative Effect of Deferred Income Taxes</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance at January 1, 2004.....	Ps. 4,090,044	Ps. (33,912)	Ps. —	Ps. (1,809,554)	Ps. (1,676,422)	Ps. (3,107,621)	Ps. (2,537,465)
Current year change.....	128,600	—	—	(137,107)	(208,784)	—	(217,291)
Balance at December 31, 2004.....	4,218,644	(33,912)	—	(1,946,661)	(1,885,206)	(3,107,621)	(2,754,756)
Current year change.....	(197,076)	—	—	(552,880)	(185,393)	—	(935,349)
Balance at December 31, 2005.....	4,021,568	(33,912)	—	(2,499,541)	(2,070,599)	(3,107,621)	(3,690,105)
Current year change.....	55,831	—	(578,656)	(64,870)	574,099	—	(13,596)
Balance at December 31, 2006.....	<u>Ps. 4,077,399</u>	<u>Ps. (33,912)</u>	<u>Ps. (578,656)</u>	<u>Ps. (2,564,411)</u>	<u>Ps. (1,496,500)</u>	<u>Ps. (3,107,621)</u>	<u>Ps. (3,703,701)</u>

Cumulative result from holding non-monetary assets as of December 31, 2004, 2005 and 2006 is net of a deferred income tax benefit of Ps.124,685, Ps.345,970 and Ps.376,270, respectively.

15. Minority Interest

Minority interest at December 31, 2005 and 2006, consisted of:

	<u>2005</u>	<u>2006</u>
Capital stock	Ps. 3,944,409	Ps. 3,820,887
Retained earnings.....	(3,811,048)	(2,435,414)
Cumulative result from holding non-monetary assets.....	(317,491)	(332,534)
Accumulated monetary result	(885)	(502)
Cumulative effect of deferred income taxes	(57,585)	(57,585)
Net income for the year.....	1,127,959	588,241
	<u>Ps. 885,359</u>	<u>Ps. 1,583,093</u>

16. Transactions with Related Parties

The principal transactions carried out by the Group with affiliated companies, including equity investees, stockholders and entities in which stockholders have an equity interest, were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:			
Royalties (Univision)(a)	Ps. 1,	Ps. 1,	Ps. 1,
Soccer transmission rights (Univision).....	76,	95,	96,
Programming production and transmission rights(b)	235,	96,	35,
Administrative services(c).....	55,	76,	53,
Interest income	963	1,	16,
Advertising(d)	116,	33,	87,
	<u>Ps. 1,</u>	<u>Ps. 1,</u>	<u>Ps. 1,</u>
Costs:			
Donations.....	Ps.99,152	Ps. 110,	Ps. 102,
Administrative services(c).....	5,	27,	11,
Other.....	80,	242,	76,
	<u>Ps. 185,</u>	<u>Ps. 380,</u>	<u>Ps. 190,</u>

- (a) The Group receives royalties from Univision for programming provided pursuant to a program license agreement that expires in December 2017. Royalties are determined based upon a percentage of combined net sales of Univision, which was 9% plus an incremental percentage of up to 3% over additional sales in 2004, 2005 and 2006.
- (b) Services rendered to Innova for the three months ended March 31, 2004, and Endemol and other affiliates in 2004, 2005 and 2006.
- (c) The Group receives revenue from and is charged by affiliates for various services, such as equipment rental, security and other services, at rates which are negotiated. The Group provides management services to affiliates, which reimburse the Group for the incurred payroll and related expenses.
- (d) Advertising services rendered to Innova for the three months ended March 31, 2004, to Univision in 2004, to OCEN in 2004, 2005 and 2006, and Volaris in 2006.

Other transactions with related parties carried out by the Group in the normal course of business include the following:

(1) A consulting firm owned by a relative of one of the Group's directors, which has, from time to time, provided consulting services and research in connection with the effects of the Group's programming on its viewing audience.

(2) From time to time, a Mexican bank made loans to the Group, on terms substantially similar to those offered by the bank to third parties. Some members of the Group's Board serve as board members of this bank.

(3) Two of the Group's directors and one of the Group's alternate directors are members of the board as well as shareholders of a Mexican company, which is a producer, distributor and exporter of beer in Mexico. Such company purchases advertising services from the Group in connection with the promotion of its products from time to time, paying rates applicable to third-party advertisers for these advertising services.

(4) Several other members of the Group's current board serve as members of the boards and/or shareholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services.

(5) During 2004, 2005 and 2006, a professional services firm in which a current director maintains interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.19,962, Ps.18,435 and Ps.16,631, respectively.

(6) A television production company, indirectly controlled by a company where a member of the board and executive of the Company is a shareholder, provided production services to the Group in 2004, 2005 and 2006, in the amount of U.S.\$5.6 million, U.S.\$11.3 million and U.S.\$8.1 million, respectively.

(7) During 2005 and 2006, the Group paid sale commissions to a company where a member of the board and executive of the Company is a shareholder, in the amount of Ps. 19,770 and Ps. 109,843, respectively.

The balances of receivables and (payables) between the Group and affiliates as of December 31, 2005 and 2006, were as follows:

	<u>2005</u>	<u>2006</u>
Receivables:		
CIE (see Notes 5 and 7)	Ps. 199,030	Ps. —
Univision (see Note 5)	92,582	104,205
Editorial Clío, Libros y Videos, S.A. de C.V.	14,857	6,922
Volaris (see Note 2)	—	33,129
OCEN (see Notes 5 and 7)	3,790	1,954
Other	<u>26,014</u>	<u>38,604</u>
	<u>Ps. 336,273</u>	<u>Ps. 184,814</u>
Payables:		
DIRECTV (payable in connection with the acquisition of a subscriber list, see Notes 2 and 7)	Ps. (733,438)	Ps. —
News Corp. (see Note 2)	(48,191)	(23,513)
Other	<u>(29,026)</u>	<u>(14,620)</u>
	<u>Ps. (810,655)</u>	<u>Ps. (38,133)</u>

All significant account balances included in amounts due from affiliates bear interest. In 2004, 2005 and 2006, average interest rates of 6.9%, 9.6% and 7.5% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

Customer deposits and advances as of December 31, 2005 and 2006, included deposits and advances from affiliates and other related parties, which were primarily made by Univision (see Note 11), OCEN, Editorial Clío, Libros y Videos, S.A. de C.V., and CIE in 2005 and 2006, and Volaris in 2006, in an aggregate amount of Ps. 133,098 and Ps. 287,124, respectively.

17. Integral Cost of Financing

Integral cost of financing for the years ended December 31, consisted of:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Interest expense(1)	Ps. 2,252,978	Ps. 2,221,015	Ps. 1,937,591
Interest income	(705,888)	(969,905)	(1,094,266)
Foreign exchange loss, net(2)	99,037	757,036	190,516
(Gain) loss from monetary position(3)	<u>(15,939)</u>	<u>(153,887)</u>	<u>65,850</u>
	<u>Ps. 1,630,188</u>	<u>Ps. 1,854,259</u>	<u>Ps. 1,099,691</u>

- (1) Interest expense in 2004, 2005 and 2006, includes Ps. 217,713, Ps. 39,620 and Ps. 39,843, respectively, derived from the UDI index restatement of Company's UDI-denominated debt securities and a net gain from related derivative contracts of Ps. 32,659 and Ps. 6,557, in 2004 and 2005, respectively (see Notes 8 and 9).
- (2) Net foreign exchange loss in 2004, 2005 and 2006, includes a net loss from foreign currency derivative contracts of Ps. 103,500, Ps. 741,128 and Ps. 57,745, respectively. A foreign exchange gain in 2004 and 2005 of Ps. 45,850 and Ps. 433,752, respectively, and a foreign exchange loss of Ps. 33,175 in 2006, were hedged by the Group's net investment in Univision and recognized in stockholders' equity as other comprehensive loss (see Notes 1(c) and 14).
- (3) The gain or loss from monetary position represents the effects of inflation, as measured by the NCPI in the case of Mexican companies, or the general inflation index of each country in the case of foreign subsidiaries, on the monetary assets and liabilities at the beginning of each month. It also includes monetary loss in 2004, 2005 and 2006 of Ps.195,412, Ps.138,620 and Ps.107,607, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax (see Note 20).

18. Restructuring and Non-recurring Charges

Restructuring and non-recurring charges for the years ended December 31, are analyzed as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Restructuring charges:			
Severance costs	Ps. 157,	Ps. 43,	Ps. 45,
Non-recurring charges:			
Impairment adjustments(1)	247,	7,	90,
Expenses of debt placement(2)	13,	188,	478,
Other	6,	—	—
	<u>Ps. 424,</u>	<u>Ps. 239,</u>	<u>Ps. 614,</u>

- (1) During 2004, the Group tested for impairment the carrying value of goodwill and other intangible assets. As a result of such testing, impairment adjustments were made to goodwill related primarily to the Group's Publishing Distribution segment and publishing trademarks in the amount of Ps. 204,178 and Ps. 43,120, respectively. During 2006, the Group tested for impairment the carrying value of certain trademarks of its Publishing segment. As a result of such testing, an impairment adjustment was made to these intangible assets of Ps.90,078. For purposes of the goodwill impairment test, the fair value of the related reporting unit was estimated using appraised valuations by experts.
- (2) Related to Senior Notes due 2011 and Notes denominated in Mexican UDIs due 2007 in 2005 and Senior Notes due 2013 in 2006 (see Note 8).

19. Other Expense, Net

Other expense (income) for the years ended December 31, is analyzed as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Loss (gain) on disposition of investments, net (see Note 2)	Ps. 143,	Ps. 179,269	Ps. (18,848)
Provision for doubtful non-trade accounts and write-off of other receivables.....	40,	15,530	—
Donations (see Note 16).....	177,	124,914	130,110
Financial advisory and professional services(1)	71,	75,417	99,149
Loss on disposition of fixed assets.....	71,	115,593	—
Other expense (income), net	48,	(27,686)	630
	<u>Ps. 553,</u>	<u>Ps. 483,037</u>	<u>Ps. 211,041</u>

- (1) Includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters (see Notes 2, 12 and 16).

20. Income Taxes and Employees' Profit Sharing

The Company is authorized by the Mexican tax authorities to compute its income tax and asset tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to a certain percentage of their share ownership in such subsidiaries, which was 60% through December 31, 2004, and 100% beginning January 1, 2005. The asset tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2004, 2005 and 2006 was 33%, 30% and 29%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in subsequent years will be 28%.

The income tax provision for the years ended December 31, 2004, 2005 and 2006, was comprised as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income tax and asset tax, current	Ps. 602,157	Ps. 1,601,399	Ps. 770,856
Income tax and asset tax, deferred	655,647	(819,707)	1,245,815
	<u>Ps. 1,257,804</u>	<u>Ps. 781,692</u>	<u>Ps. 2,016,671</u>

The following items represent the principal differences between income taxes computed at the statutory rate and the Group's provision for income tax and the asset tax.

	%		
	2004	2005	2006
Tax at the statutory rate on income before provisions	33	30	29
Differences in inflation adjustments for tax and book purposes	2	1	—
Hedge	—	1	—
Non-deductible items	3	—	—
Special tax consolidation items	—	(2)	—
Unconsolidated income tax	2	—	—
Minority interest	(4)	(2)	—
Excess in tax provision of prior years	(2)	(1)	—
Changes in valuation allowances:			
Asset tax	4	—	3
Tax loss carryforwards	5	(1)	3
Foreign operations	(9)	(5)	(2)
Recoverable income tax from repurchase of shares	(5)	—	—
Use of tax losses(a)	(10)	(12)	(16)
Provision for income tax and the asset tax	<u>19</u>	<u>9</u>	<u>17</u>

- (a) In 2004, this amount represents the effect of the use of tax loss carryforwards arising from the acquisition of certain other subsidiaries in the second half of 2004. In 2005, this amount represents the effect of the use of tax losses in connection with the acquisition of Comtelvi (see Note 2). In 2006, this amount represents the effect of the use of tax deductions related to certain transactions made by the Group in connection with a corporate reorganization.

The Group has tax loss carryforwards at December 31, 2006, as follows:

	<u>Amount</u>	<u>Expiration</u>
Operating tax loss carryforwards:		
Unconsolidated:		
Mexican subsidiaries(1)	Ps. 4,	From 2007 to 2016
Non-Mexican subsidiaries(2)	<u>991,</u>	<u>From 2007 to 2025</u>
	5,	
Capital tax loss carryforwards:		
Unconsolidated Mexican subsidiaries(3)	<u>403,</u>	<u>From 2007 to 2010</u>
	<u>Ps. 5,</u>	

- (1) During 2004, 2005 and 2006, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps. 2,275,247, Ps. 465,795 and Ps. 3,161,005, respectively. In 2005 and 2006, that amount includes the operating tax loss carryforwards related to the minority interest of Sky Mexico.
- (2) Approximately the equivalent of U.S.\$91.8 million for subsidiaries in Spain, South America and the United States.
- (3) These carryforwards can only be used in connection with capital gains to be generated by such subsidiaries.

The asset tax rate was 1.8% in 2004, 2005 and 2006. In 2007, the asset tax rate decreased from 1.8% to 1.25%; however, those asset tax deductions that were permitted in prior years are not longer allowed beginning 2007. The asset tax paid in excess of the income tax in the previous ten years can be credited in future years if the amount of the income tax in subsequent years is in excess of the assets tax. As of December 31, 2006, the Company had Ps. 1,111,591 of asset tax subject to be credited and expiring between 2007 and 2013.

The deferred taxes as of December 31, 2005 and 2006, were principally derived from the following temporary differences:

	<u>2005</u>	<u>2006</u>
Assets:		
Accrued liabilities.....	Ps. 839,540	Ps. 647,742
Goodwill.....	833,786	778,200
Tax loss carryforwards.....	1,295,617	1,296,464
Allowance for doubtful accounts.....	429,424	274,974
Customer advances.....	1,434,881	1,194,001
Other items.....	230,409	165,163
Liabilities:		
Inventories.....	(225,100)	(618,652)
Property, plant and equipment, net.....	(1,040,005)	(1,072,480)
Prepaid expenses.....	(1,351,651)	(1,246,859)
Innova.....	<u>(1,375,773)</u>	<u>(890,301)</u>
Deferred income taxes of Mexican companies.....	1,071,128	528,252
Deferred income taxes of foreign subsidiaries.....	(58,595)	(115,354)
Asset tax.....	1,440,339	1,402,658
Valuation allowances(a).....	<u>(2,659,111)</u>	<u>(3,304,334)</u>
Deferred income tax liability.....	(206,239)	(1,488,778)
Effect of change of income tax rates.....	33,868	—
Deferred income tax liability, net.....	<u>Ps. (172,371)</u>	<u>Ps. (1,488,778)</u>

(a) Reflects valuation allowances of foreign subsidiaries of Ps. 292,268 and Ps. 344,792 at December 31, 2005 and 2006, respectively.

A roll forward of the Group's valuation allowance for 2006 is as follows:

	<u>Tax Loss Carryforwards</u>	<u>Asset Tax</u>	<u>Goodwill</u>	<u>Total</u>
Balance at beginning of year.....	Ps. (1,015,642)	Ps. (809,683)	Ps. (833,786)	Ps. (2,659,111)
Increases.....	(398,901)	(301,908)	—	(700,809)
Decreases.....	—	—	55,586	55,586
Balance at end of year.....	<u>Ps. (1,414,543)</u>	<u>Ps. (1,111,591)</u>	<u>Ps. (778,200)</u>	<u>Ps. (3,304,334)</u>

The change in the deferred income tax liability for the year ended December 31, 2006, representing a credit of Ps. 1,316,407 was recorded against the following accounts:

Charge to the gain from monetary position(1).....	Ps. 100,892
Credit to the result from holding non-monetary assets.....	(30,300)
Charge to the provision for deferred income tax.....	1,245,815
	<u>Ps. 1,316,407</u>

(1) Net of Ps. 107,607, representing the effect on restatement of the non-monetary items included in the deferred tax calculation.

The Mexican companies in the Group are required by law to pay employees, in addition to their agreed compensation and benefits, employee profit sharing at the statutory rate of 10% based on their respective taxable incomes (calculated without reference to inflation adjustments and tax loss carryforwards).

21. Earnings per CPO/Share

During the years ended December 31, 2004, 2005 and 2006, the weighted average of outstanding total shares, CPOs and Series "A", Series "B", Series "D" and Series "L" Shares (not in the form of CPO units), was as follows (in thousands):

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Shares.....	345,	341,	339,
CPOs.....	2,	2,	2,
Shares not in the form of CPO units:			
Series "A" Shares.....	55,	52,	52,

Series "B" Shares.....	5,	108	187
Series "D" Shares.....	6,	113	239
Series "L" Shares.....	6,	113	239

Earnings (loss) per CPO and per each Series "A", Series "B", Series "D" and Series "L" Share (not in the form of a CPO unit) for the years ended December 31, 2004, 2005 and 2006, are presented as follows:

	2004		2005		2006	
	Per CPO	Per Each Series "A", "B", "D" and "L" Share	Per CPO	Per Each Series "A", "B", "D" and "L" Share	Per CPO	Per Each Series "A", "B", "D" and "L" Share
Continuing operations.....	Ps. 1.97	Ps. 0.02	Ps.2.37	Ps. 0.02	Ps.2.96	Ps. 0.03
Cumulative loss of accounting change.....	<u>(0.37)</u>	<u>—</u>	<u>(0.18)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net income.....	<u>Ps.1.60</u>	<u>Ps. 0.02</u>	<u>Ps.2.19</u>	<u>Ps. 0.02</u>	<u>Ps.2.96</u>	<u>Ps. 0.03</u>

22. Foreign Currency Position

The foreign currency position of monetary items of the Group at December 31, 2006, was as follows:

	Foreign Currency Amounts (Thousands)	Year-End Exchange Rate	Mexican Pesos
Assets:			
U.S. dollars(1)	2,	Ps.10.8025	Ps. 26,
Euros.....	96,	14.2626	1,
Chilean pesos.....	8,	0.0202	181,
Colombian pesos	26,	0.0048	128,
Other currencies.....			133,
Liabilities:			
U.S. dollars(2)	1,	Ps. 10.8025	Ps. 14,
Euros.....	9,	14.2626	139,
Chilean pesos.....	10,	0.0202	203,
Colombian pesos	27,	0.0048	133,
Other currencies.....			92,

- (1) Includes assets in the amount of U.S.\$1,094.4 million and U.S.\$262.7 million, related to the available-for-sale investment in shares of Univision and the investment in convertible debentures of Alvafig, respectively, which foreign exchange result is recognized as a gain or loss in accumulated other comprehensive result (see Note 1(c)).
- (2) Includes liabilities in the amount of U.S.\$971.9 million, related to the Senior Notes due in 2011, 2025 and 2032, which are partially hedging the available-for-sale investment in shares of Univision (see Note 1(c)).

The foreign currency position of non-monetary items as of December 31, 2006, was as follows:

	Foreign Currency Amounts (Thousands)	Year-End Exchange Rate	Mexican Pesos(1)
Property, plant and equipment:			
U.S. dollars	393,405	Ps. 10.8025	Ps. 4,
Japanese yen.....	3,676,743	0.0908	333,
Euros.....	17,017	14.2626	242,
Other currencies.....			199,
Transmission rights and programming:			
U.S. dollars	315,959	Ps. 10.8025	Ps. 3,

- (1) Amounts translated at the year-end exchange rates for reference purposes only; does not indicate the actual amounts accounted for in the financial statements.

Transactions incurred during 2006 in foreign currencies were as follows:

	U.S. Dollar (Thousands)	U.S. Dollar Equivalent of other Foreign Currency Transactions (Thousands)	Total U.S. Dollar (Thousands)	Mexican Pesos(1)
Income:				
Revenues	\$ 404,824	\$ 64,910	\$ 469,734	Ps.5,074,302
Other income	9,662	4,146	13,808	149,
Interest income	39,377	4,275	43,652	471,
	<u>\$ 453,863</u>	<u>\$ 73,331</u>	<u>\$ 527,194</u>	<u>Ps.5,695,014</u>
Purchases, costs and expenses:				
Purchases of inventories	\$ 254,217	\$ 24,026	\$ 278,243	Ps.3,005,720
Purchases of property and equipment.....	82,440	11,831	94,271	1,
Investments.....	339,355	138,175	477,530	5,
Costs and expenses	383,267	65,579	448,846	4,
Interest expense	98,442	128	98,570	1,
	<u>\$ 1,157,721</u>	<u>\$ 239,739</u>	<u>\$ 1,397,460</u>	<u>Ps.15,096,065</u>

(1) Income statement amounts translated at the year-end exchange rate of Ps. 10.8025 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2006 the exchange rate was Ps.10.8025 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

As of April 2, 2007, the exchange rate was Ps.11.0270 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

23. Segment Information

Reportable segments are those that are based on the Group's method of internal reporting.

The Group is organized on the basis of services and products. The Group's segments are strategic business units that offer different entertainment services and products. The Group's reportable segments are as follows:

Television Broadcasting

The television broadcasting segment includes the production of television programming and nationwide broadcasting of Channels 2, 4, 5 and 9 ("television networks"), and the production of television programming and broadcasting for local television stations in Mexico and the United States. The broadcasting of television networks is performed by television repeater stations in Mexico which are wholly-owned, majority-owned or minority-owned by the Group or otherwise affiliated with the Group's networks. Revenues are derived primarily from the sale of advertising time on the Group's television network and local television station broadcasts.

Pay Television Networks

The pay television networks segment includes programming services for cable and pay-per-view television companies in Mexico, other countries in Latin America, the United States and Europe. The programming services consist of both programming produced by the Group and programming produced by others. Pay television network revenues are derived from domestic and international programming services provided to independent cable television systems in Mexico and the Group's DTH satellite and cable television businesses, and from the sale of advertising time on programs provided to pay television companies in Mexico.

Programming Exports

The programming exports segment consists of the international licensing of television programming. Programming exports revenues are derived from international program licensing fees.

Publishing

The publishing segment primarily consists of publishing Spanish-language magazines in Mexico, the United States and Latin America. Publishing revenues include subscriptions, sales of advertising space and magazine sales to distributors.

Publishing Distribution

The publishing distribution segment consists of distribution of Spanish-language magazines, owned by either the Group or independent publishers, and other consumer products in Mexico and Latin America. Publishing distribution revenues are derived from magazine and other consumer products sales to retailers.

Sky Mexico

The Sky Mexico segment includes direct-to-home (“DTH”) broadcast satellite pay television services in Mexico. Sky Mexico’s revenues are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

Cable Television

The cable television segment includes the operation of a cable television system in the Mexico City metropolitan area and derives revenues principally from basic and premium services subscription and installation fees from cable subscribers, pay-per-view fees, and local and national advertising sales.

Radio

The radio segment includes the operation of six radio stations in Mexico City and eleven other domestic stations owned by the Group. Revenues are derived by advertising and by the distribution of programs to non-affiliated radio stations.

Other Businesses

The other businesses segment includes the Group’s domestic operations in sports and show business promotion, soccer, nationwide paging (through October 2004), feature film production and distribution, Internet operations and, beginning in the second quarter of 2006, gaming operations.

The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31, 2004, 2005 and 2006.

	<u>Total Revenues</u>	<u>Intersegment Revenues</u>	<u>Consolidated Revenues</u>	<u>Segment Profit (Loss)</u>
2004:				
Television Broadcasting.....	Ps. 18,388,175	Ps. 440,734	Ps.17,947,441	Ps. 8,343,836
Pay Television Networks	861,011	120,575	740,436	320,974
Programming Exports	2,061,507	—	2,061,507	786,757
Publishing	2,250,807	5,354	2,245,453	456,677
Publishing Distribution	1,692,358	8,732	1,683,626	(27,290)
Sky Mexico	3,910,479	46,227	3,864,252	1,439,253
Cable Television	1,212,755	3,789	1,208,966	383,367
Radio.....	318,011	53,065	264,946	34,134
Other Businesses	<u>1,610,148</u>	<u>107,803</u>	<u>1,502,345</u>	<u>(137,468)</u>
Segment totals.....	32,305,251	786,279	31,518,972	11,600,240
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(786,279)	(786,279)	—	(167,706)

Depreciation and amortization expense	—	—	—	(2,231,065)
Consolidated total	<u>Ps. 31,518,972</u>	<u>Ps. —</u>	<u>Ps. 31,518,972</u>	<u>Ps. 9,201,469(1)</u>
2005:				
Television Broadcasting	Ps. 19,323,506	Ps. 570,651	Ps. 18,752,855	Ps. 9,211,431
Pay Television Networks	1,156,214	304,920	851,294	539,072
Programming Exports	1,951,951	—	1,951,951	695,785
Publishing	2,607,052	40,134	2,566,918	499,525
Publishing Distribution	418,495	10,638	407,857	6,869
Sky Mexico	6,229,173	33,240	6,195,933	2,618,809
Cable Television	1,462,098	3,001	1,459,097	509,403
Radio	358,706	53,322	305,384	54,316
Other Businesses	1,377,882	71,608	1,306,274	(187,682)
Segment totals	34,885,077	1,087,514	33,797,563	13,947,528
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,087,514)	(1,087,514)	—	(189,867)
Depreciation and amortization expense	—	—	—	(2,517,015)
Consolidated total	<u>Ps. 33,797,563</u>	<u>Ps. —</u>	<u>Ps. 33,797,563</u>	<u>Ps. 11,240,646(1)</u>
2006:				
Television Broadcasting	Ps. 20,972,085	Ps. 558,579	Ps. 20,413,506	Ps. 10,597,965
Pay Television Networks	1,329,044	279,037	1,050,007	682,251
Programming Exports	2,110,923	—	2,110,923	869,289
Publishing	2,885,448	18,997	2,866,451	555,785
Publishing Distribution	433,533	11,450	422,083	17,999
Sky Mexico	7,452,730	90,426	7,362,304	3,555,478
Cable Television	1,984,743	4,857	1,979,886	816,823
Radio	444,569	42,829	401,740	94,565
Other Businesses	1,408,086	83,145	1,324,941	(311,316)
Segment totals	39,021,161	1,089,320	37,931,841	16,878,839
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,089,320)	(1,089,320)	—	(450,879)
Depreciation and amortization expense	—	—	—	(2,679,066)
Consolidated total	<u>Ps. 37,931,841</u>	<u>Ps. —</u>	<u>Ps. 37,931,841</u>	<u>Ps. 13,748,894(1)</u>

(1) Consolidated totals represents consolidated operating income.

Accounting Policies

The accounting policies of the segments are the same as those described in the Group's summary of significant accounting policies (see Note 1). The Group evaluates the performance of its segments and allocates resources to them based on operating income before depreciation and amortization.

Intersegment Revenue

Intersegment revenue consists of revenues derived from each of the segments principal activities as provided to other segments.

The Group accounts for intersegment revenues as if the revenues were from third parties, that is, at current market prices.

Allocation of General and Administrative Expenses

Non-allocated corporate expenses include payroll for certain executives, related employee benefits and other general expenses.

The table below presents segment information about assets, liabilities, and additions to property, plant and equipment as of and for the years ended December 31, 2004, 2005 and 2006.

	<u>Segment Assets at Year-End</u>	<u>Segment Liabilities at Year-End</u>	<u>Additions to Property, Plant and Equipment</u>
2004:			
Continuing operations:			
Television operations(1).....	Ps. 49,	Ps. 22,	Ps. 898
Publishing.....	2,	310,	57,
Publishing Distribution.....	1,	396,	35,
Sky Mexico.....	4,	7,	704,
Cable Television.....	2,	349,	430,
Radio.....	490,	58,	9,
Other Businesses.....	3,	597,	42,
Total.....	<u>Ps. 64,</u>	<u>Ps. 31,</u>	<u>Ps. 1,476</u>
2005:			
Continuing operations:			
Television operations(1).....	Ps. 48,	Ps. 23,	Ps. 910,648
Publishing.....	2,	361,	11,
Publishing Distribution.....	952,	442,	6,
Sky Mexico.....	4,	6,	1,
Cable Television.....	2,	488,	579,
Radio.....	534,	72,	13,
Other Businesses.....	3,	465,	92,
Total.....	<u>Ps. 62,</u>	<u>Ps. 31,</u>	<u>Ps. 1,513,680</u>
2006:			
Continuing operations:			
Television operations(1).....	Ps. 57,	Ps. 23,	Ps. 1,148,882
Publishing.....	2,	351,	35,
Publishing Distribution.....	966,	456,	15,
Sky Mexico.....	6,	5,	1,
Cable Television.....	2,	736,	829,
Radio.....	496,	90,	18,
Other Businesses.....	4,	837,	296,
Total.....	<u>Ps. 75,</u>	<u>Ps. 31,</u>	<u>Ps. 1,948,882</u>

(1) Segment assets and liabilities information is not maintained by the Group for each of the Television Broadcasting, Pay Television Networks and Programming Exports segments. In management's opinion, there is no reasonable or practical basis to make allocations due to the interdependence of these segments. Consequently, management has presented such information on a combined basis as television operations.

Segment assets reconcile to total assets as follows:

	<u>2005</u>	<u>2006</u>
Segment assets.....	Ps. 62,	Ps. 75,134,882
Investments attributable to:		
Television operations(1).....	12,	1,
Other segments.....	885,	4,
Goodwill — net attributable to:		
Television operations.....	1,	1,
Publishing distribution.....	24,	23,
Other segments.....	391,	787,
Total assets.....	<u>Ps. 78,</u>	<u>Ps. 83,</u>

(1) Includes goodwill attributable to equity investments of Ps. 5,722,211 and Ps. 39,616 in 2005 and 2006, respectively.

Equity method income (loss) for the years ended December 31, 2004, 2005 and 2006 attributable to television operations, equity investments approximated Ps. 274,260, Ps. 186,489 and Ps. (607,259), respectively.

Segment liabilities reconcile to total liabilities as follows:

	<u>2005</u>	<u>2006</u>
Segment liabilities.....	Ps. 31,283,280	Ps.31,303,910
Notes payable and long-term debt not attributable to segments.....	<u>15,864,252</u>	<u>15,122,207</u>
Total liabilities	<u>Ps.47,147,532</u>	<u>Ps.46,426,117</u>

Geographical segment information

	<u>Total Net Sales</u>	<u>Segment Assets at Year-End</u>	<u>Additions to Property, Plant and Equipment</u>
2004:			
Mexico.....	Ps.26,668,718	Ps.55,515,952	Ps.2,117,738
Other countries	<u>4,850,254</u>	<u>8,612,136</u>	<u>61,690</u>
	<u>Ps.31,518,972</u>	<u>Ps.64,128,088</u>	<u>Ps.2,179,428</u>
2005:			
Mexico.....	Ps.29,881,597	Ps.56,175,843	Ps.2,818,179
Other countries	<u>3,915,966</u>	<u>6,659,163</u>	<u>30,896</u>
	<u>Ps.33,797,563</u>	<u>Ps.62,835,006</u>	<u>Ps.2,849,075</u>
2006:			
Mexico.....	Ps.33,532,875	Ps.69,584,295	Ps.3,268,797
Other countries	<u>4,398,966</u>	<u>5,550,587</u>	<u>35,526</u>
	<u>Ps.37,931,841</u>	<u>Ps.75,134,882</u>	<u>Ps.3,304,323</u>

Net sales are attributed to countries based on the location of customers.

24. Differences Between Mexican and U.S. GAAP

Through December 31, 2005, the Group's consolidated financial statements were prepared in accordance with Mexican GAAP (see Note 1), which differs in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"). The principal differences between Mexican GAAP and U.S. GAAP are presented below, together with explanations of certain adjustments that affect net income and shareholders' equity as of December 31, 2005 and for the years ended December 31, 2004 and 2005.

As more fully described in adjustment k) below, effective January 1, 2005, the Group adopted the provisions of SFAS 123(R). The Group previously applied Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to employees", and related Interpretations, and provided the required pro-forma disclosures of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Group elected to adopt the modified retrospective application method as provided by SFAS 123(R), and accordingly, the U.S. GAAP net income and stockholders' equity amounts for the prior periods presented in this Note, have been restated to reflect the fair value method of expensing prescribed by SFAS 123(R).

Reconciliation of Net Income (Loss)

	<u>2004</u>	<u>2005</u>
Net income as reported under Mexican GAAP.....	Ps. 4,641,404	Ps. 6,373,822
U.S. GAAP adjustments:		
(a) Capitalization of financing costs, net of depreciation.....	25,649	9,772
(b) Deferred costs, net of amortization	39,007	(3,886)
(c) Deferred debt refinancing costs, net of amortization.....	—	(582,743)
(d) Equipment restatement, net of depreciation	75,065	(500,117)
(e) Purchase accounting adjustments:		
Amortization of broadcast license and network affiliation agreements	(6,900)	(6,900)
Depreciation of fixed assets	(11,679)	(11,679)
Amortization of other assets.....	(4,601)	(4,852)
(f) Goodwill and other intangible assets:		
Reversal of Mexican GAAP impairment of goodwill.....	185,770	—
(g) Equity method investees:		

Innova	1,401,192	—
SMCP	(488,764)	1,357,516
(i) Derivative financial instruments	(1,097,118)	(208,368)
(j) Pension plan and seniority premiums	24,685	34,905
(k) Employee stock based compensation	(331,330)	45,448
(l) Production and film costs	(71,057)	318,146
(m) Deferred income taxes and employee profit sharing:		
Deferred income taxes(1)	352,411	259,142
Deferred employees' profit sharing(1)	(71,504)	74,198
(n) Maintenance reserve	1,558	5,151
(o) Minority interest on U.S. GAAP adjustments	(27,683)	(10,832)
(p) Effects of inflation accounting on U.S. GAAP adjustments	(110,285)	(47,412)
Net income under U.S. GAAP	<u>Ps. 4,525,820</u>	<u>Ps. 7,101,311</u>

(1) Net of inflation effects

Reconciliation of Stockholders' Equity

	<u>2005</u>
Total stockholders' equity under Mexican GAAP	Ps. 31,074,369
U.S. GAAP adjustments:	
(a) Capitalization of financing costs, net of accumulated depreciation	(884,322)
(b) Deferred costs, net of amortization	(127,834)
(c) Deferred debt refinancing costs, net of amortization	(582,743)
(d) Equipment restatement, net of depreciation	382,069
(e) Purchase accounting adjustments:	
Broadcast license and network affiliation agreements	133,393
Fixed assets	64,229
Other assets	50,951
Goodwill on acquisition of Bay City	(1,064,817)
Goodwill on acquisition of minority interest in Editorial Televisa	1,309,215
Goodwill on acquisition of additional interests in Univision	(634,024)
(f) Goodwill and other intangible assets:	
Reversal of Mexican GAAP goodwill amortization	775,993
Reversal of Mexican GAAP amortization of intangible assets with indefinite lives	106,003
(g) Equity method investees:	
Univision	113,486
Others	(2,357)
(h) Adjustment to gain on sale of music recording business	(312,276)
(i) Derivative financial instruments	1,347,150
(j) Pension plan and seniority premiums	59,589
(l) Production and film costs	(1,754,030)
(m) Deferred income taxes and employee's profit sharing:	
Deferred income taxes	454,671
Deferred employees' profit sharing	(120,828)
(n) Maintenance reserve	23,859
(o) Minority interest	(930,406)
Total U.S. GAAP adjustments, net	<u>(1,593,029)</u>
Total stockholders' equity under U.S. GAAP	<u>Ps. 29,481,340</u>

A summary of the Group's statement of changes in stockholders' equity with balances determined under U.S. GAAP is as follows:

	<u>2005</u>
Changes in U.S. GAAP stockholders' equity	
Balance at January 1,	Ps. 28,112,748
Net income for the year	7,101,311
Repurchase of capital stock	(1,242,838)
Dividends	(4,480,311)
Sale of capital stock under long-term retention plans	327,308

Stock based compensation.....	291,200
Other comprehensive income:	
Changes in other comprehensive income of equity investees	(197,077)
Result from holding non-monetary assets.....	(248,496)
Foreign currency translation adjustment	(182,505)
Balance at December 31,.....	<u>Ps. 29,481,340</u>

The reconciliation to U.S. GAAP includes a reconciling item for the effect of applying the option provided by the Mexican GAAP Bulletin B-10, "Recognition of the Effects of Inflation on Financial Information" for the restatement of equipment of non-Mexican origin because, as described below, this provision of inflation accounting under Mexican GAAP does not meet the consistent reporting currency requirement of Regulation S-X of the Securities and Exchange Commission ("SEC").

The reconciliation to U.S. GAAP does not include the reversal of the other adjustments to the financial statements for the effects of inflation required under Mexican GAAP Bulletin B-10, because the application of Bulletin B-10 represents a comprehensive measure of the effects of price level changes in the inflationary Mexican economy and, as such, is considered a more meaningful presentation than historical, cost-based financial reporting for both Mexican and U.S. accounting purposes.

Mexican GAAP Bulletin B-15, "Foreign Currency Transactions and Translation of Financial Statements of Foreign Operations" requires restating the financial statements for all periods prior to the most recent period by using a weighted-average factor which considers the inflation in Mexico and the other countries in which the Group and its subsidiaries operate and the currency exchange rate for the currency of each country as of the date of the most recent balance sheet. The consistent reporting currency requirements of the SEC rules require restatement of prior periods for general price level changes only, utilizing the NCPI, and supplemental condensed financial statements utilizing the NCPI are required for U.S. GAAP purposes. The Group utilized the NCPI to restate its financial statements for prior years because the use of the weighted-average factor prescribed by B-15 would not have produced a materially different result.

(a) Capitalization of Financing Costs, Net of Depreciation

Mexican GAAP allows, but does not require, capitalization of financing costs as part of the cost of assets under construction. Financing costs capitalized include interest costs, gains from monetary position and foreign exchange losses.

U.S. GAAP requires the capitalization of interest during construction on qualifying assets. In an inflationary economy, such as Mexico, acceptable practice is to capitalize interest net of the monetary gain on the related Mexican Peso debt, but not on U.S. dollar or other stable currency debt. In neither instance does U.S. GAAP allow the capitalization of foreign exchange losses. No amounts were subject to capitalization under both U.S. GAAP and Mexican GAAP for each of the periods represented. The U.S. GAAP net income adjustments reflect the difference in depreciation expense related to amounts capitalized prior to 2003.

(b) Deferred Costs, Net of Amortization

Under Mexican GAAP, certain development costs (including those related to web site development) and other deferred costs are capitalized and subsequently amortized on a straight-line basis once the related venture commences operations, defined as the period when revenues are generated. In addition, other expenditures which are expected to generate significant and identifiable future benefit are also capitalized and amortized over the expected future benefit period.

Under U.S. GAAP, development and other deferred costs are generally expensed as incurred given that the assessment of future economic benefit is uncertain. In the case of web site development costs, certain costs are capitalized and others expensed in accordance with EITF Issue No. 00-2, "Accounting for Web Site Development Costs". Consequently, the U.S. GAAP net income reconciliation reflects the write-off, for U.S. GAAP purposes, of the preoperating and other deferred costs (including certain web site development costs) capitalized under Mexican GAAP, net of the reversal of any amortization which is reflected under Mexican GAAP. For the years ended December 31, 2004 and 2005, the U.S. GAAP net income adjustment reflects the net impact of reversing the amounts capitalized under Mexican GAAP and any related amortization recorded under Mexican GAAP.

(c) Deferred Debt Refinancing Costs, Net of Amortization

As described in Note 8, in March and May 2005, the Group issued Senior Notes due 2025 to fund the Group's tender offers made for any or all of the Senior Notes due 2011 and the Mexican peso equivalent of UDI-denominated Notes due 2007. In conjunction

therewith, premiums paid to the old creditors were capitalized and are being amortized as an adjustment of interest expense over the remaining term of the new debt instrument using the interest method.

For U.S. GAAP purposes, premiums paid by the debtor to the creditor are to be associated with the extinguishment of the old debt instrument and included in determining the debt extinguishment gain or loss to be recognized. The adjustment to U.S. GAAP net income during 2005 reflects the reversal of the amounts capitalized under Mexican GAAP, net of the related amortization.

(d) Equipment Restatement, Net of Depreciation

The Group restates equipment of non-Mexican origin using the Specific Index for determining the inflation accounting restated balances under Mexican GAAP.

Under Regulation S-X of the SEC, for U.S. GAAP purposes, the restatement of equipment of non-Mexican origin by the Specific Index method is a deviation from the historical cost concept. The U.S. GAAP net income and stockholders' equity reconciliations reflect adjustments to reverse the Specific Index restatement recognized under Mexican GAAP and to restate equipment of non-Mexican origin by the change in the NCPI and recalculate the depreciation expense on this basis. In addition, the deficit from restatement adjustment recognized in stockholders' equity under Mexican GAAP related to fixed assets totaling Ps.20,314 and Ps.422,761 for the years ended December 31, 2004 and 2005, respectively, has been reversed for U.S. GAAP purposes.

In addition, the 2005 U.S. GAAP adjustment includes a catch-up adjustment of Ps.382,776 of depreciation expense of non-Mexican origin equipment, related to prior years. Individually, the amount related for each of the prior periods presented herein was not significant.

(e) Purchase Accounting Adjustments

Until December 31, 2003, under Mexican GAAP, the Company recorded the excess of the purchase price over the adjusted net book value of enterprises acquired as goodwill and amortized it over a period not to exceed twenty years.

Under U.S. GAAP, the purchase method of accounting, requires the acquiring Group to record at fair value the assets acquired and liabilities assumed, including deferred income taxes on existing temporary differences. The difference between the purchase price and the sum of the fair values of tangible and identifiable intangible assets less liabilities assumed, whether or not previously recorded by the acquired enterprise, is recorded as goodwill. The following historical transactions reflect differences in the application of purchase accounting under Mexican GAAP versus U.S. GAAP.

In 1996, the Group acquired Bay City Television, Inc. ("Bay City") and Radiotelevisión, S.A. de C.V. and under Mexican GAAP, recognized the difference between the purchase price and net book value as goodwill. For U.S. GAAP purposes, the purchase price was allocated, based on fair values, primarily to the broadcast license and network affiliation agreements, programming and advertising contracts, fixed assets, other assets and residual goodwill. Such purchase price adjustments were being amortized over the remaining estimated useful lives of the respective assets. Upon the adoption SFAS 142 (described below) on January 1, 2002, the Group ceased amortizing the broadcast license, as it was considered to have indefinite life, as well as the amount allocated to goodwill. Therefore, the U.S. GAAP adjustment for each of the periods presented represents the difference in amortization of goodwill for Mexican GAAP purposes (through 2003) and the amortization of the various definite lived intangibles mentioned above for U.S. GAAP purposes.

In 1999, the Group exercised warrants to acquire an additional interest in Univision. Under Mexican GAAP, the Group recognized the excess of its underlying equity in the net assets of Univision over the cost of the investment in income. Under U.S. GAAP, the additional investment in Univision was accounted for as a purchase with the difference between the Group's cost versus the underlying equity in the net assets of Univision (the investee) at the date of acquisition being accounted for in a manner similar to a consolidated subsidiary and amortized over the remaining estimated useful lives of the underlying assets. Therefore, the 2003 U.S. GAAP adjustment reflects the reversal of the Mexican GAAP goodwill amortization since for U.S. GAAP purposes, the goodwill no longer was amortized upon adoption of SFAS 142 in 2002.

In 2001, the Group entered into a series of transactions with Univision by which, among other things, the Group acquired 375,000 non-voting preferred shares of Univision stock, which converted in February 2002, into 10,594,500 shares of Univision Class "A" Common Stock and 2,725,136 shares of Univision Class "B" Common Stock, and 6,000,000 shares of Univision Class "A" Common Stock as partial consideration for the sale of its music recording business. Under Mexican GAAP, the Group recognized the cost of the

additional investments over the excess of its underlying equity in the net assets of Univision as goodwill. Under U.S. GAAP, the additional investments were each accounted for as a purchase with the difference between the investors' cost and underlying equity in the net assets of the investee at the date of acquisition being accounted for in a manner similar to a consolidated subsidiary. Therefore, the 2003 U.S. GAAP adjustment reflects the reversal of the Mexican GAAP goodwill amortization since for U.S. GAAP purposes, the goodwill no longer was amortized upon adoption of SFAS 142 in 2002.

In 2000, the Group acquired all of the interest owned by a minority shareholder in Editorial Televisa, by issuing shares of capital stock. Under Mexican GAAP, this acquisition was accounted for as a purchase, with the purchase price equal to the carrying value of the Group's treasury shares at the acquisition date (which were used to effect the transaction), with a related goodwill of Ps.88,020 and an additional paid-in capital of Ps.245,711 being recognized. Under U.S. GAAP, this acquisition was accounted for by the purchase method, with the purchase price being the fair value of the shares issued by the Group as consideration for the minority interest acquired. The additional purchase price adjustment under U.S. GAAP was allocated to goodwill and amortized through December 31, 2001 but subject to an annual impairment test and the U.S. GAAP 2003 net income adjustment reflects the reversal of the goodwill amortization recorded under Mexican GAAP in that year.

(f) Goodwill and Other Intangible Assets

As described in Note 1 (i), under Mexican GAAP, effective January 1, 2004, with the adoption of Bulletin B-7 goodwill is no longer amortized but subject to an annual impairment test. As a result, the U.S. GAAP net income reconciliation for the years ended December 31, 2004 and 2005 no longer include a reconciling item for goodwill amortization.

In addition, as described in Note 7, in 2004, the Group recognized for Mexican GAAP purposes impairment charges totaling Ps.185,770 related to the Publishing Distribution segment. Given that the Publishing Distribution segment impairment charge had been previously been recognized for U.S. GAAP purposes upon adoption of SFAS 142 in 2002, this Mexican GAAP impairment adjustment has been reversed in the U.S. GAAP 2004 net income reconciliation.

The carrying amount of goodwill by segment under U.S. GAAP for the year ended December 31, 2005, is as follows:

	<u>2005</u>
Consolidated subsidiaries:	
Television Broadcasting	Ps. 345,
Publishing	1,
Other segments	47,
Equity method investees	<u>5,</u>
	<u>Ps. 7,</u>

The U.S. GAAP net carrying value of intangible assets as of December 31, 2005 amounted to:

	<u>2005</u>
Trademarks(1)(2)	Ps. 490,
Television network concession(1)	715,
Network affiliation agreements(1)	115,
Licenses and software	354,
Subscriber list	450,
Deferred financing costs	311,
Broadcast license	<u>17,</u>
Total intangible assets.....	<u>Ps. 2,</u>

(1) Indefinite-lived.

(2) Includes translation effect, impairment adjustments and acquisitions (see Note 7).

The aggregate amortization expense for intangible assets subject to amortization under U.S. GAAP, is estimated at Ps.413,967 for each of the next five fiscal years.

(g) *Equity Method Investees*

The effect of applying U.S. GAAP to the Group's equity investees, as it relates to Innova (through March 31, 2004), SMCP (through October 2004), Univision and other minor investees, has been included in the Group's U.S. GAAP reconciliation.

The schedules below present, under U.S. GAAP, summarized statements of operations for the years ended December 31, 2004 and 2005, and balance sheet information as of December 31, 2005 for the significant investments that were accounted for under the equity method. For each of the periods presented, only investments which exceeded the 10% threshold test under Rule 4-08 of Regulation S-X were separately disclosed:

Condensed Statement of Operations

	Year Ended December 31, 2004		
	Univision	Other	Total Equity
		Equity Investments	
Net sales.....	Ps. 21,420,908	Ps. 5,892,423	Ps. 27,313,331
Total expenses.....	<u>16,380,673</u>	<u>6,258,779</u>	<u>22,639,452</u>
Income (loss) before income taxes and minority interest.....	5,040,235	(366,356)	4,673,879
Income tax provision.....	<u>(1,972,834)</u>	<u>(175,056)</u>	<u>(2,147,890)</u>
Income (loss) before minority interest.....	3,067,401	(541,412)	2,525,989
Minority interest.....	—	(3,246)	(3,246)
U.S. GAAP net income (loss).....	<u>Ps. 3,067,401</u>	<u>Ps. (544,658)</u>	<u>Ps. 2,522,743</u>
Televisa's equity in net income (losses) of equity investees, under U.S. GAAP.....	<u>Ps. 291,768</u>	<u>Ps. (148,855)</u>	<u>Ps. 142,913</u>

	Year Ended December 31, 2005		
	Univision	Other	Total Equity
		Equity Investments	
Net sales.....	Ps. 21,589,552	Ps. 3,525,695	Ps. 25,115,247
Total expenses.....	<u>17,507,427</u>	<u>3,718,229</u>	<u>21,225,656</u>
Income (loss) before income taxes and minority interest.....	4,082,125	(192,534)	3,889,591
Income tax provision.....	<u>(2,012,446)</u>	<u>(41,652)</u>	<u>(2,054,098)</u>
Income (loss) before minority interest.....	2,069,679	(234,186)	1,835,493
Minority interest.....	—	—	—
U.S. GAAP net income (loss).....	<u>Ps. 2,069,679</u>	<u>Ps. (234,186)</u>	<u>Ps. 1,835,493</u>
Televisa's equity in net income (losses) of equity investees, under U.S. GAAP....	<u>Ps. 199,631</u>	<u>Ps. (32,981)</u>	<u>Ps. 166,650</u>

Condensed Balance Sheets

	As of December 31, 2005		
	Univision	Other	Total Equity
		Equity Investments	
Current assets.....	Ps. 7,	Ps. 2,	Ps. 9,
Non-current assets.....	82,	1,	84,
Total assets.....	<u>Ps. 89,</u>	<u>Ps. 4,</u>	<u>Ps. 94,</u>
Current liabilities.....	10,	1,	11,
Non-current liabilities.....	23,	287,	23,
Stockholders' (deficit) equity.....	56,	2,	58,
Total liabilities and stockholders' equity.....	<u>Ps. 89,</u>	<u>Ps. 4,</u>	<u>Ps. 94,</u>
Televisa's investment in and advances to equity investees at cost plus equity in undistributed earnings since acquisition (net).....	<u>Ps. 6,</u>	<u>Ps. 871,</u>	<u>Ps. 6,</u>

Innova

The primary difference between Innova's Mexican GAAP and U.S. GAAP net earnings is due to satellite transponder and reorientation cost adjustments, and the adjustment to depreciation expense for the inflation restatement of fixed assets of non-Mexican origin. Under Mexican GAAP, Innova established an accrual and recognized non-recurring losses for the redundant use of

transponders as well as antenna reorientation costs. Under U.S. GAAP, the redundant satellite costs would not be accrued and along with the antenna reorientation costs, would be expensed as incurred. In addition, under Mexican GAAP, Innova restates its equipment of non-Mexican origin using the Specific Index while for U.S. GAAP, this equipment is restated to constant currency using the change in the NCPI.

In addition, for Mexican GAAP purposes, prior to 2002, the Group decided to discontinue the recognition of equity losses with respect to its investment in Innova. Under U.S. GAAP, the Group continued to equity account Innova's results of operations since the Group has guaranteed certain of its obligations and is committed to provide further financial support for Innova. Hence, the U.S. GAAP net income reconciliation adjustment for 2003 also reflects the difference in the equity in earnings recognized under Mexican GAAP and U.S. GAAP for Innova. In 2004, Innova was consolidated under Mexican GAAP and consequently, all previously unrecognized losses were recognized under Mexican GAAP as a cumulative effect adjustment. The U.S. GAAP net income adjustment for 2004 reflects the reversal of the Mexican GAAP cumulative effect adjustment since as explained above, all equity method losses had continued to be recognized on a U.S. GAAP basis. There is no net income adjustment for 2005 since the results of Innova are consolidated and any U.S. GAAP adjustments related to Innova are now included in the individual line item adjustments in the U.S. GAAP reconciliation.

SMCP

As mentioned in Note 5, during 2004 and 2005, under Mexican GAAP, the Group ceased recognizing additional equity losses in SMCP since its investment balance had already recognized losses up to the amount of its expected proportional guarantee of SMCP's satellite transponder obligation. Due to a series of events which are more fully described in Note 5, during 2004, the Group has reversed for Mexican GAAP purposes, its estimated liability related to the guarantee. Under U.S. GAAP, the Group continued to account for SMCP under the equity method of accounting through October 2004 when it announced its intention to dispose of its interest in the investment. Consequently, the 2004 U.S. GAAP adjustment reflects the reversal of the benefit recognized under Mexican GAAP in 2004, in addition to the continued recognition of the equity method losses through October 2004. In November 2005, the Company concluded the disposition of its minority interest in SMCP; no gain or loss was recognized on the disposal under Mexican GAAP since the carrying value was zero. The 2005 U.S. GAAP net income adjustment reflects a gain on disposal of this investment equal to the full amount of the carrying value of the investment which was below zero, and is recorded in the caption "other (expense) income, net" in the consolidated statement of operations.

Univision

The U.S. GAAP adjustment to net income for 2003 reflects the reversal of the Mexican GAAP amortization of goodwill. No U.S. GAAP adjustments to net income were necessary for 2004 and 2005 as goodwill and indefinite lived intangibles are no longer amortized for Mexican GAAP purposes. The carrying value per share of the Group's investment in Univision under U.S. GAAP as of December 31, 2004 and 2005, was U.S. \$34.73 and U.S. \$34.79, respectively.

(h) Adjustment to Gain on Sale of Music Recording Business

As described in Note 5 and in (d) above, the Group disposed of its music recording business to Univision in exchange for 6,000,000 shares of Univision Class "A" Common Stock and warrants to purchase, at an exercise price of U.S.\$38.261 per share, 100,000 shares of Univision Class "A" Common Stock. The sale, which was consummated in April 2002, was accounted for at fair value under both Mexican and U.S. GAAP. The fair value of the proceeds exceeded the carrying value of music recording business and, under Mexican GAAP, the Group recognized a 100% of the gain arising on the disposal of the business. Under U.S. GAAP however, although the fair value of the proceeds exceeded the carrying value of the assets by the same amount, the Group only recognized the portion of the gain equal to the percentage ownership that has effectively been sold to third parties. The U.S. GAAP equity adjustment therefore eliminates a portion of the gain recognized under Mexican GAAP attributable to the Group's interest in Univision, immediately after the transaction.

(i) Derivative Financial Instruments

As described in Note 9, the Group entered into certain derivative instruments to hedge its exposure to a variety of market risks, including risks related to the effects of changes in foreign-currency exchange rates, inflation and interest rates.

During 2003 and 2004, under Mexican GAAP, the Group recorded these derivative instruments, which qualify for hedge accounting, on the balance sheet, on the same basis of the hedged assets or liabilities, and changes in value are recorded in each period

in the income statement. However, for U.S. GAAP purposes, these derivative instruments do not qualify for hedge accounting, and as such, they should be recorded on the balance sheet at their fair value with changes in fair values taken directly to the income statement. As described in Note 1 (p), effective January 1, 2005, the Group adopted the provision of Bulletin C-10, which requires that all derivative instruments be recorded in the balance sheet as either an asset or liability measured at fair value. Bulletin C-10 also requires that changes in the derivative's fair value be recognized in current earnings or stockholders' equity (as accumulated other comprehensive income or loss) depending on the intended use of the derivative and the resulting designation. As of December 31, 2005, none of the Group's derivatives qualify for hedge accounting. Based on the adoption of Bulletin C-10, there are no differences in accounting for derivative instruments between U.S. GAAP and Mexican GAAP and therefore no U.S. GAAP equity adjustment related to the accounting for derivatives as of December 31, 2005.

In addition, as described in Note 5, the Group received warrants for 9,000,000 Class A Common Shares of Univision in 2001 in exchange for the relinquishing of certain governance rights related to its investment in Univision. Under Mexican GAAP, the warrants have not been assigned a value since they are related to an equity investee and it is management's intent not to dispose of such warrants, but rather to exercise such warrants prior to their expiration. Under U.S. GAAP SFAS 133, due to the cashless exercise feature of the warrants, the warrants are considered derivative financial instruments. In accordance with EITF Issue No. 00-8, "Accounting by a Grantee for an Equity Instrument to Be Received in Conjunction with providing Goods or Services", they must be recorded at their fair value from the date of performance commitment. The change in the fair value of the warrants is reflected within the U.S. GAAP net income adjustment for 2004 and 2005.

At December 31, 2005, the U.S. GAAP stockholders' equity adjustment reflects the fair value of the warrants. The U.S. GAAP net income adjustment reflects the change in the fair value of the warrants and the reversal of the additional expense recorded under Mexican GAAP for the adoption of Bulletin C-10.

(j) Pension Plan and Seniority Premiums

For U.S. GAAP purposes, pension plan costs and seniority premiums have been determined in accordance with SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS 87"), which became effective for the Group on January 1, 1989, whereas, for Mexican GAAP purposes, the Group adopted Bulletin D-3 "Labor Obligations," effective January 1, 1993. Therefore, the difference between Mexican GAAP and U.S. GAAP is due to the difference in implementation dates. The U.S. GAAP adjustment is determined by separate actuarial computations for each year under both SFAS 87 and Bulletin D-3.

The Company uses a December 31 measurement date for its plans.

Components of Net Periodic Benefit Cost

The components of net periodic pension and seniority premium plan cost as of December 31, calculated in accordance with SFAS 87, consist of the following:

	<u>2004</u>	<u>2005</u>
Service cost.....	Ps. 69,119	Ps. 64,470
Interest cost.....	37,032	35,531
Expected return on plan assets.....	(47,905)	(57,827)
Net amortization and deferral.....	<u>8,220</u>	<u>(15,196)</u>
Net cost under U.S. GAAP.....	66,466	26,978
Net cost under Mexican GAAP.....	<u>91,151</u>	<u>61,883</u>
Reduction of net cost that would be recognized under U.S. GAAP.....	<u>Ps. (24,685)</u>	<u>Ps. (34,905)</u>

Weighted-average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31

The assumptions used to determine the pension obligation and seniority premiums as of year-end and net costs in the ensuing year were:

	<u>2004</u>	<u>2005</u>
Weighted average discount rate.....	4%	4%
Rate of increase in future compensation levels.....	2%	2%
Expected long-term rates of return on plan assets.....	5%	5%

The long-term asset return rate is based on the annual recommendations of the Actuarial Commission of the Mexican Association of Consulting Actuaries (“AMAC”), which in turn based its recommendation on historical average real interest rates of Treasury Bills (CETES) for the last twenty years. AMAC recommends an asset return between 0 and 400 basis point above discount rate used to estimate the benefit obligation. According to such recommendation, the Group used 4% as discount rate and 5% as asset return rate, a 100 basis points higher than the discount rate.

Obligations and Funded Status At December 31

The pension and seniority premium plan liability, and the severance indemnities as of December 31, 2005, under SFAS 87, is as follows:

	<u>2005</u>
Projected benefit obligation	Ps. 1,003,490
Plan assets	<u>(1,483,740)</u>
Funded status	<u>(480,250)</u>
Unrecognized prior service cost.....	(61,191)
Unrecognized net loss	<u>378,969</u>
	<u>317,778</u>
Prepaid pension asset	(162,472)
Severance indemnities — projected benefit obligation.....	<u>302,831</u>
Balance sheet asset (liability).....	<u>Ps. 140,359</u>
Change in benefit obligation:	
Projected benefit obligation at beginning of year	Ps. 931,046
Service cost	64,470
Interest cost	35,531
Actuarial gain.....	938
Benefits paid	<u>(28,495)</u>
Projected benefit obligation at end of year	<u>Ps. 1,003,490</u>
Change in plan assets:	
Fair value of plan assets at beginning of year	Ps. 1,201,495
Actual return on plan assets	294,377
Plan asset contributions.....	5,273
Benefits paid	<u>(17,405)</u>
Fair value of plan assets at end of year	<u>Ps. 1,483,740</u>

Plan Assets

The Company’s weighted average asset allocation by asset category as of December 31 was as follows:

	<u>2005</u>
Equity securities.....	65.9%
Fixed rate instruments.....	<u>34.1%</u>
Total.....	<u>100.0%</u>

Included within plan assets at December 31, 2005 are shares held by the trust in the Group with a fair value of Ps.957,018.

The plan assets are invested according to specific investment guidelines determined by the technical committees of the pension plan and seniority premiums trusts. These investment guidelines require to invest a minimum of 30% of the plan assets in fixed rate instruments, or mutual funds comprised of fixed rate instruments. The plan assets that are invested in mutual funds are all rated “AA” or better by at least one of the main rating agencies. These mutual funds vary in liquidity characteristics ranging from one day to one month. The investment goals of the plan assets are to preserve principal, diversify the portfolio, maintain a high degree of liquidity and credit quality, and deliver competitive returns subject to prevailing market conditions. Currently, the plan assets do not engage in the use of financial derivative instruments.

The Group has substantially funded its projected benefit obligation as of December 31, 2005, accordingly, the Group does not expect to make significant contributions to its plan assets in 2006.

(k) Employee Stock Based Compensation

Prior to January 1, 2005, under Mexican GAAP, the Group recognized no compensation expense for its employee stock plans. In 2005, the Group adopted the guidelines of the International Financial Reporting Standard 2 (IFRS 2), which requires accruing in stockholders' equity for share-based compensation expense as measured at fair value at the date of grant, and applies to those equity benefits granted to officers and employees.

During 2005, the Group early adopted Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)), utilizing the modified retrospective application method for all periods presented. Prior to the early adoption of SFAS 123(R), for U.S. GAAP purposes, the Group applied Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees", and its related interpretations ("APB 25") to account for stock-based compensation. In accordance with APB 25, the Company recognized compensation expense for its employee stock plans using the intrinsic-value method of accounting. Under the terms of the intrinsic-value method, compensation cost is the excess, if any, of the market price of the stock at the grant date, or other measurement date, over the amount an employee must pay to acquire the stock. Compensation cost is accrued over the vesting/performance periods and adjusted for subsequent changes in fair market value of the shares from the measurement date.

The table below presents the amounts as previously reported and the effect of the adjustments described above on the U.S. GAAP net income for the year ended December 31, 2004 and the U.S. GAAP stockholders' equity as of December 31, 2004.

	<u>Year Ended December 31, 2004</u>
Net income under U.S. GAAP	
As previously reported	Ps. 3,733,741
Add: Adoption of SFAS 123(R) utilizing the modified retrospective method	(331,330)
Deduct: Amount previously recorded pursuant to APB 25	<u>1,123,409</u>
Net income as adjusted	<u>Ps. 4,525,820</u>
Earnings per CPO under U.S. GAAP (constant pesos)	
Basic and diluted, as previously reported	1.28
Basic and diluted, as adjusted	1.55
Stockholders' equity under U.S. GAAP As previously reported	Ps. 26,332,863
Add: Adoption of SFAS 123(R) utilizing the modified retrospective method	—
Deduct: Amount previously recorded pursuant to APB 25	<u>1,779,885</u>
Stockholders' equity as adjusted	<u>Ps. 28,112,748</u>

As of December 31, 2005, the U.S. GAAP adjustment relates to those awards granted between January 1, 1995, and November 7, 2002, and unvested at the date of the adoption of FAS 123(R). These awards were out-of-scope under IFRS 2, but were considered for purposes of applying FAS 123(R).

Under SFAS 123(R), fair value for stock options is calculated using the Black-Scholes method at the time the options are granted. That amount is then amortized over the vesting period of the option. The following assumptions were used in valuing the options:

	<u>December 31,</u>	
	<u>2004</u>	<u>2005</u>
Dividend yield	3.00%	3.00%
Expected volatility	28.25%	28.25%
Risk-free interest rate	8.36%	8.36%
Expected life of options (in years)	3.0	3.0

The Group estimates expected volatility using historical stock values of the Group's CPO for the equivalent term.

A summary of the changes of the stock awards for employees for the years ended December 31, is presented below (in constant pesos and thousands of CPOs):

Stock Purchase Plan

	2004		2005	
	CPOs	Weighted-Average Exercise Price	CPOs	Weighted-Average Exercise Price
Outstanding at beginning of year	80,476	Ps.13.05	71,262	Ps.15.80
Granted	32,699	20.54	599	13.81
Exercised.....	(41,533)	12.87	(23,455)	12.08
Canceled/forfeited.....	(380)	—	(224)	—
Outstanding at the end of the year	<u>71,262</u>	15.80	<u>48,182</u>	13.86
Options exercisable at end of year	<u>995</u>	11.77	<u>4,472</u>	12.08
Weighted average remaining life	<u>1.24</u>		<u>0.8</u>	

Long-Term Retention Plan

	2004		2005	
	CPOs	Weighted-Average Exercise Price	CPOs	Weighted-Average Exercise Price
Outstanding at beginning of year	—	Ps. —	45,109	Ps.14.00
Granted	45,109	14.46	2,715	14.00
Exercised.....	—	—	—	—
Canceled/forfeited.....	—	—	(1,039)	—
Outstanding at the end of the year	<u>45,109</u>	14.46	<u>46,785</u>	14.00
Options exercisable at end of year	—	—	—	—
Weighted average remaining life	<u>4.1</u>		<u>3.1</u>	

In addition to the CPOs described above, the Long-Term Retention Plan includes approximately 7.6 million CPOs or CPOs equivalents that have been reserved to a group of employees, and may be granted at a price of approximately Ps.29.19 per CPO, subject to certain conditions, in vesting periods between 2008 and 2023.

A summary of the status of nonvested awards as of December 31, and changes for the period then ended is presented below (in constant pesos and thousands of CPOs):

Stock Purchase Plan

	2004		2005	
	CPOs	Weighted-Average Exercise Price	CPOs	Weighted-Average Exercise Price
Nonvested at January 1	55,476	Ps. —	70,267	Ps. —
Granted	32,699	20.54	599	13.96
Vested	(17,528)	12.87	(26,932)	12.08
Forfeited.....	(380)	—	(224)	—
Vested at the end of the year.....	<u>70,267</u>	11.77	<u>43,710</u>	12.08

Long-Term Retention Plan

	2004		2005	
	CPOs	Weighted-Average Exercise Price	CPOs	Weighted-Average Exercise Price
Nonvested at January 1	—	Ps. —	45,109	Ps. 14.00
Granted	45,	14.46	2,715	14.00
Vested	—	—	—	—
Forfeited.....	—	—	(1,039)	—
Vested at the end of the year.....	<u>45,</u>	14.46	<u>46,785</u>	14.00

(I) Production and Film Costs

Under Mexican GAAP, the Group capitalizes production costs related to programs, which benefit more than one period, and amortizes them proportionately over the projected program revenues that are based on the Group's historic revenue patterns for similar

types of production. For Mexican GAAP purposes, royalty agreements that are not individual film-specific are considered in projecting program revenues to capitalize related production costs.

Under U.S. GAAP, the Group follows the provisions of the American Institute of Certified Public Accountants Statement of Position 00-2, "Accounting by Producers or Distributors of Films" ("SoP 00-2"). Pursuant to SoP 00-2, production costs related to programs are also capitalized and amortized over the period in which revenues are expected to be generated (ultimate revenues). In evaluating ultimate revenues, the Group uses projected program revenue on a program-by-program basis, taking into consideration secondary market revenue only for those programs where a firm commitment or licensing arrangement exists related to specific individual programs. For U.S. GAAP purposes, royalty agreements that are not individual film-specific are not considered in the ultimate revenues. Exploitation costs are expensed as incurred. In addition, Mexican GAAP allows the capitalization of artist exclusivity contracts and literary works subject to impairment assessments, whereas U.S. GAAP is generally more restrictive as to their initial capitalization.

(m) Deferred Income Taxes

Under Mexican GAAP, the Group applies the provisions of Bulletin D-4, "Accounting for Income Tax, Assets Tax and Employees' Profit Sharing", which uses the comprehensive asset and liability method for the recognition of deferred income taxes for existing temporary differences.

Under U.S. GAAP, SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"), requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The components of the net deferred tax (liability) asset applying SFAS 109 consist of the following:

	<u>2005</u>
Net deferred income tax liability recorded under Mexican GAAP on Mexican GAAP balances (see Note 20)	Ps. (172,371)
Reclassification of non-current taxes related to non-wholly owned subsidiaries (Innova)	<u>1,375,772</u>
Net deferred income tax amount under SFAS 109 applied to Mexican GAAP balances	<u>1,203,401</u>
Impact of U.S. GAAP adjustments:	
Capitalization of financing costs	247,610
Deferred costs	35,793
Equipment restatement	(106,979)
Purchase accounting adjustments	(69,601)
Adjustment of gain on sale of music recording business	87,438
Pension plan and seniority premiums	(16,685)
Derivative financial instruments	(377,202)
Production and film costs	491,129
Deferred premiums, net of amortization	<u>163,168</u>
	<u>454,671</u>
Net deferred income tax asset on U.S. GAAP	1,658,072
Less:	
Deferred income tax amount under SFAS 109 applied to Mexican GAAP balances	<u>1,203,401</u>
Net deferred income tax adjustment required under U.S. GAAP	<u>Ps. 454,671</u>

For purposes of the U.S. GAAP, the change in the deferred income tax liability for the year ended December 31, 2005, representing a charge of Ps.1,132,279 was recorded against the following accounts:

	<u>2005</u>
Credit to the provision for deferred income tax	Ps. 755,
Credit to the result from holding non-monetary assets	102,
Acquired net operating loss carryforward(1)	<u>273,</u>
	<u>Ps. 1,</u>

(1) Utilized in the same year

The components of net deferred employees' profit sharing ("EPS") liability applying SFAS 109 consist of the following:

	<u>2005</u>
Deferred EPS liability:	
Current:	
Inventories.....	Ps. 2,130
Noncurrent:	
Property, plant and equipment	(120,080)
Deferred costs	(59,845)
Pension plan and seniority premiums.....	78,433
Other	<u>(21,466)</u>
Total deferred EPS liability	<u>Ps. (120,828)</u>

The provisions for income tax and assets tax from continuing operations, on a U.S. GAAP basis, by jurisdiction as of December 31 are as follows:

	<u>2004</u>	<u>2005</u>
Current:		
Mexican	Ps. 538,	Ps. 1,083,409
Foreign.....	<u>4,</u>	<u>207,276</u>
	<u>542,</u>	<u>1,290,685</u>
Deferred:		
Mexican	29,	(757,939)
Foreign.....	<u>1,</u>	<u>2,070</u>
	<u>30,</u>	<u>(755,869)</u>
	<u>Ps. 573,</u>	<u>Ps. 534,816</u>

As disclosed in Note 2, in June 2003, the Company completed the acquisition of Telespecialidades from the shareholders of Telecentro, paying approximately U.S.\$83 million. At the time of acquisition, Telespecialidades's net assets consisted principally of shares of the Company as well as a deferred tax asset for net operating loss carryforwards and a related full valuation allowance. Under Mexican GAAP, the difference between the purchase price and the historical cost basis of the net assets acquired was recognized on the balance sheet as a deferred tax asset. For U.S. GAAP purposes, since the Company and Telespecialidades were under common control, the transaction was accounted for on a historical cost basis with the difference between the purchase price and the historical cost basis of the net assets acquired being accounted for as an adjustment to shareholders' equity. In addition, the Company accounted for the utilization of the acquired net operating loss carryforwards as a capital contribution.

(n) Maintenance Reserve

Under Mexican GAAP, it is acceptable to accrue for certain expenses which management believes will be incurred in subsequent periods. Under U.S. GAAP, these costs are expensed as incurred.

(o) Minority Interest

This adjustment represents the allocation to the minority interest of non-wholly owned subsidiaries of certain U.S. GAAP adjustments related to such subsidiaries.

In addition, under Mexican GAAP, the minority interest in consolidated subsidiaries is presented as a separate component within the stockholders' equity section in the consolidated balance sheet. For U.S. GAAP purposes, the minority interest is not included in stockholders' equity.

(p) Effects of Inflation Accounting on U.S. GAAP Adjustments

In order to determine the net effect on the consolidated financial statements of recognizing the U.S. GAAP specific adjustments described above, it is necessary to recognize the effects of applying the Mexican GAAP inflation accounting provisions (described in Note 1) to such adjustments.

In addition, as disclosed in Notes 17 and 20, under Mexican GAAP Bulletin D-4, effective 2000, the monetary gain or loss generated by the monetary temporary differences are reflected within the integral cost of financing while those related to the non-monetary items are reflected within the deferred tax provision. For U.S. GAAP purposes, the Group has historically followed the provisions of EITF Issue No. 93-9 and reflected the entire monetary gain or loss within the provision for deferred taxes. Consequently for 2004 and 2005, the Ps.130,981 and Ps.47,564, respectively, of monetary gain reflected within integral result of financing under Mexican GAAP has been reclassified to the deferred tax provision under U.S. GAAP.

Additional Disclosure Requirements

Presentation in the Financial Statements — Operating Income

Under Mexican GAAP, the Group recognizes various costs as non-operating expenses, which would be considered operating expenses under U.S. GAAP. Such costs include primarily amortization of goodwill, the write-off of certain receivables, the write-off of program inventories, write-off of exclusive rights letters for soccer players, disputed or contractual letters of credit, certain financial advisory and professional fees, restructuring charges and employees' profit sharing expense (see Notes 18 and 19). The differences relate primary to the Television Broadcasting and Publishing segments. Operating income of the Television Broadcasting segment would have been Ps.7,532,083 and Ps.8,554,776 and operating income of the Publishing segment would have been Ps.411,716 and Ps.449,201, for the years ended December 31, 2004 and 2005, respectively.

To provide a better understanding of the differences in accounting standards, the table below presents the Group's condensed consolidated statements of operations for the two years ended December 31, 2004, and 2005 under U.S. GAAP in a format consistent with the presentation of U.S. GAAP consolidated statements of operations, as if the music recording business were presented as continuing operations, and after reflecting the adjustments described in (a) to (n) above:

	Year Ended December 31,	
	2004	2005
Net sales.....	Ps. 31,518,972	Ps. 33,797,563
Cost of providing services (exclusive of depreciation and amortization).....	15,995,768	14,992,139
Selling and administrative expenses.....	4,932,879	5,262,633
Depreciation and amortization.....	<u>2,161,000</u>	<u>3,128,435</u>
Income from operations.....	8,429,325	10,414,356
Integral result of financing, net.....	(2,740,994)	(2,743,828)
Other (expense) income net.....	<u>(393,021)</u>	<u>937,739</u>
Income before income taxes, minority interest and equity in earnings or losses of affiliates.....	5,295,310	8,608,267
Income tax and assets tax — current and deferred.....	<u>(573,052)</u>	<u>(534,816)</u>
Income before minority interest and equity in earnings or losses of affiliates.....	4,722,258	8,073,451
Minority interest.....	(276,865)	(1,138,790)
Equity in earnings of affiliates.....	<u>142,913</u>	<u>166,650</u>
Net income.....	<u>Ps. 4,588,306</u>	<u>Ps. 7,101,311</u>
Weighted average common shares outstanding (in millions).....	<u>345,573</u>	<u>341,158</u>

Presentation in the Financial Statements — Earnings per CPO and Per Share

As disclosed in Note 12, the Group has four classes of capital stock, Series "A", Series "B", Series "L" and Series "D". Holders of the Series "D" shares, and therefore holders of the CPOs, are entitled to an annual, cumulative and preferred dividend of approximately nominal Ps.0.00034177575 per Series "D" share before any dividends are payable on the Series "A", Series "B" or Series "L" shares. For purposes of U.S. GAAP, the "two-class" method, which first reduces net income by the amount of the dividend preference to the Series "D" shares, has been applied to calculate earnings per share.

Earnings per CPO and per share under U.S. GAAP is presented in constant pesos for the years ended December 31, 2004 and 2005, as follows:

	2004		2005	
	Per CPO	Per Series "A", "B", "D" and "L" Share	Per CPO	Per Series "A", "B", "D" and "L" Share
Continuing operations.....	Ps.1.55	Ps. 0.01	Ps.2.43	Ps .0.02
Cumulative effect of change in accounting principles.....	—	—	—	—
Net income per CPO/share.....	<u>Ps.1.55</u>	<u>Ps. 0.01</u>	<u>Ps.2.43</u>	<u>Ps. 0.02</u>

Presentation in the Financial Statements — Consolidated Balance Sheets

To provide a better understanding of the differences in accounting standards, the table below presents the condensed consolidated balance sheets as of December 31, 2005, in a format consistent with the presentation of condensed consolidated balance sheets under U.S. GAAP, and after reflecting the adjustments described in (a) and (n) above.

	<u>2005</u>
ASSETS	
Current assets:	
Cash and cash equivalents	Ps. 15,
Other investments	117,
Trade notes and accounts receivable, net.....	14,
Other accounts and notes receivable, net.....	593,
Due from affiliated companies.....	307,
Transmission rights and programming.....	3,
Inventories	664,
Current deferred taxes.....	4,
Other current assets.....	<u>601,</u>
Total current assets	39,
Non-current assets:	
Transmission rights and programming.....	2,
Investments	6,
Property, plant and equipment, net	20,
Goodwill, net	7,
Intangible assets, net	2,
Deferred taxes	4,
Derivate financial instruments	2,
Other assets.....	<u>210,</u>
Total assets	<u>Ps. 85,</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Current portion of long-term debt.....	Ps. 354,
Current portion of satellite transponder lease obligation.....	78,
Trade accounts payable.....	3,
Customer deposits and advances.....	16,
Taxes payable	1,
Current deferred taxes.....	1,
Accrued interest	348,
Other accrued liabilities	1,
Due from affiliated companies.....	<u>781,</u>
Total current liabilities.....	24,
Non-current liabilities:	
Long-term debt	18,
Satellite transponder lease obligation	1,
Customer deposits and advances.....	2,
Other long-term liabilities.....	1,
Deferred taxes	5,
Pension plans and seniority premiums.....	<u>140,</u>

Total liabilities	55,
Commitments and contingencies	
Minority interest	930,
Total stockholders' equity	<u>29,</u>
Total liabilities and stockholders' equity	<u>Ps. 85,</u>

Cash Flow Information

Mexican GAAP Bulletin B-12 issued by the MIPA specifies the appropriate presentation of the statements of changes in financial position. Under Bulletin B-12, the sources and uses of resources are determined based upon the differences between beginning and ending financial statement balances in Mexican Pesos of constant purchasing power. In addition, the inflation-adjusted statement of changes in financial position includes certain non-cash items such as monetary gains and losses, unrealized foreign currency translation gains or losses and net effect of foreign investment hedges. Under U.S. GAAP, Statement of Financial Accounting Standard No. 95, "Statement of Cash Flows" ("SFAS 95"), a statement of cash flows is required, which presents only cash movements and excludes non-cash items.

The Group considers all highly liquid temporary cash investments with original maturities of three months or less, consisting primarily of short-term promissory notes (Mexican pesos and U.S. dollars in 2004 and 2005) of Mexican financial institutions, to be cash equivalents.

The following is a cash flow statement on a U.S. GAAP basis in constant Mexican Pesos with the effects of inflation on cash and cash equivalents stated separately in a manner similar to the concept of presenting the effects of exchange rate changes on cash and cash equivalents as prescribed by SFAS 95.

	<u>2004</u>	<u>2005</u>
Operating activities:		
Net income under U.S. GAAP	Ps. 4,525,820	Ps. 7,101,311
Adjustments to reconcile net income to cash provided by operating activities:		
Equity in income of affiliates	(142,913)	(166,650)
Minority interest from continuing operations	276,865	1,138,790
Depreciation and amortization.....	2,161,000	3,128,435
Impairment adjustments	61,528	7,741
Deferred debt refinancing costs, net of amortization.....	—	582,743
Pension plans and seniority premiums	66,466	329,809
Deferred income tax	101,901	(755,869)
Loss (gain) on disposal of investment	131,665	(1,179,310)
Unrealized foreign exchange loss, net.....	(76,779)	(633,736)
Employee stock option plans.....	331,330	291,200
Maintenance reserve.....	(1,558)	(5,151)
Loss (gain) from monetary position	<u>161,419</u>	<u>(185,529)</u>
	<u>7,596,744</u>	<u>9,653,784</u>
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Trade notes and accounts receivable and customer deposits and advances, net.....	55,871	(456,559)
Inventories	(117,515)	48,455
Transmission rights, programs and films and production talent advances	410,841	689,527
Other accounts and notes receivable and other current assets	(436,838)	724,626
(Decrease) increase in:		
Trade accounts payable	(439,064)	861,285
Other liabilities and taxes payable.....	<u>293,650</u>	<u>(840,032)</u>
	<u>(233,055)</u>	<u>1,027,302</u>
Cash provided by operating activities	<u>7,363,689</u>	<u>10,681,086</u>
Financing activities:		
Issuance of Senior Notes due 2025.....	—	6,925,573
Prepayments of Senior Notes and UDI-denominated Notes.....	—	(5,660,730)
Other changes in notes payable	2,845,778	(4,685,033)
Derivative financial instruments.....	1,097,118	(724,847)
Repurchase and sale of capital stock issued	(246,474)	(915,528)
Gain on issuance of shares of investee	115,983	—

Dividends paid.....	(4,280,816)	(4,480,311)
Minority interest.....	(93,217)	(112,989)
Cash used by financing activities.....	<u>(561,628)</u>	<u>(9,653,865)</u>
Investing activities:		
Other investments.....	1,836,001	647,531
Due from affiliated companies, net.....	(57,756)	556,730
Equity investments and other advances.....	(307,273)	538,379
Investments in property, plant and equipment.....	(2,015,848)	(2,530,918)
Intangible assets and other assets.....	<u>(220,346)</u>	<u>(1,517,166)</u>
Cash used for investing activities.....	<u>(765,222)</u>	<u>(2,305,444)</u>
Net increase (decrease) in cash and cash equivalents.....	6,036,839	(1,278,223)
Translation effect on cash and cash equivalents.....	6,642	(13,159)
Effect of inflation on cash and cash equivalents.....	(687,936)	(551,600)
Net increase in cash and temporary investments of Innova's consolidation.....	503,045	—
Cash and cash equivalents at beginning of year.....	11,244,186	17,102,776
Cash and cash equivalents at end of year.....	<u>Ps. 17,102,776</u>	<u>Ps. 15,259,794</u>

Net cash provided by (used for) operating activities reflects cash payments for interest and income taxes as follows:

	<u>2004</u>	<u>2005</u>
Interest.....	Ps.1,760,556	Ps.2,077,980
Income taxes and/or assets tax.....	773,947	557,348

Supplemental Disclosures About Non-cash Activities:

	<u>2004</u>	<u>2005</u>
Note receivable related to customer deposits.....	Ps.10,981,229	Ps.12,797,785

Recently Issued Accounting Standards

In December 2004, and as amended in April 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS 123R), which replaces SFAS 123 and supersedes APB Opinion No. 25. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. SFAS 123R is effective for fiscal years beginning after June 15, 2005. The Group has opted for the early adoption of SFAS 123(R) using the modified retrospective application method which resulted in the restatement of prior years. The modified retrospective method requires that compensation cost be recognized beginning with the effective date (a) based on the requirements of FAS 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of FAS 123 for all awards granted to employees prior to the effective date of FAS 123(R) that remain unvested on the effective date. The modified retrospective method also allowed companies to restate based on the amounts previously recognized under FAS 123 for purposes of pro forma disclosures for all prior years for which FAS 123 was effective.

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 153, "Exchanges of Nonmonetary Assets" (An amendment to APB Opinion No. 29) (SFAS 153). This statement addresses the measurement of exchanges of nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions", and replaces it with an exception for exchanges that do not have commercial substance. This statement specifies that a monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of this statement shall be effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted. We are currently evaluating the potential impact of this statement.

In March 2005, the FASB issued Interpretation No. 47 (FIN 47), "Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143". FIN 47 requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. FIN 47 states that a conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing or method of settlement are conditional upon a future event that may or may not be within control of the entity. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have a material impact on our financial position or results of operations.

On February 16, 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Instruments" (SFAS 155), which permits, but does not require, fair value accounting for any hybrid financial instrument that contains an embedded derivative that would otherwise require bifurcation in accordance with SFAS 133. The statement also subjects beneficial interests issued by securitization vehicles to the requirements of SFAS 133. The statement is effective as of January 1, 2007, with earlier adoption permitted. The adoption of SFAS No. 155 will not have a material impact on our results of operations and financial condition.

On March 29, 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets, an amendment of FASB Statement No. 140" (SFAS 156), which requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in certain situations. The statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable, and permits an entity to choose the fair value method or the amortization method, as measurement methods for each class of separately recognized servicing assets and servicing liabilities. The statement is effective for fiscal years that begin after September 15, 2006. Earlier adoption is permitted as of the beginning of a Company's fiscal year, provided the Company has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The adoption of SFAS No. 156 will not have a material impact on our results of operations and financial position.

Consolidated Valuation and Qualifying Accounts

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
Continuing operations:				
Reserve for damage, obsolescence or deterioration of inventory:				
Year ended December 31, 2004	Ps. 12,	Ps. 1,	(5,647)	Ps. 9,032
Year ended December 31, 2005	9,	2,	—	11,469
Allowances for doubtful accounts(1):				
Year ended December 31, 2004	Ps. 1,	Ps. 560,	(272,490)	Ps. 1,291,306
Year ended December 31, 2005	1,	323,	(357,851)	1,

(1) Include allowances for trade and non-trade doubtful accounts.

**EXHIBIT I — UNAUDITED RESULTS FOR THE THREE MONTHS ENDED
MARCH 31, 2006 AND 2007**

Set forth below are our unaudited consolidated results for the three months ended March 31, 2006 and 2007. Results included in this Exhibit I have been prepared in accordance with Mexican FRS and are adjusted in millions of Mexican Pesos in purchasing power as of March 31, 2007. In the opinion of management, the unaudited financial information set forth in this Exhibit I includes all adjustments, consisting of only normally recurring adjustments, necessary for a fair presentation of this financial information. The unaudited financial information set forth in this Exhibit I should be read in connection with our audited consolidated financial statements for the years ended December 31, 2004, 2005 and 2006 and as of December 31, 2005 and 2006, which are included elsewhere in this Prospectus. Financial information set forth in this Exhibit I is presented in Mexican Pesos in purchasing power as of March 31, 2007, and is therefore not directly comparable to the financial information presented elsewhere in this Prospectus, which, unless otherwise stated, is presented in Mexican Pesos in purchasing power as of December 31, 2006.

The information contained in this Exhibit I does not contain all of the information and disclosures normally included in interim financial statements prepared in accordance with Mexican FRS. We have not undertaken a U.S. GAAP reconciliation for the periods or dates included in this Exhibit I. The change in the NCPI for the three-month period ended March 31, 2007 was 1.0%. Financial highlights follow:

	<u>Three Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>
	<u>(in millions of Pesos in purchasing power as of March 31, 2007)</u>	
Net sales.....	Ps.7,776.2	Ps.8,231.9
Cost of sales(1).....	3,619.1	3,957.4
General expenses:		
Selling(1).....	672.0	652.8
Administrative(1).....	561.5	554.2
Depreciation and amortization.....	655.6	699.6
Operating income(2).....	<u>2,268.0</u>	<u>2,367.9</u>
Other expense, net.....	<u>92.3</u>	<u>695.6</u>
Integral result of financing:		
Interest expense.....	491.1	462.9
Interest income.....	(288.6)	(313.4)
Foreign exchange gain, net.....	(29.8)	(287.2)
Loss from monetary position, net.....	<u>48.9</u>	<u>71.8</u>
	<u>221.6</u>	<u>(65.9)</u>
Equity in losses (earnings) of affiliates, net.....	<u>(49.1)</u>	<u>195.3</u>
Income before income taxes.....	2,003.2	1,542.9
Income taxes.....	<u>532.9</u>	<u>567.9</u>
Consolidated net income.....	1,470.3	975.0
Minority interest net income.....	<u>122.3</u>	<u>241.4</u>
Majority interest net income.....	<u>Ps.1,348.0</u>	<u>Ps.733.6</u>

(1) Excluding depreciation and amortization.

(2) Operating income is an additional income level permitted by Mexican FRS in the presentation of an income statement.

As of January 1, 2007, we adopted Mexican FRS NIF B-3, "Statement of Income," which incorporates, among other things, a new approach to classifying income and expenses as ordinary and non-ordinary, eliminates special and extraordinary items and eliminates the cumulative effect of accounting changes. The consolidated income statements for periods prior to January 1, 2007, included in this prospectus have not been re-classified to conform to the new presentation required by NIF B-3. The adoption of this standard resulted in reclassifying, as of March 31, 2007, the below listed items.

- Other expense, net, is presented above the integral result of financing, and was previously presented below the integral result of financing. This line item includes restructuring and non-recurring charges, and employees' profit sharing, which were previously presented as separate line items.

- Restructuring and non-recurring charges is part of other expense, net, and was previously presented as a separate line below integral result of financing.
- Equity in losses (earnings) of affiliates, net, is presented above income before income taxes, and was previously presented as a line item below income taxes.
- Employees' profit sharing is part of other expense, net, and was previously presented as a separate item following income taxes.

Overview of Consolidated Results

Net Sales. Our net sales increased 5.9% to Ps.8,231.9 million for the three months ended March 31, 2007, compared with Ps.7,776.2 million for the three months ended March 31, 2006. This increase is attributable to revenue growth in our Sky Mexico, Other Businesses, Cable Television, Pay Television Networks, Programming Exports, and Publishing segments. This increase was partially offset by lower sales in our Television Broadcasting and Publishing Distribution segments.

Operating Income. Our operating income rose 4.4% to Ps.2,367.9 million for the three months ended March 31, 2007, compared with Ps.2,268 million for the three months ended March 31, 2006. This increase is attributable to higher sales and lower operating expenses, partially offset by higher cost of sales and depreciation and amortization.

Majority Interest Net Income. Majority interest net income decreased 45.6% to Ps.733.6 million for the three months ended March 31, 2007, compared with Ps.1,348.0 million for the three months ended March 31, 2006. The net decrease of Ps.614.4 million reflected a Ps.603.3 million increase in other expense, net, a Ps.244.4 million increase in equity in losses of affiliates, net, a Ps.119.1 million increase in minority interest net income, and a Ps.35.0 million increase in income taxes. These unfavorable changes were partially offset by a Ps.99.9 million increase in operating income, and a Ps.287.5 million increase in integral income of financing.

Overview of Segment Results

	<u>Net Sales</u>	<u>Three Months Ended March 31,</u>			
		<u>2006</u>	<u>% Contribution to 2006 Segment Revenues</u>	<u>2007</u>	<u>% Contribution to 2007 Segment Revenues</u>
Television Broadcasting.....	3,973.5	49.6	3,822.5	45.1	
Pay Television Networks.....	299.8	3.7	398.0	4.7	
Programming Exports.....	443.5	5.5	524.6	6.2	
Publishing.....	556.5	6.9	593.2	7.0	
Publishing Distribution.....	109.6	1.4	102.5	1.2	
Sky Mexico.....	1,788.0	22.3	1,983.5	23.4	
Cable Television.....	430.7	5.4	553.0	6.6	
Other Businesses.....	413.9	5.2	493.4	5.8	
Segment Net Sales	8,015.5	100.0	8,470.7	100.0	
Intersegment Operations(1).....	(239.3)		(238.8)		
Consolidated Net Sales	<u>7,776.2</u>		<u>8,231.9</u>		

	<u>Operating Segment Income (Loss)</u>	<u>Three Months Ended March 31,</u>			
		<u>2006</u>	<u>Margin %</u>	<u>2007</u>	<u>Margin %</u>
Television Broadcasting.....	1,739.9	43.8	1,540.1	40.3	
Pay Television Networks.....	143.5	47.9	237.9	59.8	
Programming Exports.....	134.8	30.4	236.7	45.1	
Publishing.....	46.4	8.3	53.8	9.1	
Publishing Distribution.....	8.4	7.7	7.2	7.0	
Sky Mexico.....	814.9	45.6	965.6	48.7	
Cable Television.....	162.9	37.8	202.0	36.5	
Other Businesses.....	(21.2)	(5.1)	(87.4)	(17.7)	
Operating Segment Income	3,029.6	37.8	3,155.9	37.3	
Corporate Expenses.....	(106.0)	(1.3)	(88.4)	(1.0)	
Depreciation and amortization.....	(655.6)	(8.4)	(699.6)	(8.5)	
Consolidated Operating Income	<u>2,268.0</u>	<u>29.2</u>	<u>2,367.9</u>	<u>28.8</u>	

(1) For segment reporting purposes, intersegment operations are included in each of the segment operations.

Television Broadcasting

Television Broadcasting decreased 3.8% to Ps.3,822.5 million for the three months ended March 31, 2007, compared with Ps.3,973.5 million for the three months ended March 31, 2006. This decrease reflects primarily the absence of political advertising related to the presidential elections in Mexico sold during the three months ended March 31, 2006.

Television Broadcasting operating segment income decreased 11.5% to Ps.1,540.1 million for the three months ended March 31, 2007, compared with Ps.1,739.9 million for the three months ended March 31, 2006, and the margin decreased to 40.3%. This decrease is attributable to higher cost of sales due primarily to an increase in sitcom and telenovela costs, lower sales, and a marginal increase in operating expenses.

Pay Television Networks

Pay Television Networks sales increased 32.8% to Ps.398.0 million for the three months ended March 31, 2007, compared with Ps.299.8 million for the three months ended March 31, 2006. This increase reflects higher revenues from channels sold in Mexico and Latin America, and higher sales in TuTV, our pay-television joint venture with Univision. This increase was partially offset by lower advertising sales.

Pay Television Networks operating segment income increased 65.8% to Ps.237.9 million for the three months ended March 31, 2007, compared with Ps.143.5 million for the three months ended March 31, 2006, and the margin increased to 59.8%. This increase resulted from higher sales and was partially offset by an increase in cost of sales due to higher signal and programming costs.

Programming Exports

Programming Exports sales increased 18.3% to Ps.524.6 million for the three months ended March 31, 2007, compared with Ps.443.5 million for the three months ended March 31, 2006. This increase reflects a 9.1% increase in royalties from Univision, which amounted to U.S.\$29.8 million for the three months ended March 31, 2007, compared with U.S.\$27.3 million for the three months ended March 31, 2006, and higher programming sales to Europe, Asia, and Latin America.

Programming Exports operating segment income increased 75.6% to Ps.236.7 million for the three months ended March 31, 2007, compared with Ps.134.8 million for the three months ended March 31, 2006, and the margin increased to 45.1%. This increase was driven by higher sales, lower operating expenses and lower cost of sales resulting from a decrease in provisions for doubtful trade accounts and personnel costs.

Publishing

Publishing sales increased 6.6% to Ps.593.2 million for the three months ended March 31, 2007, compared with Ps.556.5 million for the three months ended March 31, 2006. This increase reflects a greater number of advertising pages sold both in Mexico and abroad, as well as higher revenues from magazine circulation abroad. This increase was partially offset by lower revenues from magazine circulation in Mexico and a negative translation effect of foreign currency-denominated sales amounting to Ps.6.2 million.

Publishing operating segment income increased 15.9% to Ps.53.8 million for the three months ended March 31, 2007, compared with Ps.46.4 million for the three months ended March 31, 2006, and the margin increased to 9.1%. This increase was driven by higher sales and was partially offset by higher cost of sales, which resulted from an increase in printing and supply costs, and higher operating expenses which resulted from an increase in personnel and advertising expenses.

Publishing Distribution

Publishing Distribution sales decreased 6.5% to Ps.102.5 million for the three months ended March 31, 2007, compared with Ps.109.6 million for the three months ended March 31, 2006. This decrease reflects lower circulation in Mexico of magazines published by the Company, and a negative translation effect of foreign-currency-denominated sales, which amounted to Ps.1.8 million. This decrease was partially offset by higher circulation in Mexico of magazines published by third parties.

Publishing Distribution operating segment income decreased 14.3% to Ps.7.2 million for the three months ended March 31, 2007, compared with Ps.8.4 million for the three months ended March 31, 2006, and the margin decreased to 7%. This decrease reflects lower sales and was partially offset by lower cost of sales and operating expenses, which were primarily due to lower provisions for doubtful trade accounts and distribution expenses.

Sky Mexico

Sky Mexico sales increased 10.9% to Ps.1,983.5 million for the three months ended March 31, 2007, compared with Ps.1,788 million for the three months ended March 31, 2006. This increase is attributable mainly to a 10.5% increase in the subscriber base. As of March 31, 2007, the number of gross active subscribers increased to 1,453,300 (including 101,100 commercial subscribers), compared with 1,315,100 (including 73,600 commercial subscribers) as of March 31, 2006.

Sky Mexico operating segment income increased 18.5% to Ps.965.6 million for the three months ended March 31, 2007, compared with Ps.814.9 million for the three months ended March 31, 2006, and the margin increased to 48.7%. This increase resulted from higher sales and lower operating expenses, which were due to a decrease in free special event costs, and was partially offset by higher cost of sales, which were driven by higher programming costs.

Cable Television

Cable Television sales increased 28.4% to Ps.553.0 million for the three months ended March 31, 2007, compared with Ps.430.7 million for the three months ended March 31, 2006. This increase is attributable to a 17.2% increase in the subscriber base, which, as of March 31, 2007, reached 514,961, all of which are digital subscribers, compared with 439,306 subscribers (including 325,626 digital subscribers) reported for the three months ended March 31, 2006, a 55.1% increase in broadband subscribers to 107,534 compared with 69,326 reported for the three months ended March 31, 2006, higher advertising sales, and a 3% average rate increase effective March 1, 2007.

Cable Television operating segment income increased 24% to Ps.202.0 million for the three months ended March 31, 2007, compared with Ps.162.9 million for the three months ended March 31, 2006, and margin decreased to 36.5%. This increase reflects higher sales that were partially offset by higher cost of sales and operating expenses, which resulted from an increase in signal costs and commissions paid.

Other Businesses

Given the size of our Radio segment relative to our consolidated results, starting January 1, 2007, we are classifying the results of operation of our Radio segment in our Other Businesses segment. Other Businesses sales increased 19.2% to Ps.493.4 million for the three months ended March 31, 2007, compared with Ps.413.9 million for the three months ended March 31, 2006. This increase is attributable to higher sales in our gaming, feature-film distribution and internet portal businesses, which were partially offset by lower sales in our sporting and radio businesses.

Other Businesses operating segment loss increased to Ps.87.4 million for the three months ended March 31, 2007, compared with a loss of Ps.21.2 million for the three months ended March 31, 2006, reflecting higher cost of sales in our gaming and feature-film distribution businesses and operating expenses in our gaming and internet portal businesses, and was partially offset by higher sales.

Corporate Expenses

In 2005, we adopted the guidelines of the International Financial Reporting Standard 2, "Share-based Payment", issued by the International Accounting Standards Board, which require accruing in stockholders' equity the share-based compensation expense measured at fair value at the time the equity benefits are granted to our officers and employees. For the three months ended March 31, 2007 and 2006, we recognized a share-based compensation expense of approximately Ps.30.2 million and Ps.48.1 million, respectively, as a corporate expense.

Other Expense, Net

Other expense, net, increased by Ps.603.3 million to Ps.695.6 million for the three months ended March 31, 2007, compared with Ps.92.3 million for the three months ended March 31, 2006. This increase primarily reflected a non-cash non-recurring charge of Ps.651.8 million in connection with a loss on disposition of our investment in Univision at the end of March 2007. See Note 5 to our year-end consolidated financial statements.

Integral Result of Financing

The integral result of financing increased by Ps.287.5 million to an income of Ps.65.9 million for the three months ended March 31, 2007, from a cost of Ps.221.6 million for the three months ended March 31, 2006. This increase reflects:

- a Ps.257.4 million increase in net foreign-exchange gain resulting primarily from an increase in the average of our unhedged monetary foreign currency asset position in conjunction with a 2.15% depreciation of the Mexican peso against the U.S. dollar for the three months ended March 31, 2007;
- a Ps.28.2 million reduction in interest expense, due primarily to a lower average amount of our consolidated debt; and
- a Ps.24.8 million increase in interest income in connection with a higher average amount of investments for the three months ended March 31, 2007, compared with last year's comparable period.

These favorable variances were partially offset by:

- a Ps.22.9 million increase in loss from monetary position resulting primarily from a higher inflation for the three months ended March 31, 2007, (1.02%) compared with the three months ended March 31, 2006 (0.87%).

Equity in Results of Affiliates, Net

Equity in results of affiliates, net, decreased by Ps.244.4 million to an equity in losses of affiliates of Ps.195.3 million for the three months ended March 31, 2007, compared with an equity in earnings of affiliates of Ps.49.1 million for the three months ended

March 31, 2006. This decrease reflected a higher equity in loss of La Sexta, as well as the absence of equity income of Univision for the three months ended March 31, 2007.

Income Taxes

Income taxes increased by Ps.35 million, to Ps.567.9 million for the three months ended March 31, 2007, compared with Ps.532.9 million for the three months ended March 31, 2006. This decrease reflected primarily a higher income tax base in for the three months ended March 31, 2007.

Minority Interest Net Income

Minority interest net income increased by Ps.119.1 million to Ps.241.4 million for the three months ended March 31, 2007, compared with Ps.122.3 million for the three months ended March 31, 2006. This increase reflected primarily the portion of net income attributable to the interest held by minority equity owners in our Sky Mexico and Cable Television segments.

Capital Expenditures and Investments

For the three months ended March 31, 2007, we invested approximately U.S.\$36.7 million in property, plant, and equipment as capital expenditures, including approximately U.S.\$9.8 million for our Cable Television segment, U.S.\$17.1 million for our Sky Mexico segment, U.S.\$6.7 million for Gaming, and U.S.\$3.1 million for our Television Broadcasting and Other Businesses segments. In addition, we made investments related to our 40% interest in La Sexta for an aggregate amount of €22.0 million.

For the three months ended March 31, 2006, we invested approximately U.S.\$48.1 million in property, plant, and equipment as capital expenditures, including approximately U.S.\$10.7 million for our Cable Television segment, U.S.\$20.6 million for our Sky Mexico segment and U.S.\$16.8 million for our Television Broadcasting and Other Businesses segments.

Debt and Capital Lease Obligation

As of March 31, 2007, our total consolidated debt amounted to Ps.19,022.7 million, including Ps.3,624.2 million from Sky Mexico, and our consolidated current portion of long-term debt was Ps.1,238.2 million. Additionally, as of March 31, 2007, Sky Mexico had long-term and current portions of a capital lease obligation in an aggregate amount of Ps.1,120.9 million and Ps.90.6 million, respectively. As of December 31, 2006, our total consolidated debt amounted to Ps.18,972.4 million, including Ps.3,658.3 from Sky Mexico, and our consolidated current portion of long-term debt was Ps.996.4 million. Additionally, as of December 31, 2006, Sky Mexico had long-term and current portions of a capital lease obligation in an aggregate amount of Ps.1,131.8 million and Ps.87.1 million, respectively.

As of March 31, 2007, our consolidated net cash position was Ps.11,836.3 million, which includes the US\$1,094.4 million Univision payment, compared with a consolidated net debt of Ps.3,001.1 million, as of December 31, 2006.

Univision

On March 29, 2007, as a result of the closing of the merger between Univision and an investor acquisition group, all of the shares of Univision common stock owned by us were converted into cash. Also, under the terms of the merger agreement, all of our warrants to acquire shares of Univision common stock were cancelled and we no longer hold any interests in Univision. The aggregate cash amount received by us in connection with the closing of this merger was approximately U.S.\$1,094.4 million and we recognized a non-cash non-recurring charge of Ps.651.8 million in connection with this disposition.

In connection with our net investment in shares of Univision, we designated as an effective hedge of foreign exchange exposure a portion of the U.S. dollar principal amount with respect to our outstanding Senior Notes due 2011, 2025 and 2032, which amounted to U.S.\$775.5 million and U.S.\$971.9 million as of December 31, 2005 and 2006, respectively (see Note 1 (c), 5 and 9 to our year-end financial statements). As long as we maintained our net investment in shares of Univision, a hedge of the designated principal amounts of our debt was effective, and any foreign exchange gain or loss attributable to this hedging long-term debt was credited or charged directly to equity (accumulated other comprehensive result) for Mexican FRS purposes. On March 29, 2007, we cashed out our investment in shares of Univision, and the hedge of the designated principal amount of our Senior Notes was discontinued on that date.

Share Buyback Program

For the three months ended March 31, 2007, we repurchased approximately 14.3 million CPOs for Ps.891.1 million in nominal terms. At our upcoming shareholder meeting scheduled for April 27, 2007, the board of directors will propose to shareholders to cancel approximately 70.7 million CPOs, repurchased during 2006 and for the three months ended March 31, 2007.

Dividend Proposal

The board of directors agreed to submit to the shareholder meeting a proposal to pay an extraordinary dividend of Ps.1.1 per CPO, in addition to Televisa's ordinary dividend of Ps.0.35 per CPO, for a total of Ps.1.45 per CPO. The total amount of the dividend is approximately Ps.4,405 million and, if approved by the shareholders, would be paid on May 31, 2007.

Recent Developments

On April 27, 2007, at a General Extraordinary Shareholders Meeting, our shareholders approved a cash distribution to shareholders 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.

On April 27, 2007, Grupo Televisa authorized through a General Extraordinary Shareholders Meeting the cancellation of 1,768,337,500 Series "A" shares, 1,556,137,000 Series "B" shares, 2,475,672,500 Series "D" shares and 2,475,672,500 Series "L" shares of the Company, all of which were accounted by the Company as treasury shares and as a result of a re purchase of its own CPO's. By virtue of said cancellation, a capital reduction in the stock of the company was also authorized at a reduction ratio of \$0.00683551497 Pesos per cancelled share.

GRUPO TELEVISA, S.A.B.

CONDENSED CONSOLIDATED BALANCE SHEETS
As of December 31, 2006, and March 31, 2007
(Millions of Mexican pesos in purchasing power as of March 31, 2007)

	December 31, 2006	March 31, 2007
	(unaudited)	(unaudited)
ASSETS		
Current:		
Available:		
Cash.....	Ps. 682.7	Ps. 596.5
Temporary investments.....	<u>15,288.6</u>	<u>30,262.5</u>
	15,971.3	30,859.0
Trade notes and accounts receivable, net.....	13,735.7	9,053.8
Other accounts and notes receivable, net.....	1,503.4	625.9
Due from affiliated companies.....	186.7	192.0
Transmission rights and programming.....	3,084.2	3,187.8
Inventories.....	780.7	699.3
Available-for-sale investment.....	11,942.0	—
Other current assets.....	<u>778.9</u>	<u>1,086.6</u>
Total current assets.....	47,982.9	45,704.4
Transmission rights and programming, noncurrent.....	3,463.7	3,462.4
Investments.....	5,768.7	5,732.5
Property, plant, and equipment, net.....	21,188.9	21,057.7
Intangible assets and deferred charges, net.....	5,444.8	5,394.5
Other assets.....	<u>24.7</u>	<u>25.9</u>
Total assets.....	<u>Ps. 83,873.7</u>	<u>Ps. 81,377.4</u>

GRUPO TELEVISIA, S.A.B.

CONDENSED CONSOLIDATED BALANCE SHEETS
As of December 31, 2006, and March 31, 2007
(Millions of Mexican pesos in purchasing power as of March 31, 2007)

	<u>December 31,</u> <u>2006</u>	<u>March 31,</u> <u>2007</u>
	<u>(unaudited)</u>	<u>(unaudited)</u>
LIABILITIES		
Current:		
Current portion of long-term debt.....	Ps. 996.4	Ps. 1,238.2
Current portion of satellite transponder lease obligation.....	87.1	90.6
Trade accounts payable.....	3,485.8	3,430.9
Customer deposits and advances.....	17,065.2	15,140.5
Taxes payable.....	1,191.4	679.9
Accrued interest.....	264.7	96.4
Due to affiliated companies.....	38.5	46.3
Other accrued liabilities.....	<u>2,068.5</u>	<u>1,942.3</u>
Total current liabilities.....	25,197.6	22,665.1
Long-term debt, net of current portion.....	17,976.0	17,784.5
Satellite transponder lease obligation, net of current portion.....	1,131.8	1,120.9
Customer deposits and advances, noncurrent.....	270.9	268.2
Other long-term liabilities.....	527.4	535.3
Deferred taxes.....	1,503.9	1,221.0
Pension plans, seniority premiums, and severance indemnities.....	<u>290.0</u>	<u>295.7</u>
Total liabilities.....	<u>46,897.6</u>	<u>43,890.7</u>
STOCKHOLDERS' EQUITY		
Capital stock issued, no par value.....	10,229.0	10,229.0
Additional paid-in capital.....	<u>4,427.7</u>	<u>4,427.7</u>
	<u>14,656.7</u>	<u>14,656.7</u>
Retained earnings:		
Legal reserve.....	2,079.0	2,079.0
Reserve for repurchase of shares.....	4,504.5	4,504.5
Unappropriated earnings.....	16,885.0	25,560.4
Majority interest net income for the period.....	<u>8,673.4</u>	<u>733.6</u>
	32,141.9	32,877.5
Accumulated other comprehensive loss, net.....	(3,741.3)	(3,337.5)
Shares repurchased.....	<u>(7,680.4)</u>	<u>(8,541.7)</u>
	<u>20,720.2</u>	<u>20,998.3</u>
Total majority interest.....	35,376.9	35,655.0
Minority interest.....	<u>1,599.2</u>	<u>1,831.7</u>
Total stockholders' equity.....	<u>36,976.1</u>	<u>37,486.7</u>
Total liabilities and stockholders' equity.....	<u>Ps. 83,873.7</u>	<u>Ps. 81,377.4</u>

GRUPO TELEVISA, S.A.B.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2006 and 2007
(Millions of Mexican pesos in purchasing power as of March 31, 2007)

	Three Months Ended March 31,	
	2006	2007
	(unaudited)	(unaudited)
Net sales.....	Ps. 7,776.2	Ps. 8,231.9
Cost of sales(1).....	3,619.1	3,957.4
General expenses:		
Selling(1).....	672.0	652.8
Administrative(1).....	561.5	554.2
Depreciation and amortization.....	655.6	699.6
Operating income(2).....	2,268.0	2,367.9
Other expense, net.....	92.3	695.6
Integral result of financing:		
Interest expense.....	491.1	462.9
Interest income.....	(288.6)	(313.4)
Foreign exchange gain, net.....	(29.8)	(287.2)
Loss from monetary position, net.....	48.9	71.8
	221.6	(65.9)
Equity in losses (earnings) of affiliates, net.....	(49.1)	195.3
Income before income taxes.....	2,003.2	1,542.9
Income taxes.....	532.9	567.9
Consolidated net income.....	1,470.3	975.0
Minority interest net income.....	122.3	241.4
Majority interest net income.....	Ps. 1,348.0	Ps. 733.6

(1) Excluding depreciation and amortization.

(2) Operating income is an additional income level permitted by Mexican FRS in the presentation of an income statement.

GRUPO TELEVISA, S.A.B.
Avenida Vasco de Quiroga, No. 2000
Colonia Santa Fe
01210 México, D.F., México

**TRUSTEE, REGISTRAR,
PAYING AGENT,
TRANSFER AGENT AND CALCULATION AGENT**

The Bank of New York
101 Barclay Street, 21W Floor
New York, New York 10286
Attn: Corporate Trust Dept.
U.S.A.

**LUXEMBOURG PAYING AGENT,
TRANSFER AGENT AND
LISTING AGENT**

The Bank of New York (Luxembourg) S.A.
Aerogulf Center
1A Hoehenhof
L-1736 Senningerberg
Luxembourg

LEGAL ADVISORS TO GRUPO TELEVISA, S.A.B.

As to United States Law:
Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
U.S.A.

As to Mexican Law:
Mijares, Angoitia, Cortés y Fuentes, S.C.
Montes Urales 505, Piso 3
Colonia Lomas de Chapultepec
11000 México, D.F., México

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to United States Law:
Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, New York 10005-1413
U.S.A.

As to Mexican Law:
Ritch Mueller, S.C.
Torre del Bosque
Blvd. M. Avila Camacho No. 24, Piso 20
Lomas de Chapultepec
11000 México, D.F., México

AUDITORS OF GRUPO TELEVISA, S.A.B.

PricewaterhouseCoopers, S.C.
Mariano Escobedo 573
Colonia Rincón del Bosque
11580 México, D.F., México

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