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

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 1-12610

Grupo Televisa, S.A.B.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

Av. Vasco de Quiroga No. 2000

Colonia Santa Fe

01210 Mexico, D.F.

Mexico

(Address of principal executive offices)

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

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

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

None.

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

None.

The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2009 was:

111,529,976,540 A Shares

51,580,618,803 B Shares

82,060,017,146 L Shares

82,060,017,146 D Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

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

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We publish our financial statements in accordance with Mexican Financial Reporting Standards (*Normas de Información Financiera*), or Mexican FRS, which differ in some significant respects from generally accepted accounting principles in the United States, or U.S. GAAP, and accounting procedures adopted in other countries.

Unless otherwise indicated, (i) information included in this annual report is as of December 31, 2009 and (ii) references to “Ps.” or “Pesos” in this annual report are to Mexican Pesos and references to “Dollars,” “U.S. Dollars,” “U.S. dollars,” “\$,” or “U.S.\$” are to United States dollars.

In this Annual Report, “we,” “us,” “our” or “Company” refer to Grupo Televisa, S.A.B. and, where the context requires, its consolidated entities. “Group” refers to Grupo Televisa, S.A.B. and its consolidated entities.

Part I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

The following tables present our selected consolidated financial information as of and for each of the periods indicated. This data is qualified in its entirety by reference to, and should be read together with, our audited year-end financial statements. The following data for each of the years ended December 31, 2005, 2006, 2007, 2008 and 2009 has been derived from our audited year-end financial statements, including the consolidated balance sheets as of December 31, 2008 and 2009, the related consolidated statements of income and of changes in stockholders’ equity for the years ended December 31, 2007, 2008 and 2009, the related consolidated statements of changes in financial position for the year ended December 31, 2007, and of cash flows for the years ended December 31, 2008 and 2009, and the accompanying notes appearing elsewhere in this annual report. Beginning on January 1, 2008, we discontinued recognizing the effects of inflation in our consolidated financial statements in accordance with Mexican FRS. Accordingly, our financial information through December 31, 2007 is stated in Mexican Pesos in purchasing power as of December 31, 2007. The financial information as of and for the years ended December 31, 2008 and December 31, 2009 is not directly comparable to prior periods due to the recognition of inflation effects in financial information in prior periods. Our financial information for the years ended December 31, 2008 and December 31, 2009 maintained the inflation adjustments recognized in prior years in our consolidated stockholders’ equity, and the inflation-adjusted amounts for nonmonetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods. This data should also be read together with “Operating and Financial Review and Prospects”.

The exchange rate used in translating Pesos into U.S. Dollars for calculating the convenience translations included in the following tables is determined by reference to the interbank free market exchange rate, or the Interbank Rate, as reported by Banco Nacional de México, S.A., or Banamex, as of December 31, 2009, which was Ps.13.0800 per U.S. Dollar. This annual report contains translations of certain Peso amounts into U.S. Dollars at specified rates solely for the convenience of the reader. The exchange rate translations contained in this annual report should not be construed as representations that the Peso amounts actually represent the U.S. Dollar amounts presented or that they could be converted into U.S. Dollars at the rate indicated.

Our year-end financial statements have been prepared in accordance with Mexican FRS, which became effective beginning on January 1, 2006, and differ in some significant respects from U.S. GAAP. Prior to 2006, Mexican generally accepted accounting principles, or Mexican GAAP, were followed. The adoption of Mexican FRS did not have a significant effect on our consolidated financial statements. Note 23 to our year-end financial statements provides a description of the relevant differences between Mexican FRS, the accounting and reporting standards used in Mexico as of December 31, 2009, 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, 2007, 2008 and 2009 and stockholders’ equity at December 31, 2008 and 2009. 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 “Key Information — 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”.

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In 2007, we changed the names of two of our segments — “Sky Mexico” to “Sky”, because we began operations in Central America and the Dominican Republic, and “Cable Television” to “Cable and Telecom” due to the consolidation of Bestel, a telecommunications company, into this segment.

Effective December 2007, we began consolidating Letseb, S.A. de C.V. and its subsidiaries and Bestel USA, Inc., collectively Bestel, in accordance with Mexican FRS; in June 2008, we began consolidating Cablemás, S.A. de C.V. and its subsidiaries, collectively Cablemás, in accordance with Mexican FRS; and in October 2009, we began consolidating Televisión Internacional, S.A. de C.V. and its subsidiaries, collectively TVI, in accordance with Mexican FRS. Bestel, Cablemás and TVI are under the “Cable and Telecom” segment.

Beginning on September 30, 2008, we reported the “Publishing Distribution” segment under the “Other Businesses” segment since this operation was no longer significant to our consolidated financial statements taken as a whole. We have restated our segment results for the prior periods to reflect this change in segment reporting.

	Year Ended December 31,					
	2005	2006	2007	2008	2009	2009
	(Millions of Pesos or millions of U.S. Dollars)(1)					
(Mexican GAAP/FRS)						
Income Statement Data:						
Net sales	Ps. 35,068	Ps. 39,358	Ps. 41,562	Ps. 47,972	Ps. 52,353	U.S.\$ 4,003
Operating income	11,663	14,266	14,481	15,128	15,157	1,159
Integral cost of financing, net(2)	1,924	1,141	410	831	2,973	227
Income from continuing operations	8,330	9,519	9,018	8,731	6,583	503
Cumulative effect of accounting change, net	(546)	—	—	—	—	—
Controlling interest net income	6,613	8,909	8,082	7,804	6,007	459
Income from continuing operations per CPO(3)	2.46	3.07	2.84	2.77	2.14	—
Controlling interest net income per CPO(3)	2.27	3.07	2.84	2.77	2.14	—
Weighted-average number of shares outstanding (in millions)(3)(4)	341,158	339,776	333,653	329,580	329,304	—
Cash dividend per CPO(3)	1.49	0.37	1.50	0.75	3.10	—
Shares outstanding (in millions, at year end)(4)	339,941	337,782	329,960	328,393	327,231	—
(U.S. GAAP) (5)						
Income Statement Data:						
Net sales	Ps. 35,068	Ps. 39,358	Ps. 41,562	Ps. 47,972	Ps. 52,353	U.S.\$ 4,003
Operating income	10,806	14,068	14,322	14,492	13,008	994
Income from continuing operations	8,550	8,917	9,167	9,049	5,561	425
Consolidated net income	8,550	8,917	9,167	9,049	5,561	425
Net income attributable to the noncontrolling interest	1,182	609	934	919	575	44
Net income attributable to the controlling interest	7,368	8,308	8,233	8,130	4,986	381
Income from continuing operations per CPO(3)	2.44	2.76	2.86	2.82	1.98	—
Net income attributable to the controlling interest per CPO(3)	2.44	2.76	2.86	2.82	1.98	—
Weighted-average number of shares outstanding (in millions)(3)(4)	341,158	339,776	333,653	329,580	329,304	—
Shares outstanding (in millions, at year end)(4)	339,941	337,782	329,960	328,393	327,231	—
(Mexican GAAP/FRS)						
Balance Sheet Data (end of year):						
Cash and temporary investments	Ps. 15,955	Ps. 16,405	Ps. —	Ps. —	Ps. —	U.S.\$ —
Cash and cash equivalents	—	—	25,480	33,583	29,941	2,289
Temporary investments	—	—	1,825	8,321	8,902	681
Total assets	81,162	86,186	98,703	122,852	126,568	9,676
Current portion of long-term debt and other notes payable(6)	367	1,023	489	2,270	1,433	110
Long-term debt, net of current portion(7)	19,581	18,464	25,307	36,631	41,983	3,210
Customer deposits and advances	19,484	17,807	19,810	18,688	20,913	1,599
Capital stock issued	10,677	10,507	10,268	10,061	10,020	766
Total stockholders' equity (including noncontrolling interest)	32,242	38,015	40,650	47,252	44,472	3,400
(U.S. GAAP)(5)						
Balance Sheet Data (end of year):						
Cash and cash equivalents	Ps. 15,833	Ps. 15,461	Ps. 25,480	Ps. 33,583	Ps. 29,941	U.S.\$ 2,289
Total assets	88,724	91,806	103,728	127,966	131,344	10,042
Current portion of long-term debt and other notes payable(6)	367	1,023	489	2,270	1,433	110
Long-term debt, net of current portion(7)	19,581	18,464	25,307	36,631	41,983	3,210
Controlling interest stockholders' equity	30,589	35,799	36,580	41,539	37,357	2,856
Noncontrolling interest stockholders' equity	965	1,688	3,655	5,269	6,339	485
Total stockholders' equity	31,554	37,487	40,235	46,808	43,696	3,341
(Mexican FRS)						
Cash Flow Data (15):						
Net Cash provided by operating activities	Ps. —	Ps. —	Ps. —	Ps. 22,258	Ps. 15,136	U.S.\$ 1,157
Net Cash used in investing activities	—	—	—	(12,884)	(11,052)	(845)
Net Cash used in financing activities	—	—	—	(1,886)	(7,641)	(584)
Increase (decrease) in cash and cash equivalents	—	—	—	7,620	(3,663)	(280)
(U.S. GAAP)(5)						
Cash Flow Data:						
Net cash provided by operating activities	10,478	11,542	12,107	19,851	12,328	942
Net cash (used in) provided by financing activities	(9,412)	(3,088)	(1,395)	522	(4,833)	(369)
Net cash used in investing activities	(2,392)	(8,216)	(294)	(12,884)	(11,052)	(845)
(Decrease) increase in cash and cash equivalents	(1,326)	237	10,418	7,488	(3,558)	(272)
(Mexican GAAP/FRS)						
Other Financial Information:						
Capital expenditures(8)	Ps. 2,849	Ps. 3,346	Ps. 3,878	Ps. 6,627	Ps. 6,531	U.S.\$ 499
Other Data (unaudited):						
Average prime time audience share (TV broadcasting)(9)	68.5%	69.5%	69.0%	71.2%	69.8%	—

Average prime time rating (TV broadcasting)(9)	36.5	35.5	33.4	35.2	34.8	—
Magazine circulation (millions of copies)(10)	145	155	165	174	153	—
Number of employees (at year end)	15,100	16,200	17,800	22,500	24,300	—
Number of Sky subscribers (in thousands at year end)(11)	1,251	1,430	1,585	1,760	1,960	—
Number of Cablevisión RGUs (in thousands at year end)(12)	475	583	695	844	1,016	—
Number of Cablemás RGUs (in thousands at year end)(12)(13)	—	—	—	1,170	1,348	—
Number of TVI RGUs (in thousands at year end)(12)(14)	—	—	—	—	425	—

Notes to Selected Consolidated Financial Information:

- (1) Except per Certificado de Participación Ordinario, or CPO, average audience share, average rating, magazine circulation, employee, subscriber and Revenue Generating Units, or RGUs. Amounts in Mexican Pesos for the years ended December 31, 2005, 2006, and 2007 are stated in Mexican Pesos in purchasing power as of December 31, 2007, in accordance with Mexican FRS. Beginning on January 1, 2008, we discontinued recognizing the effects of inflation in our financial information in accordance with Mexican FRS.
- (2) Includes interest expense, interest income, foreign exchange gain or loss, net, and through December 31, 2007, gain or loss from monetary position. See Note 18 to our year-end financial statements.
- (3) For further analysis of income from continuing operations per CPO and net income per CPO (as well as corresponding amounts per A Share not traded as CPOs), see Note 20 (for the calculation under Mexican FRS) and Note 23 (for the calculation under U.S. GAAP) to our year-end financial statements. In April and December 2009, our stockholders approved the payment of a dividend of Ps. 1.75 and Ps. 1.35 per CPO, respectively.
- (4) As of December 31, 2005, 2006, 2007, 2008 and 2009, we had four classes of common stock: A Shares, B Shares, D Shares and L Shares. 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 GDSs, 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, 2009, for legal purposes, there were approximately 2,424.8 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 58,926.6 million A Shares and 2,357.2 million B Shares (not in the form of CPO units). See Note 12 to our year-end financial statements.
- (5) See Note 23 to our year-end financial statements.
- (6) See Note 8 to our year-end financial statements.
- (7) See “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness” and Note 8 to our year-end financial statements.
- (8) Capital expenditures are those investments made by us in property, plant and equipment, which U.S. Dollar equivalent amounts set forth in “Information on the Company — Capital Expenditures” are translated into Mexican Pesos at the 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.
- (9) “Average prime time audience share” for a period refers to the average daily prime time audience share for all of our networks and stations during that period, and “average prime time rating” for a period refers to the average daily rating for all of our networks and stations during that period, each rating point representing one percent of all television households. As used in this annual report, “prime time” in Mexico is 4:00 p.m. to 11:00 p.m., seven days a week, and “weekday prime time” is 7:00 p.m. to 11:00 p.m., Monday through Friday. Data for all periods reflects the average prime time audience share and ratings nationwide as published by the Mexican subsidiary of the Brazilian Institute of Statistics and Public Opinion, or Instituto Brasileiro de Opinião Pública y Estadística, or IBOPE. The Mexican subsidiary of IBOPE is referred to as IBOPE Mexico in this annual report. For further information regarding audience share and ratings information and IBOPE Mexico, see “Information on the Company — Business Overview — Television — Television Broadcasting”.

- (10) 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.
- (11) Sky commenced operations in Mexico in 1996, and in Central America and the Dominican Republic in 2007. The figures set forth in this line item represent the total number of gross active residential and commercial subscribers for Innova at the end of each year presented. For a description of Innova's business and results of operations and financial condition, see "Information on the Company — Business Overview — DTH Joint Ventures — Mexico and Central America".
- (12) An RGU is defined as an individual service subscriber who generates recurring revenue under each service provided by Empresas Cablevisión, S.A.B. de C.V., or Cablevisión and Cablemás (pay-TV, broadband internet and digital telephony). For example, a single subscriber paying for cable television, broadband internet and digital telephony services represents three RGUs. We believe it is appropriate to use the number of RGUs as a performance measure for Cablevisión, Cablemás and TVI given that these businesses provide other services in addition to pay-TV. See "Operating and Financial Review and Prospects — Results of Operations — Total Segment Results — Cable and Telecom" and "Information on the Company — Business Overview — Cable and Telecom".
- (13) Beginning June 2008, we started to consolidate Cablemás, a significant cable operator in Mexico, operating in 49 cities.
- (14) Beginning October 2009, we started to consolidate TVI, a leading provider of triple-play services in northern Mexico.
- (15) Through December 31, 2007, under Mexican FRS, the changes in financial position for operating, financing and investing activities, were presented through the statements of changes in financial position. On January 1, 2008, Mexican FRS NIF B-2, "Statement of Cash Flows" became effective on a prospective basis. Therefore, we have included the statement of cash flows for the years ended December 31, 2008 and 2009. See Note 1 to our year-end financial statements for further detail regarding this change. Due to the adoption of Mexican FRS NIF B-2, "Statement of Cash Flows", the 2008 and 2009 information is not directly comparable to the information for the year ended 2007 and prior years. The criteria for determining net cash provided by, or used in, operating, investing and financing activities under the new Mexican FRS NIF B-2, "Statement of Cash Flows" is different from that used in prior years.

Dividends

Decisions regarding the payment and amount of dividends are subject to approval by holders of a majority of the A Shares and B Shares voting together, generally, but not necessarily, on the recommendation of the Board of Directors, as well as a majority of the A Shares voting separately. Emilio Azcárraga Jean indirectly controls the voting of the majority of the A Shares and, as a result of such control, both the amount and the payment of dividends require his affirmative vote. See "Major Stockholders and Related Party Transactions — The Major Stockholders". The amounts in this section are presented in nominal historical figures and therefore have not been restated in constant currency units due to a change in Mexican FRS whereby beginning on January 1, 2008 we discontinued recognizing the effects of inflation on our results. 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.3,850.0 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. On April 30, 2008, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders for up to Ps.2,276.3 million, which includes the payment of an extraordinary dividend of Ps.0.40 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.0.75 per CPO, equivalent to Ps.0.00641025641 per share. On April 30, 2009, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders of up to Ps.5,204.6 million, which includes the payment of an extraordinary dividend of Ps.1.40 per CPO, which is in addition to our ordinary dividend of Ps.0.35 per CPO, for a total dividend of Ps.1.75 per CPO, equivalent to Ps.0.014957264957 per share. In addition to the dividend payment approved by our stockholders on April 30, 2009, and based on the proposal by our Board of Directors, on December 10, 2009, at a general stockholders' meeting, our stockholders approved a cash distribution to stockholders for up to Ps.4.0 billion, which includes the payment of an extraordinary dividend of Ps.1.0 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, equivalent to Ps.0.011538461538 per share. The dividend payment approved on December 10, 2009 would have generally been paid in April 2010. We do not expect payment of any additional dividends during 2010. 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, under certain conditions.

Exchange Rate Information

Since 1991, Mexico has had a free market for foreign exchange and, since 1994, the Mexican government has allowed the Peso to float freely against the U.S. Dollar. 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 Mexican Official FIX Rate, or FIX Rate, published by the Mexican Central Bank, expressed in Pesos per U.S. Dollar. The rates have not been restated in constant currency units and therefore represent nominal historical figures.

Period	High	Low	Average(1)	Period End
2005	11.4018	10.4097	10.8895	10.6344
2006	11.4809	10.4303	10.9034	10.8116
2007	11.2676	10.6639	10.9274	10.9157
2008	13.9183	9.9180	11.1455	13.8325
2009	15.3650	12.5969	13.4983	13.0659
2010 (June 17, 2010)	13.1819	12.1575	12.6662	12.5925
January	13.0098	12.6478	12.8019	13.0098
February	13.1753	12.7769	12.9424	12.7769
March	12.7454	12.3306	12.5737	12.3306
April	12.7259	12.1575	12.4019	12.2626
May	13.1819	12.2605	12.7428	12.9146
June (through June 17, 2010)	12.9288	12.5878	12.7572	12.5925

(1) Annual average rates reflect the average of the daily exchange rate during the relevant period.

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

In the past, the Mexican economy has had balance of payment deficits and decreases 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 “Key Information — Risk Factors — Risk Factors Related to Mexico — Currency Fluctuations or the Devaluation and Depreciation of the Peso Could Limit the Ability of Our Company and Others to Convert Pesos into U.S. Dollars or Other Currencies, Which Could Adversely Affect Our Business, Financial Condition or Results of Operations”.

On June 17, 2010 the FIX Rate was Ps. 12.5925 per U.S.\$1.00.

Risk Factors

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

Risk Factors Related to Mexico

Economic and Political Developments in Mexico May Adversely Affect Our Business

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

Mexico Has Experienced and is Currently Experiencing Adverse Economic Conditions, Which Could Have a Negative Impact on Our Results of Operations and Financial Condition

Mexico has historically experienced uneven periods of economic growth. Mexican gross domestic product, or GDP, increased 3.3% and 1.5% in 2007 and 2008, respectively, and decreased by 6.5% in 2009. Mexican GDP growth fell short of Mexican government estimates in 2009; however, according to Mexican government estimates, Mexican GDP is expected to increase by approximately 4.0% in 2010. We cannot assure you that these estimates will prove to be accurate.

Mexico has been adversely affected by the global economic crisis that started in the summer of 2007. The country’s main economic indicators have been negatively affected, including a rise in unemployment, decline of interest rates, higher inflation and a devaluation of the Peso against the U.S. Dollar. This current global economic downturn and/or any future economic downturn, including downturns in the United States and Europe, could affect our financial condition and results of operations. We cannot predict what impact this crisis will have. For example, 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, direct-to-home, or DTH satellite services, pay-per-view programming, telecommunications services and other services and products may decrease because consumers may find it difficult to pay for these services and products.

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

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

Our operations, including the demand for our products or services, and the price of our securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere. Economic downturns in the United States often have a significant adverse effect on the Mexican economy and other economies globally, 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. The demand for our products and services in Mexico, the U.S. and in the other countries in which we operate may be adversely affected by the tightening of credit markets and economic downturns. As a global media company, we depend on the demand from customers in Mexico, the U.S. and the other countries in which we operate, and reduced consumer spending that falls short of our projections could adversely impact our revenues and profitability. Although Mexico, the U.S. and other governments have taken steps to increase liquidity in the financial markets, there can be no assurance that such measures will improve the overall business environment in which we operate and we cannot predict the severity or duration of the economic downturn or the impact the economic downturn could have on our results of operations and financial condition.

The Ongoing Uncertainty in Global Financial Markets Could Adversely Affect Our Financing Costs and Exposure to Our Customers and Counterparties

The global financial markets continue to be uncertain, and many companies have limited access to funding. This risk has been exacerbated by concerns over the levels of public debt of, and the weakness of the economies in, Italy, the Republic of Ireland, Greece, Portugal, and Spain, in particular. It is uncertain how long the effects of the global financial markets will persist and how much impact this will have on the global economy in general, or the economies in which we operate, in particular, and whether slowing economic growth in any such countries could result in decreased consumer spending affecting our products and services. If access to credit tightens further and borrowing costs rise, our borrowing costs could be adversely affected. Difficult financial markets may also adversely affect some of our customers. In addition, we enter into derivative transactions with large financial institutions, including contracts to hedge our exposure to interest rates and foreign exchange, and we could be affected by severe financial difficulties faced by our counterparties.

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 significant 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, 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 15 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 3.8% in 2007, 6.5% in 2008, 3.6% in 2009, and is expected to be 5.2% in 2010. 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, including the U.S. 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; and
- to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in “real” terms.

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 7.2%, 7.7%, and 5.5% for 2007, 2008, and 2009, 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

The Mexican Congress is not controlled by any specific political party. Therefore, Felipe Calderón Hinojosa and his party, the *Partido Acción Nacional*, or the National Action Party, have faced opposition in Congress during the first three and a half years of his term.

Changes in laws, public policies and government programs may occur in the future. Such changes may 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.

In July 2009, new members were elected to the *Cámara de Diputados*, or the Chamber of Representatives, local Congress of some states, and Governors of six states, among other offices. As a result of these elections, the *Partido Revolucionario Institucional* or PRI, acquired a significant majority in the Chamber of Representatives. The lack of party alignment between the Chamber of Representatives and the President could result in deadlock and prevent the timely implementation of political and economic reforms, which in turn could have a material adverse effect on Mexican economic policy. It is also possible that political uncertainty may adversely affect Mexico’s economic situation. The new members of Congress have focused on important legal reforms, which have not been and may not be approved, including labor reforms. See “— Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”. The effects on the social and political situation in Mexico could adversely affect the Mexican economy, including the stability of its currency. We cannot ascertain, at this time, how any material adverse effect on Mexican economic policy, Mexico’s economic situation, the stability of Mexico’s currency or market conditions may affect our business or the 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 Mexico’s 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. See “Information on the Company — Business Overview — Investments — Alvafig”.

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

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

Existing laws and regulations, including among others, tax laws, could be amended, the manner in which laws and regulations are enforced or interpreted could change, and new laws or regulations could be adopted. Such changes could materially adversely affect our operations and our revenue.

Certain amendments to the existing *Ley Federal de Radio y Televisión*, or Radio and Television Law, and the *Ley Federal de Telecomunicaciones*, or Telecommunications Law, have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice on June 5, 2007, declaring several provisions of the amendments to the Radio and Television Law and to the Telecommunications Law unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in former Article 28 of the Radio and Television Law, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same spectrum covered by a current concession without having to participate in a public bid to offer such services pursuant to a concession and Article 16 of the Radio and Television Law, pursuant to which concessions were granted for a fixed term of 20 years having the possibility to renew such concessions by obtaining from the *Secretaría de Comunicaciones y Transportes*, or SCT, a certification of compliance with their obligations under the concession. As a result of the Supreme Court of Justice's ruling, once the transition to digital television and digital radio broadcasting is completed, if we want to provide additional telecommunications services within the same spectrum granted for digital television or digital radio broadcasting, respectively, we will have to follow the provisions of Article 24 of the Telecommunications Law to obtain the concession therefor. Also, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court of Justice's ruling has resulted in requiring the renewal of the concessions to be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire. Additionally, some members of the Mexican Federal Congress have expressed their intent to propose a new Radio and Television Law, which could affect, among other things, the framework for granting or renewing concessions.

In 2007, the Mexican Federal Congress published an amendment to the Political Constitution of the United Mexican States, or Mexican Constitution, pursuant to which, among other things, the Federal Electoral Institute (*Instituto Federal Electoral*, or IFE) has, during certain periods, the exclusive right to manage and use the Official Television Broadcast Time and the Official Radio Broadcast Time (jointly referred to in this annual report as Official Broadcast Time). For a description of Official Television Broadcast Time and Official Radio Broadcast Time, see "Information on the Company — Business Overview — Business Strategy — Maintaining our Leading Position in the Mexican Television Market — Advertising Sales Plan" and "Information on the Company — Business Overview — Other Businesses — Radio Stations". The IFE has the exclusive right to use the Official Broadcast Time for its own purposes and for the use of political parties in Mexico (as provided in the Mexican Constitution) for self promotion and, when applicable, to promote their electoral campaigns during election day, pre-campaign and campaign periods (referred to in this annual report as the Constitutional Amendment).

The IFE and the political parties must comply with certain requirements included in the Constitutional Amendment for the use of Official Broadcast Time. During federal electoral periods, the IFE will be granted, per the Constitutional Amendment, 48 minutes per day in each radio station and television channel, to be used during pre-campaign periods in two and up to three minutes per broadcast hour in each radio station and television channel, of which all the political parties will be jointly entitled, to use one minute per broadcast hour. During campaign periods, at least 85% of the 48 minutes per day shall be allocated among the political parties, and the remaining 15% may be used by the IFE for its own purposes. During non-electoral periods, the IFE will be assigned with up to 12% of the Official Broadcast Time, half of which shall be allocated among the political parties. In the event that local elections are held simultaneously with federal elections, the broadcast time granted to the IFE shall be used for the federal and the local elections. During any other local electoral periods, the allocation of broadcast time will be made pursuant to the criteria established by the Constitutional Amendment and as such criteria is reflected in applicable law.

In addition to the foregoing, pursuant to the Constitutional Amendment political parties are forbidden to purchase or acquire advertising time directly or through third parties, from radio or television stations; likewise, third parties shall not acquire advertising time from radio or television stations for the broadcasting of advertisements which may influence the electoral preferences of Mexican citizens, nor in favor or against political parties or candidates to offices elected by popular vote.

We believe we have been operating our business in compliance with the provisions of the Constitutional Amendment; however, we have filed legal actions contesting certain provisions of such Constitutional Amendment.

At this time, the Constitutional Amendment has not had an impact on the results of our radio and television businesses, however we are unable to predict what impact, if any, the Constitutional Amendment may have on our operating results in the future. We cannot predict the outcome of the legal actions brought by the Company against the Constitutional Amendment. A decrease in paid advertising of the nature described above could lead to a decrease in our television or radio revenues.

Article 15-A of the *Ley del Seguro Social*, Social Security Law, could materially adversely affect our financial condition and results of operations. Such Article 15-A, amended in July 2009, provides that a company that obtains third party personnel services from personnel services' providers and which receives such personnel services on any of the company's premises is jointly bound to comply with the obligations related to social security that have to be fulfilled by such personnel services' providers for the benefit of their respective employees. Such Article 15-A, as amended, also establishes the obligation that the Company sends a list to the *Instituto Mexicano del Seguro Social*, Social Security Mexican Institute, of all agreements entered into with personnel services' providers.

In October 2009, the Mexican Congress approved a tax bill that became effective as of January 1, 2010. The approved tax bill amends and provides for additional changes to several provisions contained within the Mexican tax laws related to income tax, value added tax and excise tax. The corporate income tax rate was increased from 28% to 30% for the years 2010 through 2012 and will be reduced to 29% and 28% in 2013 and 2014, respectively. New rules for the tax consolidation regime were approved. The deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax will be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received. The payment of this tax has to be made in installments: 25% in the first and second year, 20% in the third year, and 15% in the fourth and fifth year. This procedure applies for the deferred income tax resulting from the tax consolidation regime prior to and from 2010, so taxpayers have to pay in 2010 the first installment of the cumulative amount of the deferred tax benefits determined as of December 31, 2004. We believe that the new provisions for the tax consolidation regime have a retroactive application that impacts our results negatively and, thus, we are challenging the constitutionality of these new provisions. Effective January 1, 2010, revenues from telecommunications and pay television services (except access to Internet services, interconnection services between public networks of telecommunications and public telephone services) are subject to a 3% excise tax. Effective January 1, 2010, the excise tax rate on gaming (including bets and drawings) was increased from 20% to 30%. These changes and additional changes to the Mexican tax laws directly affect our consolidated results, our businesses including Pay Television Networks, Sky and Cable and Telecom segments, and the gaming business within our Other Businesses segment. The general value added tax rate was increased from 15% to 16%, and the rate on the border region was increased from 10% to 11%.

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. Thus, financial statements and reported earnings of Mexican companies may differ from those of companies in other countries with the same financial performance. We are required, however, to file an annual report on Form 20-F containing financial statements reconciled to U.S. GAAP. See Note 23 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 in our interim financial results.

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. Until June 17, 2009, approximately 45.6% of the outstanding A Shares, 2.7% of the outstanding B Shares, 2.8% of the outstanding D Shares and 2.8% of the outstanding L Shares of our company were held through a trust, or the Stockholder Trust, including shares in the form of CPOs. On June 17, 2009, the Stockholder Trust was terminated and the shares and CPOs which were formerly held through such trust, were delivered to the corresponding beneficiaries. The largest beneficiary of the Stockholder Trust was a trust for the benefit of Emilio Azcárraga Jean. Such trust currently holds 44.4% of the outstanding A shares, 0.1% of the outstanding B shares, 0.1% of the outstanding D shares and 0.1% of the outstanding L shares of the Company. As a result, Emilio Azcárraga Jean controlled until June 17, 2009, the voting of the shares held through the Stockholder Trust, and currently controls the vote of such shares through the Azcárraga Trust. The A Shares held through the Azcárraga Trust constitute a majority of the A Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted by law to vote the underlying A Shares. Accordingly, and so long as non-Mexicans own more than a minimal number of A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board, as well as prevent certain actions by the stockholders, including the timing and payment of dividends, if he so chooses. See “Major Stockholders and Related 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 SCT to broadcast our programming over our television and radio stations, cable and DTH satellite systems and to provide telephony services. 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 2015 to 2016 except for the concessions of 3 radio stations, which renewal applications were timely filed before the SCT but are still pending due to the Supreme Court’s ruling on the amendments to the Radio and Television Law. (See “— Risk Factors Related to Mexico — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”). We are unable to predict when we will obtain the renewal to such concessions. The expiration dates of our Cable and Telecommunications concessions range from 2013 to 2038 and our DTH concessions expire in 2020 and 2026. The expiration dates for the concessions for our telephone services range from 2018 to 2026. Cablevisión obtained a telecommunications concession, which expires in 2029, and its concession to transmit an over-the-air UHF restricted television service through channel 46 which expires on November 17, 2010 (the “Channel 46 Concession”). We have filed for a renewal of the Channel 46 Concession and in February 2010 the SCT notified Cablevisión that it will not be renewed; however, we are contesting the resolution of the SCT. In the past, the SCT has typically renewed the concessions of those concessionaires that comply with the requisite procedures set forth for renewal under Mexican law and on the respective concession title; however, in connection with our television and radio concessions, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court ruling has resulted in requiring the renewal of the concessions to be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire.

Under Mexican law, we need a permit, or Gaming Permit, from the *Secretaría de Gobernación*, or Mexican Ministry of the Interior, to operate our gaming business. The operation of our gaming business may be terminated or interrupted if the Mexican Government does not renew or revokes our Gaming Permit. The Gaming Permit was granted to us on May 25, 2005 and the expiration date is May 24, 2030. We are unable to predict if we will obtain a renewal of the Gaming Permit.

See “— Risk Factors Related to Mexico — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”.

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 Communications, Inc., or Univision, as a result of the divestiture of our equity interest in Univision and the termination of a certain participation agreement or the Participation Agreement by and among Televisa, Univision, certain principals of Univision, and Venevision, in connection with the acquisition of Univision by private equity investors. See “Information on the Company — Business Overview — Television — Television Industry in Mexico” and “Information on the Company — Business Overview — Television — Television Broadcasting”. In addition, the entertainment and communications industries in which we operate are changing rapidly because of evolving distribution technologies, including online and digital networks. Our principal competitors in the gaming industry are Corporación Interamericana de Entretenimiento, S.A.B. de C.V., or CIE, and Grupo Caliente S.A. de C.V., or Grupo Caliente.

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

On October 2, 2006, the Mexican federal government enacted a new set of regulations known as Convergence Regulations, or *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 telecommunications services to provide other services not included in their original concessions. Cable television providers may be allowed to provide internet and telephone services if certain requirements and conditions are met. In addition, telephone operators, such as Teléfonos de México, S.A.B. de C.V. or Telmex, may be allowed to provide cable television services if certain requirements and conditions are met. We believe that we may face significant competition from new entrants providing telephony services or cable television services, including cable television providers and telephone operators. See “Information on the Company — Business Overview — Cable and Telecom”.

At the end of 2008, DISH, a competitor in the DTH market, launched its services in Mexico.

At the beginning of 2009, TV Azteca began offering HiTV, a television service which consists of the transmission of digital television channels through the technology known as Digital Terrestrial Television, or DTT, in Mexico City and its metropolitan area using the radioelectric spectrum in the mirror concessions granted to them pursuant to the release issued by the SCT for the transition to digital television. HiTV currently offers approximately 20 channels and charges for the decoder box, a fact which we believe constitutes a pay television service. The SCT and the Mexican Federal Telecommunications Commission, or Cofetel, are currently reviewing the legality of this service since the mirror concessions should be used to replicate the analog channel signals. We are uncertain as to how this service may affect our pay-TV business in the event it is considered legal. In addition, the decoder box that TV Azteca is utilizing to allow viewers to access their HiTV channels also allows the viewers access to the Company’s digital over the air networks without the Company’s permission.

Our future success will be affected by these changes, which we cannot predict. Consolidation in the entertainment, telecommunications and broadcast industries could further intensify competitive pressures. As the pay television, or pay-TV, market in Mexico matures, we expect to face competition from an increasing number of sources, including emerging technologies that provide new services to pay-TV customers and require us to make significant capital expenditures in new technologies and exclusive content. Developments may limit our access to new distribution channels and exclusive content, 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 Olympic Games and political elections. We typically recognize a disproportionately large percentage of our television broadcasting advertising net sales in the fourth quarter in connection with the holiday shopping season. For example, in 2007, 2008 and 2009 we recognized 31.9%, 31.3%, and 31.3% 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 May Affect Our Exploitation of Certain Internet Rights in the United States

On January 22, 2009, the Company and Univision announced an amendment to the Program License Agreement (the "PLA"), between Televisa, S.A. de C.V. ("Televisa"), a subsidiary of the Company, and Univision. The amended PLA, which runs through 2017, includes a simplified royalty calculation and is expected to result in increased payments to the Company, as well as a provision for certain yearly minimum guaranteed advertising, with a value of U.S.\$66.5 million for fiscal year 2009, to be provided by Univision, at no cost, for the promotion of the Group's businesses commencing in 2009. Notwithstanding the foregoing, the Company cannot predict whether future royalty payments will in fact increase.

In connection with this amendment and in return for certain other consideration, Televisa and Univision agreed to dismiss certain claims that were pending in the U.S. District Court for the Central District of California (the "District Court Action"), with the exception of a counterclaim filed by Univision in October 2006, whereby it sought a judicial declaration that on or after December 19, 2006, pursuant to the PLA, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet (the "Univision Internet Counterclaim").

The Univision Internet Counterclaim was tried in a non-jury trial before the Hon. Philip S. Gutierrez (the "Judge") commencing on June 9, 2009. On July 17, 2009, the Judge issued a written decision following trial in favor of Univision. By judgment entered on August 3, 2009, the Judge held: "Under the 2001 PLA between Univision and Televisa, Televisa is prohibited from making Programs, as that term is defined in the PLA, available to viewers in the United States via the Internet." Televisa filed a notice of appeal of the judgment on August 17, 2009 and filed its opening brief on February 12, 2010. Univision filed its opposition brief to Televisa's appeal on March 17, 2010 and Televisa filed its reply brief on April 5, 2010. The Court will decide whether to schedule oral argument and when to render a decision. The Judge's ruling does not grant Univision the right to distribute Televisa's content over the Internet, and this decision has no effect on the Group's current business as the Group does not derive any revenues from the transmission of video content over the Internet in the United States.

The Company cannot predict how the outcome of this litigation will affect the Group's business relationship with Univision with respect to Internet distribution rights in the United States.

Televisa Does Not Maintain Complete Control Over the Operations of Innova

We own a 58.7% interest in Innova, our DTH joint venture in Mexico, Central America and the Dominican Republic. The balance of Innova's equity is indirectly owned by The DIRECTV Group, Inc., or DIRECTV through its subsidiaries 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.

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 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 insurance we have acquired to cover this risk. In order to reduce the possibility of financial consequences resulting from an unforeseen loss of transmission, Innova entered into an agreement to launch a backup satellite jointly with Sky Brasil Servicos Ltda., or Sky Brasil which was launched in the first quarter of 2010. We cannot predict the extent of losses to Innova in the case of current or new satellite loss or the effectiveness of any alternative strategy.

Risk Factors Related to Our Securities

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

Our bylaws provide that you must bring any legal actions concerning our bylaws in courts located in Mexico City. The trust agreement governing the CPOs provides that you must bring any legal actions concerning the trust agreement in courts located in Mexico City. All parties to the trust agreement governing the CPOs, including the holders of CPOs, have agreed to submit these disputes only to Mexican courts.

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

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

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

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

Non-Mexican Holders of Our Securities Have Limited Voting Rights

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

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

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

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

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

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

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

Under Mexican law and our bylaws, our stockholders have preemptive rights. This means that in the event that we issue new Shares for cash, our stockholders will have a right to subscribe the number of Shares of the same series necessary to maintain their existing ownership percentage in that series. U.S. holders of our GDSs cannot exercise their preemptive rights unless we register any newly issued Shares under the U.S. Securities Act of 1933, as amended, or the Securities Act, or qualify for an exemption from registration. If U.S. holders of GDSs cannot exercise their preemptive rights, the interests of these holders will be diluted in the event that we issue new Shares for cash. We intend to evaluate at the time of any offering of preemptive rights the costs and potential liabilities associated with registering any additional Shares. We cannot assure you that we will register under the Securities Act any new Shares that we issue for cash. In addition, although the Deposit Agreement provides that the depositary may, after consultation with us, sell preemptive rights in Mexico or elsewhere outside the U.S. and distribute the proceeds to holders of GDSs, under current Mexican law these sales are not possible. See "Directors, Senior Management and Employees — Long-Term Retention Plan" and "Additional Information — Bylaws — Preemptive Rights."

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

Under Mexican law, the protections afforded to minority stockholders are different from those in the U.S. In particular, the law concerning fiduciary duties of directors is not well developed, there is no procedure for class actions or stockholder derivative actions and there are different procedural requirements for bringing stockholder lawsuits. As a result, in practice, it may be more difficult for our minority stockholders to enforce their rights against us or our directors or major stockholders than it would be for stockholders of a U.S. company.

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

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

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

Forward-Looking Statements

This annual report and the documents incorporated by reference into this annual report contain forward-looking statements. We may from time to time make forward-looking statements in periodic reports to the Securities and Exchange Commission, or SEC, on Form 6-K, in annual reports 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, but are not limited to:

- projections of operating revenues, net income (loss), net income (loss) per CPO/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 online and wireless content division, Televisa Interactive Media, or TIM;
- statements concerning our current and future plans regarding our investment in the Spanish television channel Gestora de Inversiones Audiovisuales La Sexta, S.A., or La Sexta;

- statements concerning our current and future plans regarding our investment in Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V., or GTAC;
- statements concerning our current and future plans regarding our gaming business;
- statements concerning our current and future plans regarding the fixed telephony service provided by Empresas Cablevisión, S.A.B. de C.V., or Cablevisión;
- statements concerning our transactions with and/or litigation involving Univision;
- statements concerning our series of transactions with DIRECTV, and News Corporation, or News Corp.;
- statements concerning our transactions with NBC Universal’s Telemundo Communications Group, or Telemundo;
- statements concerning our plans to build and launch a new transponder satellite;
- statements about our future economic performance or statements concerning general economic, political or social conditions in 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”, “may”, “should” and similar words and expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements.

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

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

Item 4. Information on the Company

History and Development of the Company

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

Capital Expenditures

The table below sets forth our actual capital expenditures, permanent investments and acquisitions for the years ended December 31, 2007, 2008 and 2009 and our projected capital expenditures for the year ended December 31, 2010. For a discussion of how we intend to fund our projected capital expenditures, investments and acquisitions for 2010, as well as a more detailed description of our capital expenditures, investments and acquisitions in prior years, see “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Liquidity” and “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity.”

	Year Ended December 31,(1)			
	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Forecast)
	(Millions of U.S. Dollars)			
Capital expenditures(2)	U.S.\$ 355.1	U.S.\$ 478.8	U.S.\$ 499.3	U.S.\$ 971.0
La Sexta(3)	89.9	63.4	49.0	30.8
Other acquisitions and investments(4)	416.2	137.0	10.5	—
Total capital expenditures and investments	U.S.\$ 861.2	U.S.\$ 679.2	U.S.\$ 558.8	U.S.\$ 1,001.8

- (1) Amounts in respect of some of the capital expenditures, investments and acquisitions we made in 2007, 2008 and 2009 were paid for in Mexican Pesos. These Mexican Peso amounts were translated into U.S. Dollars at the Interbank Rate in effect on the dates on which a given capital expenditure, investment or acquisition was made. As a result, U.S. Dollar amounts presented in the table immediately above are not comparable to: (i) data regarding capital expenditures set forth in “Key Information — Selected Financial Data”, which is presented in Mexican Pesos and, in the case of data presented in U.S. Dollars, is translated at a rate of Ps. 13.08 to one U.S. Dollar, the Interbank Rate as of December 31, 2009, and (ii) certain data regarding capital expenditures set forth under “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity”.
- (2) Reflects capital expenditures for property, plant and equipment, as well as general capital expenditures, in all periods presented. Also includes U.S.\$78.7 million in 2007, U.S.\$183.3 million in 2008 and U.S.\$239.0 million in 2009 for the expansion and improvement of our Cable and Telecom business; U.S.\$122.3 million in 2007, U.S.\$114.0 million in 2008 and U.S.\$128.8 million in 2009 for the expansion and improvement of our Sky business and, U.S.\$41.4 million in 2007, U.S.\$39.6 million in 2008 and U.S.\$17.5 million in 2009 for our Gaming business. The forecast amount for 2010 includes an accrual of U.S.\$111 million related to our investment in a new 24-transponder satellite that was launched in the first quarter of 2010, which will be paid in cash in 2011, as well as capital expenditures in connection with the expansion and growth of our Telecom and Sky segments. The forecast amount for 2010 does not include any amounts to be invested in connection with Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. See “ — Investments — Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V.” Likewise, the forecast amount does not include any amounts to be invested in connection with the Investment and Securities Subscription Agreement entered into with NII Holdings, Inc., or NII. See “ — Developing New Businesses and Expanding Through Acquisitions.”
- (3) In 2007, 2008 and 2009 we made capital contributions related to our interest in La Sexta (40% in 2007 and 2008, and 40.5% in 2009) in the amount of U.S.\$89.9 million (€65.9 million), U.S.\$63.4 million (€4.4 million) and U.S.\$49 million (€35.7 million), respectively.
- (4) In the second half of 2007, we acquired Editorial Atlántida, a leading publishing company in Argentina for an aggregate amount of U.S.\$78.8 million. In the fourth quarter of 2007, we acquired the majority of the assets of Bestel, a privately held, facilities-based telecommunications business in Mexico for an amount of U.S.\$256.0 million in cash plus an additional capital contribution of U.S.\$69.0 million. In 2008, we invested U.S.\$100.0 million in an additional issuance of long-term notes of Alvafig, which proceeds were used by Alvafig to acquire shares representing approximately 11% of Cablemás’ aggregate capital stock; we invested U.S.\$25.0 million in Spot Runner, an advertising company; and made additional capital contributions in Volaris, the low-cost carrier airline in Mexico, in the amount of U.S.\$12.0 million. In 2009, we made investments in Volaris, for an aggregate amount of U.S.\$5.0 million, and in other companies in which we hold a noncontrolling interest for an aggregate amount of U.S.\$5.5 million.

In 2007, 2008 and 2009, 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 2010, 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 2010 through available cash from operations, cash on hand and/or borrowings. The amount of borrowings required to fund these cash needs in 2010 will depend upon the timing of cash payments from advertisers under our advertising sales plan.

Business Overview

Grupo Televisa, S.A.B., is the largest media company in the Spanish-speaking world based on its market capitalization and a major participant in the international entertainment business. We operate broadcast channels in Mexico and complement our network coverage through affiliated stations throughout the country. As of December 31, 2009, our broadcast television channels had an average sign-on to sign-off audience share of 70.8%. We produce pay television channels with national and international feeds, which reach subscribers throughout Latin America, the United States, Canada, Europe and Asia Pacific. We export our programs and formats to television networks around the world. As of December 31, 2009, we had exported 65,449 hours of programming to approximately 57 countries.

We believe we are the most important Spanish-language magazine publisher in the world, as measured by circulation, with an annual circulation of approximately 153 million magazines publishing 178 titles in approximately 20 countries.

We own 58.7% of Sky, a DTH satellite television provider in Mexico, Central America and the Dominican Republic. We are also a shareholder in three Mexican cable companies, Cablevisión, Cablemás and TVI. We own 51% of Cablevisión, 50% of TVI and 58.3% of Cablemás.

We also own Esmas.com, one of the leading digital entertainment web portals in Latin America, a gaming business which includes bingo parlors, a 50% stake in a radio company that as of December 31, 2009 reached 75% of the Mexican territory, a feature film production and distribution company, soccer teams and a stadium in Mexico.

We also own an unconsolidated equity stake in La Sexta, a free-to-air television channel in Spain, and in OCESA, one of the leading live entertainment companies in Mexico.

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 maintaining high operating margins. We have been able to withstand the economic downturn as well as the depreciation of the Mexican Peso as a result, in part, of our cost cutting plan, which we put into effect in the last quarter of 2008. For more information on our cost cutting plan see “Operating and Financial Review and Prospects.”

By leveraging all our business segments and capitalizing on their synergies to extract maximum value from our content, we also intend to continue expanding our pay-TV networks business, increasing our international programming sales worldwide and strengthening our position in the growing U.S.-Hispanic market. We also intend to continue developing and expanding Sky, our DTH platform, strengthen our position in the cable and telecommunications industry, continue developing our publishing business and become an important player in the gaming industry.

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 2008 and 2009, our networks aired 69% and 68%, respectively, of the 200 most-watched television programs in Mexico, according to IBOPE Mexico. 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 library, exclusive rights to soccer games and other events, as well as cultural, musical and show business productions.

In April 2008, we began broadcasting more than 1,000 hours per year of Telemundo's original programming on Channel 9. We currently and through December 2011, pay Telemundo a fixed license fee for the broadcast of Telemundo's programming on our Channel 9 Network. Beginning January 2012, we will pay Telemundo a license fee based on a percentage of all revenues generated from sales related to Telemundo programming. In addition, since 2010 we distribute, via Sky and Cablevisión, a new pay television channel in Mexico produced by Telemundo principally featuring Telemundo branded content. See "— Television — Programming — Foreign-Produced Programming". As a result of the strategic alliance agreement entered into with NBC Universal's Telemundo, we distribute Telemundo content in Mexico on an exclusive basis across multiple platforms including broadcast television, pay television and our emerging digital platforms. In October 2008, we entered into license agreements to distribute Telemundo's original content through digital and wireless platforms in Mexico. As part of the agreements, Telemundo provides Televisa Telemundo's original content, including its highly popular telenovelas currently broadcast on Televisa's Channel 9, on all of Televisa's digital platforms including Esmas.com.. Moreover, Televisa also offers mobile wall papers, ring tones and text messaging services based on Telemundo branded content to mobile phone subscribers in Mexico through Televisa's mobile business unit Esmas Móvil, the leading mobile premium content provider in Mexico. The agreements complement and are part of the strategic alliance to distribute Telemundo's original content in Mexico across multiple platforms, including, broadcast TV, PayTV and emerging digital platforms.

Improving Our Sales and Marketing Efforts. 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; (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; and (v) continuing to provide our customers with increased opportunities for product integration.

Maintaining High Operating Segment Income Margins. Our television broadcasting operating segment income margin for 2008 and 2009 was 48.9% and 47.9%, respectively. We intend to continue maintaining high television broadcasting operating segment income margins by increasing revenues and controlling costs and expenses.

Advertising Sales Plan. Our sales force is organized into separate teams, each of which focuses on a particular segment of our business. 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, whereby our television advertisers are billed for actual minutes used, and the amount billed per minute is based on the price per rating point and actual ratings delivered. This pricing alternative allows an advertiser to purchase advertising time based on the actual ratings of the television programs during which its advertisements are aired. We do not have commitments with advertisers to achieve a certain rating upon broadcast and therefore do not provide any future price adjustments if a certain rating is not met. For a description of our advertising sales plan, see "Operating and Financial Review and Prospects — Results of Operations — Total Segment Results — Advertising Rates and Sales".

We currently sell only a portion of our available television advertising time. We use a portion of our 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. and midnight for public service announcements and 30 minutes per day for public programming (referred to in this annual report as Official Television Broadcast Time), and our remaining available television advertising time to promote, among other things, our television products. We sold approximately 59%, 62%, and 57% of total available national advertising time on our networks during prime time broadcasts in 2007, 2008 and 2009, respectively, and approximately 50%, 49%, and 47% of total available national advertising time during all time periods in 2007, 2008 and 2009, respectively. See “Operating and Financial Review and Prospects — Results of Operations — Total Segment Results — Television Broadcasting”.

Continue Building Our Pay Television Platforms

DTH. We believe that Ku-band DTH satellite services offer an enhanced opportunity for expansion of pay television services into cable households seeking to upgrade reception of our broadcasting and in areas not currently serviced by operators of cable or multi-channel, multi-point distribution services. We own a 58.7% interest in Innova, or Sky, our joint venture with DIRECTV. Innova is a DTH company with services in Mexico, Central America and the Dominican Republic with approximately 1.96 million subscribers, of which 144,326 were commercial subscribers as of December 31, 2009.

Following the merger with PanAmSat, Intelsat, our primary satellite service provider, renamed the satellites PAS-9 and PAS-3R as IS-9 and IS-3R, respectively. Intelsat recently reported that IS-9 is estimated to have its end of life reduced to October, 2012, and that it anticipates a replacement satellite, IS-21, to start service in the fourth quarter of 2012.

In December 2007, Innova and Sky Brasil Servicos Ltda., or Sky Brasil, reached an agreement with Intelsat Corporation and Intelsat LLC, to build and launch a new 24-transponder satellite, IS-16, for which service will be dedicated to Sky and Sky Brasil over the satellite’s estimated 15-year life. The satellite will provide back up for both platforms, and will also double Sky’s current capacity. Innova plans to use this extra capacity for High Definition, or HD, and other value-added services. The satellite was manufactured by Orbital Sciences Corporation and was launched in the first quarter of 2010. For a description of our satellites, see “— Property, Plant and Equipment — Satellites”.

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 selected matches of the Mexican Soccer League and the Spanish Soccer League, including La Liga and La Copa del Rey, the NFL Sunday Ticket, NBA Pass, MLB Extra Innings, the NHL and the Golf Channel;
- 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-TV services in Mexico;
- expanding our DTH services in Central America and the Caribbean;
- providing superior digital Ku-band DTH satellite services and emphasizing customer service quality; and
- continuing to leverage our strengths and capabilities to develop new business opportunities and expand through acquisitions.

Pay Television Networks. Through our 16 pay-TV brands and 31 national and international feeds, we reached more than 23 million subscribers throughout Latin America, the United States, Canada, Europe and Asia Pacific in 2009. Our pay-TV channels include, among others, three music, four movie, seven variety and entertainment channels, one recently launched 24 hour news channel, Foro TV and one recently launched sports channel, Televisa Deportes Network, or TDN, which was launched in July 2009 and offers 24-hour-a-day programming 365 days a year. TDN features more than eight hours a day of proprietary content, including exceptional editorial content, story coverage, commentary and transmission of national and international soccer tournaments, American football, basketball, baseball, golf, wrestling, boxing and extreme sports. The content is available in standard definition and includes the exclusive transmission and retransmission of certain matches of the Mexican first division soccer tournament, as well as additional matches broadcast simultaneously; the Spanish soccer cup, including exclusive transmission of two matches per week; Noticiero Televisa Deportes; the 2010 soccer World Cup; the UFC Ultimate Fighting Championship; and much more. This pay-TV sports channel resulted from a licensing agreement that Televisa has entered into with Barra Deportiva, S.A. de C.V., the new independent producer formed from the association of Televisa and Deportes y Medios Panamericana, S.A. de C.V. owned by Estadio W. We hold a 49% full voting stake in Barra Deportiva, S.A. de C.V. Through TuTV, our joint venture with Univision, we distribute five pay-TV channels within the United States. These channels, whose content includes film, music and lifestyle programming, reached more than 1.9 million households in 2009.

Cable. We are a shareholder in three Mexican cable companies, Cablevisión, Cablemás and TVI. With a subscriber base of over 632,061 cable television subscribers (all of which were digital subscribers), as of December 31, 2009 and over 1.9 million homes passed as of December 31, 2009, Cablevisión, the Mexico City cable system in which we own a 51% interest, is one of the most important 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;
- continuing to upgrade its existing cable network into a broadband bidirectional network;
- maintaining its 100% 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
- continuing to leverage 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 well as IP telephony. As of December 31, 2009, Cablevisión had 250,550 cable modem customers compared to 199,731 at December 31, 2008. The growth we have experienced in Cablevisión has been driven primarily by the conversion of our system from analog to digital format. Accordingly, Cablevisión has concluded its plan to switch its analog subscriber base to the digital service. In addition, Cablevisión introduced video on demand, or VOD, services and, in May 2007 received governmental approval to introduce telephony services. On July 2, 2007, Cablevisión began to offer IP telephony services in certain areas of Mexico City and as of December 31, 2009, it had 133,829 IP telephone lines in service. As of December 31, 2009, Cablevisión has offered the service in every area in which its network is bidirectional.

As of May 2010, we owned 58.3% of the capital stock and 49% of the voting stock of Cablemás. Cablemás operates in 49 cities. As of December 31, 2009, the Cablemás cable network served more than 912,825 cable television subscribers, 289,006 high-speed internet subscribers and 146,406 IP-telephony lines, with approximately 2.73 million homes passed. On August 8, 2007, the Mexican Antitrust Commission authorized, subject to compliance with certain conditions, the conversion of our long-term notes into 99.99% of the equity of Alvafig, and on December 11, 2007, after we appealed the first decision of the Mexican Antitrust Commission, the conversion of our long-term convertible notes into 99.99% of the equity of Alvafig was authorized subject to compliance with certain new conditions. The initial two conditions that have already been met, and that going forward must be complied with on a continuous basis, are: (1) to make available, subject to certain conditions, our over the air channels to pay-TV operators on non-discriminatory terms ("must offer") and (2) that our pay-TV platforms carry, upon request and subject to certain conditions, over the air channels operating in the same geographic zones where such pay-TV platforms provide their services ("must carry"). There are other conditions that have been met and that have to be met, which we believe we are complying with on a timely basis, including the termination of the Stockholder Trust which took place on June 17, 2009.



In March 2006, our subsidiary, Corporativo Vasco de Quiroga, S.A. de C.V., or CVQ, acquired a 50% interest in TVI. TVI is a telecommunications company offering pay television, data and voice services in the metropolitan area of Monterrey and other areas in northern Mexico. As of December 31, 2009, TVI had 1.0 million homes passed, served more than 237,062 cable television subscribers, 112,105 high-speed internet subscribers and 75,779 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. We believe that as of this date, CVQ has complied on a regular basis with all of such conditions. See “Key Information — Risk Factors — Risk Factors Related to Mexico — Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures”.

Expanding Our Publishing Business

With a total approximate circulation of 153 million magazines during 2009, we believe our subsidiary, Editorial Televisa, S.A. de C.V., or Editorial Televisa, is the most important Spanish-speaking publishing company in the world in number of magazines distributed. Editorial Televisa publishes 178 titles; 113 are wholly-owned and produced in-house and the 65 remaining titles are licensed from world renowned publishing houses, including Spanish language editions of some of the most prestigious brands in the world. Editorial Televisa distributes its titles to approximately 20 countries, including Mexico, the United States and countries throughout Latin America.

We believe that Editorial Televisa leads at least 18 of the 20 markets in which we compete in terms of readership.

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

We license our programs to television broadcasters and pay-TV providers in the United States, Latin America, Asia, Europe and Africa. Excluding the United States, in 2009, we licensed 65,449 hours of programming in approximately 57 countries throughout the world. We intend to continue exploring ways of expanding our international programming sales.

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 La Sexta, a consortium that includes Televisa, which holds a 40.517% equity interest therein; Grupo Globomedia and the Mediapro Group, which control a 51.658% equity interest, indirectly, through their interest in GAMP Audiovisual, S.A., or GAMP; and as of November 2006, Gala Desarrollos Comerciales, S.L. or Gala, which holds a 7.825% equity interest which it acquired from GAMP. La Sexta began broadcasting on March 27, 2006. Through our investment in La Sexta, we believe we are able to capitalize on the size of Spain’s advertising market, as well as the potential synergies between the country’s entertainment market and our current markets. For a description of our arrangements with La Sexta, see “— Investments — La Sexta”.

The U.S.-Hispanic population, estimated to be 48.4 million, or approximately 15.8% of the U.S. population according to U.S. Census estimates published May 14, 2009, is currently one of the fastest growing segments in the U.S. population, with the growth among Hispanics responsible for half of the U.S. population gains between 2000 and 2009. The U.S. Census Bureau projects that the Hispanic population will be approximately 21% of the U.S. population by the year 2025. Hispanics are expected to account for U.S.\$1.3 trillion of U.S. consumer spending, or 9.9% of the U.S. total disposable income, by 2014, 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. In exchange for this programming, during 2007, 2008, 2009, Univision paid us U.S.\$138.0 million, U.S.\$146.5 million and U.S.\$143.0 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 our shares and warrants in Univision were cancelled and converted into cash in an aggregate amount of 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 the provisions of certain participation agreement by and among Televisa, Univision, certain principals of Univision, and Venevision, or the Participation Agreement, except in the case that we enter into certain transactions involving direct broadcast satellite or DTH 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 certain restrictions which may continue to bind us by reason of the 2001 Program License Agreement, or PLA, between Televisa Internacional, S.A. de C.V. and Univision, 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. In May 2003, TuTv entered into a five-year distribution agreement with DISH Network Corporation, formerly EchoStar Communications Corporation, the third largest provider of Latino pay-TV programming in the U.S., for three of the five existing channels. In October 2008, TuTv extended this agreement through December 2012, and in relation to the extension launched the Mexican regional music network Bandamax as well as one more channel for a total of four. 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 2009, channels distributed by TuTv reached approximately 1.9 million subscribers through EchoStar Communications Corporation, DIRECTV Puerto Rico, Cox, Time Warner 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.

We plan to continue growing our gaming business which consists of bingo and sports books halls, and a national lottery. As of December 31, 2009, we had 26 bingo and sports books halls in operation, under the brand name “Play City”. In accordance with our permit, we plan to continue opening bingo and sports books halls over the course of the next three years, to result in a total of 65. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 6,000 electronic terminals. The bingo and sports books halls and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 65 bingo and sports books halls and number draws throughout Mexico. In the first quarter of 2009, we negotiated an orderly termination of the existing contract with Scientific Games, our technology partner for the operations of our online lottery business, and on June 30, 2009 entered into new agreements by which Multijuegos obtained from Scientific Games a license for the lottery software and all the electronic terminals, communications equipment and hardware of the lottery system to operate directly the same.

On August 30, 2009, we entered into a strategic alliance agreement with Genomma Lab Internacional, S.A.B. de C.V., or Genomma Lab, to sell and distribute personal care and over the counter pharmaceuticals in the United States and Puerto Rico. The strategic alliance will operate through Televisa Consumer Products USA, or TCP, a company owned 51% by Televisa and 49% by Genomma Lab. The sale and distribution of Genomma Lab’s products will be an integral part of the activities of TCP. As part of this alliance, on October 8, 2009, TCP entered into, among others, a commercial supply agreement with Genomma Lab. We will make available our different media platforms in the United States and Puerto Rico to TCP, which will provide Genomma Lab’s brands with significant advertising in the targeted markets corresponding to Genomma Lab’s business model. This will enable Genomma Lab to expand the extensive success of its brands beyond Mexico and Latin America by accessing a Hispanic market of approximately 50 million consumers with an estimated purchasing power of over \$870 billion annually while leveraging Televisa’s reach and name recognition in the Hispanic market. The transaction was closed on October 8, 2009 and we launched operations in March 2010.

On February 15, 2010, we entered into an Investment and Securities Subscription Agreement, or Investment Agreement with NII pursuant to which we will acquire a 30% equity interest in Comunicaciones Nextel de Mexico, S.A. de C.V., or Nextel Mexico, for an aggregate purchase price of \$1.44 billion. Under the Investment Agreement, we will be granted an option to acquire an additional 7.5% equity interest in Nextel Mexico that will be exercisable on either the third or fourth anniversary of completion of the initial investment. NII will continue to hold the remaining equity interests in Nextel Mexico. Under the Investment Agreement, the parties agreed to form a consortium to participate together in an auction of licenses authorizing the use of certain frequency bands for wireless communication services in Mexico, which is currently being conducted by the *Comisión Federal de Telecomunicaciones*, or The Federal Telecommunications Commission, in Mexico. Completion of the transactions contemplated by the Investment Agreement including the acquisition by Televisa of the equity interest is conditioned upon, among other things, the consortium's success in acquiring spectrum in the auction and receiving the necessary licenses to use such spectrum.

On March 18, 2010, Telefónica Móviles de México, S.A. de C.V., Editora Factum, S.A. de C.V., a wholly-owned subsidiary of the Company, and Megacable agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the Mexican Federal Power Commission, or CFE (*Comisión Federal de Electricidad*). On June 9, 2010, the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession to operate a public telecommunications network using a new technology model known as power line communications, or PLC, and broadband over power lines communications, or BPL. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, will pay Ps.883.8 million as consideration for the concession. GTAC plans to have the network ready to offer commercial services in approximately 18 months, and expects to invest close to an additional Ps.1.3 billion during the term of the lease to get the network ready for service. This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households 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 458 other television stations elsewhere in Mexico. Most of the stations outside of Mexico City retransmit 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 219 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 85 and 93 stations, respectively, outside of Mexico City. Televisora del Valle de Mexico, S.A. de C.V., or Televisora del Valle de México, 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 9 repeater stations, and Channel 22. There are also 21 independent stations outside of Mexico City which are unaffiliated with any other stations. See “— Television Broadcasting”.

We estimate that approximately 23.1 million Mexican households have television sets, representing approximately 91.2% of the total households in Mexico as of December 31, 2009. We believe that approximately 97.7% of all households in Mexico City and the surrounding area have television sets.

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

As used in this annual report, “audience share” for a period means the number of television sets tuned into a particular program as a percentage of the number of households watching over-the-air television during that period without regard to the number of viewers. “Rating” for a period refers to the number of television sets tuned into a particular program as a percentage of the total number of all television households. “Average audience share” for a period refers to the average daily audience share during that period, and “average rating” for a period refers to the average daily rating during that period with each rating point representing one percent of all television households. “Prime time” is 4:00 p.m. to 11:00 p.m., seven days a week, “weekday prime time” is 7:00 p.m. to 11:00 p.m., Monday through Friday, and “sign-on to sign-off” is 6:00 a.m. to midnight, seven days a week. The average ratings and average audience share for our television networks and local affiliates and programs relate to conventional over-the-air television stations only; cable services, multi-channel, multi-point distribution system and DTH satellite services, videocassettes and video games are excluded.

Programming

Programming We Produce. We produce a significant part of the Spanish-language television programming in the world. In 2007, 2008 and 2009, we produced approximately 68,800 hours, 72,900, and 71,300 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.

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 and professional wrestling matches. See “— Other Businesses — Sports and Show Business Promotions”. In 2007, we broadcast the 2007 FIFA Under-20 World Cup, certain matches of the CONCACAF Gold Cup, and the Copa America. In 2008, we broadcast the 2008 Olympic Games held in Beijing, China, and the 2008 FIFA Beach Soccer World Cup. In 2009, we broadcast the 2009 Confederations Cup, the 2009 FIFA Beach Soccer World Cup, the 2009 CONCACAF Gold Cup, the 2009 FIFA Under-17 World Cup and the 2009 FIFA Under-20 World Cup.

Our programming is produced primarily at our 30 studios in Mexico City. We also operate 18 fully equipped remote control units. Some of our local television stations also produce their own programming. These local stations operate 41 studios and 35 fully equipped remote control units. See “— Television Broadcasting — Local Affiliates”.

Foreign-Produced Programming. We license and broadcast television programs produced by third parties outside 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 49%, 45%, and 44% of the programming broadcast on our four television networks in 2007, 2008 and 2009, 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

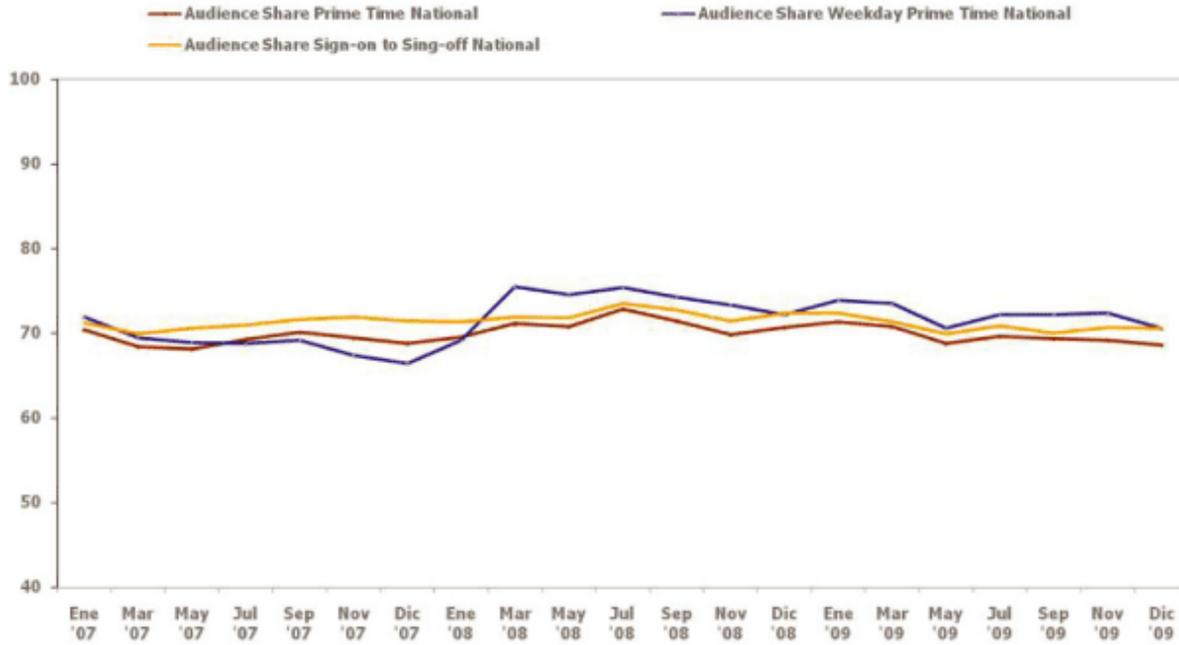
We operate four television networks that can be viewed throughout Mexico on our affiliated television stations through Channels 2, 4, 5 and 9 in Mexico City. The following table indicates the total number of operating television stations in Mexico affiliated with each of our four networks, as well as the total number of local affiliates, as of December 31, 2009.

	Wholly Owned Mexico City Anchor Stations	Wholly Owned Affiliates	Majority Owned Affiliates	Minority Owned Affiliates	Independent Affiliates	Total Stations
Channel 2	1	123	2	—	1	127
Channel 4	1	—	—	—	—	1
Channel 5	1	62	—	—	4	67
Channel 9	1	14	—	—	13	28
Subtotal	4	199	2	—	18	223
Border Stations	—	1	—	—	—	1
Local (Stations) Affiliates	—	18	—	1	14	33
Total	4	218	2	1	32	257

The programs shown on our networks are among the most watched television programs in Mexico. Based on IBOPE Mexico surveys during 2007, 2008 and 2009, our networks aired 146, 137, and 136, respectively, of the 200 most watched television programs throughout Mexico and produced 16, 17, and 16, 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.

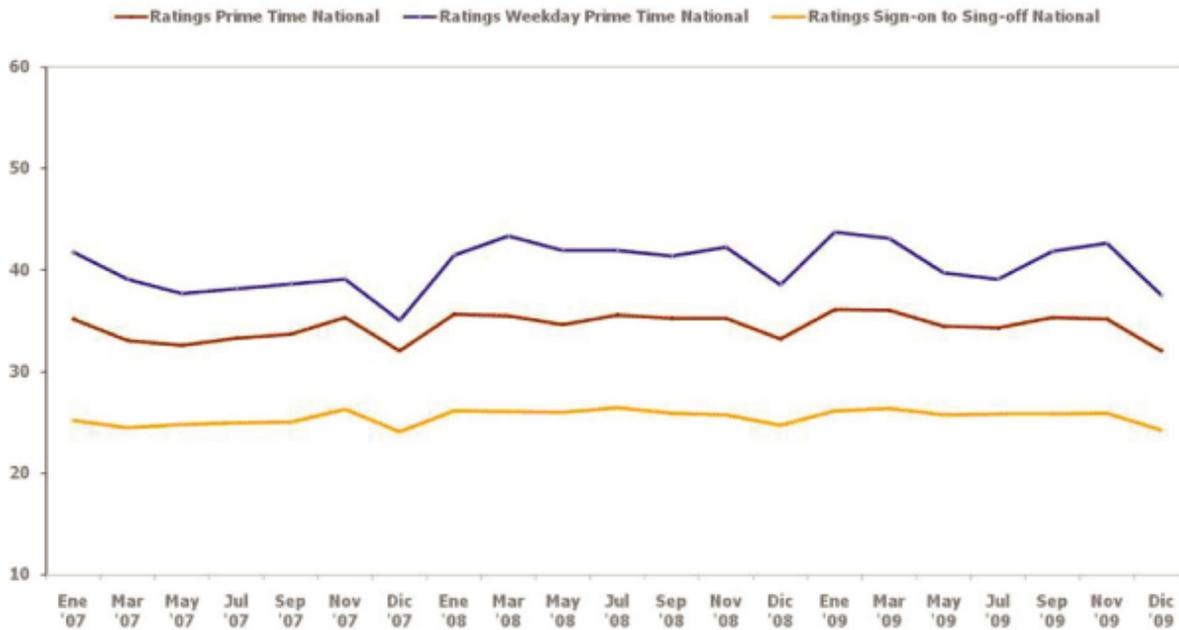
The following charts compare the average audience share and average ratings during prime time hours, weekday prime time hours and from sign-on to sign-off hours, of our television networks as measured by the national audience, from January 2007 through December 2009, shown on a bimonthly basis.

**Average Audience Share
January 2007 — December 2009(1)**



(1) Source: IBOPE Mexico national surveys.

**Average Ratings
January 2007 — December 2009(1)**



(1) Source: IBOPE Mexico national surveys.

Channel 2 Network. Channel 2, which is known as “*El Canal de las Estrellas*”, or “The Channel of the Stars”, together with its affiliated stations, is the leading television network in Mexico and the leading Spanish-language television network in the world, as measured by the size of the audience capable of receiving its signal. Channel 2’s programming is broadcast 24 hours a day, seven days a week, on 127 television stations located throughout Mexico. The affiliate stations generally retransmit 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 22.8 million households, representing 98.5% 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 2007, 2008 and 2009.

According to the *Política Nacional para la Introducción de los Servicios de Televisión Digital Terrestre* or the National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, in May 2005, Mexico City’s Channel 2 obtained a 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. Since December 2005, these DTV stations have been 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:

	Year Ended December 31,		
	2007(1)	2008(1)	2009(1)
Prime time hours	29.9%	34.1%	33.9%
Weekday prime time hours	33.6%	38.3%	36.6%
Sign-on to sign-off hours	29.7%	32.1%	31.7%

(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 66 repeater stations located throughout Mexico. We estimate that the Channel 5 Network reaches approximately 21.2 million households, representing approximately 91.8% 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 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 license to transmit DTV services in Channel 50 as its second channel during the transition period estimated to end by the year 2021. Also, two repeaters of the Channel 5 Network had obtained a similar license. Since December 2005, these DTV stations have been in place and fully operational.

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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:

	Year Ended December 31,		
	2007(1)	2008(1)	2009(1)
Prime time hours	18.7%	18.1%	18.6%
Weekday prime time hours	16.6%	16.1%	17.1%
Sign-on to sign-off hours	20.6%	19.6%	20.3%

(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 2009, we aired 27 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 5.3 million households, representing approximately 22.8% of television households in Mexico in 2009. 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 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 license to transmit DTV services in Channel 49 as its second channel during the analog to digital transition period estimated to end by the year 2021. As of December 2005, this DTV station has been 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,		
	2007(1)	2008(1)	2009(1)
Prime time hours	7.3%	7.2%	6.2%
Weekday prime time hours	8.1%	8.4%	7.5%
Sign-on to sign-off hours	8.6%	9.0%	8.3%

(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. 4TV has succeeded in attracting a larger share of the Mexico City television audience by broadcasting two local newscasts relating to the Mexico City metropolitan area.

Channel 9 Network. In addition to its anchor station, Channel 9 is affiliated with 27 repeater stations, approximately 39% of which are located in central Mexico. We estimate that Channel 9 reaches approximately 16.8 million households, representing approximately 72.8% of households with television sets in Mexico. Channel 9 broadcasts in 26 of the 27 cities other than Mexico City that are covered by national surveys.

According to the 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 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 has been operational. Also, as disclosed above, in April 2008, we began broadcasting Telemundo’s original programming on Channel 9.

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,		
	2007(1)	2008(1)	2009(1)
Prime time hours	13.1%	11.8%	11.2%
Weekday prime time hours	10.7%	11.1%	11.1%
Sign-on to sign-off hours	12.1%	11.7%	10.6%

(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, telenovelas produced by third parties, news and re-runs of popular programs from Channel 2. In April 2008, we began broadcasting more than 1,000 hours per year of Telemundo’s original programming on Channel 9. See “Business Strategy — Maintaining Our Leading Position in the Mexican Television Market — Continuing to Produce High Quality Programming”.

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 2007, 2008 and 2009, the local television stations owned by us produced 48,100 hours, 49,500 hours, and 48,600 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 National Policy for the Introduction of Terrestrial Digital Television Services in Mexico dictated by the SCT, six of the 18 local stations wholly owned have obtained licenses to transmit DTV services in their service area during the transition period estimated to end by year 2021. These six DTV stations are in place and fully operational.

Border Stations. We currently own XETV, a Tijuana based television station which operates under a concession from the SCT from Mexico (The “Border Station”) on the Mexico/U.S. border that broadcasts English-language programs pursuant to a permit granted by The Ministry of The Interior, which is renewed yearly. The Border Station is affiliated with the Tijuana/San Diego market, under an affiliation agreement with The CW Network LLC, or CW Network. The CW Network was formed as a joint venture between Warner Bros. Entertainment and CBS Corporation. The Border Station broadcasts under renewable permits issued by the U.S. Federal Communications Commission, or FCC, to the station and to CW that authorize electronic cross-border programming transmissions. 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 on June 30, 2008 for a five-year term expiring on June 30, 2013. The CW’s cross-border FCC permit began on August 8, 2008 for a five-year term and will expire on August 8, 2013.

Pay Television Networks. We produce or license a suite of Spanish and English-language television channels for pay-TV 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. As of December 2009, we had over 23 million subscribers worldwide.

In 2007, 2008 and 2009, we produced approximately 10,100 hours, 13,200 hours, and 13,300 hours, respectively, of programming and videos, for broadcast on our pay-TV 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*, *Canal de las Estrellas Europa*, *Canal 2 Delay-2hrs Clasico TV*, *TDN* and *Foro TV*.

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 DISH Network Corporation, formerly EchoStar Communications Corporation for three of the five existing channels. In October 2008, TuTv extended this agreement through December 2012, and in relation to the extension launched the Mexican regional music network Bandamax as well as one more channel for a total of four. See “— Univision”.

Programming Exports. We license our programs and our rights to programs produced by other television broadcasters and pay-TV 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 60,308 hours, 64,803 hours, and 65,449 hours of programming in 2007, 2008 and 2009, respectively. See “— Univision” and “Operating and Financial Review and Prospects — Results of Operations — Total Segment Results — Programming Exports”. As of December 31, 2009, we had approximately 225,567 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 pay-TV services.

Publishing

We believe we are the most important 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 153 million copies in 2009, we publish 178 titles that are distributed in approximately 20 countries, including the United States, Mexico, Colombia, Chile, Venezuela, Puerto Rico, Argentina, Ecuador, Peru and Panama, among others. See “— Other Businesses — Publishing Distribution”. Our main publications in Mexico include a weekly entertainment and telenovelas magazine, *TV y Novelas*, *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*, *TV y Novelas U.S.A.* and *Caras*.

We publish the Spanish-language edition of several magazines, including *Cosmopolitan*, *Good Housekeeping*, *Harper's Bazaar*, *Seventeen*, and *Popular Mechanics* through a joint venture with Hearst Communications, Inc.; *PC Magazine*, pursuant to a license agreement with Ziff-Davis Media, Inc.; *Maxim*, pursuant to a license agreement with Alpha Media Group, Inc.; *Marie Claire*, pursuant to a license agreement with Marie Claire Album; *Men's Health and Prevention*, *Women's Health*, *Runner's World*, pursuant to a license agreement with Rodale Press, 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 joint venture with GyJ España Ediciones, S.L.C. en C.; and *Disney Princesas*, *Disney Winnie Pooh*, *Disney Hadas*, *Power Rangers* and *Playhouse Disney*, pursuant to a license agreement with Disney Consumer Products Latin America, Inc. We also publish a Spanish-language edition of *National Geographic*, *National Geographic Traveler* and of *National Geographic Kids* in Latin America and in the United States through a licensing agreement with National Geographic Society. In addition, we publish a Spanish-language edition of *OK!* pursuant to a license agreement with Northern & Shell Luxembourg Branch as well as several comics pursuant to a license agreement with Marvel Characters, B.V.

During 2007, we acquired Editorial Atlántida, a leading publishing company in Argentina. Editorial Atlántida publishes a total of 11 magazines and operates a book publishing business, interactive websites, and numerous brand-extension projects.

During 2009, we launched three new titles, *Atrévete a Soñar*, a telenovela-themed licensed magazine, *Poder y Negocios Venezuela* and *Poder y Negocios Perú*, which are wholly owned business titles.

Cable and Telecom

Cablevisión

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 “— Digital 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 1,408 cable concessions in Mexico as of December 31, 2009, serving approximately 5.1 million subscribers.

Mexico City Cable System. We own a 51% interest in Cablevisión, one of the most important cable television operators in Mexico, which provides cable television services to subscribers in Mexico City and surrounding areas. See Note 24 to our year-end financial statements. As of December 31, 2009, Cablevisión had over 632,061 cable television subscribers all of which were digital subscribers. On March 27, 2009, the shareholders of Cablevisión approved the issuance of an additional 657,467,502 common shares and an increase in its capital stock for an amount of Ps.328,733,751.00 for which Ps.3,371,266,237.00 was paid as premium for the subscription of such capital increase. This capital increase did not change the percentage ownership of Televisa in Cablevisión. 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”.

Digital Cable Television Services. Cablevisión was the first multi-system operator in Mexico to offer an on-screen interactive programming guide, video on demand, high definition channels as well as Motorola and TiVo[®] DVR services throughout Mexico City. Along with its digital cable service, Cablevisión also offers high speed internet and a competitive digital telephone service in a 100% bundled portfolio. Through its world class network, Cablevisión is able to distribute high quality video content, unique video services, last generation interactivity with “Cablevisión On Demand”, 1080i high definition, impulse and order pay-per-view, a-la-carte programming, among other products and services, with added value features and premium solutions for consumers. Cablevisión’s 100% digital cable service offers six main programming packages ranging in price from Ps.189.00 to Ps.679.00 (VAT included), which as of April 30, 2009 included up to 280 linear channels: 194 video channels (this comprises 10 over-the-air channels, Fox, ESPN, CNN International, HBO, Disney Channel, TNT, and others), 56 audio channels and 21 pay-per-view channels.

Video-on-Demand and Pay-Per-View Channels. Cablevisión currently offers its Video-On-Demand platform as well as 21 pay-per-view cable television channels in each of its digital service packages. The Video-On-Demand Service and the pay-per-view channels show films and special events programs, including sports and musical events among other content.

Cablevisión 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.189.00 to Ps.679.00. See “— Digital 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.

Cablevisión Television Initiatives. Cablevisión plans to continue offering the following multimedia communications services to its subscribers:

- enhanced programming services, including video games, video on demand, high definition, impulse pay per view;
- Broadband internet services; and
- IP telephony services.

In May 2007, Cablevisión received a concession to offer fixed telephony services through its network. On July 2, 2007, Cablevisión began to offer IP telephony services in certain areas of Mexico City and by the end of 2009 offered the service in every area in which its network is bidirectional, which represents 84.7% of its total network.

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 13,500 kilometers with over 1.9 million homes passed. In 2009, Cablevisión expanded its network by over 1,424 kilometers. As of December 31, 2009, 14.66% of Cablevisión's network runs at least at 450 MHz, approximately 6.82% of Cablevisión's network runs at least at 550 MHz, approximately 14.15% of Cablevisión's network runs at least at 750 MHz, approximately 45.6% runs at least at 870 MHz, approximately 18.77% of Cablevisión's network runs at least at 1 GHz, and approximately 84.72% of Cablevisión's network has bidirectional capability.

Cablemás.

Cablemás Cable System. As of May 2009, we owned 58.3% of the capital stock and 49% of the voting stock of Cablemás. Cablemás operates in 49 cities. As of December 31, 2009, the Cablemás cable network served more than 912,825 cable television subscribers, 289,006 high-speed internet subscribers and 146,406 IP-telephony lines, with approximately 2.73 homes passed.

As of December 31, 2009 Cablemás' cable network consisted of 16,584 kilometers of cable. Cablemás is in the final stage of converting its existing cable network into a broadband bidirectional network, operating from 550MHz to 860MHz with the ability to transmit video, data and voice at high-speeds. Currently, 88% of Cablemás' cable network has bidirectional capability, of which 93% was operating at or greater than 550 MHz and 83% was operating at or greater than 750 MHz.

Cablemás Revenues. Cablemás has experienced strong organic growth due to successful implementation of its business strategy, introduction of new products and services and wide acceptance of its bundling offerings.

Cablemás' overall strategy is to increase its penetration levels in each of its markets, through greater value-added services in pay TV, in its active participation in the consolidation of the industry, and through the continued and successful roll-out of Triple-Play services. Cablemás considers itself one of the fastest growing cable television companies in Mexico. Its installed network and its access to subscribers' homes provide opportunities to achieve sales of inter-related services, including video, data (internet) and telephony, as demand for value-added packages develops.

Cablemás' investments to increase its networks' bandwidth and make them bidirectional have allowed it to provide additional products which have enhanced its product offerings. These include:

- Digital signal, Video-on-Demand, and high-definition programming among others, for cable television
- Broadband internet services; and
- IP telephony services.

These additional products have allowed Cablemás to increase the average revenue generated per subscriber at no substantial incremental cost and at an economic advantage to consumers.

Cablemás Services. Since its beginning as a cable system concessionaire Cablemás has grown to offer cable television services, high-speed internet access and telephony services. Currently, Cablemás offers four types of video packages to its customers, which include: "Minibasic" (U.S.\$13), "Basic" (U.S.\$26), "Superbasic" (U.S.\$39) and "Premium" (basic or superbasic rate plus up to U.S.\$20). Cablemás packages include up to 80 video channels. In addition to the above, Cablemás offers high speed internet services ranging from 256 kbps (U.S.\$18) to 3 Mbps (U.S.\$53) and telephony services, which are offered in 100 minute packages (U.S.\$14) up to 800 minute packages (U.S.\$29).

TVI. In March 2006, our subsidiary CVQ acquired a 50% interest in TVI, a telecommunications company offering pay television, data and voice services in the metropolitan area of Monterrey and other areas in northern Mexico.

As of December 31, 2009, TVI had 1.0 million homes passed, served more than 237,062 cable television subscribers, 112,105 high-speed internet subscribers and 75,779 telephone lines.

Bestel. In December 2007, our indirect majority-owned subsidiary, Cablestar, completed the acquisition of shares of companies owning the majority of the assets of Bestel, a privately held, facilities-based telecommunications company in Mexico, for U.S.\$256.0 million in cash plus an additional capital contribution of U.S.\$69.0 million. In connection with the financing of the acquisition of the majority of the assets of Bestel, Cablevisión, Cablemás and TVI, which as of December 2007, held 69.2%, 15.4% and 15.4% of the equity stock of Cablestar, respectively, each entered into five year term loan facilities for U.S.\$225.0 million, U.S.\$50.0 million and U.S.\$50.0 million, respectively. In June 2009, the Company acquired TVI's indebtedness under the above mentioned term loan facility. In July 2009, the Company exchanged its loan balance in connection with such credit facility for the 15.4% interest TVI held in Cablestar. Bestel focuses on providing voice, data, and managed services to domestic and international carriers and to the enterprise, corporate, and government segments in both Mexico and the United States. Bestel owns a fiber-optic network of approximately 8,000 kilometers that covers several important cities and economic regions in Mexico and has direct crossing of its network into Dallas, Texas, Nogales, Arizona, and San Diego, California in the United States. This enables the company to provide high capacity connectivity between the United States and Mexico.

Other Businesses

Publishing Distribution . We estimate that we distribute approximately 50%, in terms of volume, of the magazines circulated in Mexico through our subsidiary, Distribuidora Intermex, S.A. de C.V., or Intermex. We believe that our distribution network reaches over 300 million Spanish-speaking people in approximately 20 countries, including Mexico, Colombia, Chile, Argentina, Ecuador, Peru and Panama. We also estimate that our distribution network reaches over 28,000 points of sale in Mexico and over 75,000 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 2008 and 2009, 63.9% and 62.2%, 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 DVD's, calling cards, sticker albums, novelties and other consumer products.

Televisa Interactive Media. TIM is the Company's online and wireless content division. This venture includes Esmas, our Spanish-language horizontal internet portal; Esmas Móvil, our mobile value added service unit; and Tvolucion.com, Televisa's online video on demand streaming service. TIM leverages Televisa's and third party premium and extensive Spanish-language content, including news, sports, business, music and entertainment, editorials, life and style, technology, health, kids and an opinion survey channel, and offers a variety of services, including search engines, chat forums, and news bulletins.

With a wide range of content channels, online and mobile services, and more than 400 million page views per month and more than 23 million monthly unique users in 2009, we believe that TIM has positioned itself as one of the leading digital entertainment portals in Mexico and Hispanic territories. Currently, 72% of TIM's page views come from Mexico and the rest comes from the U.S. and Latin America.

In October 2008, we entered into license agreements to distribute Telemundo's original content through digital and wireless platforms in Mexico. As part of the agreements, Telemundo provides Televisa original content, including its highly popular telenovelas currently broadcast on Televisa's Channel 9, on all of Televisa's digital platforms including Esmas.com. Moreover, Televisa also offers mobile wall papers, ring tones and text messaging services based on Telemundo branded content to mobile phone subscribers in Mexico through Televisa's mobile business unit Esmas Móvil, the leading mobile premium content cell phone provider in Mexico. The agreements complement and are part of the strategic alliance to distribute Telemundo's original content in Mexico across multiple platforms, including, broadcast TV, PayTV and emerging digital platforms.

Since April 2004, Esmas.com has been offering premium content service to mobile phones while leveraging the cell phone networks in Mexico, the U.S. and Latin America. In 2009, Esmas Móvil sent more than 25 million premium messages to more than approximately 7 million mobile subscribers. Most of the content demanded by users consists of news and sports text alerts, interactive TV promotions, lotteries, wallpapers games and music. We believe that due to the Mexican public's affinity for the high quality and wide range of Televisa's programming content, TIM has become one of the leading premium content mobile service providers in Mexico and in Latin America.

In connection with the series of agreements we entered into with Univision in December 2001, as described under "— Univision", we amended the previous PLA 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 "Key Information — Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision May Affect Our Exploitation of Certain Internet Rights in the United States".

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 and Telecom — Digital Cable Television Services", "— Cable and Telecom — Pay-Per-View Channels", "— Radio Stations", and "— DTH Joint Ventures — Mexico and Central America".

Soccer. We have title to some of Mexico's professional soccer teams. These teams currently play in the Mexican First Division and are among the most popular and successful teams in Mexico. Each team plays two 17 game regular seasons per year. The best teams of each regular season engage in post-season championship play.

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* and the Mexican National Soccer team generally play their home games at this stadium. We have exclusive rights to broadcast the home games of certain Mexican First Division 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.

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 four feature films in 2007, four in 2008, and one in 2009. We have previously established co-production arrangements with Mexican film production companies, as well as with major international companies such as Miravista, Warner Bros., Plural Entertainment and Lions Gate Films. 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 2008 we released two feature films through movie theaters and in 2009 we released *Cabeza de Buda*, one of our coproduced feature films, through movie theaters. We also distribute our feature films outside of Mexico.

We distribute feature films produced by non-Mexican producers in Mexico. Under an agreement with Warner Bros., we were the exclusive distributor in Mexico of their feature films from January 1, 1999, until December 31, 2009. As of January 1, 2010, Warner Bros decided to grant the distribution rights of its films in Mexico to Universal Pictures. In 2007, 2008, 2009 and up to May 7, 2010 we distributed 49, 43, 40 and 7 feature films, respectively, including several U.S. box office hits. We also distribute independently produced non-Mexican and Mexican films in Mexico, the United States and Latin America.

At December 31, 2009, we owned or had rights to approximately 21 Spanish-language films and 130 movies on video titles. Many of these films and titles have been shown on our television networks, cable system and DTH services.

Gaming Business. In 2006, we launched our gaming business which consists of bingo and sports books halls, and a national lottery. As of December 31, 2009, we had 26 bingo and sports books halls in operation, under the brand name "Play City". In accordance with our Gaming Permit, we plan to continue opening bingo and sports books halls over the course of the next three years, to result in a total of 65. In addition, during 2007 we launched Multijuegos, an online lottery with access to a nationwide network of approximately 6,000 electronic terminals. The bingo and sports books halls and Multijuegos are operated under the Gaming Permit obtained from the Mexican Ministry of the Interior, to establish, among other things, up to 65 bingo and sports books halls and number draws throughout Mexico. In the first quarter of 2009, we negotiated an orderly termination of the existing contract with Scientific Games, our technology partner for the operations of our online lottery business, and on June 30, 2009, entered into new agreements by which Multijuegos obtained from Scientific Games a license for the lottery software and all the electronic terminals, communications equipment and hardware of the lottery system to operate directly the same.

Radio Stations. Our radio business, Sistema Radiópolis, S.A. de C.V., 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' Chief Financial Officer. The election of Radiópolis' Chief Executive Officer requires a unanimous vote 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, one AM station in San Luis Potosí and one AM station in 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 may also reach 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 56 affiliate stations (30 AM, 18 FM and 8 combination stations) to Radiópolis' existing network, expanding its total network, including owned and operated and affiliate stations, to 121 stations (including 11 combination stations). After giving effect to the transaction with Radiorama, we estimate that Radiópolis' radio stations reach 73 cities in Mexico. Our programs aired through our radio stations network reach approximately 75 percent of Mexico's population. We plan to continue to explore ways to expand 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 2007, 2008 and 2009, XEW-AM ranked, on average, tenth, thirteenth, and thirteenth, respectively, among the 34 stations in the Mexico City metropolitan area AM market, XEQ-FM, ranked, on average, seventh, sixth, and seventh, respectively, among the 29 stations in the Mexico City metropolitan area FM market, and XEBA ranked, on average, second, second, and second, 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 through the internet.

The successful exclusive radio broadcasting of the 2006 Soccer World Cup and 2008 Olympic Games placed Radiópolis among the highest rating sports-broadcasting radio stations in Mexico.

During the last five years, Radiópolis has organized 20 massive live musical events with leading artists in both musical formats, gathering a record attendance of approximately 175,000 people during the last two events, which were performed at the Estadio Azteca in Mexico City. The events organized by Radiópolis have become among the most popular music-related events among the musical radio stations in Mexico.

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 the Mexican government to provide up to 35 minutes per day of our broadcast time, between 6:00 a.m. and midnight for public service announcements, and 30 minutes per day for official programming (referred to in this annual report as “Official Radio Broadcast Time”).

Investments

OCEN. In October 2002, we acquired a 40% stake in Ocesa Entretenimiento, S.A. de C.V., or OCEN, a subsidiary of CIE, which 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 (under an agreement with Ticketmaster Corporation), food, beverages and merchandising, and the booking and management of Latin artists. OCEN owns 51% of a company named As Deporte, S.A. de C.V., the principal triathlon and athletic competition producer in Mexico, and promoter of other sporting events in Mexico, such as the Ironman competition.

During 2008 and 2009, OCEN promoted more than 3,721 and 4,497 events, respectively, and managed 15 entertainment venues in Mexico City, Guadalajara and Monterrey, providing an entertainment platform that established OCEN as a principal live entertainment company in Mexico.

Additionally, during 2009, OCEN promoted several shows in Central America and Colombia, looking to expand its regional dominance of live entertainment over new territories. Important components of OCEN's business strategy for 2009 and 2010 are the increased on-line presence through the internet site www.ocesa.com.mx, pursuing a reduction of marketing costs, and enhanced understanding of the consumer and direct communication with OCEN's user base through social networks and digital contents.

Mutual Fund Venture. On June 22, 2010, we sold our 40.84% interest in Más Fondos to Profie Mexicana, S.A. de C.V., our former partner in this venture. Such sale is subject to the authorization of the Mexican Bank and Securities Commission, or Comisión Nacional Bancaria y de Valores, or CNBV.

Más Fondos sells mutual funds that are owned and managed by third parties to individual and institutional investors, and distributes 136 funds managed by 9 entities and operates under a license granted by the CNBV.

Volaris. In October 2005, we acquired a 25% interest in Controladora Vuela Compañía de Aviación, S.A. de C.V. and in Concesionaria Vuela Compañía de Aviación, S.A. de C.V., (jointly, "Vuela"), pursuant to which we made a capital contribution in the amount of U.S.\$25.0 million. During 2006, we made capital contributions of U.S.\$7.5 million, in 2008 we made capital contributions of U.S.\$12.0 million, and in 2009 we have made capital contributions of up to U.S.\$5.0 million to date. 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 La Sexta, a consortium that includes Televisa, which holds a 40.517% equity interest therein; Grupo Globomedia and the Mediapro Group, which control a 51.658% equity interest, indirectly, through their interest in GAMP; and as of November 2006, Gala, which holds a 7.825% equity interest which it acquired from GAMP. La Sexta began broadcasting on March 27, 2006.

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 (formerly, "Grupo Afinia"), an entity which resulted from the merger between the Mediapro Group and Grupo Árbol, we received, among other rights, a call option under which we had the right to subscribe, at a price of €80.0 million, 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 Mediapro Arbol, an indirect, wholly owned subsidiary of Imagina, a credit facility for up to €80.0 million 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., 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 decided to terminate the call option granted to us in connection with the possible Imagina investment and paid a €29 million termination fee.

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

During 2008, we made additional capital contributions of € 44.4 million. During 2009, we made additional capital contributions of € 35.7 million. During 2010, we have made loans to La Sexta of € 21.5 million to date

For a description of our commitments of capital contributions in 2008 and 2009 related to this investment, See “Operating and Financial Review and Prospects — Results of Operations — Contractual Obligations and Commercial Commitments — Contractual Obligations Off the Balance Sheet”.

Alvafig. In November 2006, we invested U.S.\$258.0 million in long-term notes convertible, at our option and subject to regulatory approval, into 99.99% of the equity of Alvafig, the holding company of a 49% interest in the voting stock of Cablemás. In February 2008, we invested U.S.\$100.0 million in an additional issuance of long-term notes convertible into 99.99% of the equity of Alvafig, which proceeds were used by Alvafig to increase its interest in Cablemás. On May 16, 2008, we converted all of the convertible long-term notes into 99.99% of the capital stock of Alvafig. Cablemás operates in 49 cities. As of December 31, 2009, the Cablemás cable network served more than 912,825 cable television subscribers, 289,006 high-speed internet subscribers and 146,406 IP-telephony lines, with approximately 2.73 million homes passed. On August 8, 2007, the Mexican Antitrust Commission authorized, subject to compliance with certain conditions, the conversion of our long-term notes into 99.99% of the equity of Alvafig, and on December 11, 2007, after we appealed the first decision of the Mexican Antitrust Commission, the conversion of our long-term convertible notes into 99.99% of the equity of Alvafig was authorized subject to compliance with certain new conditions. The initial two conditions that have already been met, and that going forward must be complied with on a continuous basis, were to make available, subject to certain conditions, our over the air channels to pay-TV operators on non-discriminatory terms (“must offer”) and that our pay-TV platforms carry upon request and subject to certain conditions, over the air channels operating in the same geographic zones where such pay-TV platforms provide their services (“must carry”). There are other conditions that have been met and that have to be met, which we believe we are complying with on a timely basis, including the termination of the Stockholder Trust which took place on June 17, 2009.

Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. On March 18, 2010, Telefónica Móviles de México, S.A. de C.V., Editora Factum and Megacable agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the CFE. On June 9, 2010 the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession to operate a public telecommunications network using a new technology model known as power line communications, or PLC, and broadband over power lines communications, or BPL. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, will pay Ps.883.8 million as consideration for the concession. GTAC plans to have the network ready to offer commercial services in approximately 18 months, and expects to invest close to an additional Ps.1.3 billion during the term of the lease to get the network ready for service. This new fiber optic network will represent for us a new alternative to access data transportation services, increasing competition in the Mexican telecommunications market and therefore improving the quality of the services offered. The fiber optic network will aim to increase broadband internet access for businesses as well as households in Mexico.

We have investments in several other businesses. See Notes 2 and 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.

We indirectly own interests in DTH satellite joint ventures in Mexico, Central America, and the Dominican Republic. No assurance can be given that the DTH joint venture we currently run or that we may own in the future will be successful.

For a description of capital contributions and loans we have made to date to those ventures, see “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity” and “Major Stockholders and Related Party Transactions — Related Party Transactions — Capital Contributions and Loans”.

We have also been developing channels exclusively for pay-TV broadcast. Through our relationship with 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. nor DIRECTV may directly or indirectly operate or acquire an interest in any business that operates a DTH satellite system in Mexico, Central America and the Dominican Republic (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.665.7 million;
- 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, 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.\$88.0 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; 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 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 Corporation (now Intelsat Corporation) 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.

On March 27, 2008 News Corp. and Liberty Media announced the closing of a series of transactions, including a transaction in which Liberty obtained a controlling stake in DIRECTV whereby News Corp. transferred to Liberty its 41% interest in DIRECTV's outstanding shares. As of December 2008, after a series of transactions Liberty increased its economic ownership in DIRECTV to 53%.

Mexico and Central America. 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, 2007, 2008 and 2009, Innova's DTH satellite pay-TV service had approximately 1,585,100, 1,759,801, and 1,959,700 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 approximately 1,500 points of sale. In addition to the above, Innova also experienced growth during 2007, due to new subscribers from operations in Costa Rica and The Dominican Republic, during 2008, due to continuing growth in Central America and the addition of Nicaragua, Guatemala and Panama operations and during 2009 due mainly to continuing growth in Central America and the Dominican Republic. Sky continues to offer the highest quality and exclusive content in the Mexican pay-TV industry. Its programming packages combine our over-the-air channels with other DTH exclusive channels produced by News Corp.

During 2009, Sky offered exclusive content such as one out of every five soccer matches from the Mexican First Division 2009 Tournament, the widest coverage of the Spanish soccer league, the NFL Sunday Ticket, Major League Baseball, the National Hockey League and NBA PASS. Sky also added new channels to its lineup, such as TVC Platino, Teleformula, Cadena 3, Milenio TV, Telemundo and Baby TV. 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. Sky also has arrangements with the major studios.

Until 2008, Sky offered 238 digital channels through five programming packages: Basic (87 video channels, 50 audio channels and 29 pay-per-view); Fun (133 video channels, 50 audio channels and 29 pay-per-view); Movie City (142 video channels, 50 audio channels and 29 pay-per-view); HBO/Max (146 video channels, 50 audio channels and 29 pay-per-view); and Universe (159 video channels, 50 audio channels and 29 pay-per-view) for a monthly fee of Ps.228.00, Ps.302.00, Ps.428.00, Ps.478.00 and Ps.618.00, respectively. The subscriber receives a "prompt payment" discount if the monthly subscription payment is made within 12 days after the billing date.

As of 2009, Sky also broadened its product offering by launching MiSky and VeTV, two new, lower-priced packages that are highly attractive to customers with lower budgets. MiSky is the first modular offering in Mexico that enables our clients to add thematic packages to a base package that includes 25 of the most watched channels. VeTV, a prepaid basis product, offers a low-cost package that includes the free-to-air channels as well as other pay-TV channels that appeal to the whole family.

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.267.00, 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 which depends on the package and payment method.

Sky devotes 20 pay-per-view channels to family entertainment and movies and eight channels are devoted to adult entertainment. In addition, Sky assigns five extra channels exclusively for special events, known as Sky Events, which include concerts and sports. 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 Set-Top Box" concept, which allows its current and new subscribers to have up to four set-top boxes in their homes with independent programming on each TV. Sky also launched SKY+, a PVR set-top box, which enables its subscribers to record up to 120 hours of their favorite programs by programming dates and hours or selecting the program directly from the program guide.

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 additional box.

Programming. We are a major source of programming content for our DTH joint venture and have granted our DTH joint venture DTH satellite service broadcast rights to all of our existing and future program services (including pay-per-view services on DTH), subject to some pre-existing third party agreements and other exceptions and conditions. Through its relationships with us and DIRECTV, 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. At the end of 2008, DISH, a new competitor in the DTH market, launched its services in Mexico and we are uncertain as to how DISH's entry into the DTH market could affect our DTH business. At the beginning of 2009, HiTV, a television service which consists of the transmission of digital television channels through the technology known as DTT, started operating in Mexico City and its metropolitan area. HiTV currently offers approximately 20 channels, including Televisa's digital over the air networks. The SCT and Cofetel are currently reviewing the legality of this service. We are uncertain as to how this service may affect our pay-TV business.

Univision

We have a number of programming 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 and the TeleFutura broadcast and Galavision satellite/cable television networks. Information regarding Univision's business which appears in this annual report has been derived primarily from public filings made by Univision with the SEC and the FCC.

We previously 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 were cancelled and converted into cash in an aggregate amount of approximately U.S.\$1,094.4 million. As a result of the closing of the acquisition of Univision, we lost our right to designate a member to the board of directors of Univision. Accordingly, our former designee to the board of directors of Univision, Ricardo Maldonado Yáñez, resigned from the board.

We have agreed to supply programming to Univision under a program license agreement or PLA that expires in December 2017 (unless earlier terminated), under which we granted Univision an exclusive license to broadcast in the United States, solely on the Univision Network, Galavision Network and TeleFutura Network, substantially all Spanish-language television programming, including programming with Spanish subtitles, for which we own the United States television broadcast rights, subject to exceptions, including certain co-productions, soccer games, and certain non-episodic and non-continuing programs. See “Operating and Financial Review and Prospects — Results of Operations — Total Segment Results — Programming Exports”. On January 22, 2009, the Company and Univision entered into an amendment to and restatement of the PLA. The amended and restated PLA, which still runs through 2017, includes a simplified royalty calculation. We are entitled to a royalty of 9.36% of a defined royalty base plus 2.02% of any excess of that royalty base over US\$1.55 billion. The royalty base generally includes, on an accrual basis, net advertising revenue, net subscriber fee revenue, national representation commissions, joint marketing and sales agreements income and other revenues from the Univision Network, Galavision Network and TeleFutura Network and Univision’s owned and operated television stations and Puerto Rico stations. In exchange for these programming royalties, regardless of the amount of our 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 PLA. See “Key Information — Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision May Affect Our Exploitation of Certain Internet Rights in the United States” for a description of our current disputes with Univision relating to our internet distribution rights. The foregoing description of the PLA is qualified in its entirety by the text of the PLA, as amended, which is incorporated by reference as exhibits 4.4, 4.5 and 4.18 hereto.

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 DISH Network Corporation, formerly EchoStar Communications Corporation, the third largest provider of Latino pay-TV programming in the U.S., for three of the five existing channels. In October 2008, TuTv extended this agreement through December 2012, and in relation to the extension launched the Mexican regional music network Bandamax as well as one more channel for a total of four. TuTv is jointly controlled by Univision and Televisa.

We have an international program rights agreement with Univision that requires Univision to grant us and Venevision the right to broadcast, outside the United States, programs produced by Univision for broadcast on the Univision Network or Galavision Network under this agreement. We have the exclusive right to broadcast, among others, certain programs that were being produced on October 2, 1996 (the “Grandfathered Programs”) in Mexico and Venevision has the exclusive right to broadcast these programs in Venezuela. We and Venevision each, have an undivided right to broadcast the Grandfathered Programs in all other territories (other than the United States, but including Puerto Rico). As for programs other than Grandfathered Programs (“New Programs”), we and Venevision have the exclusive broadcast and related merchandising rights for Mexico and Venezuela, respectively, but Univision retains all rights for the rest of the world. The rights to the Grandfathered Programs and New Programs granted to us will continue until the termination of the PLA and will then revert back to Univision.

The PLA entered into by the Company and Univision in January 2009 superseded the program license agreement with Univision whereby we granted Univision an exclusive right to broadcast our television programming in Puerto Rico, subject to some exceptions.

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 DTH 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 are still engaged in litigation with Univision, as described in “Key Information — Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision May Affect Our Exploitation of Certain Internet Rights in the United States”, and “Additional Information — Legal Proceedings”.

In addition, on September 5, 2008, Televisa filed a Complaint for Declaratory Relief against Univision before the Superior Court of the State of California, for the County of Los Angeles, seeking a declaration of its rights vis-a-vis Univision with respect to the United States broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa (the “Soccer Complaint”). In the Soccer Complaint, Televisa sought a declaration that it has the legal right to broadcast in the United States, or license to third parties to broadcast in the United States, the home games of the Mexican League First Division soccer teams owned by Televisa. In September, 2008 Univision filed a Cross-Complaint against Televisa, alleging among other causes of action, a claim for declaratory relief that it retained the exclusive U.S. broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa under the terms of the Program License Agreement. On October 9, 2008, pursuant to an agreement between Televisa and Univision and an Order of the Court, Televisa submitted its Complaint for Declaratory Relief and Univision’s cause of action for declaratory relief to a private referee pursuant to a California code provision. Trial was held on November 11-12 2008, before the private referee, the Honorable Richard Neal (Ret.) of Judicial Arbitration Mediation Services (“JAMS”). On December 18, 2008 Justice Neal filed a Decision in Televisa’s favor whereby he resolved that Televisa was entitled to a declaration and judgment that Univision’s broadcast rights to home games of the Mexican League First Division soccer teams owned by Televisa expired on December 19, 2008 (the “Statement of Decision”). Univision dismissed with prejudice the other claims raised in its Cross-Complaint against Televisa. On June 4, 2009, Honorable Ernest M. Hiroshige, Judge of the Superior Court of the State of California, for the County of Los Angeles, adjudged and decreed a final judgment consistent with the Statement of Decision, in favor of Televisa.

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 a multi-channel, multi-point distribution system, or MMDS, 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 178 stations outside of Mexico City. Televisora del Valle de México owns the concession for Channel 40, a UHF channel that broadcasts in the Mexico City metropolitan area. Based upon IBOPE Mexico surveys, during 2007, 2008 and 2009 the combined average audience share throughout Mexico of both the Channel 7 and 13 networks was 31.0%, 28.8%, and 30.2%, respectively, during prime time, and 29.1%, 27.7%, and 29.2% 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 9 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 and Telecom

According to the most recent information from CANITEC, there were approximately 1,408 cable concessions in Mexico as of December 31, 2009 serving approximately 5.1 million subscribers. Cablevisión, Cablemás and TVI compete with Innova, our DTH joint venture. See “— DTH Satellite Services”. Cablevisión also faces competition from Dish Mexico, a joint venture between MVS Comunicaciones and set-top provider EchoStar. Dish Mexico is a new DTH operator and competes in some segments against Cablevisión in Mexico City and the surrounding areas mainly driven by its Ps.149 basic package. Dish Mexico has been in operation for one year and offers 36 channels to its subscribers. Furthermore, since Cablevisión, Cablemás and TVI operate under non-exclusive franchises, other companies may obtain permission to build cable television systems, DTH, IPTV and MMDS systems in areas where they presently operate. In addition, pursuant to the Telecommunications Law, Cablevisión, Cablemás and TVI are required to provide access to their 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, cable operators, who were already authorized to provide bidirectional data and internet broadband services, have been authorized by the Mexican government to also provide voice services, including VoIP services.

On October 2, 2006, the Mexican federal government enacted a new set of regulations known as the Convergence Regulations. The Convergence Regulations allow certain concessionaires of telecommunications services to provide other services not included in their original concessions. Cable television providers may be allowed to provide internet and telephone services. In addition, telephone operators, such as Telmex, may be allowed to provide cable television services if certain requirements and conditions are met. We believe that we may face significant competition from new entrants providing telephony services, including cable television providers. See “Key Information — Risk Factors — Risk Factors Related to our Business — We Face Competition in Each of Our Markets That We Expect Will Intensify”.

As a result of the aforementioned, Cablevisión, Cablemás and TVI 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, other DTH concessions, 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.

Consolidation in the entertainment and broadcast industries could further intensify competitive pressures. As the pay-TV market in Mexico matures, and as the offering of bundled services that include internet, data and telephony increases, Innova expects to face competition from an increasing number of sources. Emerging technologies that provide new services to pay-TV customers as well as new competitors in the DTH field or telecommunication players entering into video services would require us to make significant capital expenditures in new technologies.

In October 2008, DISH Mexico, a joint venture between MVS and DISH, a U.S. based DTH company operating with certain arrangements with Telmex, started operations in Mexico through a DTH concession. DISH currently operates nationwide.

At the beginning of 2009, HiTV, a television service which consists of the transmission of digital television channels through the technology known as DTT, started operating in Mexico City and its metropolitan area. HiTV currently offers approximately 20 channels, including Televisa's digital over the air networks. The SCT and Cofetel are currently reviewing the legality of this service. We are uncertain as to how this service may affect our pay-TV business.

Gaming Business

Our principal competitors in the gaming industry are, with respect to bingo and sports halls, CIE and Grupo Caliente, and, with respect to Multijuegos, the governmental lotteries of Pronósticos and Lotería Nacional.

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 CW Network television programming in the San Diego television market, is also subject to certain regulatory requirements of the 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. Mexico's Federal Antitrust Law has been amended by Congress. The amendments to Mexico's 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. As of the date of this annual report, such amendments have not had a material adverse impact upon our business; however, we cannot predict how these amendments will impact our business in the future.

Certain amendments to the existing Radio and Television Law and the Telecommunications Law have been enacted. In May 2006, several members of the Senate of the Mexican Federal Congress filed a complaint before the Supreme Court of Justice of Mexico, seeking a declaration that such amendments were unconstitutional and therefore null and void. This complaint was resolved by the Supreme Court of Justice on June 5, 2007, declaring several provisions of the amendments to the Radio and Television Law and to the Telecommunications Law unconstitutional and therefore null and void. Among the provisions declared as unconstitutional by the Supreme Court of Justice are the ones referred to in former Article 28 of the Radio and Television Law, pursuant to which holders of concessions had the ability to request authorization to provide additional telecommunications services within the same spectrum covered by a current concession without having to participate in a public bid therefor and Article 16 of the Radio and Television Law, pursuant to which concessions were granted for a fixed term of 20 years having the possibility to renew such concessions by obtaining from the SCT a certification of compliance with their obligations under the concession. As a result of the Supreme Court of Justice's ruling, once the transition to digital television and digital radio broadcasting is completed, if we want to provide additional telecommunications services within the same spectrum granted for digital television or digital radio broadcasting, respectively, we will have to follow the provisions of Article 24 of the Telecommunications Law to obtain the concession therefor. Also, there is uncertainty as to how radio and television concessions will be renewed in the future, since the Supreme Court of Justice ruling has resulted in requiring the renewal of the concessions to be subject to a public bid process, with a right of preference over other participating bidders given to the incumbent concessionaire. Additionally, some members of the Mexican Federal Congress have expressed their intent to propose a new Radio and Television Law, which could affect, among other things, the framework for granting or renewing concessions. See "Key Information — 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". Also, either the SCT or 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.

Television concessions may be granted for a term of up to 20 years.

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 television 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 "Key Information — 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. DTH concessions expire in 2020 and 2026. The expiration dates for the concessions for our telephone services range from 2018 to 2026. See "Key Information — Risk Factors — Risk Factors Related to Mexico — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue". We are unable to predict when we will obtain the renewal to such concessions. See "Key Information — 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 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 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.

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. See “Key Information — Risk Factors — Risk Factors Related to Mexico — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”.

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 and certain telecommunications services. Under Mexico’s *Ley de Inversión Extranjera*, or Foreign Investment Law, 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. The expiration dates of our radio concessions range from 2015 to 2016 except for the concessions of 3 radio stations, which renewal applications were timely filed before the SCT but are still pending due to the Supreme Court’s ruling on the amendments to the Radio and Television Law. (See “Key Information — Risk Factors — Risk Factors Related to Mexico — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”). We are unable to predict when we will obtain the renewal to such concessions. See “— Television”, “— Other Businesses — Radio Stations” and “Key Information — 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 Channel 46 Concession, which expires on November 17, 2010. We have filed for a renewal of the Channel 46 Concession and in February 2010, the SCT notified Cablevisión that the Channel 46 Concession will not be renewed. We have initiated legal actions against SCT's notice seeking to obtain the renewal of such concession. 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. In addition, in May 2007 the SCT granted Cablevisión a concession allowing Cablevisión to provide local telephony services using the telephony public network. 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.

Cablemás operates under 49 concessions which cover 14 Mexican states. Through these concessions, Cablemás provides cable television services, internet access and bidirectional data transmission. Each concession granted by the SCT allows Cablemás to install and operate a public telecommunications network. The expiration dates for Cablemás' concessions range from 2013 to 2039.

TVI operates under 4 concessions, which cover two Mexican states. Through these concessions, TVI provides cable television services, bidirectional data transmission and internet and telephony services. Each concession granted by the SCT allows TVI to install and operate a public telecommunications network. The expiration dates for TVI's concessions range from 2015 to 2028.

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 and Cablemás, 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 Radio and Television Law and the *Reglamento de la Ley Federal de Radio y Televisión*.

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 and Cablemás 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 and Cablemás, 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.

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 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.

Telecom.

GTAC received a favorable award from the SCT in the recent dark fiber public bid on June 9, 2010. As a result, GTAC will operate one public telecommunications network concession that will be issued for a period of 20 years. The SCT is expected to issue the concession on July 5, 2010. Through this concession, GTAC will be able to lease from the CFE and exploit a portion of the CFE dark fiber network subject matter of the public bid process which range is 19,457 kilometers along different parts of Mexico. GTAC will offer a range of services including transportation services which will allow other telecommunications providers to offer competitive prices and quality services to end users.

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

Cablevisión and Cablemás 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 and Cablemás currently do not have any capacity available on its network to offer to third party providers and do not expect that they will have capacity available in the future given the broad range of services they plan to provide over their networks.

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 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. We were granted a Gaming Permit on May 25, 2005, which expires on May 24, 2030.

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 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 or joint ventures. In addition, Mexico's 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 certain businesses or enter into certain joint ventures. See "Key Information — Risk Factors — Risk Factors Related to Mexico — Mexican Antitrust Laws May Limit Our Ability to Expand Through Acquisitions or Joint Ventures" and "— Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue".

The most recent amendments to Mexico's Federal Antitrust Law, in full force as of June 29, 2006, 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 Mexican 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, or 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.
- To issue an opinion related to effective competition conditions in a specific market or to the market power of a given agent in a market.
- To 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.
- 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.

Mexican Electoral Amendment

In 2007, the Mexican Federal Congress published an amendment to the Mexican Constitution, pursuant to which, among other things, the IFE has the exclusive right to manage and use the Official Broadcast Time. For a description of Official Television Broadcast Time and Official Radio Broadcast Time, see “Information of the Company — Business Overview — Business Strategy — Maintaining Our Leading Position in the Mexican Television Market — Advertising Sales Plan” and “Information of the Company — Business Overview — Other Businesses — Radio Stations”. The IFE has the exclusive right to use the Official Broadcast Time for its own purposes and for the use of political parties in Mexico (as provided in the Mexican Constitution) for self promotion and, when applicable, to promote their electoral campaigns during election day, pre-campaign and campaign periods.

The IFE and the political parties must comply with certain requirements included in the Constitutional Amendment for the use of Official Broadcast Time. During federal electoral periods, the IFE will be granted, per the Constitutional Amendment, 48 minutes per day in each radio station and television channel, to be used during pre-campaign periods in two and up to three minutes per broadcast hour in each radio station and television channel, of which all the political parties will be jointly entitled, to use one minute per broadcast hour. During campaign periods, at least 85% of the 48 minutes per day, shall be allocated among the political parties, and the remaining 15% may be used by the IFE for its own purposes. During non-electoral periods, the IFE will be assigned with up to 12% of the Official Broadcast Time, half of which shall be allocated among the political parties. In the event that local elections are held simultaneously with federal elections, the broadcast time granted to the IFE shall be used for the federal and the local elections. During any other local electoral periods, the allocation of broadcast time will be made pursuant to the criteria established by the Constitutional Amendment and as such criteria is reflected in applicable law.

In addition to the foregoing, pursuant to the Constitutional Amendment political parties are forbidden to purchase or acquire advertising time directly or through third parties, from radio or television stations; likewise, third parties shall not acquire advertising time from radio or television stations for the broadcasting of advertisements which may influence the electoral preferences of Mexican citizens, nor in favor or against political parties or candidates to offices elected by popular vote.

We believe we have been operating our business in compliance with the provisions of the Constitutional Amendment; however, we have filed legal actions contesting certain provisions of such Constitutional Amendment. We cannot predict the outcome of the legal actions brought by the Company against the Constitutional Amendment.

The IFE ruled that some of our subsidiaries infringed the Federal Code of Electoral Institutions and Procedures (*Código Federal de Instituciones y Procedimientos Electorales*). As a consequence thereof, the IFE imposed fines to such subsidiaries in an approximate amount of Ps. 21 million. The relevant subsidiaries challenged the resolutions and the fines before the Federal Electoral Court (*Tribunal Federal Electoral*). The Federal Electoral Court confirmed the rulings and the fines. Although we continue to disagree with the determination of the IFE and the Federal Electoral Court and have challenged the constitutionality of the Electoral Law, our respective subsidiaries paid such fines.

At this time, the Constitutional Amendment has not had an impact upon the results of our radio and television businesses, however we cannot predict what impact, if any, the Constitutional Amendment may have on our operating results in the future. A decrease in paid advertising of the nature described above could lead to a decrease in our television or radio revenues.

Significant Subsidiaries

The table below sets forth our significant subsidiaries and Innova, a consolidated variable interest entity, as of December 31, 2009.

Name of Significant Subsidiary	Jurisdiction of Organization or Incorporation	Percentage Ownership(1)
Corporativo Vasco de Quiroga, S.A. de C.V.(2)(3)(4)	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.B de C.V.(3)(5)	Mexico	51.0%
Editorial Televisa, S.A. de C.V.(3)(6)	Mexico	100.0%
Factum Más, S.A. de C.V.(7)(8)	Mexico	100.0%
Sky DTH, S. de R.L. de C.V.(7)	Mexico	100.0%
Innova Holdings, S. de R.L. de C.V.(7)	Mexico	58.7%
Innova, S. de R.L. de C.V. (Innova)(9)	Mexico	58.7%
Grupo Distribuidoras Intermex, S.A. de C.V.(2)(3)(10)	Mexico	100.0%
Grupo Telesistema Mexicano, S.A. de C.V.(11)	Mexico	100.0%
G-Televisa-D, S.A. de C.V.(12)	Mexico	100.0%
Televisa, S.A. de C.V.(13)	Mexico	100.0%
Paxia, S.A. de C.V.(3)(4)(14)	Mexico	100.0%
Sistema Radiópolis, S.A. de C.V.(2)(3)(15)	Mexico	50.0%
Televisa Juegos, S.A. de C.V.(2)(3)(16)	Mexico	100.0%
Televisión Independiente de México, S.A. de C.V.(11)	Mexico	100.0%

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- (1) Percentage of equity owned by us directly or indirectly through subsidiaries or affiliates.
 - (2) One of five 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) One of three direct subsidiaries through which we own equity interests in and conduct the operations of our Cable and Telecom segment.
 - (5) One of the indirect subsidiaries through which we conduct the operations of our Cable and Telecom segment.
 - (6) Direct subsidiary through which we conduct the operations of our Publishing segment.
 - (7) One of three 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 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 direct subsidiaries through which we conduct the operations of our Television Broadcasting, Pay Television Networks and Programming Exports segments.
 - (12) Indirect subsidiary through which we conduct certain operations of our Television Broadcasting segment.
 - (13) Indirect subsidiary through which we conduct the operations of our Television Broadcasting, Pay Television Networks and Programming Exports segments.
 - (14) Direct subsidiary through which we maintain 100.00% of the capital stock of Alvafig, a holding company with an interest of 58.3% in Cablemás, a large cable operator in Mexico.
 - (15) Direct subsidiary through which we conduct the operations of our Radio business.
 - (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 four locations in Mexico City, 14 studios in San Angel, 12 studios located in Chapultepec, 3 studios in Santa Fe and 1 studio in Rojo Gomez. We own substantially all of these studios. The local television stations wholly or majority owned by us have in the aggregate 41 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 that was renewed in 1993 for a term of 30 years and that may be extended for additional periods. In the aggregate, these properties, excluding Azteca Stadium, currently represent approximately 5.2 million square feet of space, of which over 3.7 million square feet are located in Mexico City and the surrounding areas, and approximately 1.5 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 537,865 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	2	San Diego, California(1)
Leased properties	4	Buenos Aires, Argentina(1) Madrid, Spain(2) San Diego, California(1) Zug, Switzerland(1)
Publishing activities		
Owned properties	7	Miami, Florida(1) Santiago, Chile(1) Quito, Ecuador(1) Guayaguil, Ecuador(1) Caracas Venezuela (1) Buenos Aires, Argentina(2)
Leased properties	9	Beverly Hills, California(1) Miami, Florida(1) New York, New York(1) Medellín, Colombia(1) Bogota, Colombia(2) Quito, Ecuador(1) Caracas, Venezuela(1) San Juan, Puerto Rico(1)

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Operations	Number of Properties	Location
Publishing distribution and other activities		
Owned properties	2	Lima, Peru(1) Guayaquil, Ecuador(1)
Leased properties	81	Quito, Ecuador(2) Guayaquil, Ecuador(1) Buenos Aires, Argentina(2) Panamá, Panamá(2) Santiago, Chile (44) Armenia, Colombia(1) Barranquilla, Colombia(3) Bogota, Colombia(3) Bucaramanga, Colombia(1) Cali, Colombia(5) Cartagena, Colombia(1) Colombia, Colombia(2) Ibage, Colombia(1) Manizales, Colombia(1) Medellín, Colombia(4) Pasto, Colombia(1) Pompayan, Colombia(1) Pereira, Colombia(1) Santa Martha, Colombia(1) Sincelejo, Colombia,(1) Villavicencio, Colombia(1) Lima, Peru(2)
DTH		
Leased properties	5	San José Costa Rica(1) Guatemala (1) Nicaragua (1) Panama (1) Dominicana (1)
Telephony		
Leased properties	7	San Antonio, Texas(2) Dallas, Texas (2) Laredo, Texas (1) McAllen, Texas (1) Mission, Texas (1)

Satellites. We currently use transponder capacity on seven satellites: Satmex V, which reaches Mexico, the United States, Latin America, except Brazil, and the Caribbean; Solidaridad II, which reaches only Mexico; Intelsat IS-11, replacement of PAS 3-R (renamed in February 2007 IS-3R) started operations in July 2009, Intelsat IS-11 reaches North America, Western Europe, Latin America and the Caribbean; Galaxy 16 (formerly Galaxy IVR), which reaches Mexico, the U.S. and Canada; IS-905 which reaches Western and Eastern Europe; IS-9 which reaches Central America, Mexico, the Southern United States and the Caribbean and IS-16 which reaches Central America, Mexico, the Southern United States and the Caribbean. The Intelsat IS-9 (formerly PAS-9) satellite is currently in operation, Intelsat reported that IS-9's estimated end of life has been reduced to October 2012. In March 2010, Sky reached an agreement with a subsidiary of Intelsat to lease 24 transponders on Intelsat IS-21 satellite which will be mainly used for signal reception and retransmission services over the satellite's estimated 15-year service life. IS-21 satellite intends to replace Intelsat IS-9 as sky's primary transmission satellite and is currently expected to start service in the fourth quarter of 2012. On April 1, 2010 Intelsat released IS-16 satellite, where Sky has additional twelve transponders to deliver new DTH-HD channels and more DTH SD channels; also this satellite is a back-up satellite for our DTH joint venture operations. 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 (now Intelsat), 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. Until April 2010, for each of the 36 MHz C-band transponders we paid an annual fee of approximately U.S.\$3.7 million. Subsequent to April 2010, the annual fee for the 36 MHz C-band transponders will be approximately U.S.\$1.3 million.

In 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 FCC announced that it had 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.

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. In December 2007, Innova and Sky Brasil reached an agreement with Intelsat Corporation and Intelsat LLC to build and launch a new 24-transponder satellite, IS-16, for which service will be dedicated to Sky and Sky Brasil over the satellite's estimated 15-year life. The satellite was manufactured by Orbital Sciences Corporation and was successfully launched in February 2010 and started operations in April 2010.

On August 3, 2009, the contract on two remaining transponders of the IS-3R satellite expired (end of life of the satellite). Televisa negotiated a new contract for a new transponder on the IS-905 satellite until August 31, 2012, for the distribution of our content in Europe.

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.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion together with our year-end financial statements and the accompanying notes, which appear elsewhere in this annual report. This annual report 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 annual report, particularly in “Key Information — Risk Factors”. In addition to the other information in this annual report, investors should consider carefully the following discussion and the information set forth under “Key Information — Risk Factors” before evaluating us and our business.

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 23 to our year-end financial statements describes certain differences between Mexican FRS and U.S. GAAP as they relate to us through December 31, 2009. Note 23 to our year-end financial statements provides a reconciliation to U.S. GAAP of net income and total stockholders’ equity. Note 23 to our year-end financial statements also presents all other disclosures required by U.S. GAAP, as well as condensed financial statement data.

As required by Mexican FRS, beginning on January 1, 2008, we discontinued recognizing the effects of inflation in our financial information. Accordingly, our financial statements as of December 31, 2007 and for the year ended on that date are stated in Mexican Pesos in purchasing power as of December 31, 2007. The financial information as of and for the years ended December 31, 2008 and 2009 are not directly comparable to prior periods due to the recognition of inflation effects in financial information in prior periods. Our financial information for the years ended December 31, 2008 and December 31, 2009 maintained the inflation adjustments recognized in prior years in our consolidated stockholders’ equity, and the inflation-adjusted amounts for nonmonetary assets and liabilities at December 31, 2007 became the accounting basis for those assets and liabilities beginning on January 1, 2008 and for subsequent periods. In discussing results of operations for the year ended December 31, 2008 compared to the year ended December 31, 2007, we have provided below in the discussion of line items a percentage increase in certain 2007 line items that reflects the impact the inflation adjustment had when applying inflation accounting to that line item in 2007.

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)		
	2007	2008	2009
Segment Net Sales			
Television Broadcasting	49.7%	43.7%	40.3%
Pay Television Networks	4.3	4.5	5.1
Programming Exports	5.3	5.0	5.3
Publishing	7.8	7.5	6.3
Sky	19.7	18.7	18.7
Cable and Telecom	6.1	13.5	17.3
Other Businesses	7.1	7.1	7.0
Total Segment Net Sales	100.0%	100.0%	100.0%
Intersegment Operations	(2.6)	(2.3)	(2.2)
Total Consolidated Net Sales	97.4%	97.7%	97.8%
Net Sales			
Cost of Sales(2)	43.6%	44.9%	45.4%
Selling Expenses(2)	7.9	8.2	8.9
Administrative Expenses(2)	5.9	6.4	7.3
Depreciation and Amortization	7.8	9.0	9.4
Consolidated Operating Income	34.8	31.5	29.0
Total Net Sales	100.0%	100.0%	100.0%

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- (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 annual report reflect sales from intersegment operations in all periods presented. See Note 22 to our year-end financial statements.
- (2) 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, corporate expenses and depreciation and amortization for the years ended December 31, 2007, 2008 and 2009. In 2003, we adopted the provisions of Bulletin B-5, “Financial Information by Segments” issued by the Mexican Institute of Public Accountants, or MIPA. This standard requires us to look to our internal organizational structure and reporting system to identify our business segments. In accordance with this standard, we currently classify our operations into seven business segments: Television Broadcasting, Pay Television Networks, Programming Exports, Publishing, Sky, Cable and Telecom, and Other Businesses. In 2007, we changed the names of two of our segments — “Sky Mexico” to “Sky”, because we began operations in Central America and the Dominican Republic, and “Cable Television” to “Cable and Telecom” due to the consolidation of Bestel, a telecommunication company, into this segment. Beginning in 2007 “Radio” was classified into the “Other Businesses” segment and beginning in the third quarter of 2008 “Publishing Distribution” was classified into the “Other Businesses” segment since its operations were no longer significant to the Company’s consolidated financial statements taken as a whole. See “— Recently Issued Mexican Financial Reporting Standards” and Note 1(t) to our year-end financial statements. We have restated our segment results for the prior periods to reflect these changes in segment reporting. Our results for 2008 and 2009, include Cablemás, a significant cable operator in Mexico, in the “Cable and Telecom” segment. Effective June 1, 2008 and October 1, 2009, we began consolidating the assets, liabilities and results of operations of Cablemás and TVI, respectively, in our consolidated financial statements. See Note 2 to our year-end financial statements. In discussing results of operations for the year ended December 31, 2008 compared to the year ended December 31, 2007, we have provided below in the discussion of line items a percentage increase in certain 2007 line items that reflects the impact the inflation adjustment had when applying inflation accounting to that line item in 2007.

	Year Ended December 31,(1)		
	2007	2008	2009
	(Millions of Pesos)		
Segment Net Sales			
Television Broadcasting	Ps. 21,213.2	Ps. 21,460.7	Ps. 21,561.6
Pay Television Networks	1,852.0	2,212.5	2,736.6
Programming Exports	2,262.1	2,437.2	2,845.9
Publishing	3,311.9	3,700.4	3,356.1
Sky	8,402.2	9,162.2	10,005.2
Cable and Telecom	2,611.6	6,623.4	9,241.8
Other Businesses	3,039.6	3,498.5	3,771.4
Total Segment Net Sales	<u>42,692.6</u>	<u>49,094.9</u>	<u>53,518.6</u>
Intersegment Operations	(1,131.1)	(1,122.6)	(1,166.1)
Total Consolidated Net Sales	<u>Ps. 41,561.5</u>	<u>Ps. 47,972.3</u>	<u>Ps. 52,352.5</u>
Operating Segment Income (Loss)			
Television Broadcasting	Ps. 10,518.1	Ps. 10,504.9	Ps. 10,323.9
Pay Television Networks	1,150.2	1,378.2	1,660.4
Programming Exports	1,032.0	1,076.8	1,437.2
Publishing	624.4	648.6	190.7
Sky	4,037.9	4,416.8	4,478.8
Cable and Telecom	947.2	2,134.8	2,971.9
Other Businesses	(237.5)	(242.9)	(318.2)
Total Operating Segment Income(2)	<u>18,072.3</u>	<u>19,917.2</u>	<u>20,744.7</u>
Corporate Expenses(2)	(368.3)	(478.3)	(658.2)
Depreciation and Amortization	(3,223.1)	(4,311.1)	(4,929.6)
Total Consolidated Operating Income(3)	<u>Ps. 14,480.9</u>	<u>Ps. 15,127.8</u>	<u>Ps. 15,156.9</u>

- (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 annual report reflect sales from intersegment operations in all periods presented. See Note 22 to our year-end financial statements.
- (2) The total operating segment income data set forth in this annual report do not reflect corporate expenses and depreciation and amortization in any period presented, but are presented herein to facilitate the discussion of segment results.
- (3) Total consolidated operating income reflects corporate expenses and depreciation and amortization in all periods presented. See Note 22 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 2007, 2008 and 2009, we recognized 29.9%, 30.2% and 29.0%, 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, 2009
Compared to the Year Ended December 31, 2008**

Total Segment Results

Net Sales

Our net sales increased by Ps.4,380.2 million, or 9.1%, to Ps.52,352.5 million for the year ended December 31, 2009 from Ps.47,972.3 million for the year ended December 31, 2008. This increase reflects a revenue growth in our Cable and Telecom, Sky, Pay Television Networks, Programming Exports, Television Broadcasting and Other Businesses segments. These increases were partially offset by a decrease in the sales of our Publishing segment.

Cost of Sales

Cost of sales increased by Ps.2,212.4 million, or 10.3%, to Ps.23,768.4 million for the year ended December 31, 2009 from Ps.21,556.0 million for the year ended December 31, 2008. This increase was due to higher costs in our Cable and Telecom, Sky, Television Broadcasting, Pay Television Networks, Programming Exports and Other Businesses segments. These increases were partially offset by a decrease in costs in our Publishing segment.

Selling Expenses

Selling expenses increased by Ps.752.9 million, or 19.2%, to Ps.4,672.1 million for the year ended December 31, 2009 from Ps.3,919.2 million for the year ended December 31, 2008. This increase was attributable to higher selling expenses in our Sky, Cable and Telecom, Publishing, Pay Television Networks, Television Broadcasting, Programming Exports and Other Businesses segments, as a result of increases in promotional and advertising expenses, commissions paid and provision for doubtful trade accounts.

Administrative Expenses

Administrative expenses increased by Ps.767.3 million, or 25.1%, to Ps.3,825.5 million for the year ended December 31, 2009 from Ps.3,058.2 million for the year ended December 31, 2008. This increase reflects the administrative expense growth in our Cable and Telecom, Publishing, Television Broadcasting, Sky, Pay Television Networks and Other Businesses segments, as well as an increase in corporate expenses due to higher share-based compensation expense, which amounted to approximately Ps.375.7 million in 2009, compared with Ps.222.0 million in 2008. These increases were partially offset by lower administrative expenses in our Programming Exports segment.

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 13.0% in 2008 and 12.8% in 2009. No Television Broadcasting advertiser accounted for more than 10% of Television Broadcasting advertising sales in any of these years.

Television Broadcasting net sales, representing 43.7% and 40.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.100.9 million, or 0.5%, to Ps.21,561.6 million for the year ended December 31, 2009 from Ps.21,460.7 million for the year ended December 31, 2008. This marginal increase was achieved in spite of the difficult economic environment and the inclusion of the broadcast of the 2008 Olympic Games in Television Broadcasting net sales for the year ended December 31, 2008. Ratings remained strong due to successful telenovelas such as “*Hasta que el Dinero nos Separe*” and “*Mañana es Para Siempre*”.

Television Broadcasting operating segment income decreased by Ps.181.0 million, or 1.7%, to Ps.10,323.9 million for the year ended December 31, 2009 from Ps.10,504.9 million for the year ended December 31, 2008. This decrease was due to the increase in cost of sales due primarily to the negative translation effect of foreign-currency-denominated programming and satellite costs and an increase in operating expenses driven by an increase in advertising and promotional expenses, commissions paid and personnel expenses, which was partially offset by an increase in net sales.

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, are charged the lowest rates for their commercial time, are given the highest priority in schedule placement, and are 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. Under cost per rating point pricing, we are not committed with advertisers to achieve a certain rating upon broadcast, and therefore, we do not have to provide any future price adjustments if the rating is not met.

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 2008 and 2009, we increased our nominal advertising rates. During prime time broadcasts, we sold an aggregate of 1,473 hours of advertising time in 2008 and 1,368 hours in 2009. During sign-on to sign-off hours, we sold 3,033 hours of advertising time in 2008 and 2,867 hours in 2009. Television Broadcasting advertising time that is not sold to the public is primarily used to satisfy our legal obligation to the Mexican government to provide Official Television Broadcast Time and to promote, among other things, our television products.

As of December 31, 2008 and December 31, 2009, we had received Ps.16,881.6 million (nominal) and Ps.17,810.4 million (nominal), respectively, of advertising deposits for television advertising time during 2009 and 2010, representing approximately U.S.\$1,219.8 million and U.S.\$1,361.7 million at the applicable year-end exchange rates. Approximately 67.8% and 64.2% of these deposits as of December 31, 2008 and 2009, 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, 2008 and 2009 was 4.0 months and 4.5 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-TV joint venture in the United States with Univision. 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 on a scatter basis, independently from our other media-related segments.

Pay Television Networks net sales, representing 4.5% and 5.1% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.524.1 million, or 23.7%, to Ps.2,736.6 million for the year ended December 31, 2009 from Ps.2,212.5 million for the year ended December 31, 2008. This increase reflects higher revenues from signals sold in Mexico and Latin America and an increase in advertising sales, as well as a positive translation effect of foreign-currency-denominated sales.

Pay Television Networks operating segment income increased by Ps.282.2 million, or 20.5%, to Ps.1,660.4 million for the year ended December 31, 2009, from Ps.1,378.2 million for the year ended December 31, 2008, primarily due to higher sales that were partially offset by an increase in cost of sales mainly resulting from costs associated with the production and launch of new channels and programs, as well as the negative translation effect of foreign-currency-denominated costs, and an increase in operating expenses due to higher promotional and advertising expenses and commissions paid.

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 2008 and 2009, 68.4% and 66.8%, respectively, of net sales for this segment were attributable to programming licensed under our Program License Agreement with Univision. In 2008 and 2009, we received U.S.\$146.5 million and U.S.\$143.0 million, respectively, in program royalties from Univision, related to the Univision Network and Galavision Network.

Programming Exports net sales, representing 5.0% and 5.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.408.7 million, or 16.8%, to Ps.2,845.9 million for the year ended December 31, 2009 from Ps.2,437.2 million for the year ended December 31, 2008. This increase was primarily due to a positive translation effect on foreign-currency-denominated sales and higher programming sales to Latin America, Europe, Asia and Africa. This increase was partially offset by a decrease in royalties paid to us under the Program License Agreement entered into with Univision in the amount of U.S.\$143.0 million for the year ended December 31, 2009 as compared to U.S.\$146.5 million, for the year ended December 31, 2008.

Programming Exports operating segment income increased by Ps.360.4 million, or 33.5%, to Ps.1,437.2 million for the year ended December 31, 2009 from Ps.1,076.8 million for the year ended December 31, 2008. This increase was primarily due to the increase in net sales, and was partially offset by an increase in cost of sales due to higher programming and co-production costs and operating expenses, primarily due to an increase in personnel, advertising and promotional 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 6.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, decreased by Ps.344.3 million, or 9.3%, to Ps.3,356.1 million for the year ended December 31, 2009 from Ps.3,700.4 million for the year ended December 31, 2008. The annual decrease was driven by lower revenues from magazine circulation and advertising pages sold abroad as well as in Mexico. This negative impact was partially offset by a positive translation effect on foreign-currency-denominated sales.

Publishing operating segment income decreased by Ps.457.9 million, or 70.6%, to Ps.190.7 million for the year ended December 31, 2009 from Ps.648.6 million for the year ended December 31, 2008. This decrease reflects lower sales and an increase in operating expenses due to nonrecurrent charges such as an increase in provision for doubtful-trade-accounts and certain restructuring costs, as well as a negative translation effect on foreign-currency-denominated costs and expenses. These effects were partially offset by a decrease in cost of sales, mainly in cost of paper and printing.

Sky

Sky net sales are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

Sky net sales, representing 18.7% of our total segments net sales for both years ended December 31, 2008 and 2009, increased by Ps.843.0 million or 9.2% to Ps.10,005.2 million for the year ended December 31, 2009 from Ps.9,162.2 million for the year ended December 31, 2008. This increase was primarily due to an increase in Sky's subscriber base in Mexico, a growth of Sky operations in Central America and higher advertising revenues. As of December 31, 2009 the number of gross active subscribers increased to 1,959,700 (including 144,300 commercial subscribers) compared with 1,759,800 (including 128,900 commercial subscribers) as of December 31, 2008.

Sky operating segment income increased by Ps.62.0 million or 1.4% to Ps.4,478.8 million for the year ended December 31, 2009 from Ps.4,416.8 million for the year ended December 31, 2008. This increase was due to the increase in net sales and was partially offset by higher programming costs associated with the increase of Sky's subscriber base, as well as the amortization of costs related to the exclusive transmission of 24 matches of the 2010 Soccer World Cup, an increase in promotional expenses and a negative translation effect on foreign-currency-denominated costs and expenses.

Cable and Telecom

Cable and Telecom net sales are derived from cable television and telecommunication services, as well as 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, broadband internet and telephone services subscription. Beginning June 2008, we began to consolidate the financials of Cablemás, a significant cable operator in Mexico operating in 49 cities into our financial statements. Also beginning October 2009, we began to consolidate the financials of TVI. The telecommunications business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network. Net sales for cable television advertising consist of revenues from the sale of advertising on Cablevisión, Cablemás and TVI. From July 2005 to October 2007, Maximedios Alternativos, S.A. de C.V. was Cablevisión's sales agent for advertising time. See "Major 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 and Telecom net sales, representing 13.5% and 17.3% of our total segment net sales for the years ended December 31, 2008 and 2009, respectively, increased by Ps.2,618.4 million, or 39.5%, to Ps.9,241.8 million for the year ended December 31, 2009 from Ps.6,623.4 million for the year ended December 31, 2008. This increase was primarily due to the addition of more than 350,000 revenue generation units (RGU's) in Cablevisión and Cablemás during the year driven mainly by the success of our competitive triple-play bundles, as well as the consolidation of Cablemás beginning June 1, 2008 and of TVI beginning October 1, 2009.

Cable and Telecom operating segment income increased by Ps.837.1 million, or 39.2%, to Ps.2,971.9 million for the year ended December 31, 2009 from Ps.2,134.8 million for the year ended December 31, 2008. These results reflect higher sales that were partially offset by an increase in advertising campaigns around triple play packages, a negative translation effect on foreign-currency-denominated costs; the costs inherent to growth in the subscriber base and higher costs and expenses resulting from Cablemás and TVI's consolidation.

The following table sets forth the breakdown of subscribers as of December 31, 2009:

	<u>Cablevisión</u>	<u>Cablemás</u>	<u>TVI</u>
Video	632,061	912,825	237,062
Broadband	250,550	289,006	112,105
Voice	133,829	146,406	75,779
RGUs	1,016,440	1,348,237	424,946

Other Businesses

Other Businesses net sales are primarily derived from the promotion of sports and special events in Mexico, the distribution of feature films, revenues from our internet businesses, which includes revenues from advertisers for advertising space on Esmas.com, and revenues related to our PSMS messaging service, gaming, radio and publishing distribution (beginning in the third quarter of 2008).

Other Businesses net sales, representing 7.1% and 7.0% of our total segment net sales for the years ended December 31, 2008 and 2009, increased by Ps.272.9 million, or 7.8%, to Ps.3,771.4 million for the year ended December 31, 2009 from Ps.3,498.5 million for the year ended December 31, 2008. This increase was primarily due to increased sales in our gaming, sport events production and internet businesses. This increase was partially offset by lower sales in our feature-film distribution, radio and publishing distribution businesses.

Other Businesses operating segment loss increased by Ps.75.3 million, or 31.0%, to Ps.318.2 million for the year ended December 31, 2009 from Ps.242.9 million for the year ended December 31, 2008. This increase reflects higher costs of sales and operating expenses related to our sport events production and publishing distribution businesses and decreased sales in our feature-film distribution, radio and publishing distribution businesses. These effects were partially offset by higher total segment sales and a decrease in the cost of sales and operating expenses of our feature-film distribution business.

Depreciation and Amortization

Depreciation and amortization expense increased by Ps.618.5 million, or 14.3%, to Ps.4,929.6 million for the year ended December 31, 2009 from Ps.4,311.1 million for the year ended December 31, 2008. This change primarily reflects an increase in our Cable and Telecom (due to the consolidation of Cablemás and TVI), Publishing and Other Businesses segments. This increase was partially offset by a decrease in our Sky and Television Broadcasting segments.

Non-operating Results

Other Expense, Net

Other expense, net, increased by Ps.812.8 million, or 85.4%, to Ps.1,764.9 million for the year ended December 31, 2009, compared to Ps.952.1 million for the year ended December 31, 2008. This increase reflected primarily i) higher non-cash impairment adjustments made to the carrying value of goodwill of certain businesses in our Cable and Telecom, Television Broadcasting and Publishing segments, and trademarks in our Publishing segment, as further described in Note 23(f) to our year-end consolidated financial statements; ii) the absence of other income recognized in 2008, derived from a litigation settlement in January 2009; and iii) an increase in loss on disposition of property and equipment. These unfavorable variances were partially offset by a decrease in professional services in connection with certain litigation.

Integral Cost of Financing

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

- interest expense, including gains or losses from derivative instruments and the restatement of our UDI denominated notes through 2007;
- interest income;
- 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 through 2007, as we discontinued recognizing the effects of inflation in financial information effective January 1, 2008.

Our foreign exchange position is affected by our assets or liabilities denominated in foreign currencies, primarily U.S. dollar. 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 net expense attributable to integral cost of financing increased by Ps.2,142.4 million, to Ps.2,973.3 million for the year ended December 31, 2009 from Ps.830.9 million for the year ended December 31, 2008. This increase reflected i) a Ps.1,576 million increase in foreign exchange loss resulting from the unfavorable effect of a 5.5% appreciation of the Mexican peso against the US dollar in 2009 versus a 26.7% depreciation of the Mexican peso against the US dollar in 2008, primarily on foreign-currency hedge contracts; ii) a Ps.320 million increase in interest expense, due primarily to a higher average principal amount of long-term debt in 2009; and iii) a Ps.246.4 million decrease in interest income explained primarily by a reduction of interest rates applicable to cash equivalents and temporary investments in 2009.

Equity in Losses of Affiliates, Net

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 losses of affiliates, net, decreased by Ps.334.6 million, or 31.9%, to Ps.715.3 million in 2009 compared to Ps.1,049.9 million in 2008. This decrease reflected mainly a reduction in equity in losses of i) Volaris, our 25% interest in a low-cost carrier airline with a concession to operate in Mexico; and ii) La Sexta, our 40.5% interest in a free-to-air television channel in Spain. Equity in losses of affiliates, net, for the year ended December 31, 2009, is comprised for the most part of the equity in loss of La Sexta, which was partially offset by the equity in earnings of other companies in which we hold a noncontrolling interest.

Income Taxes

Income taxes decreased by Ps.443.5 million, or 12.4%, to Ps.3,120.7 million in 2009 from Ps.3,564.2 million in 2008. This decrease reflected a lower corporate income tax base.

We are authorized by the Mexican tax authorities to compute our income 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, 2007, we were also subject to an asset tax, applicable to our Mexican subsidiaries and computed on a fully consolidated basis at a tax rate of 1.25% on the adjusted gross value of some of our assets.

The Mexican corporate income tax rate in 2007, 2008 and 2009 was 28%.

In October 2007, the Mexican government enacted the new Flat Rate Business Tax (“*Impuesto Empresarial a Tasa Única*” or “*IETU*”). This law became effective as of January 1, 2008. The law introduced a flat tax, which replaced Mexican asset tax and is applied along with Mexican regular income tax. In general, Mexican companies are subject to paying the greater of the flat tax or the income tax. The IETU is calculated by applying a tax rate of 16.5% in 2008, 17% in 2009, and 17.5% in 2010 and thereafter. Although the IETU is defined as a minimum tax, it has a wider taxable base as many of the tax deductions allowed for income tax purposes are not allowed for the flat tax. The IETU is calculated on a cash flow basis. As of December 31, 2007, 2008 and 2009 this tax law change did not have an effect on the Company’s deferred tax position, and the Company does not expect to have to pay the IETU in the near future.

In December 2009, the Mexican government enacted certain amendments and changes to the Mexican Income Tax Law that became effective as of January 1, 2010. The main provisions of these amendments and changes are as follows: i) the corporate income tax rate was increased from 28% to 30% for the years 2010 through 2012, and will be reduced to 29% and 28% in 2013 and 2014, respectively; ii) the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; iii) the payment of this income tax has to be made in installments: 25% in the first and second year, 20% in the third year, and 15% in the fourth and fifth year; and iv) this procedure applies for the deferred income tax resulting from the tax consolidation regime prior to and from 2010, so taxpayers will have to pay in 2010 the first installment of the cumulative amount of the deferred tax benefits determined as of December 31, 2004. See “Risk Factors — Existing Mexican Laws and Regulations or Changes Thereto or the Imposition of New Ones May Negatively Affect Our Operations and Revenue”.

Noncontrolling Interest Net Income

Noncontrolling 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, Cable and Telecom, and Radio businesses.

Noncontrolling interest net income decreased by Ps.351.4 million, or 37.9%, to Ps.575.6 million in 2009, from Ps.927.0 million in 2008. This decrease primarily reflected a lower portion of consolidated net income attributable to interests held by noncontrolling equity owners in our Sky segment, as well as a higher portion of consolidated net loss attributable to interests held by noncontrolling stockholders in our Cable and Telecom segment.

Controlling Interest Net Income

We generated net income in the amount of Ps.6,007.1 million in 2009, as compared to net income of Ps.7,803.7 million in 2008. The net decrease of Ps.1,796.6 million reflected:

- a Ps.812.8 million increase in other expense, net; and
- a Ps.2,142.4 million increase in integral cost of financing, net.

These changes were partially offset by:

- a Ps.29.1 million increase in operating income;
- a Ps.334.6 million decrease in equity in earnings of affiliates, net;
- a Ps.443.5 million decrease in income taxes; and
- a Ps.351.4 million decrease in noncontrolling interest net income.

Results of Operations for the Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Total Segment Results

Net Sales

Our net sales increased by Ps.6,410.8 million, or 15.4%, to Ps.47,972.3 million for the year ended December 31, 2008 from Ps.41,561.5 million for the year ended December 31, 2007. This increase reflects a revenue growth in our Cable and Telecom, Sky, Publishing, Pay Television Networks, Television Broadcasting, Programming Exports and Other Businesses segments. These increases were partially offset by a 2007 inflation effect of 3.2%.

Cost of Sales

Cost of sales increased by Ps.3,428.0 million, or 18.9%, to Ps.21,556.0 million for the year ended December 31, 2008 from Ps.18,128.0 million for the year ended December 31, 2007. This increase was due to higher costs in our Cable and Telecom, Publishing, Sky, Television Broadcasting, Programming Exports, Pay Television Networks and Other Businesses segments. These increases were partially offset by a 2007 inflation effect of 2.4%.

Selling Expenses

Selling expenses increased by Ps.641.7 million, or 19.6%, to Ps.3,919.2 million for the year ended December 31, 2008 from Ps.3,277.5 million for the year ended December 31, 2007. This increase was attributable to higher selling expenses in our Cable and Telecom, Sky, Television Broadcasting, Publishing, Pay Television Networks, Programming Exports and Other Businesses segments, as a result of increases in promotional and advertising expenses and commissions paid. These increases were partially offset by a 2007 inflation effect of 2.3%.

Administrative Expenses

Administrative expenses increased by Ps.606.2 million, or 24.7%, to Ps.3,058.2 million for the year ended December 31, 2008 from Ps.2,452.0 million for the year ended December 31, 2007. This increase reflects the administrative expense growth in our Cable and Telecom, Television Broadcasting, Publishing, Pay Television Networks, Sky and Programming Exports segments; as well as an increase in corporate expenses due to higher share-based compensation expense, which amounted to approximately Ps.222.0 million in 2008, compared with Ps.140.5 million in 2007. These increases were partially offset by lower administrative expenses in our Other Businesses segment and by a 2007 inflation effect of 2.6%.

Television Broadcasting

Television Broadcasting net sales increased by Ps.247.5 million, or 1.2%, to Ps.21,460.7 million for the year ended December 31, 2008 from Ps.21,213.2 million for the year ended December 31, 2007. This increase was attributable to strong ratings primarily in prime time, which in turn resulted in increased advertising fees in accordance with our cost per rating point pricing advertising sales model, and also due to our broadcast of the 2008 Olympic Games. Notably, during 2008, more than 50% of our advertising was sold through the upfront option, whereby advertisers locked in prices and made payments prior to the economic crisis, thereby allowing us to avoid the effect of decreased advertising sales during the recession in 2008. This increase was partially offset by a 2007 inflation effect of 3.5%. For a further description of the ways in which we sell commercial time and our cost per rating point pricing advertising sales model, see “Information on the Company — Business Overview — Business Strategy — Maintaining Our Leading Position in the Mexican Television Market — Advertising Sales Plan.”

Television Broadcasting operating segment income had a marginal decrease by Ps.13.2 million, or 0.1%, to Ps.10,504.9 million for the year ended December 31, 2008 from Ps.10,518.1 million for the year ended December 31, 2007. This decrease was due to the increase in cost of sales due to the production and broadcast costs of the 2008 Olympic Games and an increase in operating expenses driven by higher commissions paid and personnel expenses, as well as a 2007 inflation effect of 5.0%, which was partially offset by the increase in net sales.

Pay Television Networks

Pay Television Networks net sales increased by Ps.360.5 million, or 19.5%, to Ps.2,212.5 million for the year ended December 31, 2008 from Ps.1,852.0 million for the year ended December 31, 2007. This increase reflects higher revenues from signals sold in Mexico, Latin America and Spain and an increase in advertising sales. This increase was partially offset by a 2007 inflation effect of 2.4%.

Pay Television Networks operating segment income increased by Ps.228.0 million, or 19.8%, to Ps.1,378.2 million for the year ended December 31, 2008, from Ps.1,150.2 million for the year ended December 31, 2007, primarily due to higher sales that were partially offset by an increase in cost of sales mainly by costs of programs produced by the Company and third parties and an increase in operating expenses due to higher promotional and advertising expenses and commissions paid and by a 2007 inflation effect of 2.4%.

Programming Exports

Programming Exports net sales increased by Ps.175.1 million, or 7.7%, to Ps.2,437.2 million for the year ended December 31, 2008 from Ps.2,262.1 million for the year ended December 31, 2007. 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.\$146.5 million, for the year ended December 31, 2008 as compared to U.S.\$138.0 million, for the year ended December 31, 2007, as well as an increase in export sales to Latin America and a positive translation effect on foreign-currency denominated sales. These increases were partially offset by lower export sales to Europe, Asia and Africa and by a 2007 inflation effect of 2.4%.

Programming Exports operating segment income increased by Ps.44.8 million, or 4.3%, to Ps.1,076.8 million for the year ended December 31, 2008 from Ps.1,032.0 million for the year ended December 31, 2007. This increase was primarily due to the increase in net sales, and was partially offset by an increase in cost of sales due to higher programming costs and operating expenses, primarily due to an increase in personnel expenses and by a 2007 inflation effect of 2.5%.

Publishing

Publishing net sales increased by Ps.388.5 million, or 11.7%, to Ps.3,700.4 million for the year ended December 31, 2008 from Ps.3,311.9 million for the year ended December 31, 2007. The annual increase was driven by higher revenues from magazine circulation and advertising pages sold abroad partly due to the consolidation of Editorial Atlántida, a publishing company in Argentina, beginning September 2007; a greater number of advertising pages sold in Mexico, and a positive translation effect on foreign-currency denominated sales. This increase was partially offset by a 2007 inflation effect of 1.3%.

Publishing operating segment income increased by Ps.24.2 million, or 3.9%, to Ps.648.6 million for the year ended December 31, 2008 from Ps.624.4 million for the year ended December 31, 2007. This increase reflects higher sales and a 2007 inflation effect of 0.1% which, were partially offset by higher cost of sales and operating expenses, due to the consolidation of Editorial Atlántida, as well as an increase in costs of supplies and personnel.

Sky

Sky net sales increased by Ps.760.0 million or 9.0% to Ps.9,162.2 million for the year ended December 31, 2008 from Ps.8,402.2 million for the year ended December 31, 2007. This increase was primarily due to an increase in its subscriber base in Mexico, a growth of Sky operations in Central America and higher advertising revenues. This increase was partially offset by a 2007 inflation effect of 2.4%. As of December 31, 2008 the number of gross active subscribers increased to 1,759,800 (including 128,900 commercial subscribers) compared with 1,585,100 (including 103,100 commercial subscribers) as of December 31, 2007.

Sky operating segment income increased by Ps.378.9 million or 9.4% to Ps.4,416.8 million for the year ended December 31, 2008 from Ps.4,037.9 million for the year ended December 31, 2007. This increase was due to the increase in net sales and was partially offset by higher programming costs associated with the increase of our subscriber base and an increase in commissions paid, promotional and personnel expenses, as well as a 2007 inflation effect of 2.4%.

Cable and Telecom

Cable and Telecom net sales increased by Ps.4,011.8 million, or 153.6%, to Ps.6,623.4 million for the year ended December 31, 2008 from Ps.2,611.6 million for the year ended December 31, 2007. This increase was primarily due to i) a 21.3% increase in sales of Cablevisión, driven mainly by a 21.6% increase in RGUs; ii) the consolidation of Cablemás starting June 2008, which represented incremental revenue of Ps.1,871.0 million; and iii) the consolidation of Bestel starting December 2007, which experienced growth in sales of Ps.1,685.5 million. This increase was partially offset by a 2007 inflation effect of 5.1%.

Cable and Telecom operating segment income increased by Ps.1,187.6 million, or 125.4%, to Ps.2,134.8 million for the year ended December 31, 2008 from Ps.947.2 million for the year ended December 31, 2007. These results reflect higher sales, including operating segment income of Ps.638.0 million from the consolidation of Cablemás and an increase in Bestel's operating segment income of Ps.285.9 million, that were partially offset by an increase in cost of sales due primarily due to higher signal and personnel costs as well as promotional and advertising expenses and a 2007 inflation effect of 4.6%.

The following table sets forth the breakdown of subscribers as of December 31, 2008:

	<u>Cablevisión</u>	<u>Cablemás</u>
Video	590,690	851,172
Broadband	199,731	242,708
Voice	54,068	76,112
RGUs	844,489	1,169,992

Other Businesses

Other Businesses net sales increased by Ps.458.9 million, or 15.1%, to Ps.3,498.5 million for the year ended December 31, 2008 from Ps.3,039.6 million for the year ended December 31, 2007. This increase was primarily due to higher sales related to our gaming, feature-film distribution, and radio businesses. This increase was partially offset by lower sales in our sport events production, internet and publishing distribution businesses and by a 2007 inflation effect of 2.2%.

Other Businesses operating segment loss increased by Ps.5.4 million, or 2.3%, to Ps.242.9 million for the year ended December 31, 2008 from Ps.237.5 million for the year ended December 31, 2007. This increase reflects higher cost of sales and operating expenses related to our publishing distribution and feature-film distribution businesses and lower sales in our sport events production and internet businesses; these were partially offset by higher total segment sales and a decrease in the cost of sales of our sport events production business, lower operating expenses in our gaming and radio businesses and by a 2007 inflation effect of 3.9%.

Depreciation and Amortization

Depreciation and amortization expense increased by Ps.1,088.0 million, or 33.8%, to Ps.4,311.1 million for the year ended December 31, 2008 from Ps.3,223.1 million for the year ended December 31, 2007. This change primarily reflects an increase in our Cable and Telecom (due to the consolidation of Cablemás and Bestel), Television Broadcasting, Sky and Other Businesses segments. This increase was partially offset by a 2007 inflation effect of 2.8%.

Non-operating Results

Other Expense, Net

Other expense, net, decreased by Ps.1.3 million, or 0.1%, to Ps.952.1 million for the year ended December 31, 2008, compared with Ps.953.4 million for the year ended December 31, 2007. This decrease primarily reflected the absence of a loss on disposition of shares in connection with the sale of our interest in Univision during the first quarter of 2007, as well as U.S.\$19 million in other income resulting from the January 2009 litigation settlement with Univision. These favorable variances were partially offset by: i) the absence of other income derived from the cancellation in 2007 of an option to acquire an equity stake in the parent company of the controlling partners of La Sexta; ii) an increase in professional services in connection with certain litigation; iii) higher non-cash impairment adjustments made to the carrying value of trademarks in our Publishing segment and goodwill of certain businesses in our Television Broadcasting segment; and iv) a 2007 inflation effect of 2.6%. In 2008 other expense, net, included primarily impairment adjustments to intangible assets, professional services in connection with certain litigation, donations and other income derived from a litigation settlement in January 2009.

Integral Cost of Financing

The net expense attributable to integral cost of financing increased by Ps.420.7 million, to Ps.830.9 million for the year ended December 31, 2008 from Ps.410.2 million for the year ended December 31, 2007. This increase reflected primarily a Ps.639.4 million increase in interest expense, due primarily to a higher principal amount of long-term debt in 2008; and a Ps.544.9 million decrease in interest income explained mainly by a reduction of interest rates applicable to foreign currency temporary investments in 2008. These variances were partially offset by a Ps.469.8 million increase in foreign exchange gain resulting principally from a gain derived from foreign currency swap contracts, which effect was partially offset by the impact in 2008 of the depreciation of the Mexican Peso against the U.S. dollar on our net U.S. dollar liability position; and the absence in 2008 of a Ps.293.8 million loss from monetary position recognized in 2007, as we ceased recognizing the effects of inflation in financial information effective January 1, 2008.

Equity in Losses of Affiliates, Net

Equity in losses of affiliates is comprised mainly by the equity in losses of La Sexta, our 40% interest in a free-to-air television channel in Spain, and Volaris, our 25% interest in a low-cost carrier airline with a concession to operate in Mexico. Equity in losses of affiliates, net, increased by Ps.300.6 million, or 40.1%, to Ps.1,049.9 million in 2008 compared with Ps.749.3 million in 2007. This increase reflected primarily an increase in equity in losses of La Sexta and Volaris. This variance was partially offset by an increase in equity in income of OCEN, our 40% interest in a live entertainment business in Mexico.

Income Taxes

Income taxes increased by Ps.214.6 million, or 6.4%, to Ps.3,564.2 million in 2008 from Ps.3,349.6 million in 2007. This increase reflected a higher corporate income tax base.

We and our Mexican subsidiaries were also subject to an asset tax, at a tax rate of 1.25% through December 31, 2007, on the adjusted gross value of some of our assets. The asset tax was computed on a fully consolidated basis in 2007. The Mexican corporate income tax rate in 2006, 2007 and 2008 was 29%, 28% and 28%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in the subsequent years will be 28%.

Noncontrolling Interest Net Income

Noncontrolling 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, Cable and Telecom, and Radio businesses.

Noncontrolling interest net income decreased by Ps.8.9 million, or 1.0%, to Ps.927.0 million in 2008, from Ps.935.9 million in 2007. This decrease primarily reflected a portion of consolidated net income attributable to noncontrolling interests held in our Cable and Telecom segment, which was partially offset by a higher portion of consolidated net income attributable to noncontrolling interests held in our Sky segment and by a 2007 inflation effect of 2.2%.

Controlling Interest Net Income

We generated net income in the amount of Ps.7,803.7 million in 2008, a decrease of 3.4% as compared to net income of Ps.8,082.5 million in 2007. The net decrease of Ps.278.8 million reflected:

- a Ps.420.7 million increase in integral cost of financing, net;
- a Ps.300.6 million increase in equity in earnings of affiliates, net; and
- a Ps.214.6 million increase in income taxes.

These changes were partially offset by:

- a Ps.646.9 million increase in operating income;
- a Ps.1.3 million decrease in other expense, net; and
- a Ps.8.9 million decrease 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,		
	2007	2008	2009
Devaluation (appreciation) of the Peso as compared to the U.S. Dollar(1)	1.1%	26.7%	(5.5%)
Mexican inflation rate(2)	3.8	6.5	3.8
U.S. inflation rate	4.1	0.1	2.7
Increase (decrease) in Mexican GDP(3)	3.3	1.5	(6.5)

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- (1) Based on changes in the Interbank Rates, as reported by Banamex, at the end of each period, which were as follows: Ps.10.8025 per U.S. Dollar as of December 31, 2006; Ps.10.9222 per U.S. Dollar as of December 31, 2007; and Ps.13.84 per U.S. Dollar as of December 31, 2008; and Ps.13.08 per U.S. Dollar as of December 31, 2009
 - (2) Based on changes in the NCPI from the previous period, as reported by the Mexican Central Bank, which were as follows: 121.0 in 2006; 125.6 in 2007; 133.8 in 2008; and 138.5 in 2009.
 - (3) As reported by the *Instituto Nacional de Estadística, Geografía e Informática*, or INEGI, and, in the case of GDP information for 2009 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.
- **Foreign Currency-Denominated Revenues and Operating Costs and Expenses.** We have substantial operating costs and expenses denominated in foreign currencies, primarily 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 foreign currency-denominated revenues and operating costs and expenses stated in millions of U.S. Dollars for 2007, 2008 and 2009:

	Year Ended December 31,		
	2007	2008	2009
	(Millions of U.S. Dollars)		
Revenues	U.S.\$ 570	U.S.\$ 683	U.S.\$ 716
Operating costs and expenses	615	685	659

On a consolidated basis, in 2007 and 2008, our foreign currency-denominated costs and expenses exceeded, and they could continue to exceed in the future, our foreign currency-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 foreign currency-denominated costs and expenses.

- **Depreciation and Amortization Expense.** Prior to January 1, 2008, we restated 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, increased the carrying value of these assets, which in turn, increased the related depreciation expense.
- **Integral Cost of Financing.** The devaluation of the Peso as compared to the U.S. Dollar generated 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 exchange losses, derivatives used to hedge foreign exchange risk and increased interest expense increased 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 former 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.\$971.9 million as of December 31, 2006 (see Notes 1(c), 2 and 9 to our year-end financial statements). 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 “Key Information — Risk Factors — Risk Factors Related to Mexico”, “Quantitative and Qualitative Disclosures About Market Risk — Market Risk Disclosures” and Note 9 to our year-end financial statements.

Inflation Under Mexican FRS. Through December 31, 2007 Mexican FRS required that our financial statements recognize the effects of inflation. In particular, our financial statements through December 31, 2007 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, 2009, see Note 23 to our year-end financial statements.

Recently Issued U.S. Accounting Standards

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification Update (“ASU”) ASU 2009-17, “Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (December 2009)”. This guidance represents a significant change to the previous accounting rules and it is anticipated it will change the consolidation conclusions for many entities. The standard does not provide for any grandfathering; therefore, ASC 810 (formerly FIN 46(R)) consolidation conclusions will need to be reassessed for all entities. The amendments include: (i) eliminating the scope exception for qualifying special-purpose entities, (ii) eliminating the quantitative model for determining which party should consolidate and replacing it with a qualitative model focusing on decision-making for an entity’s significant economic activities, (iii) requiring a company to continually reassessed whether it should consolidate an entity subject to ASC 810, (iv) requiring an assessment of whether an entity is subject to the standard due to a troubled debt restructuring and (v) requiring extensive new disclosures. ASU 2009-17 is effective for a company’s first reporting period beginning after November 15, 2009. We are currently evaluating the impact this update will have on our consolidated financial statements.

In September 2009, the FASB issued ASU 2009-13 “Revenue Recognition: Multiple-Deliverable Revenue Arrangements – a consensus of the FASB Emerging Issues Task Force”, which provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, the Group will be required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This guidance will be effective for fiscal years beginning on or after June 15, 2010. We are assessing the potential impact of this new guidance on our consolidated financial statements.



In September 2009, the FASB issued ASU 2009-14 “Software: Certain Revenue Arrangements That Include Software Elements— a consensus of the FASB Emerging Issues Task Force”, which provides for a new methodology for recognizing revenue for tangible products that are bundled with software products. Under the new guidance, tangible products that are bundled together with software components that are essential to the functionality of the tangible product will no longer be accounted for under the software revenue recognition accounting guidance. This guidance will be effective for fiscal years beginning on or after June 15, 2010. We do not expect the adoption of this Update will materially impact our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06 “Improving Disclosures about Fair Value Measurements”, ASC 820, Fair Value Measurements and Disclosures. This update requires the disclosure of transfers between the observable input categories and activity in the unobservable input category for fair value measurements. The guidance also requires disclosures about the inputs and valuation techniques used to measure fair value and became effective for interim and annual reporting periods beginning January 1, 2010. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. We are currently evaluating the impact this update will have on our consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09 “Subsequent Events: Amendments to Certain Recognition and Disclosure Requirements” under ASC 855, Subsequent Events. The amendments remove the requirement for an SEC filer to disclose a date in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of U.S. GAAP. Additionally, the FASB has clarified that if the financial statements have been revised, then an entity that is not an SEC filer should disclose both the date that the financial statements were issued or available to be issued and the date the revised financial statements were issued or available to be issued. Those amendments remove potential conflicts with the SEC’s literature. That amendment is effective for interim or annual periods ending after June 15, 2010. We are not expecting this update to have a material impact on our consolidated financial statements.

In March 2010, the FASB issued ASU 2010-11 “Scope Exception Related to Embedded Credit Derivatives” under ASC 815, Derivatives and Hedging. ASC 815-15 is amended to clarify the scope exception under ASC 815-15-15-8 through 15-9 for embedded credit derivative features related to the transfer of credit risk in the form of subordination of one financial instrument to another. The amendments address how to determine which embedded credit derivative features, including those in collateralized debt obligations and synthetic collateralized debt obligations, are considered to be embedded derivatives that should not be analyzed under ASC 815-15-25 for potential bifurcation and separate accounting. The amendments in this update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity’s first fiscal quarter beginning after issuance of this update. We are currently evaluating the impact this update will have on our consolidated financial statements.

Recently Issued Mexican Financial Reporting Standards

The financial statements of the Group are presented on a consolidated basis in accordance with Mexican Financial Reporting Standards, or Mexican FRS issued by the Mexican Financial Reporting Standards Board (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera* , or CINIF).

In December 2009, the CINIF issued new Mexican FRS (*Normas de Información Financiera* or NIF, *Interpretación de Normas de Información financiera* or INIF, and Improvements to NIF 2010), as follows:

NIF C-1, Cash and Cash Equivalents, replaces the previous Mexican FRS Bulletin C-1, Cash, and became effective on January 1, 2010. This new standard (i) defines cash equivalents as short-term securities with high liquidity, easily converted into cash, subject to a minimum risk of change in its fair value, and with an original maturity of three months or less at the date of acquisition; and (ii) provides guidelines for presenting and disclosing cash and cash equivalents in a company’s financial statements. NIF C-1 also requires applying these guidelines on a retrospective basis for any comparative prior period financial statements presented. The adoption of NIF C-1 did not have a material impact on the Group’s consolidated financial statements (see Note 1 (d) to our consolidated year-end financial statements).

NIF B-5, Financial Information by Segments, replaces the previous Mexican FRS Bulletin B-5, Financial Information by Segments, and will become effective on January 1, 2011. This new standard sets out requirements for disclosure of information about an entity's operating segments and also about an entity's products and services, the geographical areas in which it operates, and its major customers. NIF B-5 confirms that reportable operating segments are those that are based on the Group's method of internal reporting to senior management for making operating decisions and evaluating performance of operating segments, and identified by certain qualitative, grouping and quantitative criteria. NIF B-5 also requires additional disclosure of interest income and expense and certain liabilities by segments. The adoption of NIF B-5 is not expected to have a material impact on the Group's financial position, results of operations and disclosures.

NIF B-9, Financial Information at Interim Dates, replaces the previous Mexican FRS Bulletin B-9, Financial Information at Interim Dates, and will become effective on January 1, 2011. This new standard provides guidelines for entities that are required to prepare and present financial information at interim dates. NIF B-9 requires minimum financial information at interim dates, including comparative condensed balance sheets and related comparative condensed statements of income, changes in stockholders' equity and cash flows, as well as selected notes to these condensed financial statements. The adoption of NIF B-9 is not expected to have a material impact on the Group's interim financial position, results of operations and disclosures.

INIF 18, Recognition of the Effects of the 2010 Tax Reform in Income Taxes, became effective on December 7, 2009. This interpretation provides additional guidance for (i) the recognition of income taxes on a consolidated basis based on new tax criteria affecting 2009 and prior years; (ii) the recognition of the effects in changes to the Mexican corporate income tax rate; and (iii) the accounting treatment for a new tax disposition not allowing a tax credit of loss carryforwards derived from the Flat Rate Business Tax, or IETU, with a company's income tax. In December 2009, the Group recognized the effects of income tax payable related to the 2010 Mexican tax reform as a provision for income taxes in accordance with the guidelines of Mexican FRS NIF D-4, Income Taxes, and INIF 18 (see Note 19 to our consolidated year-end financial statements).

Improvements to NIF 2010 include two groups of improvements to Mexican FRS already issued: (i) improvements to certain NIF, resulting in accounting changes in valuation, presentation or disclosure in a company's financial statements, which became effective on January 1, 2010; and (ii) improvements to precise wording in certain NIF for clarification purposes, which do not require accounting changes. Improvements generating accounting changes in valuation, presentation or disclosure of a company's financial statements include (i) NIF B-1, Accounting Changes and Corrections of Errors (disclosure changes); (ii) NIF B-2, Statement of Cash Flows (presentation changes); (iii) NIF B-7, Acquisition of Businesses (valuation change consisting of recognizing an intangible asset in the case of acquiring a lessor with an operating lease agreement in favorable terms); (iv) NIF C-7, Investments in Associates and Other Permanent Investments (valuation change consisting of recognizing in the statement of income the effect of investments in associates with a change in the ownership percentage); and (v) NIF C-13, Related Parties (disclosure change). The Company's management believes that these improvements to Mexican FRS will not have a significant impact on the Group's consolidated financial statements.

In the first quarter of 2009, the CNBV issued regulations for listed companies in Mexico requiring the adoption of International Financial Reporting Standards, or IFRS issued by the International Accounting Standards Board, or IASB to report comparative financial information for periods beginning no later than January 1, 2012. The Group has already designed and started the implementation of a plan to comply with these regulations.

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 involves 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, the evaluation of definite lived and indefinite lived long-lived assets, deferred income taxes, and fair value measurements. For a full description of these and other accounting policies, see Note 1 and Note 23 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 Mexico, the United States, Latin America, 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 amortize 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 its initial broadcast run 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 the 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. 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. 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. 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, 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 of 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. We assess our goodwill and other indefinite-lived intangible assets for impairment on an annual basis using fair value measurement techniques.

The 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. The impairment test for goodwill involves a comparison of the estimated fair value of each of our reporting units to its carrying amount, including goodwill. We determine the fair value of a reporting unit using a combination of a discounted cash flow analysis and a market-based approach, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. We determine the fair value of the intangible asset using a discounted cash flow analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach and the consideration of whether a discount premium should be applied to comparable companies.

Inherent in these estimates and assumptions is a certain level of risk, which we believe we have considered in our fair value determinations. 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.

Once an asset has been impaired, it is not remeasured at fair value on a recurring basis; however, it is still subject to fair value measurements to test for recoverability of the carrying amount.

The asset balances shown in the consolidated balance sheets that were measured at fair value on a non-recurring basis as of December 31, 2009 amounted to Ps.1,518 of goodwill, Ps.1,991 of intangible assets and Ps.2,578 of long-lived assets. Related impairments are discussed in Note 23(f) to our consolidated year-end financial statements.

In order to evaluate the sensitivity of the fair value estimates, the Group applied a hypothetical 10% decrease to the fair value of each of the reporting units as well as the indefinite-lived intangibles which were tested separately. On a Mexican FRS carrying value basis, such a hypothetical decrease would not have had a significant effect with respect to the estimated recoverable value of goodwill and other indefinite-lived intangible assets with the exception of the Telecom reporting unit, where such a hypothetical decrease would have resulted in the recognition of an additional impairment charge of approximately Ps.270 million as of December 31, 2009. On a U.S. GAAP basis, given that the carrying value of the Publishing reporting unit is greater than Mexican FRS, a hypothetical 10% decrease in the fair value of such reporting unit would have resulted in an additional goodwill impairment charge of approximately Ps.520 million as of December 31, 2009.

Long-lived Assets. Under both Mexican FRS and U.S. GAAP, we present certain long-lived assets other than goodwill and 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 may no longer be recoverable. Recoverability is analyzed based on 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 17 to our year-end financial statements. We have not recorded any significant impairment charges over the past few years. 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.



Financial Assets and Liabilities Measured at Fair Value. We have a significant amount of financial assets and liabilities which are measured at fair value on a recurring basis. The degree of management's judgment involved in determining the fair value of a financial asset and liability varies depending upon the availability of quoted market prices. When observable quoted market prices exist, that is the fair value estimate we use. To the extent such quoted market prices do not exist, management uses other means to determine fair value. The following provides a summary of the financial assets and liabilities and a discussion of the fair value estimates inherent therein.

Financial assets and liabilities measured at fair value as of December 31, 2009:

	Balance as of December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Assets:				
Temporary investments	Ps. 8,902,346	Ps. 5,394,502	Ps. 3,507,844	Ps. —
Available-for-sale investments	2,826,457	—	2,826,457	—
Derivative financial instruments	1,545,396	—	1,545,396	—
Pension and seniority premiums plan assets	1,749,629	1,724,629	25,000	—
Total	<u>Ps. 15,023,828</u>	<u>Ps. 7,119,131</u>	<u>Ps. 7,904,697</u>	<u>Ps. —</u>
Liabilities:				
Derivative financial instruments	Ps. 523,628	Ps. —	Ps. 523,628	Ps. —
Total	<u>Ps. 523,628</u>	<u>Ps. —</u>	<u>Ps. 523,628</u>	<u>Ps. —</u>

Temporary Investments. Temporary investments include highly liquid securities, including without limitation debt with a maturity of three months or over and up to one year at the balance sheet date, stock and other financial instruments denominated in U.S. dollars and Mexican Pesos. See Note 1(d) to our year-end financial statements.

Our temporary investments are generally valued using quoted market prices or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted market prices in active markets include mostly fixed short-term deposits, equities and corporate fixed income securities denominated in U.S. dollars and Mexican Pesos. Such instruments are classified in Level 1 or Level 2 depending on the observability of the significant inputs.

For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. Such instruments are classified in Level 2.

Available-for-Sale Investments . Investments in debt securities or investments with readily determinable fair values, 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.

Available-for-Sale investments are generally valued using quoted market prices or alternative pricing sources with reasonable levels of price transparency. Such instruments can be classified in Level 1, Level 2, and Level 3, depending on the observability of the significant inputs.

During the year ended December 31, 2009, we invested U.S.\$180 million in an open ended fund (the “Fund”), which had the primary objective of achieving capital appreciation using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, Latin American and other emerging markets. A shareholder in the Fund may not redeem any shares until at least 180 days after their issuance. Subsequent to this, shares may be redeemed on a quarterly basis at the Net Asset Value (“NAV”) per share as of such redemption date. We determined the fair value of the Fund using the NAV per share. The NAV per share is calculated by determining the value of the fund assets and subtracting all of the funds liabilities and dividing the result by the total number of issued shares.

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Derivative Financial Instruments. Derivative financial instruments include swaps, forwards and options. See Note 9 to our year-end financial statements.

Our derivative portfolio is entirely over-the-counter. Our derivatives are valued using industry standard valuation models; projecting the Group's future cash flows discounted to present value, using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies.

When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit spreads considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate is used.

Pension and Seniority Premiums Plan Assets . The pension and seniority premiums plan assets consist primarily of common stock, mutual funds of fixed rate instruments and money market securities (see Note 23(i) to our consolidated year-end financial statements).

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds consist of fixed rate instruments. These are valued at the net asset value provided by the administrator of the fund.

Money market securities consist of government debt securities, which are valued based on observable prices from the new issue market, benchmark quotes, secondary trading and dealer quotes.

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, 2009, December 31, 2008, and December 31, 2007, we had received Ps.17,810.4 million (nominal), Ps.16,881.6 million (nominal) and Ps.16,085.0 million (nominal), respectively, of advertising deposits for television advertising during 2010, 2009 and 2008, respectively, representing U.S.\$1.4 billion, U.S.\$1.2 billion, and U.S.\$1.5 billion, respectively, at the applicable year-end exchange rates. The deposits as of December 31, 2009, represented a 5.5% (nominal) increase, as compared to year-end 2008, and deposits as of December 31, 2008, represented a 5.0% (nominal) increase, or 4.0% increase in real terms, as compared to year-end 2007. Approximately 64.2%, 67.8% and 67.9% of the advanced payment deposits as of each of December 31, 2009, December 31, 2008, and December 31, 2007, 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, 2009 was 4.5 months, at December 31, 2008 was 4.0 months, and at December 31, 2007 was 3.6 months.

Effective January 1, 2008, Mexican FRS requires a statement of cash flows in place of a statement of changes in financial position as part of a full set of financial statements. The statement of cash flows classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities. Since a restatement of prior years' financials is not required by Mexican FRS, we present consolidated statements of changes in financial position for the year ended December 31, 2007, and consolidated statements of cash flows for the years ended December 31, 2008 and 2009. Accordingly, the financial information in 2008 and 2009 is not directly comparable to the financial information from 2007.

During the year ended December 31, 2009, we had a net decrease in cash and cash equivalents of Ps.3,641.6 million, which included cash and cash equivalents of Ps.21.5 million of TVI upon consolidation of this subsidiary into our financial reports as of October 2009, as compared to a net increase in cash and cash equivalents of Ps.8,103.5 million during the year ended December 31, 2008 which included cash and cash equivalents of Ps.483.9 million of Cablemás upon consolidation of this subsidiary in June 2008.

Net cash provided by operating activities for the year ended December 31, 2009, amounted to Ps.15,135.6 million. Adjustments to reconcile income before income taxes to net cash provided by operating activities primarily included: depreciation and amortization of Ps.4,929.6 million; net unrealized foreign exchange gain of Ps.1,003.5 million; interest expense of Ps.2,832.7 million; impairment of long-lived assets and other amortization of Ps.1,224.5 million; and equity in losses of affiliates of Ps.715.3 million. Income taxes paid for the year ended December 31, 2009 amounted to Ps.4,282.0 million.

Net cash used for investing activities for the year ended December 31, 2009, amounted to Ps.11,052.2 million, and was primarily used for investments in property, plant and equipment of Ps.6,410.9 million; temporary investments of Ps.3,565.8 million; investments of Ps.809.6 million; and investments in goodwill and other intangible assets of Ps.569.6 million.

Net cash used for financing activities for the year ended December 31, 2009, amounted to Ps.7,640.9 million, and was primarily used for dividends and repurchase of capital stock of Ps.9,841.0 million; interest paid of Ps.2,807.8 million; prepayment and repayment of debt and lease payments of Ps.2,507.5 million; and derivative financial instruments of Ps.206.8 million; which effect was partially offset by cash provided by the issuance of 6.625% Senior Notes due 2040 in the

amount of Ps.7,612.1 million.

We expect to fund our operating cash needs during 2010, 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 2010 through available cash from operations, cash on hand and/or borrowings. The amount of borrowings required to fund these cash needs in 2010 will depend upon the timing of cash payments from advertisers under our advertising sales plan.

During the year ended December 31, 2008, we had a net increase in cash and cash equivalents of Ps.8,103.5 million, which included cash and cash equivalents of Ps.483.9 million of Cablemás upon consolidation of this subsidiary into our financial reports as of June 2008, as compared to a net increase in cash and cash equivalents of Ps.10,018.2 million during the year ended December 31, 2007 which included cash and cash equivalents of Ps.138.3 million of Bestel upon acquisition of this business in December 2007.

Net cash provided by operating activities for the year ended December 31, 2008, amounted to Ps.22,257.8 million. Adjustments to reconcile income before income taxes to net cash provided by operating activities primarily included: depreciation and amortization of Ps.4,311.1 million; net unrealized foreign exchange loss of Ps.4,982.0 million; interest expense of Ps.2,529.2 million; and equity in losses of affiliates of Ps.1,049.9 million. Income taxes paid for the year ended December 31, 2008 amounted to Ps.2,657.5 million.

Net cash used for investing activities for the year ended December 31, 2008, amounted to Ps.12,884.5 million, and was primarily used for investments in property, plant and equipment of Ps.5,191.4 million; temporary investments of Ps.5,208.3 million; investments of Ps.1,982.1 million; and investments in goodwill and other intangible assets of Ps.1,489.2 million; which effect was partially offset by cash provided by a disposition of held-to-maturity investments of Ps.875.0 million.

Net cash used for financing activities for the year ended December 31, 2008, amounted to Ps.1,885.5 million, and was primarily used for dividends and repurchase of capital stock of Ps.3,342.5 million; interest paid of Ps.2,407.2 million; prepayment and repayment of debt and lease payments of Ps.700.6 million; derivative financial instruments of Ps.346.1 million; and dividends to minority interests of Ps.332.0 million; which effect was partially offset by cash provided by the issuance of 6.0% Senior Notes due 2018 of Ps.5,241.6 million.

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, 2007.

In 2007, we generated positive net income adjusted for non-cash items of Ps.13,839.5 million, as compared to a positive net income adjusted for non-cash items of Ps.14,617.8 million during 2006. This change was due primarily to a Ps.2,907.8 million increase in income and asset taxes. This decrease in our net income adjusted for non-cash items was partially offset by:

- a Ps.555.1 million increase in operating income;
- a Ps.729.2 million decrease in integral cost of financing, which was due primarily to an increase in interest income and in foreign exchange gain; and
- a Ps.845.2 million decrease in other expense, net.

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

During 2010, we expect to:

- make aggregate capital expenditures for property, plant and equipment totaling U.S.\$971 million, of which U.S.\$339 million and U.S.\$461 million (which includes U.S.\$111 million that will be paid in 2011) are for the expansion and improvements of our Cable and Telecom and Sky segments, respectively, and the remaining U.S.\$171 million is for our Television Broadcasting segment and other segments; and
- make investments related to our 40.5% interest in La Sexta for an aggregate amount of €21.5 million (U.S.\$30.8 million).

The forecast amount for 2010 does not include any amounts to be invested in connection with Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V. See “Information on the Company — Investments — Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V.” Likewise, the forecast amount does not include any amounts to be invested in connection with the Investment and Securities Subscription Agreement entered into with NII. See “Information on the Company — Developing New Businesses and Expanding Through Acquisitions.”

During 2009, we:

- made aggregate capital expenditures totaling U.S.\$499.3 million, of which U.S.\$239 million, U.S.\$128.8 million and U.S.\$17.5 million correspond to our Cable and Telecom, Sky and Gaming businesses, respectively, and U.S.\$114 million to our Television Broadcasting and other businesses;
- made investments related to our 40.5% interest in La Sexta for an aggregate amount of €35.7 million (U.S.\$ 49 million);
- made investments in Volaris, for an aggregate amount of U.S.\$5 million, and in other companies in which we hold a noncontrolling interest for an aggregate amount of U.S.\$5.5 million.

During 2008, we:

- made aggregate capital expenditures totaling U.S.\$478.8 million, of which U.S.\$183.3 million, and U.S.\$114 million correspond to our Cable and Telecom and Sky segments, respectively, U.S.\$39.6 million to our Gaming business, and U.S.\$141.9 million to our Television Broadcasting segment and other businesses;
- made investments related to our 40% interest in La Sexta in the aggregate amount of €44.4 million (U.S.\$63.4 million) and in our equity interest in Cablemás in the amount of U.S.\$100 million; and
- made investments in Volaris in the amount of U.S.\$12 million, and in Spot Runner in the amount of U.S.\$25 million.

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 May 2009, the Company repaid this loan at its original maturity in the principal amount of Ps.1,162.5 million. See Note 24 to our year-end financial statements.

In October 2004, we entered into a seven and one-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.\$400.0 million aggregate principal amount of 6.625% 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.\$300.0 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 6.625% Senior Notes due 2025, see “— Indebtedness” below.

In May 2005, we reopened our 6.625% Senior Notes due 2025 for an additional U.S.\$200.0 million for an aggregate principal amount of U.S.\$600.0 million of 6.625% 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.3,500.0 million at an average fixed interest rate for the first three years of 8.84%.

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In May 2007, we issued Ps.4,500 million aggregate principal amount of 8.49% Senior Notes due 2037. We used the net proceeds from the issuance to replenish our cash position following the payment, with cash on hand, of Ps.992.9 million of our 8.15% UDI-denominated notes that matured in April 2007 and for the repurchase of our shares. We used the remaining net proceeds from this issuance for general corporate purposes, including the repayment of other outstanding indebtedness and the continued repurchase of our shares, subject to market conditions and other factors. See Note 8 to our year-end financial statements.

In May 2008, we issued U.S.\$500.0 million Senior Notes due 2018. We used the net proceeds from the issuance for general corporate purposes, including to repay outstanding indebtedness and repurchase our shares, among other uses, in each case, subject to market conditions and other factors.

In November 2009, we issued U.S.\$600.0 million Senior Notes due 2040. We used the net proceeds from the issuance for general corporate purposes, including to repay outstanding indebtedness and repurchase our shares, among other uses, in each case, subject to market conditions and other factors.

Indebtedness. As of December 31, 2009, our consolidated long-term portion of debt amounted to Ps.41,983.2 million, and our consolidated current portion of debt was Ps.1,433.0 million. As of December 31, 2008, our consolidated long-term portion of debt amounted to Ps.36,630.6 million, and our consolidated current portion of debt was Ps.2,270.4 million. As of December 31, 2007, our consolidated long-term portion of debt amounted to Ps.25,795.8 million, and our consolidated current portion of debt was Ps.488.8 million. The following table sets forth a description of our outstanding indebtedness as of December 31, 2009, on a historical, actual basis. Information in the following table is presented in millions of Pesos as of December 31, 2009:

Description of Debt	Debt Outstanding(1)			
	December 31, 2009 Actual	Interest Rate(2)	Denomination	Maturity of Debt
Long-term debt				
8% Senior Notes(2)	941.1	8.0%	U.S. Dollars	2011
6% Senior Notes(2)	6,540.0	6.0%	U.S. Dollars	2018
8.5% Senior Notes(2)	3,924.0	8.5%	U.S. Dollars	2032
6.625% Senior Notes(2)	7,848.0	6.625%	U.S. Dollars	2025
8.49% Senior Notes(2)	4,500.0	8.49%	Pesos	2037
6.625% Senior Notes(2)	7,848.0	6.625%	U.S. Dollars	2040
9.375% Senior Notes(3)	2,285.1	9.375%	U.S. Dollars	2015
JPMorgan Chase Bank, N.A. loan(4)	2,943.0	0.775%	U.S. Dollars	2012
JPMorgan Chase Bank, N.A. loan(4)	654.0	0.850%	U.S. Dollars	2012
Inbursa, S.A. loan (5)	2,000.0	10.35%	Pesos	2010 and 2012
Santander Serfin loan (6)	1,400.0	5.15%	Pesos	2016
Banamex loan (6)	2,100.0	8.74%	Pesos	2016
Banco Mercantil del Norte loan (7)	350.0	6.71%	Pesos	2010
Banamex loan (7)	50.0	7.27%	Pesos	2010
Other debt	33.0	2.00%	U.S. Dollars	2010
Total debt (including current maturities)	43,416.2	—	—	15.5(8)
Less: current maturities	1,433.0	—	Various	December 2010
Total long-term debt	41,983.2			

(1) U.S. Dollar-denominated debt is translated into Pesos at an exchange rate of Ps.13.08 per U.S. Dollar, the Interbank Rate, as reported by Banamex, as of December 31, 2009.

(2) These Senior Notes due 2011, 2018, 2025, 2032, 2037 and 2040, in the outstanding principal amount of U.S.\$72 million, U.S.\$500 million, U.S.\$600 million, U.S.\$300 million, Ps.4,500,000 and U.S.\$600 million, respectively, 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, 2018, 2025, 2032, 2037 and 2040, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.31%, 6.97%, 8.94%, 8.93% and 6.97% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except (i) 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; and (ii) in the event of a change of control, in which case the Company may be required to redeem the securities at 101% of their principal amount. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025, 2037 and 2040, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The Senior Notes due 2011, 2018, 2032 and 2040 were priced at 98.793%, 99.280%, 99.431% and 98.319%, respectively, for a yield to maturity of 8.179%, 6.097%, 8.553% and 6.755%, respectively. The Senior Notes due 2025 were issued in two aggregate principal amounts of U.S.\$400 million and

U.S.\$200 million, and were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, 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. The Senior Notes due 2011, 2018, 2025, 2032, 2037 and 2040 are registered with the U.S. Securities and Exchange Commission.

- (3) These U.S.\$174.7 million Senior Guaranteed Notes are unsecured obligations of Cablemás and its restricted subsidiaries and are guaranteed by such restricted subsidiaries, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of Cablemás and its restricted subsidiaries, and are junior in right of payment to all of the existing and future secured indebtedness of Cablemás and its restricted subsidiaries to the extent of the value of the assets securing such indebtedness, interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.858%, and is payable semi-annually. Cablemás may redeem these Senior Notes, in whole or in part, before November 15, 2010, at the principal amount plus a premium plus accrued and unpaid interest, and on or after November 15, 2010, at redemption prices plus accrued and unpaid interest. The agreement of these Senior Notes contains covenants relating to Cablemás and its restricted subsidiaries, including covenants with respect to limitations on indebtedness, payments, dividends, investments, sale of assets, and certain mergers and consolidations. In July 2008, Cablemás prepaid a portion of these Senior Notes in the principal amount of U.S.\$0.3 million in connection with a tender offer to purchase these Senior Notes at a purchase price of 101% plus related accrued and unpaid interest.
- (4) In December 2007, Empresas Cablevisión and Cablemás entered into a 5-year term loan facilities with a U.S. bank in the aggregate principal amount of U.S.\$225 million and U.S.\$50 million, respectively, in connection with the financing for the acquisition of Letseb and Bestel USA (see Note 2). Annual interest on these loan facilities is payable on a quarterly basis at LIBOR plus an applicable margin that may range from 0.475% to 0.800% depending on a leverage ratio. At December 31, 2009, the applicable leverage ratio for Empresas Cablevisión and Cablemás was 0.525% and 0.600%, respectively. Under the terms of the loan facilities, Empresas Cablevisión and its subsidiaries and Cablemás and its subsidiaries are required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense, and (b) comply with certain restrictive covenants, primarily on debt, liens, investments and acquisitions, capital expenditures, asset sales, consolidations, mergers and similar transactions.
- (5) In connection with certain credit agreement entered into by the Company with a Mexican bank, with maturities from 2010 through 2012. Interest on this loan is 10.350% 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.
- (6) Long-term loans entered into by Sky with Mexican banks in the aggregate principal amount of Ps.3,500,000 with a maturity in 2016. This Sky long-term 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% through March and April 2009, respectively, and the Mexican Interbank Interest Rate or "TIIE" plus 24 basis points for the remaining period through maturity. Interest on these two long-term loans is payable on a monthly basis. Under the terms of these loan agreements, Sky is required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, liens, asset sales, and certain mergers and consolidations.
- (7) Includes short term debt of current portion of long term debt with Mexican banks for TVI's incorporation, bearing annual interest rates of 8.35% and the Mexican Interbank Interest Rate plus 1.50% and 2.20%, payable on a monthly basis.
- (8) Actual weighted average maturity of long-term debt as of December 31, 2009.

Interest Expense. Interest expense for the years ended December 31, 2007, 2008 and 2009 was Ps.2,177.0 million, Ps.2,816.4 million and Ps.3,136.4 million, respectively.

The following table sets forth our interest expense for the years indicated (in millions of U.S. Dollars and millions of Mexican Pesos):

	Year Ended December 31,(1)(2)					
	2007		2008		2009	
Interest payable in U.S. Dollars	U.S.\$	87.2	U.S.\$	124.4	U.S.\$	125.8
Amounts currently payable under Mexican withholding taxes(3)		3.7		4.6		5.5
Total interest payable in U.S. Dollars	U.S.\$	90.9	U.S.\$	129.0	U.S.\$	131.3
Peso equivalent of interest payable in U.S. Dollars	Ps.	1,014.4	Ps.	1,432.7	Ps.	1,788.7
Interest payable in Pesos		1,149.6		1,383.7		1,347.7
Restatement of UDI-denominated Notes Due 2007		13.0		—		—
Total interest expense	Ps.	2,177.0	Ps.	2,816.4	Ps.	3,136.4

- (1) U.S. Dollars are translated into Pesos at the rate prevailing when interest was recognized as an expense for each period, and the Peso amounts for the years ended December 31, 2007 were restated to Pesos in purchasing power as of December 31, 2007. We discontinued recognizing the effects of inflation in financial information effective January 1, 2008.
- (2) Interest expense in these periods includes amounts effectively payable in U.S. Dollars as a result of U.S. Dollar-Peso swaps. Interest expense in these periods also includes gains or losses from related derivative instruments.
- (3) See “Additional Information — Taxation — Federal Mexican Taxation”.

Guarantees. We guarantee our proportionate share of our DTH joint ventures’ minimum commitments for use on PanAmSat (now Intelsat Corporation) IS-9 satellite’s transponders for periods of up to 15 years. The amount of these guaranteed commitments is estimated to be an aggregate of U.S.\$68.9 million as of December 31, 2009, related to Innova. In October 2005, in a series of related transactions, we disposed of our 30% interest in Techco and were released of any obligation in connection with a guarantee granted by us 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 on satellite 1S-9 (formerly PAS-9) 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 “Major Stockholders and Related Party Transactions — Related Party Transactions”, “Information on the Company — Business Overview — 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, 2009 (these amounts do not include future interest payments):

	Payments Due by Period				
	Total	Less Than 12 Months January 1, 2010 to December 31, 2010	12-36 Months January 1, 2011 to December 31, 2012	36-60 Months January 1, 2013 to December 31, 2014	After 60 Months Subsequent to December 31, 2014
(Thousands of U.S. Dollars)					
8% Senior Notes due 2011	U.S.\$ 71,951	U.S.\$ —	U.S.\$ 71,951	U.S.\$ —	U.S.\$ —
6.0% Senior Notes due 2018	500,000				500,000
6.625% Senior Notes due 2025	600,000				600,000
8.5% Senior Notes due 2032	300,000				300,000
8.49% Senior Notes due 2037	344,037				344,037
6.625% Senior Notes due 2040	600,000				600,000
9.375% Senior Notes due 2015	174,700				174,700
Inbursa loan due 2010 and 2012	152,905	76,453	76,452		
JPMorgan Chase Bank, N.A. loan facility due 2012	225,000		225,000		
JPMorgan Chase Bank, N.A. loan facility due 2012	50,000		50,000		
Santander Serfin loan due 2016	107,034				107,034
Banamex loan due 2016	160,550				160,550
Banco Mercantil del Norte loan due 2010	26,758	26,758			
Banamex loan due 2010	3,823	3,823			
Other debt	2,524	2,524			
Long-term debt	3,319,282	109,558	423,403		2,786,321
Accrued Interest	35,521	35,521			
Satellite transponder obligation	84,744	11,246	12,609	14,138	46,751
Other capital lease obligations	22,422	6,742	8,703	3,430	3,547
Transmission rights(1)	280,739	61,791	119,801	78,147	21,000
Total contractual obligations	U.S.\$3,742,708	U.S.\$ 224,858	U.S.\$ 564,516	U.S.\$ 95,715	U.S.\$2,857,619

- (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, 2009:

	Payments Due by Period				
	Total	Less Than 12 Months January 1, 2010 to December 31, 2010	12-36 Months January 1, 2011 to December 31, 2012	36-60 Months January 1, 2013 to December 31, 2014	After 60 Months Subsequent to December 31, 2014
(Thousands of U.S. Dollars)					
Satellite transponder commitments(1)	U.S.\$ 35,935	U.S.\$ 11,026	U.S.\$ 15,923	U.S.\$ 5,520	U.S.\$ 3,466
Agreement with Intelsat Corporation(2)	148,350	29,050	114,500	3,600	1,200
Capital expenditures commitments(3)	24,590	24,590	—	—	—
Lease commitments(4)	54,841	15,960	22,911	4,158	11,812
Interest on debt(5)	3,639,260	185,559	419,057	400,263	2,634,381
Interest on capital lease obligations	36,887	10,345	16,053	8,288	2,201
Programming obligation	45,106	29,345	14,365	1,396	—
Committed capital contributions to La Sexta (6)	30,812	30,812	—	—	—
Total contractual obligations	<u>U.S.\$4,015,781</u>	<u>U.S.\$ 336,687</u>	<u>U.S.\$ 602,809</u>	<u>U.S.\$ 423,225</u>	<u>U.S.\$2,653,060</u>

- (1) Our minimum commitments for the use of satellite transponders under operating lease contracts.
- (2) Agreement of Sky and Sky Brasil with Intelsat Corporation to build and launch a new 24-transponder satellite ("IS-16"). The IS-16 was launched in the first quarter of 2010. See Note 11 to our year-end financial statements.
- (3) Our commitments for capital expenditures include U.S.\$12,222, which are related to improvements to leasehold facilities of our gaming operations.
- (4) Our minimum non-cancellable lease commitments for facilities under operating lease contracts, which are primarily related to our gaming business, under operating leases expiring through 2047. See Note 11 to our year-end financial statements.
- (5) Interest to be paid in future years on outstanding debt as of December 31, 2009, was estimated based on contractual interest rates and exchange rates as of that date.
- (6) We have commitments of capital contributions in 2010, subject to certain conditions, related to our 40.5% equity interest in La Sexta in the aggregate amount of €21.5 million (U.S.\$30,812).

Item 6. Directors, Senior Management and Employees

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 30, 2010 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 Chairman of the Executive Committee of Grupo Televisa	Member of the Board of Banco Nacional de México	December 1990
<i>In alphabetical order:</i>			
Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Member of the Board of Grupo Modelo	April 1997
Pedro Carlos Aspe Armella (07/07/50)	Co-Chairman of Evercore	Member of the Board of The McGraw-Hill Companies and Chairman of the Board of Volaris Airline	April 2003
Alberto Bailléres González (08/22/31)	Chairman of the Boards of Grupo Bal, Industrias Peñoles, Fresnillo PLC, Grupo Palacio de Hierro, Grupo Nacional Provincial and Grupo Profuturo, Director of Valores Mexicanos Casa de Bolsa, Chairman of the Government Board of Instituto Tecnológico Autonomo de México and Associate Founder Fundación Alberto Bailleres	Chairman of the Boards of Grupo Dine, Grupo Kuo, Grupo Financiero BBVA Bancomer and Fomento Económico Mexicano	April 2004
Julio Barba Hurtado (05/20/33)	Legal Advisor to the Company, Secretary of the Audit & Corporate Practices Committee and Member of the Executive Committee of the Company	Former Legal Advisor to the Board of the Company and Former Assistant Secretary of the Board of the Company	December 1990
José Antonio Bastón Patiño (04/13/68)	President of Television and Contents and Member of the Executive Committee of Grupo Televisa	Former Corporate Vice President of Television and Vice President of Operations of Grupo Televisa	April 1998

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<u>Name and Date of Birth</u>	<u>Principal Occupation</u>	<u>Business Experience</u>	<u>First Elected</u>
Francisco José Chávez Robelo (07/03/29)	Retired Partner of Chávez, Ruíz, Zamarripa y Cía., S.C., Chairman of the Audit and Corporate Practices Committee of Grupo Televisa and Member of the Board of Directors and Chairman of the Audit and Corporate Practices Committee of Empresas Cablevisión	Retired Partner of Chávez, Ruíz, Zamarripa y Cía., S.C. and Member of Board of Directors and Chairman of the Audit and Corporate Practices Committee of Empresas Cablevisión	April 2003
Manuel Jorge Cutillas Covani (03/01/32)	Private Investor	Member of the Board of Directors of Lyford Cay Foundation	April 1992
José Antonio Fernández Carbajal (02/15/54)	Chairman of the Board and Chief Executive Officer of Fomento Económico Mexicano and Chairman of the Board of Coca-Cola FEMSA	Vice-Chairman of the Board of Directors of ITESM, Vice-Chairman of the Supervisory Board of Heineken N.V., Chairman of the Advisory Board of the Woodrow Wilson Center, México Institute Co. and Member of the Board of Directors of Grupo Financiero BBVA Bancomer, Industrias Peñoles, Grupo Industrial Bimbo, Concesionaria Vuela Compañía de Aviación, Grupo Xignux, CEMEX and Heineken Holding N.V.	April 2007
Carlos Fernández González (09/29/66)	Chief Executive Officer and Chairman of the Board of Grupo Modelo, Member of the Board and Partner of Fnaccess México, Partner and Chief Executive Officer of Tendora San Carlos	Member of the Boards of Emerson Electric Co, Grupo Financiero, Santander and Crown Imports, LLC	July 2000
Bernardo Gómez Martínez (07/24/67)	Executive Vice President, 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 of Kimberly-Clark de México	Member of the Boards of Grupo Alfa, Grupo México, Investment Company of America and Mexico Fund	April 1997
Roberto Hernández Ramírez (03/24/42)	Chairman of the Board of Banco Nacional de México	Member of the Board of Grupo Financiero Banamex	April 1992

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<u>Name and Date of Birth</u>	<u>Principal Occupation</u>	<u>Business Experience</u>	<u>First Elected</u>
Enrique Krauze Kleinbort (09/17/47)	Director and Member of the Boards of Editorial Clío Libros, y Videos and of Editorial Vuelta	Member and Chairman of the Boards of Quadrant and President of the Board of Directors of Productora Contadero	April 1996
Germán Larrea Mota Velasco (10/26/53)	Chairman of the Board and Chief Executive Officer of Grupo México	Member of the Board of Financiero Banamex	April 1999
Michael Larson (10/07/59)	Chief Investment Officer of William H. Gates III	Chairman of Western Asset Claymore Inflation Linked Securities & Income Fund and Western Asset/Claymore Inflation Linked Opportunities Fund and Director of Hamilton Lane Advisors, LLC and Pan American Silver Corp.	April 2009
Lorenzo Alejandro Mendoza Giménez (10/05/65)	Chief Executive Officer, Member of the Board and President of the Executive Committee of Empresas Polar	Former Member of the Boards of AES La Electricidad de Caracas, CANTV-Verizon and BBVA Banco Provincial	April 2009
Alejandro Jesus Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing and Member of the Executive Committee of Grupo Televisa	Shareholder of Grupo TV Promo, S.A. de C.V.	April 1998
Fernando Senderos Mestre (03/03/50)	Chairman of the Board and President of the Executive Committee of Desc, Dine and Grupo Kuo	Member of the Boards of Grupo Alfa, Grupo Carso, Kimberly-Clark de México, Industrias Peñoles and Grupo Nacional Provincial	April 1992
Enrique Francisco José Senior Hernández (08/03/43)	Managing Director of Allen & Company, LLC	Member of the Boards of Coca-Cola FEMSA, Cinemark and FEMSA	April 2001
Alternate Directors:			
<i>In alphabetical order:</i>			
Herbert A. Allen III (06/08/67)	President of Allen & Company LLC	Former Executive Vice President and Managing Director of Allen & Company Incorporated, Member of the Board of Convera Corporation	April 2002
Félix José Araujo Ramírez (03/20/51)	Vice President of Televisa Regional and Chief Executive Officer of Telesistema Mexicano	President of the Board of Directors of Televisora de Navojoa and Televisora Peninsular and Member of the Board of Directors and Chief Executive Officer of several Grupo Televisa subsidiaries	April 2002

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<u>Name and Date of Birth</u>	<u>Principal Occupation</u>	<u>Business Experience</u>	<u>First Elected</u>
Joaquín Balcárcel Santa Cruz (01/04/69)	Vice President — Legal and General Counsel of Grupo Televisa	Former Vice President and General Counsel of Television Division, former Legal Director of Grupo Televisa	March 2000
Rafael Carabias Príncipe (11/13/44)	Vice President of Supervision of Foreign Subsidiaries	Former Vice President of Corporate Management of Televisa Corporación and former Chief Financial Officer of Gestora de Inversiones Audiovisuales La Sexta.	April 1999
José Luis Fernández Fernández (05/18/59)	Managing Partner of Chévez, Ruíz, Zamarripa y Cia., S.C.; Member of the Audit and Corporate Practices Committee of Grupo Televisa	Commissioner of Sport City Universidad, Club de Golf Los Encinos and Member of the Board of Directors of Grupo Pochteca and Global Assurance Brokers Agente de Seguros de Fianzas	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 Más, 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 Echevoyen (01/24/53)	Vice President and Corporate Controller of Grupo Televisa	Former Senior Partner of Coopers & Lybrand Despacho Roberto Casas Alatraste, S.C. and former Controller of Televisa Corporación	July 1998
Alberto Javier Montiel Castellanos (11/22/45)	Director of Montiel Font y Asociados, S.C. and Member of the Audit and Corporate Practices Committees of Grupo Televisa and Empresas Cablevisión	Former Tax Vice President of Grupo Televisa, former Tax Director of Wal-Mart de México and Member of the Board of Directors of Operadora Dos Mil and Dofiscal Editores	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. and Member of the Audit and Corporate Practices Committee of Empresas Cablevisión	April 2002

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 beneficiary of the Azcárraga Trust;
- partners or employees of any company which provides advisory services to us or any company that 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.

Our bylaws prohibit the appointment of individuals to our Board of Directors who: (i) are members of the board of directors or other management boards of a company (other than the Company or its subsidiaries) that has one or more concessions to operate telecommunication networks in Mexico; or (ii) directly or indirectly, are shareholders or partners of companies (other than the Company or its subsidiaries), that have one or more concessions to operate telecommunication networks in Mexico, with the exception of ownership stakes that do not allow such individuals to appoint one or more members of the management board or any other operation or decision making board.

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 30, 2010 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 2010 annual stockholders’ special and general meetings, which were held on April 30, 2010.

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; (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 Mexican FRS;
- 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 bylaws 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 Companies 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 José Luís Fernández Fernández. The Chairman of this Committee was elected at our ordinary stockholders' meetings held in April 2008 and 2009, and in our latest annual shareholders meeting held on April 30, 2010. The other members were elected at our Board of Directors Meetings held on October 27, 2006 and April 30, 2009. 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 years 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 Chairman of the Executive Committee of Grupo Televisa	Member of the Board of Banco Nacional de México	March 1997
<i>In alphabetical order:</i>			
Alfonso de Angoitia Noriega (01/17/62)	Executive Vice President, Member of the Executive Office of the Chairman and Member of the Executive Committee of Grupo Televisa	Member of the Board of Grupo Modelo	January 2004
Félix José Araujo Ramírez (03/20/51)	Vice President of Televisa Regional and Chief Executive Officer of Telesistema Mexicano	President of the Board of Directors of Televisora de Navojoa and Televisora Peninsular and Member of the Board of Directors and Chief Executive Officer of several Grupo Televisa subsidiaries	January 1993
Maximiliano Arteaga Carlebach (12/06/42)	Vice President of Technical Operations, Services & Television Production of Grupo Televisa	Former Vice President of Operations of Televisa Chapultepec, former Vice President of Administration of Televisa San Ángel and Chapultepec and former Vice President of Administration and Finance of Univisa, Inc.	March 2002
José Antonio Bastón Patiño (04/13/68)	President of Television and Contents and Member of the Executive Committee of Grupo Televisa	Former Corporate Vice President of Television and Vice President of Operations	November 2008 April 1999
Jean Paul Broc Haro (08/08/62)	Chief Executive Officer of Cablevisión, and General Manager of Grupo Mexicano de Cable, Integravisión de Occidente, Milar, Servicios Cablevisión, Telestar del Pacifico and Tecnicable	Former Chief Executive Officer of Pay Television Networks of Grupo Televisa, former Technical and Operations Director of Pay Television Networks of Grupo Televisa, Chairman of the Board and Chief Executive Officer of several Grupo Televisa subsidiaries.	February 2003

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<u>Name and Date of Birth</u>	<u>Principal Position</u>	<u>Business Experience</u>	<u>First Appointed</u>
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 Más, 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, 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 and former President of the Mexican Chamber of Television and Radio Broadcasters	January 2004
Javier Mérida Guzmán (07/31/67)	Chief Executive Officer of Sistema Radiópolis	Former Chief Executive Officer and National Sales Manager of Cadena SER Málaga and Chief Executive Officer of Cadena Radiodifusora Mexicana, Radio Tapatía, Radio Melodia, Radio Comerciales, Radiotelevisora de Mexicali, Servicios Radiópolis, Servicios Xezz, Sistema Radiópolis and Xezz	September 2006
Alexandre Moreira Penna (12/25/54)	Chief Executive Officer and Chairman of the Board of Managers of Corporación Novaimagen and Chairman of the Board and Chief Executive Officer of several Grupo Televisa subsidiaries	Former Vice President of Corporate Finance of Grupo Televisa, former Managing Director of JPMorgan Chase Bank, N.A.	February 2004
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 Jesus Quintero Iñiguez (02/11/50)	Corporate Vice President of Sales and Marketing and Member of the Executive Committee of Grupo Televisa	Shareholder of Grupo TV Promo, S.A. de C.V.	January 1998

Compensation of Directors and Officers

For the year ended December 31, 2009, we paid our directors, alternate directors and executive officers for services in all capacities aggregate compensation of approximately nominal Ps. 510.3 million (U.S.\$ 39.0 million using the Interbank Rate, as reported by Banamex, as of December 31, 2009).

We made Ps. 94.5 million in contributions to our pension and seniority premium plans on behalf of our directors, alternate directors and executive officers in 2009. Projected benefit obligations as of December 31, 2009 were approximately Ps. 107.2 million.

In addition, we have granted our executive officers and directors rights to purchase CPOs under the Stock Purchase Plan and the Long-Term Retention Plan. See “— Stock Purchase Plan” and “— Long-Term Retention Plan” below.

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. 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.

Pursuant to the related conditional sale agreements, rights to approximately 0.7 million vested in March 2007, 7.1 million vested in July 2007, 0.1 million vested in February 2008, 0.7 million vested in March 2008 and 1.3 million vested in July 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. As of May 2009, CPOs and shares not assigned to plan participants were transferred to the Long-Term Retention Plan special purpose trust. See Notes 12 and 23 to our year-end financial statements.

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, 2009, approximately 85.2 million stock purchase plan CPOs transferred to employee plan participants, have been sold in open market transactions. Additional sales took place during the three-months ended March 31, 2010, and will continue to take place during or after 2010.

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, as well as the creation of one or more special purpose trusts to implement the Long-Term Retention Plan. Pursuant to our Long-Term Retention Plan, we have granted 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.

In April 2007, the Board of Directors, with the input from the Audit and Corporate Practices Committee, reviewed the compensation of our Chief Executive Officer and determined to include our Chief Executive Officer in the Long-Term Retention Plan of the Company as well as in any other plan to be granted by the Company to its employees in the future. See “— Compensation of Directors and Officers”. As a consequence thereof, as of May 2007, the Chief Executive Officer was awarded, under the Long-Term Retention Plan, approximately 5.5 million CPOs or CPO equivalents, either in the form of CPOs or shares, to be exercised at a price of approximately Ps.60.65 per CPO (subject to adjustments depending on dividends and the result of operations of the Company). The CPOs granted to the Chief Executive Officer may be exercised in 2010, 2011 and 2012. Pursuant to the resolutions adopted by our stockholders, we have not, and do not intend to, register shares under the Securities Act that are allocated to the Long-Term Retention Plan.

At our annual general ordinary stockholders’ meeting held on April 30, 2008, our stockholders approved a second stage of the Long-Term Retention Plan and approved grants of up to 25 million CPOs per year, or CPO equivalents, under the Long-Term Retention Plan. The price at which the CPOs will be transferred to beneficiaries is based on the lowest of (i) the closing price on March 31 of the year in which the CPOs are awarded, and (ii) the average price of the CPOs during the first three months of the year in which the CPOs are awarded. The resulting price shall be reduced by dividends, the growth of Operating Income Before Depreciation and Amortization, or OIBDA (including OIBDA affected by acquisitions) between the date of award and the vesting date, and a liquidity discount, among others.

The special purpose trust created to implement the Long-Term Retention Plan currently owns approximately 145 million CPOs or CPO equivalents. This figure is net of approximately 9.7 million CPOs early vested in 2006 and approximately 12.1, 11.7 and 13.7 million CPOs vested respectively in January 2008, 2009 and 2010. Of such 145 million CPOs or CPO equivalents approximately 51% are in the form of CPOs and the remaining 49% are in the form of A, B, D and L Shares. As of May 2010, approximately 77.9 million CPOs or CPO equivalents have been reserved and will become vested between 2011 and 2013 at prices ranging from Ps.13.45 to Ps.60.65 pesos per CPO which may be reduced by dividends, the growth of OIBDA (including OIBDA affected by acquisitions) between the date of award and the vesting date, and a liquidity discount, among others. Shares remaining in the special purpose trust are mostly in the form A, B, D and L shares.

As of December 31, 2009 approximately 20.6 million CPOs that were transferred to employee plan participants were sold in the open market. Additional sales will continue to take place during or after 2010.

Share Ownership of Directors and Officers

Share ownership of our directors, alternate directors and executive officers is set forth in the table under “Major Stockholders and Related Party Transactions”. Except as set forth in such 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, 2009:

	Year Ended December 31,		
	2007	2008	2009
Total number of employees	17,810	22,528	24,362
Category of activity:			
Employees	17,777	22,488	24,323
Executives	33	40	39
Geographic location:			
Mexico	15,871	20,571	22,506
Latin America (other than Mexico)	1,473	1,529	1,508
U.S.	466	428	348

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As of December 31, 2007, 2008 and 2009, approximately 39%, 35%, and 39% of our employees, respectively, 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.

Item 7. Major 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, 2010. Except as set forth below, we are not aware of any holder of more than 5% of any class of our Shares.

Identity of Owner	Shares 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	
Azcárraga Trust(3)	52,991,825,693	44.4%	67,814,604	0.1%	107,886,870	0.1%	107,886,870	0.1%	15.5%
Dodge & Cox, Inc.(4)	3,833,049,000	3.2%	3,373,083,120	6.1%	5,366,268,600	6.3%	5,366,268,600	6.3%	5.2%
Cascade Investment, LLC(5)	3,644,562,500	3.1%	3,207,215,000	5.8%	5,102,387,500	6.0%	5,102,387,500	6.0%	5.0%

- Unless otherwise indicated, the information presented in this section is based on the number of shares authorized, issued and outstanding as of May 31, 2010. The number of shares issued and outstanding for legal purposes as of May 31, 2010 was 60,454,828,050 series A Shares, 53,200,248,684 series B Shares, 84,636,759,270 series D Shares and 84,636,759,270 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, 2010 was 58,618,151,650 series A Shares, 51,583,973,452 series B Shares, 82,065,412,310 series D Shares and 82,065,412,310 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, 2010 does not include: 73,467,056 CPOs and an additional 6,010,764,410 series A Shares, 2,357,021,155 series B Shares, 54 series D Shares and 54 series L Shares not in the form of CPOs acquired by the trust we created to implement our long-term retention plan. See Note 12 to our year-end financial statements.
- Except through the Azcárraga 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 “Directors, Senior Management and Employees — Share Ownership of Directors and Officers”. This information is based on information provided by directors and executive officers.
- For a description of the Azcárraga Trust, see “— The Major Stockholders” below.
- Based solely on information included in the report on Form 13F filed on March 31, 2010 by Dodge & Cox.
- Based solely on information included in the report on Form 13D filed on March 31, 2010 by Cascade Investment, L.L.C.

The Major Stockholders

Approximately 45.6% of the outstanding A Shares, 2.7% of the outstanding B Shares, 2.8% of the outstanding D Shares and 2.8% of the outstanding L Shares of the Company were held through the Stockholder Trust, including shares in the form of CPOs. On June 17, 2009, the Stockholder Trust was terminated and the shares and CPOs which were formerly held through such trust, were delivered to the corresponding beneficiaries. The largest beneficiary of the Stockholder Trust was a trust for the benefit of Emilio Azcárraga Jean. Such trust currently holds 44.4% of the outstanding A shares, 0.1% of the outstanding B shares, 0.1% of the outstanding D shares and 0.1% of the outstanding L shares of the Company. As a result, Emilio Azcárraga Jean controlled until June 17, 2009, the voting of the shares held through the Stockholder Trust, and currently controls the vote of such shares through the Azcárraga Trust.

The A Shares held through the Azcárraga Trust constitute a majority of the A Shares whose holders are entitled to vote because non-Mexican holders of CPOs and GDSs are not permitted by law to vote the underlying A Shares. Accordingly, and so long as non-Mexicans own more than a minimal number of A Shares, Emilio Azcárraga Jean will have the ability to direct the election of 11 out of 20 members of our Board, as well as prevent certain actions by the stockholders, including dividend payments, mergers, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws.

Pursuant to Televisa's bylaws, holders of Series B shares are entitled to elect five out of 20 members of the Board of Directors.

Because the Azcárraga Trust only holds a limited number of B Shares, there can be no assurance that individuals nominated by the Azcárraga Trust appointees will be elected to our Board.

Related Party Transactions

Transactions and Arrangements With Innova. In 2009, we engaged in, and we expect that we will continue to engage in, transactions with Innova, including, without limitation, the transaction 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.

Capital Contributions and Loans

Programming. Pursuant to an agreement between us and Innova, we have granted Innova exclusive DTH rights to some program services in Mexico. Innova paid us Ps. 807.8 million for these rights in 2009. 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.

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 2009, 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. 220 million for advertising services in 2009.

Guarantees. We have guaranteed a portion of Innova's payments to Intelsat Corporation (formerly PanAmSat Corporation) 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, 2009, we had guaranteed payments in the amount of U.S.\$ 68.9 million, which represented 58.7% of Innova's obligations to Intelsat Corporation at the end of 2009. See "Information on the Company — Business Overview — 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 Intelsat. We have also guaranteed 100% of Corporación Novavision, S. de R.L. de C.V.'s payment obligation under both the Ps.2.1 billion, 8.3-year bank loan with Banamex, as well as the Ps.1.4 billion, 8.3-year bank loan with Banco Santander, S.A.

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 asset 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. 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 58.7%. 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 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 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 2009, see Note 16 to our year-end financial statements and Note 9 to Innova's year-end financial statements. See also "Information on the Company — Business Overview — DTH Joint Ventures — Mexico and Central America".

Transactions and Arrangements With Vuela. In 2007, Editorial Televisa, our subsidiary, entered into an agreement with Vuela pursuant to which Vuela distributes five different magazines edited and produced by Editorial Televisa. Under this agreement, Vuela distributes these magazines at no cost to its clients, in boarding terminals at airports located in the Mexican territory and on its airplanes. Televisa pays Vuela 10% of the net advertising sales generated by these magazines. We believe that such percentage is comparable to the amounts paid to third parties in similar types of transactions.

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 for Televisa content. 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 2009, Televisa paid Vuela the amount of Ps.1,014,053 as variable consideration under such agreement. We believe that such amount is comparable to those paid to third parties in these types of transactions.

In January 2008, we entered into a lease agreement with Vuela that expired in February 28, 2009, pursuant to which Vuela leased approximately 2,000 meters of the real estate adjacent to our principal headquarters in Santa Fe, Mexico City. Under this lease agreement, Vuela paid Televisa a monthly fixed consideration of U.S.\$8,538.83 and an additional variable consideration of approximately U.S.\$10,673.54 depending on the total fraction actually used by Vuela during each month. We believe that such amounts are comparable to those paid to third parties in these types of transactions.

Transactions and Arrangements with TVI. In December 2007, TVI entered into a loan facility in connection with the financing of the acquisition of the majority of the assets of Bestel by our indirect majority-owned subsidiary, Cablestar. In connection with such loan facility, TVI issued an interest bearing promissory note in the principal amount of U.S.\$50 million with a maturity date of December 2012, in favor of JPMorgan Chase Bank, N.A. The interest rate on the promissory note is LIBOR plus the applicable margin, which is determined by the leverage ratio. On June 2, 2009, JPMorgan Chase Bank, N.A. and the Company entered into an Assignment and Assumption Agreement, whereby Grupo Televisa, S.A.B prepaid the loan facility and assumed from JPMorgan Chase Bank, N.A. the entire \$50.0 million loan facility with TVI. In July 2009, TVI prepaid the loan facility through an exchange with the Company of such loan receivable for the 15.4% interest TVI held in Cablestar and for Ps.85.58 million in cash.

Transactions and Arrangements with Letseb. In December 2007, in connection with the acquisition of Bestel, Letseb issued a non-interest bearing promissory note in the principal amount of U.S.\$80 million with a maturity date of August 2009, in favor of Consultoría Empresarial Segura, S.A. de C.V. or CES, which was guaranteed by the Company. In 2008, CES sold such promissory note to Credit Suisse acting through its Cayman Islands Branch or Credit Suisse, and as a result, the promissory note was replaced by a U.S.\$80 million non-interest bearing promissory note payable to Credit Suisse with the same maturity date, which was also guaranteed by the Company. In March 2009, the Company entered into a purchase agreement with Credit Suisse, pursuant to which it acquired the U.S.\$80 million non-interest bearing promissory note.

Transactions and Arrangements With Our Directors and Officers. In 2007, we invested Ps.55 million (approximately U.S.\$5 million) in the equity of Centros de Conocimiento Tecnológico, or CCT, a company that builds, owns and operates technological schools in Mexico and in which Claudio X. Gonzalez Laporte and Carlos Fernandez Gonzalez, two of our directors, own a minority interest. We currently hold 15% of the equity of CCT.

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. Certain of our executive officers and directors participate in our stock purchase plan and Long-Term Retention Plan. See “Directors, Senior Management and Employees — Stock Purchase Plan” and “— Long-Term Retention Plan”.

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

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 2009 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 2009, and we expect to continue these arrangements through 2010.

Loans from Banamex. Banamex and Innova entered into a loan agreement with a maturity date of 2016 and Banamex and TVI entered into a revolving credit facility with a maturity date of 2010. These loans were made 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 was 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, a former director, 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 “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

Advertising Services. Two of our directors, Alfonso de Angoitia Noriega and Carlos Fernández González, are members of the Board of, as well as in the case of Mr. Fernández, stockholder 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 and Chairman of the board of directors of Grupo Modelo. Alfonso de Angoitia Noriega also serves as the Chairman of the Finance Committee of the board of directors of Grupo Modelo. Grupo Modelo purchased advertising services from us in connection with the promotion of its products from time to time in 2009, 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.

During 2009, Editorial Televisa, our subsidiary, entered into advertising agreements with Comercializadora IMU, S.A. de C.V., or IMU, a company controlled by the brother-in-law of Emilio Azcárraga Jean, whereby IMU provides advertising services to Editorial Televisa by promoting magazines published by Editorial Televisa, at billboards installed at bus stops and Editorial Televisa promotes IMU’s products and/or services in the magazines it publishes. Under such agreement, Editorial Televisa paid IMU Ps. 433,354 for such services in 2009, and IMU paid Televisa Ps. 433,354 for such services in 2009. In addition, Editorial Televisa and IMU entered into separate advertising services agreements in 2007, 2008 and 2009, whereby IMU provided advertising services to Editorial Televisa by promoting magazines published by Editorial Televisa at billboards installed at bus stops. Editorial Televisa paid Ps. 3.9 million for such services in 2009. We believe that the terms and conditions of these advertising agreements are on arm’s length basis.

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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 FEMSA, among others, purchased advertising services from us in connection with the promotion of their respective products and services from time to time in 2009, 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. and TV Promo, S.A. de C.V., or TV Promo. Grupo TV Promo, S.A. de C.V. 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, S.A. de C.V. 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., Radar Servicios Especializados de Mercadotecnia, S.A. de C.V. and TV Promo International, Inc. (jointly, Grupo TV Promo) 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, S.A. de C.V. and/or TV Promo, other than dividends to which he may be entitled to receive as stockholder, as the case may be. During 2009, Grupo TV Promo purchased unsold advertising from Televisa for a total Ps. 233.7 million.

Agency Services. From July 2005 to October 2007, Maximedios Alternativos, S.A. de C.V., or Maximedios, a Mexican company, was Televisa’s sales agent 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 Cablevisión). Televisa, Innova, Televisa Networks and Cablevisión, respectively paid Maximedios 15% of the revenues from advertising sales made on their behalf and Televisa paid 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 2009, Televisa and the aforementioned affiliates, paid Maximedios the amount of Ps.0.7 million, 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 2009, 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.

In August 2009, we entered into an agreement with Allen & Company to provide the Company with advisory services related to investment opportunities outside of Mexico. Two of our directors are directors of Allen & Company as well. This agreement was entered into on an arm’s length basis. We believe that the amounts paid and to be paid under this agreement to Allen & Company are comparable to those paid to third parties for these types of services. See Note 16 to our year-end financial statements.

Sale of Property. During 2007, we entered into a purchase agreement with Icon Servicios Administrativos, S. de R.L. de C.V., or Icon, related to a 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.\$80.0 million. On October 19, 2008, this agreement was terminated early in accordance with its terms. On October 20, 2008, we entered into a new purchase agreement with Icon, related to a portion of the land located in front of our principal headquarters in Santa Fe, for a purchase price at approximately U.S.\$45.6 million. The transaction was subject to a number of conditions which were not fulfilled, therefore the agreement was terminated in advance. A stockholder 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.

During January 2010, we entered into a purchase agreement with Desarrolladora El Cenote, S.A. de C.V., or Cenote, related to a sale to Cenote of a portion of the land located in front of our principal headquarters in Santa Fe for a purchase price of approximately U.S. \$45.6 million. The transaction is still subject to a number of conditions. A stockholder of Cenote is Mr. Adolfo Fastlicht Kurian, the brother-in-law of Mr. Emilio Azcarraga Jean, our Chief Executive Officer and Chairman of the Board.

Item 8. Financial Information

See “Financial Statements” and pages F-1 through F-62, which are incorporated herein by reference.

Item 9. The Offer and Listing

Trading History of CPOs and GDSs

Since December 1993, the GDSs have been traded on the NYSE and the CPOs have been traded on the Mexican Stock Exchange. In September 2007, we removed JPMorgan Chase Bank, N.A. as the depository for the GDSs and appointed The Bank of New York Mellon pursuant to a new deposit agreement.

The table below shows, for the periods indicated, the high and low market prices in nominal Pesos for the CPOs on the Mexican Stock Exchange, giving effect to the March 1, 2000 10-for-1 stock split in all cases.

	Nominal Pesos per CPO(1)	
	High	Low
2005	44.13	29.20
2006	60.88	37.67
2007	68.10	48.29
2008	57.35	36.19
First Quarter	52.91	44.81
Second Quarter	57.35	47.68
Third Quarter	52.76	43.29
Fourth Quarter	48.55	36.19
December	43.75	38.04
2009	56.67	33.91
First Quarter	44.31	33.91
Second Quarter	48.17	39.39
Third Quarter	50.64	43.59
Fourth Quarter	56.67	48.45
December	54.52	52.74
2010 (through June 17, 2010)	54.46	45.25
First Quarter	54.46	47.29
January	54.46	50.50
February	52.21	47.29
March	52.65	48.84
Second Quarter (through June 17, 2010)	53.33	45.25
April	53.33	48.87
May	51.07	46.87
June (through June 17, 2010)	48.42	45.25

(1) Source: Mexican Stock Exchange.

The table below shows, for the periods indicated, the high and low market prices in U.S. Dollars for the GDSs on the NYSE, giving effect to the March 22, 2006 1:4 GDS ratio change in all cases.

	U.S. Dollars per GDS(1)	
	High	Low
2005	20.77	13.19
2006	28.20	16.38
2007	31.14	22.04
2008	27.68	13.21
First Quarter	24.77	20.85
Second Quarter	27.68	23.09
Third Quarter	25.96	19.92
Fourth Quarter	22.19	13.21
December	16.39	14.32

	U.S. Dollars per GDS(1)	
	High	Low
2009	22.13	10.92
First Quarter	16.66	10.92
Second Quarter	18.20	14.16
Third Quarter	18.99	16.30
Fourth Quarter	22.13	17.74
December	21.39	20.53
2010 (June 17, 2010)	21.66	17.52
First Quarter	21.15	18.30
January	21.15	19.54
February	20.24	18.30
March	21.04	19.13
Second Quarter (through June 17, 2010)	21.66	17.52
April	21.66	19.75
May	20.75	17.95
June (through June 17, 2010)	18.94	17.52

(1) Source: NYSE.

Trading prices of the CPOs and the GDSs will be influenced by our results of operations, financial condition, cash requirements, future prospects and by economic, financial and other factors and market conditions. See “Key Information — Risk Factors — Risk Factors Related to Mexico — Economic and Political Developments in Mexico May Adversely Affect Our Business”. There can be no assurance that prices of the CPOs and the GDSs will, in future, be within the ranges set forth above. We believe that as of May 31, 2010, approximately 313,956,807 GDSs were held of record by 112 persons with U.S. addresses. Before giving effect to the 2004 recapitalization, substantially all of the outstanding A Shares not held through CPOs were owned by Televiscentro and a special purpose trust created for our Long-Term Retention Plan, as described under “Major Stockholders and Related Party Transactions” and “Directors, Senior Management and Employees — Long-Term Retention Plan”. For more information regarding our 2004 recapitalization, please refer to our Form 6-K filed with the SEC on March 25, 2004.

Trading on the Mexican Stock Exchange

Overview

The Mexican Stock Exchange, located in Mexico City, is the only stock exchange in Mexico. Operating continuously since 1907, the Mexican Stock Exchange is organized as a corporation with variable capital, or *sociedad anónima de capital variable*. Securities trading on the Mexican Stock Exchange occurs from 8:30 a.m. to 3:00 p.m., Mexico City time, each business day. Since January 1999, all trading on the Mexican Stock Exchange has been effected electronically. The Mexican Stock Exchange may impose a number of measures to promote an orderly and transparent trading price of securities, including the operation of a system of automatic suspension of trading in shares of a particular issuer when price fluctuation exceeds certain limits. The Mexican Stock Exchange may also suspend trading in shares of a particular issuer as a result of the disclosure of a material event, or when the changes in the volume traded or share price are not consistent with either the historic performance or information publicly available. The Mexican Stock Exchange may resume trading in the shares when it deems that the material events have been adequately disclosed to public investors or when it deems that the issuer has adequately explained the reasons for the changes in the volume traded or prevailing share price. Under current regulations, in certain cases when the relevant securities are simultaneously traded on a stock exchange outside of Mexico, the Mexican Stock Exchange may consider the measures adopted by the other stock exchange in order to suspend and/or resume trading in the issuer’s shares.

Settlement is effected two business days after a share transaction on the Mexican Stock Exchange. Deferred settlement, even by mutual agreement, is not permitted without the approval of the CNBV. Most securities traded on the Mexican Stock Exchange, including the CPOs, are on deposit with S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V., or Indeval, a privately owned securities depository that acts as a clearinghouse, depository and custodian, as well as a settlement, transfer and registration agent for Mexican Stock Exchange transactions, eliminating the need for physical transfer of securities.

Although the Mexican Securities Market Law provides for the existence of an over-the-counter market, no such market for securities in Mexico has been developed.

Market Regulation and Registration Standards

In 1946, the *Comisión Nacional de Valores*, or the National Securities Commission, commonly known as the CNV, was established to regulate stock market activity. In 1995, the CNV and the *Comisión Nacional Bancaria*, or the National Banking Commission, were merged to form the CNBV. The Mexican Securities Market Law, which took effect in 1975, introduced important structural changes to the Mexican financial system, including the organization of brokerage firms as corporations with variable capital, or *sociedades anónimas de capital variable*. The Mexican Securities Market Law sets standards for authorizing companies to operate as brokerage firms, which authorization is granted at the discretion of the Ministry of Finance upon the recommendation of the CNBV. In addition to setting standards for brokerage firms, the Mexican Securities Market Law empowers the CNBV, among other things, to regulate the public offering and trading of securities and to impose sanctions for the illegal use of insider information. The CNBV regulates the Mexican securities market, the Mexican Stock Exchange and brokerage firms through a board of governors composed of thirteen members, five of which are appointed by the Ministry of Finance.

In June 2001, the Mexican Securities Market Law required issuers to increase the protections offered to minority stockholders and to impose corporate governance controls on Mexican listed companies in line with international standards. The Mexican Securities Market Law then in effect expressly permitted Mexican listed companies, with prior authorization from the CNBV, to include in their bylaws anti-takeover defenses such as stockholder rights plans, or poison pills. We amended our bylaws to include certain of these protections at our general extraordinary stockholders' meeting, which was held on April 30, 2002. See "Additional Information — Bylaws — Other Provisions — Appraisal Rights and Other Minority Protections" and "Additional Information — Bylaws — Antitakeover Protections".

To offer securities to the public in Mexico, an issuer must meet specific qualitative and quantitative requirements, and generally only securities for which an application for registration in the National Registry of Securities, or NRS, maintained by the CNBV has been approved by the CNBV may be listed on the Mexican Stock Exchange. This approval does not imply any kind of certification or assurance related to the merits or the quality of the securities or the solvency of the issuer.

In March 2003, the CNBV issued general rules, or General CNBV Rules, applicable to issuers and other securities market participants. The General CNBV Rules, which repealed several previously enacted rules, or *circulares*, of the CNBV, now provide a single set of rules governing issuers and issuer activity, among other things.

The General CNBV Rules have mandated that the Mexican Stock Exchange adopt minimum requirements for issuers to be registered with the CNBV and have their securities listed on the Mexican Stock Exchange. To be registered, issuers will be required to have, among other things:

- a minimum number of years of operating history;
- a minimum financial condition;
- a minimum number of shares or CPOs to be publicly offered to public investors;
- a minimum price for the securities to be offered;
- a minimum of 15% of the capital stock placed among public investors;
- a minimum of 200 holders of shares or of shares represented by CPOs, who are deemed to be public investors under the General CNBV Rules, upon the completion of the offering;

- the following distribution of the securities offered pursuant to an offering in Mexico: (i) at least 50% of the total number of securities offered must be placed among investors who acquire less than 5% of the total number of securities offered; and (ii) no investor may acquire more than 40% of the total number of securities offered; and
- complied with certain corporate governance requirements.

To maintain its registration, an issuer will be required to have, among other things:

- a minimum financial condition;
- minimum operating conditions, including a minimum number of trades;
- a minimum trading price of its securities;
- a minimum of 12% of the capital stock held by public investors;
- a minimum of 100 holders of shares or of shares represented by CPOs who are deemed to be public investors under the General CNBV Rules; and
- complied with certain corporate governance requirements.

The CNBV has the authority to waive some of these requirements in some circumstances. Also, some of these requirements are applicable for each series of shares of the relevant issuer.

The Mexican Stock Exchange will review annually compliance with the foregoing and other requirements, some of which may be further reviewed on a quarterly or semi-annual basis. The Mexican Stock Exchange must inform the CNBV of the results of its review and this information must, in turn, be disclosed to investors. If an issuer fails to comply with any of the foregoing requirements, the Mexican Stock Exchange will request that the issuer propose a plan to cure the violation. If the issuer fails to propose such plan, if the plan is not satisfactory to the Mexican Stock Exchange or if the issuer does not make substantial progress with respect to the corrective measures, trading of the relevant series of shares on the Mexican Stock Exchange will be temporarily suspended until the situation is corrected. In addition, if the issuer fails to propose the plan or ceases to follow such plan once proposed, the CNBV may suspend or cancel the registration of the shares. In such event, the issuer must evidence the mechanisms to protect the rights of public investors and market in general.

Issuers of listed securities are required to file unaudited quarterly financial statements and audited annual financial statements as well as various periodic reports with the CNBV and the Mexican Stock Exchange. Pursuant to the General CNBV Rules, the internal regulations of the Mexican Stock Exchange must be amended to include, among other things, the implementation of the *Sistema Electrónico de Envío y Difusión de Información*, or the SEDI, an automated system for the electronic transfer of the information required to be filed with the Mexican Stock Exchange, which will be similar to, but will replace, the existing *Sistema Electrónico de Comunicación con Emisores de Valores*, or EMISNET. Issuers of listed securities must prepare and disclose their financial information by a Mexican Stock Exchange-approved system known as the *Sistema de Información Financiera Computarizada*, or Computerized Financial Information System, commonly known as the SIFIC. Immediately upon its receipt, the Mexican Stock Exchange makes that information available to the public.

The General CNBV Rules and the internal regulations of the Mexican Stock Exchange require issuers of listed securities to file through the SEDI information on the occurrence of material events affecting the relevant issuer. Material events include, but are not limited to:

- the entering into or termination of joint venture agreements or agreements with key suppliers;
- the creation of new lines of businesses or services;
- significant deviations in expected or projected operating performance;
- the restructuring or payment of significant indebtedness;
- material litigation or labor conflicts;
- changes in dividend policy;
- the commencement of any insolvency, suspension or bankruptcy proceedings;
- changes in the directors; and
- any other event that may have a material adverse effect on the results, financial condition or operations of the relevant issuer.

If there is unusual price volatility of the securities listed, the Mexican Stock Exchange must immediately request that the issuer inform the public as to the causes of such volatility or, if the issuer is unaware of such causes, make a statement to that effect. In addition, the Mexican Stock Exchange must immediately request that issuers disclose any information relating to relevant material events, when it deems the information currently disclosed to be insufficient, as well as instruct issuers to clarify such information when it deems the information to be confusing. The Mexican Stock Exchange may request issuers to confirm or deny any material events that have been disclosed to the public by third parties when it deems that the material event may affect or influence the securities being traded. The Mexican Stock Exchange must immediately inform the CNBV of any requests made to issuers. The CNBV may also make any of these requests directly to issuers. An issuer may delay the disclosure of material events under some circumstances, including where the information being offered is not related to transactions that have been completed.

The CNBV and the Mexican Stock Exchange may suspend the dealing in securities of an issuer:

- if the issuer does not adequately disclose a material event; or
- upon price or volume volatility or changes in the offer or demand in respect of the relevant securities, which are not consistent with the historic performance of the securities and could not be explained solely by the information made publicly available under the General CNBV Rules.

The Mexican Stock Exchange must immediately inform the CNBV and the general public of any such suspension. An issuer may request that the CNBV or the Mexican Stock Exchange resume trading, provided it demonstrates that the causes triggering the suspension have been resolved and that it is in full compliance with the periodic reporting requirements under the applicable law. If its request has been granted, the Mexican Stock Exchange will determine the appropriate mechanism to resume trading in its securities. If trading of an issuer is suspended for more than 20 business days and the issuer is authorized to resume trading without conducting a public offering, the issuer must disclose through the SEDI, before trading resumes, a description of the causes that resulted in the suspension and reasons why it is now authorized to resume trading.

Likewise, if the securities of an issuer are traded on both the Mexican Stock Exchange and a foreign securities market, that issuer must file with the CNBV and the Mexican Stock Exchange on a simultaneous basis the information that it is required to file pursuant to the laws and regulations of the relevant other jurisdiction.

Pursuant to the Mexican Securities Market Law, stockholders of issuers listed on the Mexican Stock Exchange must disclose any transactions through or outside of the Mexican Stock Exchange that result in exceeding 10% ownership stake of an issuer's capital stock. These stockholders must also inform the CNBV of the results of these transactions the day after their completion. See "Additional Information — Mexican Securities Market Law".

Additionally, related parties of an issuer who increase or decrease their ownership stake, in one or more transactions, by 5% or more, shall disclose such transactions. The Mexican Securities Market Law also requires stockholders holding 10% or more of the capital stock of companies listed in the registry to notify the CNBV of any ownership changes in shares of the company. Moreover, recent amendments to the CNBV regulations for issuers, require issuers to disclose to the CNBV on an annual basis on or before June 30 of each year: (i) the name and ownership percentage of any Board members and relevant officers that maintain 1% or more of the capital stock of an issuer, (ii) the names and ownership percentage of any other individual or entity that maintains 5% or more of the capital stock of an issuer (regardless of whether such stockholder is an officer or director) and (iii) the names and ownership percentage of the 10 (ten) stockholders with the largest direct ownership stake in an issuer (regardless of the ownership percentage or whether such stockholder is an officer, director, related party or private investor with no relationship to the issuer). Based on the foregoing, Mexican Securities Regulations require that (i) Board members and relevant officers that maintain 1% or more of the capital stock of an issuer and (ii) any other individual or entity that maintains 5% or more of the capital stock of an entity, provide this information to the relevant issuer on or before May 15 of each year.

Item 10. Additional Information

Mexican Securities Market Law

On April 25, 2002, the CNBV issued general rules to regulate public tender offers and the obligation to disclose share acquisitions above certain thresholds, as well as share acquisitions of the capital stock of public companies by related parties. Subject to certain exceptions, any acquisition of shares of a public company which increases the acquiror's ownership to 10% or more, but not more than 30%, of the company's outstanding capital stock must be disclosed to the CNBV and the Mexican Stock Exchange by no later than the day following the acquisition. Any acquisition of shares by a related party that increases such party's ownership interest in a public company by 5% or more of the company's outstanding capital stock must also be disclosed to the CNBV and the Mexican Stock Exchange by no later than the day following the acquisition. In addition, any intended acquisition of shares of a public company which increases the potential acquiror's ownership to 30% or more, but not more than 50%, of the company's voting shares requires the potential acquiror to make a tender offer for the greater of (i) the percentage of the capital stock intended to be acquired or (ii) 10% of the outstanding capital stock. Finally, any intended acquisition of shares of a public company which increases the potential acquiror's ownership to more than 50% of the company's voting shares requires the potential acquiror to make a tender offer for 100% of the outstanding capital stock. Bylaw provisions regarding mandatory tender offers in the case of these acquisitions may differ from the requirements summarized above, provided that they are more protective to minority stockholders than those afforded by law. See "— Bylaws — Antitakeover Protections".

On December 30, 2005, a new Mexican Securities Market Law was enacted and published in the Official Gazette. The new Securities Market Law became effective on June 28, 2006 and in some cases allowed an additional period of 180 days (late December 2006) for issuers to incorporate in their by-laws the new corporate governance and other requirements derived from the new law. The new Mexican Securities Market Law changed the Mexican securities laws in various material respects. In particular the new law (i) clarifies the rules for tender offers, dividing them in voluntary and mandatory, (ii) clarifies standards for disclosure of holdings applicable to stockholders of public companies, (iii) expands and strengthens the role of the board of directors of public companies, (iv) determines with precision the standards applicable to the board of directors and the duties of the board, each director, its secretary, the general director and executive officers (introducing concepts such as the duty of care, duty of loyalty and safe harbors), (v) replaces the statutory auditor (comisario) and its duties with the audit committee, the corporate practices committee and the external auditors, (vi) clearly defines the role of the general director and executive officers and their responsibilities, (vii) improves rights of minorities, and (viii) improves the definition of applicable sanctions for violations to the Mexican Securities Market Law, including the payment of punitive damages and criminal penalties.

The new Mexican Securities Market Law does not substantially modify the reporting obligations of issuers of equity securities listed in the Mexican Stock Exchange. The new Mexican Securities Market Law reinforces insider trading restrictions and specifically includes, within such restrictions, trading in options and derivatives the underlying security of which is issued by such entity. Among other changes, the new Mexican Securities Market Law provides for a course of action available to anyone who traded (as a counterparty) with someone in possession of privileged information to seek the appropriate indemnification.

Pursuant to the new Mexican Securities Market Law:

- members of a listed issuer's board of directors,
- stockholders controlling 10% or more of a listed issuer's outstanding share capital,
- advisors,
- groups controlling 25% or more of a listed issuer's outstanding share capital and
- other insiders

must inform the CNBV of any transactions undertaken with securities of a listed issuer.

In addition, under the new Mexican Securities Market Law insiders must abstain from purchasing or selling securities of the issuer within 90 days from the last sale or purchase, respectively.

The new Mexican Securities Market Law has, in some respects, modified the rules governing tender offers conducted in Mexico. Under the new law, tender offers may be voluntary or mandatory. All tender offers must be open for at least 20 business days and purchases thereunder are required to be made pro-rata to all tendering stockholders. Any intended purchase resulting in a 30% or greater holding requires the tender to be made for the greater of 10% of the company's capital stock or the share capital intended to be acquired; if the purchase is aimed at obtaining control, the tender must be made for 100% of the outstanding shares. In calculating the intended purchase amount, convertible securities, warrants and derivatives the underlying security of which are such shares must be considered. The new law also permits the payment of certain amounts to controlling stockholders over and above the offering price if these amounts are fully disclosed, approved by the board of directors and paid in connection with non-compete or similar obligations. The new law also introduces exceptions to the mandatory tender offer requirements and specifically provides for the consequences, to a purchaser, of not complying with these tender offer rules (lack of voting rights, possible annulment of purchases, etc.) and other rights available to prior stockholders of the issuer.

The new Mexican Securities Market Law ratifies that public companies may insert provisions in their by-laws pursuant to which the acquisition of control of the company, by the company's stockholders or third parties, may be prevented, if such provisions (i) are approved by stockholders without the negative vote of stockholders representing 5% or more of the outstanding shares, (ii) do not exclude any stockholder or group of stockholders, and (iii) do not restrict, in an absolute manner, the change of control.

Bylaws

Set forth below is a brief summary of some significant provisions of our bylaws and Mexican law. This description does not purport to be complete, and is qualified by reference in its entirety to our bylaws, which have been filed as an exhibit to this annual report and Mexican law. For a description of the provisions of our bylaws relating to our Board of Directors, Executive Committee, and Audit and Corporate Practices Committee, see "Directors, Senior Management and Employees".

Organization and Register

Televisa is a *sociedad anónima bursátil*, or limited liability stock corporation, organized under the laws of Mexico in accordance with the Mexican Companies Law. Televisa was incorporated under Public Deed Number 30,200, dated December 19, 1990, granted before Notary Public Number 73 of Mexico City, D.F., and registered with the Public Registry of Commerce of Mexico City, under Commercial Page (*folio mercantil*) Number 142,164. We have a general corporate purpose, the specifics of which can be found in Article Four of our bylaws.

We maintain a stock registry, and in accordance with Mexican law, we only recognize those holders listed in our stock registry as our stockholders. Our stockholders may hold their share in the form of physical certificates or through book-entries with institutions that have accounts with Indeval. The CPO Trustee is the holder of record for Shares represented by CPOs. Accounts may be maintained at Indeval by brokers, banks and other entities approved by the CNBV.

Voting Rights and Stockholders' Meetings

Holders of A Shares. Holders of A Shares have the right to vote on all matters subject to stockholder approval at any general stockholders' meeting and have the right, voting as a class, to appoint eleven members of our Board of Directors and the corresponding alternate directors. In addition to requiring approval by a majority of all Shares entitled to vote together on a particular corporate matter, certain corporate matters must be approved by a majority of the holders of A Shares voting separately. These matters include mergers, dividend payments, spin-offs, changes in corporate purpose, changes of nationality and amendments to the anti-takeover provisions of our bylaws.

Holders of B Shares. Holders of B Shares have the right to vote on all matters subject to stockholder approval at any general stockholders' meeting and have the right, voting as a class, to appoint five members of our Board of Directors and the corresponding alternate directors. The five directors and corresponding alternate directors elected by the holders of the B Shares will be elected at a stockholders' meeting that must be held within the first four months after the end of each year.

Holders of D Shares and L Shares. Holders of D Shares, voting as a class, are entitled to vote at special meetings to elect two of the members of our Board of Directors and the corresponding alternate directors, each of which must be an independent director. In addition, holders of D Shares are entitled to vote on the following matters at extraordinary general meetings:

- our transformation from one type of company to another;
- any merger (even if we are the surviving entity);

- extension of our existence beyond our prescribed duration;
- our dissolution before our prescribed duration (which is currently December);
- a change in our corporate purpose;
- a change in our nationality; and
- the cancellation from registration of the D Shares or the securities which represent the D Shares with the securities or special section of the NRS and with any other Mexican or foreign stock exchange in which such shares or securities are registered.

Holders of L Shares, voting as a class, are entitled to vote at special meetings to elect two of the members of our Board of Directors and the corresponding alternate directors, each of which must be an independent director. Holders of L Shares are also entitled to vote at extraordinary general meetings on the following matters:

- our transformation from one type of company to another;
- any merger in which we are not the surviving entity; and
- the cancellation from registration of the L Shares or the securities that represent the L Shares with the special section of the NRS.

The two directors and corresponding alternate directors elected by each of the holders of the D Shares and the L Shares are elected annually at a special meeting of those holders. Special meetings of holders of D Shares and L Shares must also be held to approve the cancellation from registration of the D Shares or L Shares or the securities representing any of such shares with the NRS, as the case may be, and in the case of D Shares, with any other Mexican or foreign stock exchange in which such shares or securities are registered. All other matters on which holders of L Shares or D Shares are entitled to vote must be considered at an extraordinary general meeting. Holders of L Shares and D Shares are not entitled to attend or to address meetings of stockholders at which they are not entitled to vote. Under Mexican law, holders of L Shares and D Shares are entitled to exercise certain minority protections. See “— Other Provisions — Appraisal Rights and Other Minority Protections”.

Other Rights of Stockholders . Under Mexican law, holders of shares of any series are also entitled to vote as a class in a special meeting governed by the same rules that apply to extraordinary general meetings, as described below, on any action that would prejudice the rights of holders of shares of such series, but not rights of holders of shares of other series, and a holder of shares of such series would be entitled to judicial relief against any such action taken without such a vote. Generally, the determination of whether a particular stockholder action requires a class vote on these grounds could initially be made by the Board of Directors or other party calling for stockholder action. In some cases, under the Mexican Securities Market Law and the Mexican Companies Law, the Board of Directors, the Audit Committee, the Corporate Practices Committee, or a Mexican court on behalf of those stockholders representing 10% of our capital stock could call a special meeting. A negative determination would be subject to judicial challenge by an affected stockholder, and the necessity for a class vote would ultimately be determined by a court. There are no other procedures for determining whether a particular proposed stockholder action requires a class vote, and Mexican law does not provide extensive guidance on the criteria to be applied in making such a determination.

General stockholders’ meetings may be ordinary general meetings or extraordinary general meetings. Extraordinary general meetings are those called to consider specific matters specified in Article 182 of the Mexican Companies Law and our bylaws, including, among others, amendments to our bylaws, our dissolution, liquidation or split-up, our merger and transformation from one form of company to another, increases and reductions in our capital stock, the approval of certain acquisitions of shares, including a change of control, as set forth in the antitakeover provisions in our bylaws and any action for civil liabilities against the members of our Board of Directors, its Secretary, or members of our Audit and Corporate Practices Committee. In addition, our bylaws require an extraordinary general meeting to consider the cancellation of registration of the D Shares or L Shares or the securities representing these Shares with the NRS, as the case may be, and in the case of D Shares, with any other Mexican or foreign stock exchange in which such Shares or securities are registered. General meetings called to consider all other matters are ordinary meetings which are held at least once each year within four months following the end of each fiscal year. Stockholders may be represented at any stockholders’ meeting by completing a form of proxy provided by us, which proxy is available within fifteen days prior to such meeting, and designating a representative to vote on their behalf. The form of proxy must comply with certain content requirements as set forth in the Mexican Securities Market Law and in our bylaws.

Holders of CPOs . Holders of CPOs who are Mexican nationals or Mexican corporations whose bylaws exclude foreign ownership of their shares are entitled to exercise voting rights with respect to the A Shares, B Shares, D Shares and L Shares underlying their CPOs. The CPO Trustee will vote such shares as directed by Mexican holders of CPOs, which must provide evidence of Mexican nationality. Non-Mexican holders of CPOs may only vote the L Shares held in the CPO Trust and are not entitled to exercise any voting rights with respect to the A Shares, B Shares and D Shares held in the CPO Trust. Voting rights in respect of these A Shares, B Shares and D Shares may only be exercised by the CPO Trustee. A Shares, B Shares and D Shares underlying the CPOs of non-Mexican holders or holders that do not give timely instructions as to voting of such Shares, (a) will be voted at special meetings of A Shares, B Shares or D Shares, as the case may be, as instructed by the CPO Trust’s Technical Committee (which consists of members of the Board of Directors and/or Executive Committee, who must be Mexican nationals), and (b) will be voted at any general meeting where such series has the right to vote in the same manner as the majority of the outstanding A Shares held by Mexican nationals or Mexican corporations (directly, or through the CPO Trust, as the case may be) are voted at the relevant meeting. L Shares underlying the CPOs of any holders that do not give timely instructions as to the voting of such Shares will be voted, at special meetings of L Shares and at general extraordinary meetings where L Shares have voting rights, as instructed by the Technical Committee of the CPO Trust. The CPO Trustee must receive voting instructions five business days prior to the stockholders’ meeting. Holders of CPOs that are Mexican nationals or Mexican corporations whose bylaws exclude foreign ownership of their Shares also must provide evidence of nationality, such as a copy of a valid Mexican passport or birth certificate, for individuals, or a copy of the bylaws, for corporations.

As described in “Major Stockholders and Related Party Transactions,” A Shares held through the Azcárraga 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 to vote the underlying A Shares. Accordingly, the vote of A Shares held through the Azcárraga Trust generally will determine how the A Shares underlying our CPOs are voted.

Holders of GDRs . Global Depositary Receipts, or GDRs evidencing GDSs are issued by The Bank of New York Mellon, the Depositary, pursuant to the Deposit Agreement we entered into with the Depositary and all holders from time to time of GDSs. Each GDR evidences a specified number of GDSs. A GDR may represent any number of GDSs. Only persons in whose names GDRs are registered on the books of the Depositary will be treated by us and the Depositary as owners and holders of GDRs. Each GDS represents the right to receive five CPOs which will be credited to the account of Banco Inbursa, S.A., the Custodian, maintained with Indeval for such purpose. Each CPO represents financial interests in, and limited voting rights with respect to, 25 A Shares, 22 B Shares, 35 L Shares and 35 D Shares held pursuant to the CPO Trust.

The Depositary will mail information on stockholders’ meetings to all holders of GDRs. At least six business days prior to the relevant stockholders’ meeting, GDR holders may instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the CPOs represented by their GDSs, and the underlying Shares. Since the CPO Trustee must also receive voting instructions five business days prior to the stockholders’ meeting, the Depositary may be unable to vote the CPOs and underlying Shares in accordance with any written instructions. Holders that are Mexican nationals or Mexican corporations whose bylaws exclude foreign ownership of their Shares are entitled to exercise voting rights with respect to the A Shares, B Shares, D Shares and L Shares underlying the CPOs represented by their GDSs. Such Mexican holders also must provide evidence of nationality, such as a copy of a valid Mexican passport or birth certificate, for individuals, or a copy of the bylaws, for corporations.

Non-Mexican holders may exercise voting rights only with respect to L Shares underlying the CPOs represented by their GDSs. They may not direct the CPO Trustee as to how to vote the A Shares, B Shares or D Shares represented by CPOs or attend stockholders’ meetings. Under the terms of the CPO Trust Agreement, the CPO Trustee will vote the A Shares, B Shares, D Shares and L Shares represented by CPOs held by non-Mexican holders (including holders of GDRs) as described under “—Holders of CPOs”. If the Depositary does not timely receive instructions from a Mexican or Non-Mexican holder of GDRs as to the exercise of voting rights relating to the A Shares, B Shares, D Shares or L Shares underlying the CPOs, as the case may be, in the relevant stockholders’ meeting then, if requested in writing by us, the Depositary will give a discretionary proxy to a person designated by us to vote the Shares. If no such written request is made by us, the Depositary will not represent or vote, attempt to represent or vote any right that attaches to, or instruct the CPO Trustee to represent or vote, the Shares underlying the CPOs in the relevant stockholders’ meeting and, as a result, the underlying shares will be voted in the same manner described under “—Holders of CPOs” with respect to shares for which timely instructions as to voting are not given.

If the Depositary does not timely receive instructions from a Mexican or non-Mexican holder of GDRs as to the exercise of voting rights relating to the underlying CPOs in the relevant CPO holders' meeting, the Depositary and the Custodian will take such actions as are necessary to cause such CPOs to be counted for purposes of satisfying applicable quorum requirements and, unless we in our sole discretion have given prior written notice to the Depositary and the Custodian to the contrary, vote them in the same manner as the majority of the CPOs are voted at the relevant CPOs holders' meeting.

Under the terms of the CPO Trust, beginning in December 2008, a non-Mexican holder of CPOs or GDSs may instruct the CPO Trustee to request that we issue and deliver certificates representing each of the Shares underlying its CPOs so that the CPO Trustee may sell, to a third party entitled to hold the Shares, all of those Shares and deliver to the holder any proceeds derived from the sale.

Limitation on Appointment of Directors. Our bylaws prohibit the appointment of individuals to our Board of Directors: who (i) are members of the board of directors or other management boards of a company (other than the Company or its subsidiaries) that has one or more concessions to operate telecommunication networks in Mexico; or (ii) directly or indirectly, are shareholders or partners of companies (other than the Company or its subsidiaries), that have one or more concessions to operate telecommunication networks in Mexico, with the exception of ownership stakes that do not allow such individuals to appoint one or more members of the management board or any other operation or decision making board.

Dividend Rights

At our annual ordinary general stockholders' meeting, our Board of Directors is required to submit our financial statements from the previous fiscal year to the holders of our A Shares and B Shares voting together and a majority of the A Shares voting separately. Once our stockholders approve these financial statements, they must then allocate our net profits for the previous fiscal year. Under Mexican law, at least 5% of our net profits must be allocated to a legal reserve, until the amount of this reserve equals 20% of our paid-in capital stock. Thereafter, our stockholders may allocate our net profits to any special reserve, including a reserve for share repurchases. After this allocation, the remainder of our net profits will be available for distribution as dividends. The vote of the majority of the A Shares and B Shares voting together, and a majority of the A Shares voting separately, is necessary to approve dividend payments. As described below, in the event that dividends are declared, holders of D Shares will have preferential rights to dividends as compared to holders of A Shares, B Shares and L Shares. Holders of A Shares, B Shares and L Shares have the same financial or economic rights, including the participation in any of our profits.

Preferential Rights of D Shares

Holders of D Shares are entitled to receive a cumulative fixed preferred annual dividend in the amount of Ps. 0.00034177575 per D Share before any dividends are payable in respect of A Shares, B Shares and L Shares. If we pay any dividends in addition to the D Share fixed preferred dividend, then such dividends shall be allocated as follows:

- first, to the payment of dividends with respect to the A Shares, the B Shares and the L Shares, in an equal amount per share, up to the amount of the D Share fixed preferred dividend; and
- second, to the payment of dividends with respect to the A Shares, B Shares, D Shares and L Shares, such that the dividend per share is equal.

Upon any dissolution or liquidation of our company, holders of D Shares are entitled to a liquidation preference equal to:

- accrued but unpaid dividends in respect of their D Shares; plus
- the theoretical value of their D Shares as set forth in our bylaws. See “— Other Provisions — Dissolution or Liquidation”.

Limitation on Capital Increases

Our bylaws provide that, in the event shares of a given series are issued as a result of a capital increase (in respect of a cash capital contribution), each holder of shares of that series will have a preferential right to subscribe to new shares of that series, in proportion to the number of such holder’s existing Shares of that series. In addition, primary issuances of A Shares, B Shares, D Shares and L Shares in the form of CPOs may be limited under the Mexican Securities Market Law. As a result of grandfathering provisions, our existing CPO structure will not be affected by the amendments to the law. However, in the case of primary issuances of additional A Shares, B Shares, L Shares and D Shares in the form of CPOs, any new L Shares and D Shares may be required to be converted into A Shares or other voting stock within a term specified by the CNBV, which in no event shall exceed five years. Moreover, under the Mexican Securities Market Law, the aggregate amount of shares of an issuer with limited or non-voting rights may not exceed 25% of the total shares held by public investors. The vote of the holders of a majority of the A Shares is necessary to approve capital increases.

Preemptive Rights

In the event of a capital increase, a holder of existing shares of a given series has a preferential right to subscribe to a sufficient number of shares of the same series in order to maintain the holder’s existing proportionate holdings of shares of that series. Stockholders must exercise their preemptive rights within the time period fixed by our stockholders at the meeting approving the issuance of additional shares. This period must continue for at least fifteen days following the publication of notice of the issuance in the *Diario Oficial de la Federación* and in a newspaper of general circulation in Mexico City. Under Mexican law, stockholders cannot waive their preemptive rights in advance or be represented by an instrument that is negotiable separately from the corresponding share.

U.S. holders of GDSs may exercise preemptive rights only if we register any newly issued shares under the Securities Act, as amended, or qualify for an exemption from registration. We intend to evaluate at the time of any offering of preemptive rights the costs and potential liabilities associated with registering additional shares. In addition, if our stockholders’ meeting approves the issuance of shares of a particular series, holders of shares of other series may be offered shares of that particular series.

Limitations on Share Ownership

Ownership by non-Mexicans of shares of Mexican enterprises is regulated by the Foreign Investment Law and the accompanying Foreign Investment Law Regulations. The Economics Ministry and the Foreign Investment Commission are responsible for the administration of the Foreign Investment Law and the Foreign Investment Law Regulations. The Foreign Investment Law reserves certain economic activities exclusively for the Mexican State, certain other activities exclusively for Mexican individuals or Mexican corporations and limits the participation of non-Mexican investors to certain percentages in regard to other enterprises engaged in activities specified therein. Foreign investors may freely participate in up to 100% of the capital stock of Mexican companies or entities except for those existing companies engaged in specific activities, as described below and those with assets exceeding specified amounts established annually by the Foreign Investment Commission, in which case an approval from the Foreign Investment Commission will be necessary in order for foreign investment to exceed 49% of the capital stock. The Foreign Investment Law reserves certain economic activities exclusively for the Mexican state and reserves certain other activities (including television and radio broadcasting) exclusively for Mexican nationals, consisting of Mexican individuals and Mexican corporations the charters of which contain a prohibition on ownership by non-Mexicans of the corporation's capital stock (a "foreign exclusion clause"). However, the Foreign Investment Law grants broad authority to the Foreign Investment Commission to allow foreign investors to own specified interests in the capital of certain Mexican enterprises. In particular, the Foreign Investment Law provides that certain investments, which comply with certain conditions, are considered "neutral investments" and are not included in the calculation of the foreign investment percentage for the relevant Mexican entity.

In order to comply with these restrictions, we have limited the ownership of our A Shares and B Shares to Mexican individuals, Mexican companies the charters of which contain a foreign exclusion clause, credit institutions acting as trustees (such as the CPO Trustee) in accordance with the Foreign Investment Law and the Foreign Investment Law Regulations, and trusts or stock purchase, investment and retirement plans for Mexican employees. The criteria for an investor to qualify as Mexican under our bylaws are stricter than those generally applicable under the Foreign Investment Law and Foreign Investment Law Regulations. A holder that acquires A Shares or B Shares in violation of the restrictions on non-Mexican ownership will have none of the rights of a stockholder with respect to those A Shares or B Shares and could also be subject to monetary sanctions. The D Shares are subject to the same restrictions on ownership as the A Shares and B Shares. However, the foregoing limitations do not affect the ability of non-Mexican investors to hold A Shares, B Shares, D Shares and L Shares through CPOs, or L Shares directly, because such instruments constitute a "neutral investment" and do not affect control of the issuing company, pursuant to the exceptions contained in the Foreign Investment Law. The sum of the total outstanding number of A Shares and B Shares is required to exceed at all times the sum of the total outstanding L Shares and D Shares.

The Foreign Investment Law and Foreign Investment Law Regulations also require that we and the CPO Trust register with the National Registry of Foreign Investments. In addition to the limitations established by the Foreign Investment Law, the Radio and Television Law provides restrictions on ownership by non-Mexicans of shares of Mexican enterprises holding concessions for radio and television such as those held indirectly by us. Non-Mexican states and governments are prohibited under our bylaws and the Radio and Television Law from owning Shares of Televisa and are, therefore, prohibited from being the beneficial or record owners of the A Shares, B Shares, D Shares, L Shares, CPOs and GDSs. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that ownership of the A Shares, B Shares, D Shares, L Shares, CPOs and GDSs by pension or retirement funds organized for the benefit of employees of non-Mexican state, municipal or other governmental agencies will not be considered as ownership by non-Mexican states or governments for the purpose of our bylaws or the Radio and Television Law.

We may restrict transfers or, to the extent permitted under applicable law, cause the mandatory sale or disposition of CPOs and GDRs where such transfer or ownership, as the case may be, might result in ownership of CPOs or GDRs exceeding the limits under applicable law or our bylaws, the CPO Trust Agreement or the CPO Deed. Non-Mexican states and governments are prohibited under our bylaws and Radio and Television Law from owning our Shares and are, therefore, prohibited from being beneficial or record owners of GDRs.

Other Provisions

Forfeiture of Shares . As required by Mexican law, our bylaws provide that for L Shares and CPOs, our non-Mexican stockholders formally agree with the Foreign Affairs Ministry:

- to be considered as Mexicans with respect to the L Shares and CPOs that they acquire or hold, as well as to the property, rights, concessions, participations or interests owned by us or to the rights and obligations derived from any agreements we have with the Mexican government; and
- not to invoke the protection of their own governments with respect to their ownership of L Shares and CPOs.

Failure to comply is subject to a penalty of forfeiture of such a stockholders' capital interests in favor of Mexico. In the opinion of Mijares, Angoitia, Cortés y Fuentes, S.C., our Mexican counsel, under this provision a non-Mexican stockholder is deemed to have agreed not to invoke the protection of its own government by asking such government to interpose a diplomatic claim against the Mexican government with respect to the stockholders' rights as a stockholder, but is not deemed to have waived any other rights it may have, including any rights under the U.S. securities laws, with respect to its investment in Televisa. If the stockholder should invoke governmental protection in violation of this agreement, its shares could be forfeited to the Mexican government.

Exclusive Jurisdiction . Our bylaws provide that legal action relating to the execution, interpretation or performance of the bylaws shall be brought only in federal courts located in Mexico City.

Duration . Our corporate existence under our bylaws continues until 2105.

Dissolution or Liquidation . Upon any dissolution or liquidation of our company, our stockholders will appoint one or more liquidators at an extraordinary general stockholders' meeting to wind up our affairs. The approval of holders of the majority of the A Shares is necessary to appoint or remove any liquidator. Upon a dissolution or liquidation, holders of D Shares will be entitled to both accrued but unpaid dividends in respect of their D Shares, plus the theoretical value of their D Shares (as set forth in our bylaws). The theoretical value of our D Shares is Ps. 0.00683551495 per share. Thereafter, a payment per share will be made to each of the holders of A Shares, B Shares and L Shares equivalent to the payment received by each of the holders of D Shares. The remainder will be distributed equally among all stockholders in proportion to their number of Shares and amount paid.

Redemption . Our bylaws provide that we may redeem our Shares with distributable profits without reducing our capital stock by way of a stockholder resolution at an extraordinary stockholders' meeting. In accordance with Mexican law and our bylaws:

- any redemption shall be made on a pro-rata basis among all of our stockholders;
- to the extent that a redemption is effected through a public tender offer on the Mexican Stock Exchange, the stockholders' resolution approving the redemption may empower our Board to specify the number of shares to be redeemed and appoint the related intermediary or purchase agent; and
- any redeemed shares must be cancelled.

Share Repurchases . As required by Mexican law, our bylaws provide that we may repurchase our Shares on the Mexican Stock Exchange at then prevailing market prices. The amount of capital stock allocated to share repurchases and the amount of the corresponding reserve created for this purpose is determined annually by our stockholders at a ordinary general stockholders' meeting. The aggregate amount of resources allocated to share repurchases in any given year cannot exceed the total amount of our net profits in any given year, including retained earnings. Share repurchases must be charged to either our net worth if the repurchased Shares remain in our possession or our capital stock if the repurchased Shares are converted into treasury shares, in which case our capital stock is reduced automatically in an amount equal to the theoretical value of any repurchased Shares, if any. Any surplus is charged to the reserve for share repurchases. If the purchase price of the Shares is less than the theoretical value of the repurchased Shares, our capital stock account will be affected by an amount equal to the theoretical value of the repurchased Shares. Under Mexican law, we are not required to create a special reserve for the repurchase of shares, nor do we need the approval of our Board to effect share repurchases. In addition, any repurchased Shares cannot be represented at any stockholders' meeting.

Conflicts of Interest . Under Mexican Law, any stockholder that votes on a transaction in which his, her or its interests conflict with our interests may be liable for damages, but only if the transaction would not have been approved without his, her or its vote. In addition, any member of the Board of Directors that votes on a transaction in which his, her or its interests conflict with our interests may be liable for damages. The Securities Market Law also imposes a duty of care and a duty of loyalty on directors as has been described in Item 6. In addition, pursuant to the Mexican Securities Market Law, the Board of Directors, with input from the Audit and Corporate Practices Committee, must review and approve transactions and arrangements with related parties. See “Directors, Senior Management and Employees — Our Board of Directors — Meetings; Actions Requiring Board Approval”.

Appraisal Rights and Other Minority Protections . Whenever our stockholders approve a change in our corporate purpose or jurisdiction of organization or our transformation from one type of company to another, any stockholder entitled to vote that did not vote in favor of these matters has the right to receive payment for its A Shares, B Shares, D Shares or L Shares in an amount calculated in accordance with Mexican law. However, stockholders must exercise their appraisal rights within fifteen days after the stockholders’ meeting at which the matter was approved. Because the holders of L Shares and D Shares may only vote in limited circumstances, appraisal rights are generally not available to them. See “— Voting Rights and Stockholders’ Meetings”.

Because the CPO Trustee must vote at a general stockholders’ meeting, the A Shares, B Shares and D Shares held by non-Mexicans in the CPO Trust in the same manner as the majority of the A Shares held by Mexican nationals (directly, or through the CPO Trust, as the case may be), the A Shares, B Shares and D Shares underlying CPOs held by non-Mexicans will not be voted against any change that triggers the appraisal rights of the holders of these Shares. Therefore, these appraisal rights will not be available to holders of CPOs (or GDRs) with respect to A Shares, B Shares or D Shares. The CPO Trustee will exercise such other corporate rights at special stockholders’ meetings with respect to the underlying A Shares, B Shares and D Shares as may be directed by the Technical Committee of the CPO trust.

The Mexican Securities Market Law and our bylaws include provisions that permit:

- holders of at least 10% of our outstanding capital stock to request our Chairman of the Board or of the Audit and Corporate Practices Committee to call a stockholders’ meeting in which they are entitled to vote;
- subject to the satisfaction of certain requirements under Mexican law, holders of at least 5% of our outstanding capital stock to bring an action for civil liabilities against our directors;
- holders of at least 10% of our Shares that are entitled to vote and are represented at a stockholders’ meeting to request postponement of resolutions with respect to any matter on which they were not sufficiently informed; and
- subject to the satisfaction of certain requirements under Mexican law, holders of at least 20% of our outstanding capital stock to contest and suspend any stockholder resolution.

See “Key Information — Risk Factors — Risk Factors Related to Our Securities — The Protections Afforded to Minority Stockholders in Mexico Are Different From Those in the U.S.”. In addition, in accordance with the Mexican Securities Market Law, we are also subject to certain corporate governance requirements, including the requirement to maintain an audit committee, a corporate practices committee, and to elect independent directors. The protections afforded to minority stockholders under Mexican law are generally different from those in the U.S. and many other jurisdictions. Substantive Mexican law concerning fiduciary duties of directors has not been the subject of extensive judicial interpretation in Mexico, unlike many states in the U.S. where duties of care and loyalty elaborated by judicial decisions help to shape the rights of minority stockholders. Mexican civil procedure does not contemplate class actions or stockholder derivative actions, which permit stockholders in U.S. courts to bring actions on behalf of other stockholders or to enforce rights of the corporation itself. Stockholders in Mexico also cannot challenge corporate actions taken at stockholders’ meetings unless they meet stringent procedural requirements. See “— Voting Rights and Stockholders’ Meetings”. As a result of these factors, it is generally more difficult for our minority stockholders to enforce rights against us or our directors or Major Stockholders than it is for stockholders of a corporation established under the laws of a state of the U.S. In addition, under U.S. securities laws, as a foreign private issuer we are exempt from certain rules that apply to domestic U.S. issuers with equity securities registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the proxy solicitation rules. We are also exempt from many of the corporate governance requirements of the New York Stock Exchange.

Antitakeover Protections

General . Our bylaws provide that, subject to certain exceptions, (i) any person, entity or group of persons and/or entities that wishes to acquire beneficial ownership of common Shares (as defined below) which, when coupled with common Shares previously beneficially owned by such persons or their affiliates, represent 10% or more of our outstanding common Shares, (ii) any competitor or group of competitors that wishes to acquire beneficial ownership of Shares which, when coupled with Shares previously beneficially owned by such competitor, group of competitors or their affiliates, represent 5% or more of our outstanding capital stock, (iii) any person, entity or group of persons and/or entities that wishes to acquire beneficial ownership of Shares representing 10% or more of our outstanding Shares, and (iv) any competitor or group of competitors that wishes to acquire beneficial ownership of Shares representing 5% or more of our capital stock, must obtain the prior approval of our Board of Directors and/or of our stockholders, as the case may be, subject to certain exceptions summarized below. Holders that acquire Shares in violation of these requirements will not be considered the beneficial owners of such Shares under our bylaws and will not be registered in our stock registry. Accordingly, these holders will not be able to vote such Shares or receive any dividends, distributions or other rights in respect of these Shares. In addition, pursuant to our bylaws, these holders will be obligated to pay us a penalty in an amount equal to the market value of the Shares so acquired. Pursuant to our bylaws, “Shares” are defined as the shares (of any class or series) representing our capital stock, and any instruments or securities that represent such shares or that grant any right with respect to or are convertible into those shares, expressly including CPOs.

Pursuant to our bylaws, a “competitor” is generally defined as any person or entity who, directly or indirectly, is engaged in any of the following businesses or activities: television production and broadcasting, pay television production, program licensing, direct-to-home satellite services, publishing (newspaper and/or magazine), publishing distribution, music recording, cable television, the transmission of programming and/or other content by any other means known or to be known, radio broadcasting and production, the promotion of professional sports and other entertainment events, paging services, production, feature film/motion picture production and distribution, dubbing and/or the operation of an Internet portal. A “competitor” is also defined to include any person, entity and/or group that is engaged in any type of business or activity in which we may be engaged from time to time and from which we derive 5% or more of our consolidated income.

Board Notices, Meetings, Quorum Requirements and Approvals . To obtain the prior approval of our Board, a potential acquiror must properly deliver a written notice that states, among other things: (i) the number and class/type of our Shares it beneficially owns, (ii) the percentage of Shares it beneficially owns with respect to both our outstanding capital stock and the respective class/type of our Shares, (iii) the number and class/type of Shares it intends to acquire, (iv) the number and class/type of Shares it intends to grant or share a common interest or right, (v) its identity, or in the case of an acquiror which is a corporation, trust or legal entity, its stockholders or beneficiaries as well as the identity and nationality of each person effectively controlling such corporation, trust or legal entity, (vi) its ability to acquire our Shares in accordance with our bylaws and Mexican law, (vii) its source of financing the intended acquisition, (viii) if it has obtained any financing from one of its related parties for the payment of the Shares, (ix) the purpose of the intended acquisition, (x) if it intends to acquire additional common Shares in the future, which coupled with the current intended acquisition of common Shares and the common Shares previously beneficially owned by the potential acquiror, would result in ownership of 20% or more of our common Shares, (xi) if it intends to acquire control of us in the future, (xii) if the acquiror is our competitor or if it has any direct or indirect economic interest in or family relationship with one of our competitors and (xiii) the identity of the financial institution, if any, that will act as the underwriter or broker in connection with any tender offer.

Either the Chairman, the Secretary or the Alternate Secretary of our Board of Directors must call a Board meeting within 10 calendar days following the receipt of the written notice and the Board meeting must be held within 45 calendar days following the call. Action by written consent is not permitted. With the exception of acquisitions that must be approved by the general extraordinary stockholders’ meeting as described below in “Stockholder Notices, Meetings, Quorum Requirements and Approvals,” in order to proceed with any acquisition of Shares that require Board authorization as set forth in our bylaws, such acquisition must be approved by at least the majority of the members of our Board present at a meeting at which at least 75% of the members of our Board are present. Such acquisitions must be acted upon by our Board within 60 calendar days following the receipt of the written notice described above, unless the Board determines that it does not have sufficient information upon which to base its decision. In such case, the Board shall deliver a written request to the potential acquiror for any additional information that it deems necessary to make its determination. The 60 calendar days referred to above will commence following the receipt of the additional information from the potential acquiror to render its decision.

Stockholder Notices, Meetings, Quorum Requirements and Approvals . In the event (i) of a proposed acquisition of Shares that would result in a “change of control,” (ii) that our Board cannot hold a Board meeting for any reason, (iii) of a proposed acquisition by a competitor and having certain characteristics, or (iv) that the Board determines that the proposed acquisition must be approved by our stockholders at a general extraordinary stockholders’ meeting, among others, then the proposed acquisition must be approved by the holders of at least 75% of our outstanding common Shares at a general extraordinary stockholders’ meeting (both in the case of first and subsequent calls) at which the holders of at least 85% of our outstanding common Shares are present. In addition, any proposed merger, spin-off, or capital increase or decrease which results in a change of control must also be approved by the holders of at least 75% of our outstanding common Shares at a general extraordinary stockholders’ meeting (both in the case of first and subsequent calls) at which the holders of at least 85% of our outstanding common Shares are present. Pursuant to our bylaws, a “change of control” is defined as the occurrence of any of the following: (i) the acquisition or transfer of ownership of a majority of our outstanding common Shares, (ii) the ability of a person, entity or group, other than the person who currently has the ability to, directly or indirectly, elect a majority of the members of our Board of Directors, to elect a majority of the members of our Board of Directors or (iii) the ability of a person, entity or group, other than the person who currently has the ability to, directly or indirectly, determine our administrative decisions or policies, to determine our administrative decisions or policies. In the event that the general extraordinary stockholders’ meeting must approve the proposed acquisition, either the Chairman, the Secretary or the Alternate Secretary of our Board of Directors must publish a call for a general extraordinary stockholders’ meeting in the Official Gazette of the Federation and two other newspapers of general circulation in Mexico City at least 30 calendar days prior to such meeting (both in the case of first and subsequent calls). Once the call for the general extraordinary stockholders’ meeting has been published, all information related to the agenda for the meeting must be available for review by the holders of common Shares at the offices of our Secretary.

Mandatory Tender Offers in the Case of Certain Acquisitions . If either our Board of Directors or our stockholders at a general extraordinary stockholders’ meeting, as the case may be, authorize an acquisition of common Shares which increases the acquiror’s ownership to 20% or more, but not more than 50%, of our outstanding common Shares, without such acquisition resulting in a change of control, then the acquiror must effect its acquisition by way of a cash tender offer for a specified number of Shares equal to the greater of (x) the percentage of common Shares intended to be acquired or (y) 10% of our outstanding capital stock. In the event that our stockholders approve an acquisition that would result in a change of control, the acquiror must effect its acquisition by way of a cash tender offer for 100% of our total outstanding capital stock at a price which cannot be lower than the highest of the following: (i) the book value of the common Shares and CPOs as reported on the last quarterly income statement approved by the Board of Directors, (ii) the highest closing price of the common Shares, on any stock exchange during any of the three hundred-sixty-five (365) days preceding the date of the stockholders’ resolution approving the acquisition; or (iii) the highest price paid for any Shares, at any time by the acquiror. All tender offers must be made in Mexico and the U.S. within 60 days following the date on which the acquisition was approved by our Board of Directors or stockholders’ meeting, as the case may be. All holders must be paid the same price for their common Shares. The provisions of our bylaws summarized above regarding mandatory tender offers in the case of certain acquisitions are generally more stringent than those provided for under the Mexican Securities Market Law. In accordance with the Mexican Securities Market Law, bylaw provisions regarding mandatory tender offers in the case of certain acquisitions may differ from the requirements set forth in such law, provided that those provisions are more protective to minority stockholders than those afforded by law. In these cases, the relevant bylaw provisions, and not the relevant provisions of the Mexican Securities Market Law, will apply to certain acquisitions specified therein.

Exceptions . The provisions of our bylaws summarized above will not apply to (i) transfers of common Shares and/or CPOs by operation of the laws of inheritance, (ii) acquisitions of common Shares and/or CPOs by any person who, directly or indirectly, is entitled to appoint the greatest number of members to our Board of Directors, as well as by (A) entities controlled by such person, (B) affiliates of such person, (C) the estate of such person, (D) certain family members of such person, and (E) such person, when such person acquires any common Shares and/or CPOs from any entity, affiliate, person or family member referred to in (A), (B) and (D) above, and (iii) acquisitions or transfers of common Shares and/or CPOs by us, our subsidiaries or affiliates, or any trust created by us or any of our subsidiaries.

Amendments to the Antitakeover Provisions . Any amendments to these antitakeover provisions must be authorized by the CNBV and registered before the Public Registry of Commerce at our corporate domicile.

Enforceability of Civil Liabilities

We are organized under the laws of Mexico. Substantially all of our directors, executive officers and controlling persons reside outside of the U.S., all or a significant portion of the assets of our directors, executive officers and controlling persons, and substantially all of our assets, are located outside of the U.S. and some of the experts named in this annual report also reside outside of the U.S. As a result, it may not be possible for you to effect service of process within the U.S. upon these persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws. See “Key Information — Risk Factors — Risks Factors Related to Our Securities — It May Be Difficult to Enforce Civil Liabilities Against Us or Our Directors, Executive Officers and Controlling Persons”.

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 “Information on the Company — Business Overview — 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 “Key Information — 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 and Central America through a partnership with DIRECTV. See “Information on the Company — Business Overview — DTH Joint Ventures”.

In April 2007, we paid all of the remaining UDI-denominated notes, which matured in April 2007. In May 2007, we issued Ps.4,500.00 million aggregate principal amount of 8.49% Senior Notes due 2037. In May 2008, we issued U.S.\$500.0 million aggregate principal amount of 6.0% Senior Notes due 2018. In November 2009, we issued U.S.\$600.0 million aggregate principal amount of 6.625% Senior Notes due 2040. For a description of the material terms of the amended indentures related to our 8% Senior Notes due 2011, our 8.5% Senior Notes due 2032, our 6 5/8% Senior Notes due 2025, our 8.49% Senior Notes due 2037, our 6.0% Senior Notes due 2018, our 6.625% Senior Notes due 2040, our facilities with a Mexican bank, and our Ps.2,000 million long-term credit agreement, see “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Refinancings” and “Operating and Financial Review and Prospects — Results of Operations — Liquidity, Foreign Exchange and Capital Resources — Indebtedness”.

In December 2007, our subsidiary, Innova, and Sky Brasil reached an agreement with Intelsat Corporation and Intelsat LLC, to build and launch a new 24-transponder satellite, IS-16. The agreement contemplates payment of a one-time fixed fee in the aggregate amount of U.S.\$138.6 million that will be paid in two installments, the first in the first quarter of 2010, and the second in the first quarter of 2011, as well as a monthly service fee of U.S.\$150,000 commencing on the service start date. In March 2010, Sky reached an agreement with a subsidiary of Intelsat to lease 24 transponders on Intelsat IS-21 satellite which will be mainly used for signal reception and retransmission services over the satellite’s estimated 15-years service life. IS-21 satellite intends to replace Intelsat IS-9 as sky’s primary transmission satellite and is currently expected to start service in the fourth quarter of 2012.

In December 2007, our indirect majority-owned subsidiary, Cablestar, completed the acquisition of shares of companies owning the majority of the assets of Bestel, a privately held, facilities-based telecommunications company in Mexico, for U.S.\$256.0 million in cash plus an additional capital contribution of U.S.\$69.0 million. In connection with the financing of the acquisition of the majority of the assets of Bestel, Cablevisión, Cablemás and TVI, which as of December 2007, held 69.2%, 15.4% and 15.4% of the equity stock of Cablestar, respectively, each entered into five year term loan facilities for U.S.\$225.0 million, U.S.\$50.0 million and U.S.\$50.0 million, respectively. Bestel focuses on providing voice, data and managed services to domestic and international carriers and to the enterprise, corporate and government segments in both Mexico and the United States. In July 2009, TVI prepaid the loan facility through an exchange with the Company of such loan receivable for the 15.4% interest TVI held in Cablestar and for Ps.85.58 million in cash. Bestel owns a fiber-optic network of approximately 8,000 kilometers that covers several important cities and economic regions in Mexico and has direct crossing of its network into Dallas, Texas, Nogales, Arizona and San Diego, California in the United States. This enables the company to provide high capacity connectivity between the United States and Mexico.

On February 15, 2010, we entered into an Investment Agreement with NII pursuant to which we will acquire a 30% equity interest in Comunicaciones Nextel de México, S.A. de C.V., or Nextel Mexico, for an aggregate purchase price of U.S.\$1.44 billion. Under the Investment Agreement we will be granted an option to acquire an additional 7.5% equity interest in Nextel Mexico that will be exercisable on either the third or fourth anniversary of completion of the initial investment. NII will continue to hold the remaining equity interests in Nextel Mexico. Under the Investment Agreement, the parties agreed to form a consortium to participate together in an auction of licenses authorizing the use of certain frequency bands for wireless communication services in Mexico, which is currently being conducted by the *Comision Federal de Telecomunicaciones* in Mexico. Completion of the transactions contemplated by the Investment Agreement including the acquisition by Televisa of the equity interest is conditioned upon, among other things, the consortium's success in acquiring spectrum in the auction and receiving the necessary licenses to use such spectrum.

On March 18, 2010, Telefónica Móviles de México, S.A. de C.V., Editora Factum, S.A. de C.V., a wholly-owned subsidiary of the Company, and Megacable agreed to jointly participate, through a consortium, in the public bid for a pair of dark fiber wires held by the CFE. On June 9, 2010, the SCT granted the consortium a favorable award in the bidding process for a 20 year contract for the lease of 19,457 kilometers of dark fiber-optic capacity, along with a corresponding concession to operate a public telecommunications network using a new technology model known as power line communications, or PLC, and broadband over power lines communications, or BPL. The consortium, through GTAC, in which each of Telefónica, Editora Factum and Megacable has an equal equity participation, will pay Ps.883.8 million as consideration for the concession. GTAC plans to have the network ready to offer commercial services in approximately 18 months, and expects to invest close to an additional Ps.1.3 billion during the term of the lease to get the network ready for service.

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

For a description of our material transactions and arrangements with Univision, see “Information on the Company — Business Overview — Univision”.

Legal Proceedings

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, or the Final Motion, was filed. The Final Motion was resolved and the amount of liability set by the Court was Ps.138,097,002.99.

After several appeals, on March 4, 2010 the Seventh Court of Appeals of the “Tribunal Superior de Justicia del DF” (Supreme Court of the Federal District) revoked the amount of liability set by the court and as a result the judge determined the amount of liability set by the court rises to the amount of \$901,200.00. The plaintiff has appealed such decision.

Although we currently believe that the final amount of damages will not be material, no assurances can be given in this regard.

The executor of the estate of Mr. Ernesto Alonso (“Executor”) filed a lawsuit in Mexico seeking to invalidate an agreement pursuant to which Mr. Alonso assigned to us all the rights to more than 170 scripts written by him. The Executor alleges, among other things, that the term of such agreement exceeds the term permitted under the Mexican Federal Copyright Law. We believe the Executor's claims are without merit and will defend our position vigorously.

On January 22, 2009, the Company and Univision announced an amendment to the Program License Agreement (the “PLA”), between Televisa and Univision. The amended PLA, which runs through 2017, includes a simplified royalty calculation and is expected to result in increased payments to the Company, as well as a provision for certain yearly minimum guaranteed advertising, with a value of U.S.\$66.5 million for fiscal year 2009, to be provided by Univision, at no cost, for the promotion of the Group's businesses commencing in 2009. Notwithstanding the foregoing, the Company cannot predict whether future royalty payments will in fact increase.

In connection with this amendment and in return for certain other consideration, Televisa and Univision agreed to dismiss certain claims that were pending in a District Court Action in Los Angeles, California, with the exception of a counterclaim filed by Univision in October 2006, whereby it sought a judicial declaration that on or after December 19, 2006, pursuant to the PLA, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet (the “Univision Internet Counterclaim”).

The Univision Internet Counterclaim was tried in a non-jury trial before the Hon. Philip S. Gutierrez (the “Judge”) commencing on June 9, 2009. On July 17, 2009, the Judge issued a written decision following trial in favor of Univision. By judgment entered on August 3, 2009, the Judge held: “Under the 2001 PLA between Univision and Televisa, Televisa is prohibited from making Programs, as that term is defined in the PLA, available to viewers in the United States via the Internet.” Televisa filed a notice of appeal of the judgment on August 17, 2009 and filed its opening brief on February 12, 2010. Univision filed its opposition brief to Televisa’s appeal on March 17, 2010 and Televisa filed its reply brief on April 5, 2010. The Court will decide whether to schedule oral argument and when to render a decision. The Judge’s ruling does not grant Univision the right to distribute Televisa’s content over the Internet, and this decision has no effect on the Group’s current business as the Group does not derive any revenues from the transmission of video content over the Internet in the United States.

The Company cannot predict how the outcome of this litigation will affect the Group’s business relationship with Univision with respect to Internet distribution rights in the United States.

See “Key Information — Risk Factors — Risk Factors Related to Our Business — Current Litigation We Are Engaged In With Univision May Affect Our Exploitation of Certain Internet Rights in the United States”.

Exchange Controls

For a description of exchange controls and exchange rate information, see “Key Information — Exchange Rate Information”.

Taxation

U.S. Taxes

General. The following is a summary of the anticipated material U.S. federal income tax consequences of the purchase, ownership and disposition of GDSs, CPOs and the A Shares, B Shares, L Shares and D Shares underlying the CPOs (referred to herein as the “Underlying Shares”), in each case, except as otherwise noted, by U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular beneficial owner of GDSs, CPOs or Underlying Shares based on the beneficial owner’s particular circumstances. For example, with respect to U.S. Holders, the following discussion does not address the U.S. federal income tax consequences to a U.S. Holder:

- that owns, directly, indirectly or through attribution, 2% or more of the total voting power or value of our outstanding Underlying Shares (including through ownership of GDSs);
- that is a dealer in securities, insurance company, financial institution, tax-exempt organization, U.S. expatriate, broker-dealer or trader in securities; or
- whose functional currency is not the U.S. Dollar.

Also, this discussion does not consider:

- the tax consequences to the stockholders, partners or beneficiaries of a U.S. Holder; or
- special tax rules that may apply to a U.S. Holder that holds GDSs, CPOs or Underlying Shares as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or other integrated investment.

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In addition, the following discussion does not address any aspect of state, local or non-U.S. tax laws other than Mexican tax laws. Further, this discussion generally applies only to U.S. Holders that hold the CPOs, GDSs or Underlying Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (referred to herein as the “Code”).

The discussion set forth below is based on the U.S. federal income tax laws as in force on the date of this annual report, including:

- the Code, applicable U.S. Treasury regulations and judicial and administrative interpretations, and
- the convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, including the applicable protocols, collectively referred to herein as the “U.S.-Mexico Tax Treaty,” and
- is subject to changes to those laws and the U.S.-Mexico Tax Treaty subsequent to the date of this annual report, which changes could be made on a retroactive basis, and
- is also based, in part, on the representations of the Depository with respect to the GDSs and on the assumption that each obligation in the Deposit Agreement relating to the GDSs and any related agreements will be performed in accordance with their terms.

As used in this section, the term “U.S. Holder” means a beneficial owner of CPOs, GDSs or Underlying Shares 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 included in gross income for U.S. federal income tax purposes regardless of 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.”

If a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) holds CPOs, GDSs or Underlying Shares, 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 CPOs, GDSs or Underlying Shares should consult their own tax advisors regarding the U.S. federal income tax consequences of purchasing, owning and disposing of CPOs, GDSs or Underlying Shares.

An individual may be treated as a resident of the United States in any calendar year for U.S. federal income tax purposes by being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending at the close of that year. For purposes of this calculation, all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year would be counted. Residents are taxed for U.S. federal income purposes as if they were U.S. citizens.

The application of the U.S.-Mexico Tax Treaty to U.S. Holders is conditioned upon, among other things, the assumptions that the U.S. Holder:

- is not a resident of Mexico for purposes of the U.S.-Mexico Tax Treaty;
- is an individual who has a substantial presence in the United States;

- is entitled to the benefits of the U.S.-Mexico Tax Treaty under the limitation on benefits provision contained in Article 17 of the U.S.-Mexico Tax Treaty; and
- does not have a fixed place of business or a permanent establishment in Mexico with which its ownership of CPOs, GDSs or Underlying Shares is effectively connected.

For U.S. federal income tax purposes, U.S. Holders of GDSs and CPOs will be treated as the beneficial owners of the Underlying Shares represented by the GDSs and CPOs.

Dividends. Any distribution paid by us, including the amount of any Mexican taxes withheld, will be included in the gross income of a U.S. Holder as a dividend, treated as ordinary income, to the extent that the distribution is paid out of our current and/or accumulated earnings and profits, as determined under U.S. federal income tax principles. U.S. Holders will not be entitled to claim a dividends received deduction for dividends received from us. Distributions that are treated as dividends received from us in taxable years beginning before January 1, 2011 by a non-corporate U.S. Holder who meets certain eligibility requirements will qualify for U.S. federal income taxation at a reduced rate of 15% or lower if we are a “qualified foreign corporation.” We generally will be a “qualified foreign corporation” if either (i) we are eligible for benefits under the U.S.-Mexico Tax Treaty or (ii) the Underlying Shares or GDSs are listed on an established securities market in the United States. As we are eligible for benefits under the U.S.-Mexico Tax Treaty and the GDSs are listed on the New York Stock Exchange, we presently are a “qualified foreign corporation,” and we generally expect to be a “qualified foreign corporation” during such taxable years, but no assurance can be given that a change in circumstances will not affect our treatment as a “qualified foreign corporation” in any of such taxable years. A non-corporate U.S. Holder will not be eligible for the reduced rate (a) if the U.S. Holder has not held the Underlying Shares, CPOs or GDSs for at least 61 days of the 121-day period beginning on the date which is 60 days before the ex-dividend date, (b) to the extent the U.S. Holder is under an obligation to make related payments on substantially similar or related property or (c) with respect to any portion of a dividend that is taken into account as investment income under Section 163(d)(4)(B) of the Code. Any days during which a U.S. Holder has diminished the U.S. Holder’s risk of loss with respect to the Underlying Shares, CPOs or GDSs (for example, by holding an option to sell such Underlying Shares, CPOs or GDSs) is not counted towards meeting the 61-day holding period. Special rules apply in determining the foreign tax credit limitation with respect to dividends subject to U.S. federal income taxation at the reduced rate. U.S. Holders should consult their own tax advisors concerning whether dividends received by them qualify for the reduced rate.

To the extent, if any, that the amount of a distribution exceeds our current and/or accumulated earnings and profits, the distribution will first reduce the U.S. Holder’s adjusted tax basis in its Underlying Shares, CPOs or GDSs and, to the extent the distribution exceeds the U.S. Holder’s adjusted tax basis, it will be treated as gain from the sale of the U.S. Holder’s Underlying Shares, CPOs or GDSs.

The U.S. Dollar value of any dividends paid in Pesos, including the amount of any Mexican taxes withheld, will be calculated by reference to the interbank exchange rate in effect on the date of receipt by the U.S. Holder or, with respect to the GDSs, The Bank of New York Mellon, in its capacity as Depositary, regardless of whether the payment is in fact converted into U.S. Dollars. U.S. Holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss on any dividends paid in Pesos that are not converted into U.S. Dollars on the day the Pesos are received. For U.S. foreign tax credit purposes, dividends distributed by us on CPOs, GDSs or Underlying Shares generally will constitute foreign source “passive income” or, in the case of some U.S. Holders, foreign source “general category income”.

In general, pro rata distributions of additional shares with respect to the Underlying Shares that are part of a pro rata distribution to all of our stockholders generally (including U.S. Holders of GDSs) will not be subject to U.S. federal income tax.

A beneficial owner of CPOs, GDSs or Underlying Shares that is not a U.S. Holder and is not a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) will not be subject to U.S. federal income or withholding tax on a dividend paid with respect to the CPOs, GDSs or the Underlying Shares, unless the dividend is effectively connected with the conduct by the beneficial owner of a trade or business in the United States.

Capital Gains. Gain or loss recognized by a U.S. Holder on a taxable sale or exchange of CPOs, GDSs or Underlying Shares will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized on the sale or exchange and the U.S. Holder's adjusted tax basis in the CPOs, GDSs or Underlying Shares. Such capital gain or loss generally will be long-term capital gain or loss if the CPOs, GDSs or Underlying Shares have been held for more than one year at the time of disposition.

Such capital gains generally will be U.S. source income, unless the gains are subject to Mexican taxation, in which case such gains generally will be treated as arising in Mexico under the U.S.-Mexico Tax Treaty. If capital gains are subject to Mexican taxation under the U.S.-Mexico Tax Treaty, a U.S. Holder generally may elect to treat such gains as foreign source income for U.S. foreign tax credit limitation purposes. However, any such Mexican taxes may not be used to offset U.S. federal income tax on any other item of income, and foreign taxes on any other item of income cannot be used to offset U.S. federal income tax on such gains. U.S. Holders should consult their tax advisors.

Capital losses recognized on the sale or exchange of CPOs, GDSs or Underlying Shares generally will offset U.S. source income. Deposits and withdrawals of CPOs for GDSs and of Underlying Shares for CPOs by U.S. Holders will not be subject to U.S. federal income tax.

A beneficial owner of CPOs, GDSs or Underlying Shares that is not a U.S. Holder and is not a partnership (or an entity or arrangement classified as a partnership for U.S. federal income tax purposes) generally will not be subject to U.S. federal income tax on gain recognized on a sale or exchange of CPOs, GDSs or Underlying Shares unless:

- the gain is effectively connected with the beneficial owner's conduct of a trade or business in the United States; or
- the beneficial owner is an individual who holds CPOs, GDSs or Underlying Shares as a capital asset, is present in the United States for 183 days or more in the taxable year of the sale or exchange and meets other requirements.

U.S. Backup Withholding. A U.S. Holder may be subject to U.S. information reporting and U.S. backup withholding on dividends paid on Underlying Shares, and on proceeds from the sale or other disposition of CPOs, GDSs or Underlying Shares, unless the U.S. Holder:

- is a corporation or comes within an exempt category; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding tax and otherwise complies with the applicable requirements of the backup withholding rules.

The amount of any backup withholding will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided, however, that certain required information is timely furnished to the U.S. Internal Revenue Service. A beneficial owner of CPOs, GDSs or Underlying Shares that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from backup withholding.

Pursuant to recently enacted legislation, effective for tax years beginning after March 18, 2010, individuals who are U.S. Holders, and who hold "specified foreign financial assets" (as defined), including GDSs, CPOs and Underlying Shares, that are not held in an account maintained by a U.S. "financial institution" (as defined) and whose aggregate value exceeds \$50,000 during the tax year, may be required to attach to their tax returns for the year certain specified information. An individual who fails to timely furnish the required information may be subject to a penalty. U.S. Holders who are individuals should consult their own tax advisors regarding their reporting obligations under this legislation.

Federal Mexican Taxation

General. The following is a general summary of the principal tax consequences under the Mexican Income Tax Law, Flat Rate Business Tax Law, Federal Tax Code and rules as currently in effect (the “Mexican Tax Legislation”), all of which are subject to change or interpretation, and under the U.S.-Mexico Tax Treaty, of the purchase, ownership and disposition of CPOs, GDSs or underlying A Shares, B Shares, L Shares and D Shares by a person that is not a resident of Mexico for tax purposes, as defined below.

U.S. Holders should consult with their own tax advisors as to their entitlement to benefits afforded by the U.S.-Mexico Tax Treaty. Mexico has also entered into and is negotiating with various countries regarding other tax treaties that may have an effect on the tax treatment of CPOs, GDSs or underlying shares. Holders should consult with their tax advisors as to their entitlement to the benefits afforded by these treaties.

This discussion does not constitute, and shall not be considered as, legal or tax advice to holders.

According to the Mexican Tax Legislation:

- an individual is a Mexican tax resident if the individual has established his permanent home in Mexico. When an individual, in addition to his permanent home in Mexico, has a permanent 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 her/his 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 Tax Legislation 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.

Dividends. Dividends, either in cash or in any other form, paid with respect to the shares underlying the CPOs, including those CPOs represented by GDSs, will not be subject to Mexican withholding tax.

When dividends are paid from our “previously taxed net earnings account,” or “*cuenta de utilidad fiscal neta*,” we will not be required to pay any Mexican corporate income tax on the dividends. During 2010, if dividends are not paid from our “previously taxed net earnings account,” we will be required to pay a 30% Mexican corporate income tax (“CIT”) on the dividends multiplied by 1.4286.

Sales or Other Dispositions. Deposits and withdrawals of CPOs for GDSs and of underlying A Shares, B Shares, L Shares and D Shares for CPOs will not give rise to Mexican tax or transfer duties.

Generally, the sale or other disposition of CPOs, GDSs or underlying A Shares, L Shares and D Shares will not be subject to any Mexican income tax if the sale is carried out through the Mexican Stock Exchange (or a recognized securities market located in a country with which Mexico has entered into a tax treaty) fulfilling the requirements established in the Mexican Tax Legislation.

Sales or other dispositions of CPOs, GDSs or underlying A Shares, B Shares, L Shares and D Shares made in other circumstances would be subject to Mexican income tax. However, under the U.S.-Mexico Tax Treaty, any U.S. Holder that is eligible to claim the benefits of the U.S.-Mexico Tax Treaty may be exempt from Mexican tax on gains realized on a sale or other disposition of CPOs and shares underlying the CPOs in a transaction that is not carried out through the Mexican Stock Exchange or such other approved securities markets. The U.S. Holder will be exempt under the U.S.-Mexico Tax Treaty if the U.S. Holder did not own directly or indirectly 25% or more of the our outstanding shares within the 12-month period preceding such sale or disposition. Gains realized by other Holders that are eligible to receive benefits pursuant to other income tax treaties to which Mexico is a party may be exempt from Mexican income tax in whole or in part. Non-U.S. Holders should consult their own tax advisors as to their possible eligibility under such other income tax treaties. Appropriate tax residence certifications must be obtained by Holders eligible for tax treaty benefits.

Other Mexican Taxes. There are no estate, gift, or succession taxes applicable to the ownership, transfer or disposition of CPOs, GDSs or underlying A Shares, B Shares, L Shares and D Shares. However, a gratuitous transfer of CPOs, GDSs or underlying A Shares, B Shares, L Shares and D Shares may, in some circumstances, result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer, registration or similar taxes or duties payable by holders of GDSs, CPOs, or underlying A Shares, B Shares, L Shares and D Shares.

Documents on Display

For further information with respect to us and our CPOs and GDSs, we refer you to the filings we have made with the SEC. Statements contained in this annual report concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to any filing we have made with the SEC, we refer you to the copy of the contract or document that has been filed. Each statement in this annual report relating to a contract or document filed as an exhibit to any filing we have made with the SEC is qualified in its entirety by the filed exhibit.

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., Room 1580, 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 furnish The Bank of New York Mellon, the depository for our GDSs, with annual reports in English. These reports contain audited consolidated financial statements that have been prepared in accordance with Mexican FRS, and include reconciliations of net income and stockholders' equity to U.S. GAAP. The historical financial statements included in these reports have been examined and reported on, with an opinion expressed by, an independent auditor. The depository is required to mail our annual reports to all holders of record of our GDSs. The Deposit Agreement for the GDSs also requires us to furnish the depository with English translations of all notices of stockholders' meetings and other reports and communications that we send to holders of our CPOs. The depository is required to mail these notices, reports and communications to holders of record of our GDSs.

As a foreign private issuer, we are not required to furnish proxy statements to holders of our CPOs or GDSs in the U.S.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Disclosures

Market risk is the exposure to an adverse change in the value of financial instruments caused by market factors including changes in equity prices, interest rates, foreign currency exchange rates, commodity prices and inflation rates. 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, 2009.

Risk Management. We are exposed to market risks arising from changes in equity prices, interest rates, foreign currency exchange rates and inflation rates, 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 interest rate “mix” between variable and fixed rate debt.

Foreign currency 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 in affiliates, both domestic and foreign, as long-term assets.

In compliance with the procedures and controls established by our Risk Management Committee, in 2007, 2008, and 2009, we entered into certain derivative transactions with certain financial institutions in order to manage our exposure to market risks resulting from changes in interest rates, foreign currency exchange rates, inflation rates 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 and Interest Rate Risk

In connection with the Senior Notes due 2011, 2025 and 2032 and Sky’s Senior Notes due 2013, in 2004 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 additional “coupon swaps” with a notional amount of U.S.\$242.0 million. In November 2005, we entered into option contracts that allow our counterparty to extend the maturity of such “coupon swaps” for an additional year on a notional amount of U.S.\$890.0 million. In January 2008, we terminated part of these option contracts early with respect to a notional amount of U.S.\$200.0 million and with no material additional gain or loss. The remaining option contracts on a notional amount of U.S.\$690.0 million expired unexercised by the financial institution in March 2009, and we recognized the benefit of unamortized premiums. In March 2009 and March 2010 all the “coupon swaps” entered into in 2004 and 2005 expired and we recorded the change in fair value and all the cash flows related to these transactions in the integral cost of financing (foreign exchange gain or loss) during the life of the instruments.

In August 2009, we entered into “coupon swaps” agreements to hedge in its entirety the interest payments for the Senior Notes due 2018, 2025 and 2032 from the second semester of 2009 to the first semester of 2011. Finally, in December 2009 and January 2010, in connection with the recently issued Senior Notes due 2040 we entered into “coupon swaps” agreements on a notional amount of U.S.\$600.0 million for a period of two years. As of May 31, 2010, the outstanding cross-currency interest rate swap agreements have a notional amount corresponding to U.S.\$2,000 million of the principal amount of the Notes.

As of May 31, 2010, the net fair value of the cross-currency interest rate swap agreements including the option contracts was a (liability) asset of U.S.\$(2.6) million, U.S.\$2.4 million as of December 31, 2009 and U.S.\$5.4 million as of December 31, 2008. As of May 31, 2010, the increase in the potential loss in fair value for such instruments from a hypothetical 10% adverse change in quoted Mexican Peso exchange rate would be approximately U.S.\$17.9 million, U.S.\$18.7 million as of December 31, 2009 and U.S.\$5.8 million as of December 31, 2008.

During May 2007 and November 2007 in connection with and ahead of the issuance of the Senior Notes due 2037 and the Senior Notes due 2018 we entered into agreements that allow us to hedge against increases in the U.S. Treasury interest rates, and to hedge against increases on the M Bono interest rates on the pricing date of the Notes for a notional amount of Ps.2,000.0 million and U.S.\$150.0 million, respectively. These hedges resulted in an accumulated net loss of U.S.\$1.8 million and a net gain of Ps.45.1 million.

In connection with Sky’s variable rate bank loans guaranteed by Televisa, in December 2006, we entered into forward starting interest rate swap agreements 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 allowed us to fix the coupon payments for a period of seven years at an interest rate of 8.415% starting in April 2009.

As of May 31, 2010, the net fair value of the interest rate swap was a (liability) asset of Ps.(84.9) million and Ps.(26.4) million as of December 31, 2009. As of May 31, 2010, the potential loss in fair value for such instruments from a hypothetical 50 bps adverse change in market interest rates would be approximately Ps.36.3 million and Ps.36.4 million as of December 31, 2009. This sensitivity analysis assumes a downward parallel shift in the Mexican Interest Rate Swaps Yield Curve.

In December 2007, in connection with the Empresas Cablevisión variable rate loan denominated in U.S. Dollars and due 2012, we entered into a cross-currency swap agreement on a nominal amount of U.S.\$225.0 million. This agreement involves the exchange of variable rate coupon payments in U.S. Dollars for fixed rate coupon payments in Pesos, and the principal amount in U.S. Dollars for a principal amount in Pesos. The principal amount for the final exchange is Ps.2,435.0 million with an interest rate of 8.365% for the coupon payments.

As of May 31, 2010, the net fair value of the cross-currency swap was an asset of U.S.\$23.4 million and U.S.\$ 32.1 million as of December 31, 2009. As of May 31, 2010, the potential loss in fair value for such instruments from a hypothetical 10% adverse change in quoted Mexican Peso exchange rate would be approximately U.S.\$22.7 million, and U.S.\$19.6 million as of December 31, 2009.

In connection with the Senior Notes due 2015 in 2005, 2006 and 2007, Cablemás entered into a forward and a cross-currency interest rate swap agreement on a notional amount of U.S.\$175.0 million, as amended, with a U.S. financial institution to hedge against Peso depreciation on the interest payments and the nominal final exchange. In 2005, Cablemás entered into a swaption agreement that allows its counterparty in December 2010 to float the coupon payments in the cross currency interest rate swap through 2015. In February 2010, Cablemás cancelled the forward and cross currency interest rate swap agreements, which were replaced with a cross-currency swap agreement and an interest rate swap agreement to cover the same exchange rate exposure involving the coupon and principal payments for the same notional amount of U.S.\$175.0 million with the same due date of 2015. Cablemás recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange gain or loss).

As of May 31, 2010, the net fair value of the cross currency swap and the interest rate swap, including the swaption contracts, was an asset of U.S.\$43.4 million and the net fair value of the forward and cross-currency interest rate swap agreement, including the swaption contracts, was an asset of U.S.\$43.4 million as of December 31, 2009. As of May 31, 2010, the increase in the potential loss in fair value for such instruments from a hypothetical 10% adverse change in quoted Mexican Peso exchange for the cross-currency swap agreement and a hypothetical 50 bps adverse change in market interest rates for the interest rate swap and the swaption contract would be approximately U.S.\$22.2 million and a hypothetical 10% adverse change in quoted Mexican Peso exchange for the forward and the cross currency interest swap and a hypothetical 50 bps adverse change in market interest rates for the swaption contract would be approximately U.S.\$19.1 million as of December 31, 2009. The interest rate swap and the swaption sensitivity analysis assumes a downward parallel shift in the Mexican Interest Rates Swap Yield Curve.

In December 2007, in connection with the Cablemás variable rate loan denominated in U.S. Dollars and due 2012, we entered into a cross-currency swap agreement on a nominal amount of U.S.\$50.0 million. This agreement involves the exchange of variable rate coupon payments in U.S. Dollars for fixed rate coupon payments in Pesos, and the principal amount in U.S. Dollars for a principal amount in Pesos. The principal amount for the final exchange is Ps.541.3 million with an interest rate of 8.51% for the coupon payments.

As of May 31, 2010, the net fair value of the cross-currency swap was an asset of U.S.\$5.2 million and U.S.\$7.1 million as of December 31, 2009. As of May 31, 2010, the potential loss in fair value for such instruments from a hypothetical 10% adverse change in quoted Mexican Peso exchange would be approximately U.S.\$5.1 million and U.S.\$4.4 million as of December 31, 2009.

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 currency exchange rates and debt and equity market prices as they affect our financial instruments at December 31, 2008 and 2009. 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%. 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,		
	2008	2009	2009
	(Millions of Pesos or millions of U.S. Dollars)(1)		
Assets:			
Temporary investments(2)	Ps. 8,321.3	Ps. 8,902.3	U.S.\$ 680.6
Derivative financial instruments(12)	2,363.1	1,545.4	118.1
Liabilities:			
U.S. Dollar-denominated debt:			
Senior Notes due 2011(3)	1,055.7	1,015.4	77.6
Senior Notes due 2018(4)	5,977.2	6,587.7	503.6
Senior Notes due 2032(5)	3,913.2	4,688.4	358.4
Senior Notes due 2025(6)	6,767.8	7,851.1	600.2
Senior Notes due 2040(7)	—	7,698.6	588.6
JPMorgan Chase Bank, N.A. loan due 2012(8)	3,251.7	3,173.4	242.6
Senior Notes due 2015(9)	2,070.3	2,494.5	190.7
Peso-denominated debt:			
Senior Notes due 2037(10)	4,129.7	4,055.6	310.1
Long-term notes payable to Mexican banks(11)	6,846.3	6,135.4	469.1
Derivative financial instruments(12)	604.6	523.6	40.0

- (1) Peso amounts have been converted to U.S. Dollars solely for the convenience of the reader at a nominal exchange rate of Ps.13.0800 per U.S. Dollar, the Interbank Rate as of December 31, 2009. Beginning on January 1, 2008, we discontinued recognizing the effects of inflation in our financial information in accordance with Mexican FRS.
- (2) At December 31, 2009, our temporary investments consisted of highly liquid securities, including without limitation debt securities (primarily Peso- and U.S. Dollar-denominated in 2008 and 2009). 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, 2009, fair value exceeded the carrying value of these notes by Ps.74.3 million (U.S.\$5.6 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.175.8 million (U.S.\$13.4 million) at December 31, 2009.
- (4) At December 31, 2009, fair value exceeded the carrying value of these notes by Ps.47.7 million (U.S.\$3.6 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.706.4 million (U.S.\$54.0 million) at December 31, 2009.
- (5) At December 31, 2009, fair value exceeded the carrying value of these notes by Ps.764.4 million (U.S.\$58.4 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.1,233.2 million (U.S.\$94.3 million) at December 31, 2009.
- (6) At December 31, 2009, fair value exceeded the carrying value of these notes by Ps.3.1 million (U.S.\$0.2 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.788.2 million (U.S.\$60.3 million) at December 31, 2009.

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- (7) At December 31, 2009, carrying value exceeded the fair value of these notes by Ps.149.4 million (U.S.\$11.4 million). The increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the fair value would exceed the carrying value by approximately Ps.620.4 million (U.S.\$47.4 million) at December 31, 2009.
- (8) At December 31, 2009, carrying value exceeded the fair value of these notes by Ps.423.6 million (U.S.\$32.3 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the carrying value would exceed the fair value by approximately Ps.106.3 million (U.S.\$8.1 million) at December 31, 2009.
- (9) At December 31, 2009, fair value exceeded the carrying value of these notes by Ps.209.5 million (U.S.\$16.0 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes would amount approximately Ps.458.9 million (U.S.\$35.0 million) at December 31, 2009.
- (10) At December 31, 2009, carrying value exceeded the fair value of these notes by Ps.444.4 million (U.S.\$33.9 million). Assuming an increase in the fair value of these notes of a hypothetical 10% increase in the quoted market price of these notes, the carrying value would exceed the fair value by approximately Ps.38.9 million (U.S.\$2.9 million) at December 31, 2009.
- (11) At December 31, 2009, fair value exceeded the carrying value of these notes by Ps.235.4 million (U.S.\$17.9 million). At December 31, 2009, a hypothetical 10% increase in Mexican interest rates would increase the fair value of these notes by approximately Ps.848.8 million (U.S.\$64.6 million) at December 31, 2009.
- (12) Given the nature of these derivative instruments, an increase of 10% in the interest and or exchange rates would not have a significant impact on the fair value of these financial instruments.

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,	
	2008	2009
	(In millions of U.S. Dollars)	
U.S. Dollar-denominated monetary assets, primarily cash and cash equivalents, temporary investments and held-to-maturity debt securities (1)	U.S.\$ 2,182.5	U.S.\$ 2,436.4
U.S. Dollar-denominated monetary liabilities, primarily trade accounts payable, senior debt securities and other notes payable (2)	<u>2,547.1</u>	<u>3,044.5</u>
	(364.6)	(608.1)
Derivative instruments, liabilities, net	<u>(0.3)</u>	<u>0.0</u>
Net liability position	<u>U.S.\$ (364.9)</u>	<u>U.S.\$ (608.1)</u>

- (1) In 2008 and 2009, include U.S. Dollar equivalent amounts of U.S.\$155.2 million and U.S.\$110.2 million, respectively, related to other foreign currencies, primarily Euros.
- (2) In 2008 and 2009, include U.S. Dollar equivalent amounts of U.S.\$40.4 million and U.S.\$54.2 million, respectively, related to other foreign currencies, primarily Euros.

At December 31, 2009, a hypothetical 10.0% depreciation in the U.S. Dollar to Peso exchange rate would result in a loss in earnings of Ps.795.4 million. This depreciation rate is based on the December 31, 2009 forecast of the U.S. Dollar to Peso exchange rate for 2010 by the Mexican government for such year.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on the evaluation as of December 31, 2009, the Chief Executive Officer and the Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15 (e) and 15d-15(e)) are effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on this assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the year ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 16. A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Francisco José Chévez Robelo is our audit committee financial expert. Mr. Francisco José Chévez Robelo is “independent” and meets the requisite qualifications as defined in Item 16A of Form 20-F.

Item 16.B. Code of Ethics

We have adopted a written code of ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer.

You may request a copy of our code of ethics, at no cost, by writing to or telephoning us as follows:

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

Item 16.C. Principal Accountant Fees and Services

PricewaterhouseCoopers acted as our independent auditor for the fiscal years ended December 31, 2008 and 2009.

The chart below sets forth the total amount billed by our independent auditors for services performed in the years 2008 and 2009, and breaks down these amounts by category of service:

	<u>2008</u>	<u>2009</u>
	(in millions of Pesos)	
Audit Fees	Ps. 65.8	Ps. 68.4
Audit-Related Fees	3.5	7.9
Tax Fees	8.1	5.7
Other Fees	0.9	0.2
Total	<u>Ps. 78.3</u>	<u>Ps. 82.2</u>

“Audit Fees” are the aggregate fees billed by our independent auditor for the audit of our consolidated annual financial statements, services related to regulatory financial filings with the SEC and attestation services that are provided in connection with statutory and regulatory filings or engagements.

“Audit-Related Fees” are fees charged by our independent auditor for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.” This category comprises fees billed for independent accountant review of our interim financial statements in connection with the offering of our debt securities, advisory services associated with our financial reporting, and due diligence reviews in connection with potential acquisitions and business combinations.

“Tax Fees” are fees for professional services rendered by the Company’s independent auditor for tax compliance in connection with our subsidiaries and interests in the United States, as well as tax advice on actual or contemplated transactions.

“Other Fees” are fees charged by our independent auditor in connection with services rendered other than audit, audit-related and tax services.

We have procedures for the review and pre-approval of any services performed by PricewaterhouseCoopers. The procedures require that all proposed engagements of PricewaterhouseCoopers for audit and non-audit services are submitted to the audit committee for approval prior to the beginning of any such services.

Audit Committee Pre-approval Policies and Procedures

Our audit committee is responsible, among other things, for the appointment, compensation and oversight of our external auditors. To assure the independence of our independent auditors, our audit committee pre-approves annually a catalog of specific audit and non-audit services in the categories Audit Services, Audit-Related Services, Tax-Related Services, and Other Services that may be performed by our auditors, as well as the budgeted fee levels for each of these categories. All other permitted services must receive a specific approval from our audit committee. Our external auditor periodically provides a report to our audit committee in order for our audit committee to review the services that our external auditor is providing, as well as the status and cost of those services.

During 2008 and 2009, none of the services provided to us by our external auditors were approved by our audit committee pursuant to the de minimus exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Item 16.D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth, for the periods indicated, information regarding purchases of any of our equity securities registered pursuant to Section 12 of the Exchange Act made by us or on our behalf or by or on behalf of any affiliated purchaser (as that term is defined in Rule 10b-18(a)(3) under the Exchange Act):

Purchases of Equity Securities by Televisa(3)

Purchase Date	Total Number of CPOs Purchased	Average Price Paid per CPO(1)	Total Number of CPOs Purchased as part of Publicly Announced Plans or Programs	Maximum Number (or Appropriate Mexican Peso Value) of CPOs that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31	Ps. —	Ps. 0.0000	225,886,800	Ps. 17,417,444,345
February 1 to February 29	—	0.0000	225,886,800	17,417,444,345
March 1 to March 31	—	0.0000	225,886,800	14,417,444,345
April 1 to April 30	—	0.0000	225,886,800	18,000,000,000
May 1 to May 31	170,000	43.6580	226,056,800	17,992,578,142
June 1 to June 30	—	0.0000	226,056,800	17,992,578,142
July 1 to July 31	—	0.0000	226,056,800	17,992,578,142
August 1 to August 31	—	0.0000	226,056,800	17,992,578,142
September 1 to September 30	1,400,000	48.6875	227,456,800	17,924,415,582
October 1 to October 31	1,931,700	51.4955	229,388,500	17,824,941,782
November 1 to November 30	4,633,000	54.4607	234,021,500	17,572,625,242
December 1 to December 31	5,143,100	53.9934	239,164,600	17,294,931,850
Total	Ps. 13,277,800	Ps. 53.1013	239,164,600	Ps. 17,294,931,850

- (1) The values have not been restated in constant Mexican Pesos and therefore represent nominal historical figures.
- (2) The total amount of our share repurchase program was updated in accordance with the resolution that our stockholders approved in a general meeting of the stockholders of Grupo Televisa, S.A.B. held on April 30, 2009.
- (3) Table does not include repurchases or purchases by the special purpose trust formed in connection with our stock purchase plan.

**Purchases of Equity Securities by Special Purpose Trust
formed in connection with Stock Purchase Plan(1)(4)**

CPOs

Purchase Date	Total Number of CPOs Purchased	Average Price Paid per CPO(2)	Total Number of CPOs Purchased as part of the Stock Purchase Plan	Maximum Number (or Appropriate Mexican Peso Value) of CPOs that May Yet Be Purchased Under the Stock Purchase Plan(3)
January 1 to January 31	—	Ps. 0.0000	67,964,900	
February 1 to February 29	—	0.0000	67,964,900	
March 1 to March 31	500,000	34.5939	68,464,900	
April 1 to April 30	100,000	39.2350	68,564,900	
May 1 to May 31	—	0.0000	68,564,900	
June 1 to June 30	—	0.0000	68,564,900	
July 1 to July 31	—	0.0000	68,564,900	
August 1 to August 31	—	0.0000	68,564,900	
September 1 to September 30	—	0.0000	68,564,900	
October 1 to October 31	—	0.0000	68,564,900	
November 1 to November 30	—	0.0000	68,564,900	
December 1 to December 31	—	0.0000	68,564,900	
Total	<u>600,000</u>	<u>Ps. 35.3674</u>	<u>68,564,900</u>	

-
- (1) See “Directors, Senior Management and Employees — Stock Purchase Plan” for a description of the implementation, limits and other terms of our Stock Purchase Plan.
 - (2) The values have not been restated in constant Mexican Pesos and therefore represent nominal historical figures.
 - (3) Since the number of additional shares that may be issued pursuant to our Stock Purchase Plan is affected by, among other things, the number of shares held by the special equity trust, periodic grants made to certain executives, the performance of those executives and the number of shares subject to other employee benefit plans, it would be misleading to imply that there is a defined maximum number of shares that remain to be purchased pursuant to our Stock Purchase Plan.
 - (4) In May 2009, CPOs and shares not assigned to plan participants were transferred to the Long-Term Retention Plan.

**Purchases of Equity Securities by Special Purpose Trust
formed in connection with Stock Purchase Plan(1)**

CPOs

Purchase Date	Total Number of CPOs Purchased	Average Price Paid per CPO(2)	Total Number of CPOs Purchased as part of the Stock Purchase Plan	Maximum Number (or Appropriate Mexican Peso Value) of CPOs that May Yet Be Purchased Under the Stock Purchase Plan(3)
January 1 to January 31	429,500	Ps. 39.8452	3,636,000	
February 1 to February 29	270,000	36.4541	3,906,000	
March 1 to March 31	—	—	3,906,000	
April 1 to April 30	100,000	38.6315	4,006,000	
May 1 to May 31	385,000	44.5589	4,391,000	
June 1 to June 30	—	—	4,391,000	
July 1 to July 31	—	—	4,391,000	
August 1 to August 31	600,000	45.2498	4,991,000	
September 1 to September 30	1,660,000	47.6440	6,651,000	
October 1 to October 31	907,000	50.4200	7,558,000	
November 1 to November 30	1,740,000	53.9801	9,298,000	
December 1 to December 31	2,379,300	54.0026	11,677,300	
Total	8,470,800	Ps. 49.8605	11,667,300	

- (1) See “Directors, Senior Management and Employees — Long-Term Retention Plan” for a description of the implementation, limits and other terms of our Long-Term Retention Plan.
- (2) The values have not been restated in constant Mexican Pesos and therefore represent nominal historical figures.
- (3) Since the number of additional shares that may be issued pursuant to our Long-Term Retention Plan is affected by, among other things, the number of shares held by the special equity trust, periodic grants made to certain executives, the performance of those executives and the number of shares subject to other employee benefit plans, it would be misleading to imply that there is a defined maximum number of shares that remain to be purchased pursuant to our Long-Term Retention Plan.

Item 16.G. Corporate Governance

As a foreign private issuer with shares listed on the NYSE, we are subject to different corporate governance requirements than a U.S. company under the NYSE listing standards. With certain exceptions, foreign private issuers are permitted to follow home country practice standards. Pursuant to Rule 303.A11 of the NYSE listed company manual, we are required to provide a summary of the significant ways in which our corporate governance practices differ from those required for U.S. companies under the NYSE listing standards.

We are a Mexican corporation with shares, in the form of CPOs listed on the *Bolsa Mexicana de Valores*, or Mexican Stock Exchange. Our corporate governance practices are governed by our bylaws, the Mexican Securities Market Law, and the regulations issued by the CNBV and the Mexican Stock Exchange. Although compliance is not mandatory, we also substantially comply with the Mexican Code of Best Corporate Practices (*Código de Mejores Prácticas Corporativas*), which was created in January 1999 by a group of Mexican business leaders and was endorsed by the Mexican Banking and Securities Commission. See “— Bylaws” for a more detailed description of our corporate governance practices.

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The table below sets forth a description of the significant differences between corporate governance practices required for U.S. companies under the NYSE listing standards and the Mexican corporate governance standards that govern our practices.

NYSE rules

Listed companies must have a majority of independent directors.

Listed companies must have a nominating/corporate governance committee composed entirely of independent directors.

Listed companies must have a compensation committee composed entirely of independent directors.

Listed companies must have an audit committee with a minimum of three members and must be independent.

Non-management directors must meet at regularly scheduled executive sessions without management.

Listed companies must require shareholder approval for equity compensation plans, subject to limited exemptions.

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

Mexican rules

The Mexican Securities Market Law requires that listed companies have at least 25% of independent directors. Our stockholder's meeting is required to make a determination as to the independence of the directors. The definition of independence under the Mexican Securities Market Law differs in some aspects from the one applicable to U.S. issuers under the NYSE standard and prohibits, among other relationships, an independent director from being an employee or officer of the company or a stockholder that may have influence over our officers, relevant clients and contractors, as well as certain relationships between the independent director and family members of the independent director. In addition, our bylaws broaden the definition of independent director. Our bylaws provide for an executive committee of our board of directors. The executive committee is currently composed of six members, and there are no applicable Mexican rules that require any of the members to be independent. The executive committee may generally exercise the powers of our board of directors, subject to certain exceptions. Our Chief Executive Officer is a member of our board of directors and the executive committee.

Listed companies are required to have a corporate practices committee.

The Mexican Code of Best Corporate Practices recommends listed companies to have a compensation committee. While these rules are not legally binding, companies failing to comply with the Mexican Code of Best Business Practices' recommendation must disclose publicly why their practices differ from those recommended by the Mexican Code of Best Business Practices.

The Mexican Securities Market Law requires that listed companies must have an audit committee. The Chairman and the majority of the members must be independent.

Our non-management directors are not required to meet at executive sessions. The Mexican Code of Best Corporate Practices does not expressly recommend executive sessions.

Companies listed on the Mexican Stock Exchange are required to obtain shareholder approval for equity compensation plans, provided that such plans are subject to certain conditions.

Companies listed on the Mexican Stock Exchange are not required to adopt a code of ethics. However, we have adopted a code of ethics which is available free of charge through our offices. See "— Code of Ethics" for directions on how to obtain a copy of our code of ethics. Waivers involving any of our executive officers or directors will be made only by our Board of Directors or a designated committee of the Board.

Part III

Item 17. Financial Statements

We have responded to Item 18 in lieu of Item 17.

Item 18. Financial Statements

See pages F-1 through F-62, which are incorporated herein by reference.

Item 19. Exhibits

Documents filed as exhibits to this annual report appear on the following

(a) Exhibits.

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
1.1	— English translation of Amended and Restated Bylaws (<i>Estatutos Sociales</i>) of the Registrant, dated as of April 30, 2009 (previously filed with the Securities and Exchange Commission as Exhibit 1.1 to the Registrant’s Annual Report on Form 20-F for the year ended December 31, 2008 (the “2008 Form 20-F”), and incorporated herein by reference).
2.1	— Indenture relating to Senior Debt Securities, dated as of August 8, 2000, between the Registrant, as Issuer, and The Bank of New York, as Trustee (previously filed with the Securities and Exchange Commission as Exhibit 4.1 to the Registrant’s Registration Statement on Form F-4 (File number 333-12738), as amended (the “2000 Form F-4”), and incorporated herein by reference).
2.2	— Third Supplemental Indenture relating to the 8% Senior Notes due 2011, dated as of September 13, 2001, between the Registrant, as Issuer, and The Bank of New York and Banque Internationale à Luxembourg, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.4 to the Registrant’s Registration Statement on Form F-4 (File number 333-14200) (the “2001 Form F-4”) and incorporated herein by reference).
2.3	— Fourth Supplemental Indenture relating to the 8.5% Senior Exchange Notes due 2032 between the Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities Exchange Commission as Exhibit 4.5 to the Registrant’s Registration Statement on Form F-4 (the “2002 Form F-4”) and incorporated herein by reference).
2.4	— Fifth Supplemental Indenture relating to the 8% Senior Notes due 2011 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.5 to the 2001 Form F-4 and incorporated herein by reference).
2.5	— Sixth Supplemental Indenture relating to the 8.5% Senior Notes due 2032 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2002 Form F-4 and incorporated herein by reference).
2.6	— Seventh Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated March 18, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant’s Annual Report on Form 20-F for the year ended December 31, 2004 (the “2004 Form 20-F”) and incorporated herein by reference).
2.7	— Eighth Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, and The Bank of New York and Dexia Banque Internationale à Luxembourg, dated May 26, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.9 to the 2004 Form 20-F and incorporated herein by reference).
2.8	— Ninth Supplemental Indenture relating to the 6 5/8% Senior Notes due 2025 between Registrant, as Issuer, The Bank of New York and Dexia Banque Internationale à Luxembourg, dated September 6, 2005 (previously filed with the Securities and Exchange Commission as Exhibit 2.8 to the Registrant’s Annual Report on Form 20-F for the year ended December 31, 2005 (the “2005 Form 20-F”) and incorporated herein by reference).
2.9	— Tenth Supplemental Indenture related to the 8.49% Senior Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 9, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 2.9 to the 2006 Form 20-F and incorporated herein by reference).

Exhibit Number	Description of Exhibits
2.10	— Eleventh Supplemental Indenture relating to the 8.49% Senior Exchange Notes due 2037 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as August 24, 2007 (previously filed with the Securities and Exchange Commission as Exhibit 4.12 to the Registrant’s Registration Statement on Form F-4 (File number 333-144460), as amended (the “2007 Form F-4”), and incorporated herein by reference).
2.11	— Twelfth Supplemental Indenture related to the 6.0% Senior Notes due 2018 between Registrant, as Issuer, The Bank of New York and The Bank of New York (Luxembourg) S.A., dated as of May 12, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 2.11 to the Form 20-F for the year ended December 31, 2007 (the “2007 Form 20-F”) and incorporated herein by reference).
2.12	— Form of Deposit Agreement between the Registrant, The Bank of New York, as depositary and all holders and beneficial owners of the Global Depositary Shares, evidenced by Global Depositary Receipts (previously filed with the Securities and Exchange Commission as an Exhibit to the Registrant’s Registration Statement on Form F-6 (File number 333-146130) (the “2007 Form F-6”) and incorporated herein by reference).
2.13	— Thirteenth Supplemental Indenture relating to the 6.0% Senior Exchange Notes due 2018 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as August 21, 2008 (previously filed with the Securities and Exchange Commission as Exhibit 4.14 to the Registrant’s Registration Statement on Form F-4 (File number 333-144460), as amended (the “2008 Form F-4”), and incorporated herein by reference).
2.14	— Fourteenth Supplemental Indenture relating to the 6.625% Senior Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as November 30, 2009 (previously filed with the Securities and Exchange Commission as Exhibit 4.15 to the Registrant’s Registration Statement on Form F-4 (File number 333-164595), as amended (the “2010 Form F-4”), and incorporated herein by reference).
2.15	— Fifteenth Supplemental Indenture relating to the 6.625% Senior Exchange Notes due 2040 between Registrant, as Issuer, The Bank of New York Mellon and The Bank of New York (Luxembourg) S.A., dated as March 22, 2010.
4.1	— Form of Indemnity Agreement between the Registrant and its directors and executive officers (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Registrant’s Registration Statement on Form F-4 (File number 33-69636), as amended, (the “1993 Form F-4”) and incorporated herein by reference).
4.2	— Amended and Restated Collateral Trust Agreement, dated as of June 13, 1997, as amended, among PanAmSat Corporation, Hughes Communications, Inc., Satellite Company, LLC, the Registrant and IBJ Schroder Bank and Trust Company (previously filed with the Securities and Exchange Commission as an Exhibit to the Registrant’s Annual Report on Form 20-F for the year ended December 31, 2001 (the “2001 Form 20-F”) and incorporated herein by reference).
4.3	— Amended and Restated Program License Agreement, dated as of December 19, 2001, by and between Productora de Teleprogramas, S.A. de C.V. and Univision Communications Inc. (“Univision”) (previously filed with the Securities and Exchange Commission as Exhibit 10.7 to the 2001 Form F-4 and incorporated herein by reference).
4.4	— Participation Agreement, dated as of October 2, 1996, by and among Univision, Perenchio, the Registrant, Venevision and certain of their respective affiliates (previously filed with the Securities and Exchange Commission as Exhibit 10.8 to Univision’s Registration Statement on Form S-1 (File number 333-6309) (the “Univision Form S-1”) and incorporated herein by reference).

Exhibit Number	Description of Exhibits
4.5	— Amended and Restated International Program Rights Agreement, dated as of December 19, 2001, by and among Univision, Venevision and the Registrant (previously filed with the Securities and Exchange Commission as Exhibit 10.9 to the 2001 Form F-4 and incorporated herein by reference).
4.6	— Co-Production Agreement, dated as of March 27, 1998, between the Registrant and Univision Network Limited Partnership (previously filed with the Securities and Exchange Commission as an Exhibit to Univision’s Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).
4.7	— Program License Agreement, dated as of May 31, 2005, between Registrant and Univision (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.8	— Amended and Restated Bylaws (<i>Estatutos Sociales</i>) of Innova, S. de R.L. de C.V. (“Innova”) dated as of December 22, 1998 (previously filed with the Securities and Exchange Commission as an Exhibit to Innova’s Annual Report on Form 20-F for the year ended December 31, 2004 and incorporated herein by reference).
4.9	— English translation of investment agreement, dated as of March 26, 2006, between Registrant and M/A and Gestora de Inversiones Audiovisuales La Sexta, S.A. (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.10	— English summary of Ps.1,162.5 million credit agreement, dated as of May 17, 2004, between the Registrant and Banamex (the “May 2004 Credit Agreement”) and the May 2004 Credit Agreement (in Spanish) (previously filed with the Securities and Exchange Commission as Exhibit 4.9 to the 2004 Form 20-F and incorporated herein by reference).
4.11	— English summary of amendment to the May Credit Agreement and the amendment to the May 2004 Credit Agreement (in Spanish) (previously filed with the Securities and Exchange Commission as Exhibit 4.10 to the 2004 Form 20-F and incorporated herein by reference).
4.12	— English summary of Ps.2,000.0 million credit agreement, dated as of October 22, 2004, between the Registrant and Banamex (the “October 2004 Credit Agreement”) and the October Credit Agreement (in Spanish) (previously filed with the Securities and Exchange Commission as Exhibit 4.11 to the 2004 Form 20-F and incorporated herein by reference).
4.13	— English translation of Ps.2,100.0 million credit agreement, dated as of March 10, 2006, by and among Innova, the Registrant and Banamex (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.14	— English summary of Ps.1,400.0 million credit agreement, dated as of April 7, 2006, by and among Innova, the Registrant and Banco Santander Serfin, S.A. (the “April 2006 Credit Agreement”) and the April Credit Agreement (in Spanish) (previously filed with the Securities and Exchange Commission as Exhibit 4.7 to the 2005 Form 20-F and incorporated herein by reference).
4.15	— Administration Trust Agreement relating to Trust No. 80375, dated as of March 23, 2004, by and among Nacional Financiera, S.N.C., as trustee of Trust No. 80370, Banco Inbursa, S.A., as trustee of Trust No. F/0553, Banco Nacional de México, S.A., as trustee of Trust No. 14520-1, Nacional Financiera, S.N.C., as trustee of Trust No. 80375, Emilio Azcárraga Jean, Promotora Inbursa, S.A. de C.V., Grupo Televisa, S.A.B. and Grupo Televisión, S.A. de C.V. (as previously filed with the Securities and Exchange Commission as an Exhibit to Schedules 13D or 13D/A in respect of various parties’ to the Trust Agreement (File number 005-60431) and incorporated herein by reference).
4.16	— Full-Time Transponder Service Agreement, dated as of November _____, 2007, by and among Intelsat Corporation, Intelsat LLC, Corporación de Radio y Televisión del Norte de México, S. de R. L. de C.V. and SKY Brasil Serviços Ltda (previously filed with the Securities and Exchange Commission as Exhibit 4.16 to the 2007 Form 20-F and incorporated herein by reference).



Exhibit Number	Description of Exhibits
4.17	— Credit Agreement, dated as of December 19, 2007, by and among Empresas Cablevisión, S.A.B. de C.V., JPMorgan Chase Bank, N.A., as administrative agent and J.P. Morgan Securities Inc., as sole bookrunner and lead arranger (previously filed with the Securities and Exchange Commission as Exhibit 4.17 to the 2007 Form 20-F and incorporated herein by reference).
4.18	— Third Amended and Restated Program License Agreement, dated as of January 22, 2009, by and between Televisa, S.A. de C.V., as successor in interest to Televisa Internacional, S.A. de C.V. and Univision Communications Inc. (previously filed with the Securities and Exchange Commission on February 2, 2009 (File number 001-12610) and incorporated herein by reference).
4.19*	— Investment and Securities Subscription Agreement, dated as of February 15, 2010, by and among NII Holdings, Inc., Comunicaciones Nextel de Mexico, S.A. de C.V., Nextel International (Uruguay), LLC and Grupo Televisa, S.A.B.
8.1	— List of Subsidiaries of Registrant.
12.1	— CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 21, 2010.
12.2	— CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated June 21, 2010.
13.1	— CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 21, 2010.
13.2	— CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated June 21, 2010.
23.1	— Consent of PricewaterhouseCoopers S.C.

* Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

(b) Financial Statement Schedules

All financial statement schedules relating to the Registrant are omitted because they are not required or because the required information, if material, is contained in the audited year-end financial statements or notes thereto.

SIGNATURE

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date June 23, 2010

GRUPO TELEVISA, S.A.B.

By: /s/ Salvi Folch Viadero _____

Name: Salvi Rafael Folch Viadero

Title: Chief Financial Officer

By: /s/ Jorge Lutteroth Echegoyen _____

Name: Jorge Lutteroth Echegoyen

Title: Vice President — Controller

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GRUPO TELEVISA, S.A.B.**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Grupo Televisa, S.A.B.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in stockholders' equity, of changes in financial position and of cash flows, present fairly, in all material respects, the financial position of Grupo Televisa, S.A.B. (the "Company") and its subsidiaries at December 31, 2008 and 2009, and the results of their operations and changes in their stockholders' equity for each of the three years in the period ended December 31, 2009, as well as the changes in their financial position for the year ended December 31, 2007, and their cash flows for each of the two years in the period ended December 31, 2009, in conformity with Mexican Financial Reporting Standards. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting" appearing in Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and with generally accepted auditing standards in Mexico. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we consider necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1(a) to the consolidated financial statements, effective January 1, 2008, the Company discontinued the recognition of the effects of inflation in its financial information, in accordance with Mexican Financial Reporting Standards. As a retroactive application to the prior years' financials is not permitted by such standards, the accompanying consolidated financial statements for the year ended December 31, 2007 are restated in Mexican Pesos in purchasing power as of December 31, 2007.

As discussed in Note 1(a) to the consolidated financial statements, effective January 1, 2008, the Company is required by Mexican Financial Reporting Standards to present a statement of cash flows in place of a statement of changes in financial position. As a restatement of prior years' financials is not permitted by such standards, the Company presents a consolidated statement of changes in financial position for the year ended December 31, 2007, and consolidated statements of cash flows for the years ended December 31, 2008 and 2009.

Mexican Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 23 to the consolidated financial statements.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers, S.C.

C. P. C. José A. Salazar Tapia
Audit Partner

México, D. F.,
June 21, 2010

Grupo Televisa, S.A.B.
Consolidated Balance Sheets
As of December 31, 2008 and 2009
(In thousands of Mexican Pesos)
(Notes 1 and 2)

	<u>Notes</u>	<u>2008</u>	<u>2009</u>
ASSETS			
Current:			
Cash and cash equivalents		Ps. 33,583,045	Ps. 29,941,488
Temporary investments		8,321,286	8,902,346
		<u>41,904,331</u>	<u>38,843,834</u>
Trade notes and accounts receivable, net	3	18,199,880	18,399,183
Other accounts and notes receivable, net		2,231,562	3,530,546
Due from affiliated companies		161,821	135,723
Transmission rights and programming	4	3,343,448	4,372,988
Inventories		1,612,024	1,665,102
Other current assets		1,105,871	1,435,081
Total current assets		68,558,937	68,382,457
Derivative financial instruments	9	2,316,560	1,538,678
Transmission rights and programming	4	6,324,761	5,915,459
Investments	5	3,348,610	6,361,023
Property, plant and equipment, net	6	30,798,398	33,071,464
Intangible assets and deferred charges, net	7	11,433,783	11,218,864
Other assets		70,756	80,431
Total assets		<u>Ps.122,851,805</u>	<u>Ps.126,568,376</u>

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.
Consolidated Balance Sheets
As of December 31, 2008 and 2009
(In thousands of Mexican Pesos)
(Notes 1 and 2)

	Notes	2008	2009
LIABILITIES			
Current:			
Current portion of long-term debt	8	Ps. 2,270,353	Ps. 1,433,015
Current portion of capital lease obligations	8	151,628	235,271
Trade accounts payable		6,337,436	6,432,906
Customer deposits and advances		18,098,643	19,858,290
Taxes payable		830,073	940,975
Accrued interest		439,777	464,621
Employee benefits		199,993	200,215
Due to affiliated companies		88,622	34,202
Other accrued liabilities		2,293,806	2,577,835
Total current liabilities		<u>30,710,331</u>	<u>32,177,330</u>
Long-term debt, net of current portion	8	36,630,583	41,983,195
Capital lease obligations, net of current portion	8	1,222,163	1,166,462
Derivative financial instruments	9	604,650	523,628
Customer deposits and advances		589,369	1,054,832
Other long-term liabilities		3,225,482	3,078,411
Deferred income taxes	19	2,265,161	1,765,381
Retirement and termination benefits	10	352,390	346,990
Total liabilities		<u>75,600,129</u>	<u>82,096,229</u>
Commitments and contingencies	11		
STOCKHOLDERS' EQUITY			
Capital stock issued, no par value	12	10,060,950	10,019,859
Additional paid-in capital		4,547,944	4,547,944
		<u>14,608,894</u>	<u>14,567,803</u>
Retained earnings:	13		
Legal reserve		2,135,423	2,135,423
Unappropriated earnings		19,595,259	17,244,674
Net income for the year		7,803,652	6,007,143
		<u>29,534,334</u>	<u>25,387,240</u>
Accumulated other comprehensive income, net	14	3,184,043	3,401,825
Shares repurchased	12	(5,308,429)	(5,187,073)
		<u>27,409,948</u>	<u>23,601,992</u>
Total controlling interest		42,018,842	38,169,795
Noncontrolling interest	15	5,232,834	6,302,352
Total stockholders' equity		<u>47,251,676</u>	<u>44,472,147</u>
Total liabilities and stockholders' equity		<u>Ps.122,851,805</u>	<u>Ps.126,568,376</u>

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.

Consolidated Statements of Income
For the Years Ended December 31, 2007, 2008 and 2009
(In thousands of Mexican Pesos, except per CPO amounts)
(Notes 1 and 2)

	Notes	2007	2008	2009
Net sales	22	Ps.41,561,526	Ps.47,972,278	Ps.52,352,501
Cost of sales (excluding depreciation and amortization)		18,128,007	21,556,025	23,768,369
Selling expenses (excluding depreciation and amortization)		3,277,526	3,919,163	4,672,168
Administrative expenses (excluding depreciation and amortization)		2,452,027	3,058,168	3,825,507
Depreciation and amortization	6 and 7	3,223,070	4,311,115	4,929,589
Operating income	22	14,480,896	15,127,807	15,156,868
Other expense, net	17	953,352	952,139	1,764,846
Integral cost of financing, net	18	410,214	830,882	2,973,254
Equity in losses of affiliates, net	5	749,299	1,049,934	715,327
Income before income taxes		12,368,031	12,294,852	9,703,441
Income taxes	19	3,349,641	3,564,195	3,120,744
Consolidated net income		9,018,390	8,730,657	6,582,697
Noncontrolling interest net income	15	935,927	927,005	575,554
Noncontrolling interest net income	13	Ps. 8,082,463	Ps. 7,803,652	Ps. 6,007,143
Controlling interest net income per CPO	20	Ps. 2.84	Ps. 2.77	Ps. 2.14

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.

Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2007, 2008 and 2009
(In thousands of Mexican Pesos)
(Notes 1 and 2)

	Capital Stock Issued (Note 12)	Additional Paid-In Capital	Retained Earnings (Note 13)	Accumulated Other Comprehensive (Loss) Income (Note 14)	Shares Repurchased (Note 12)	Total Controlling Interest	Noncontrolling Interest (Note 15)	Total Stockholders' Equity
Balance at January 1, 2007	Ps.10,506,856	Ps.4,547,944	Ps.33,014,827	Ps. (3,808,377)	Ps.(7,888,974)	Ps.36,372,276	Ps. 1,642,601	Ps.38,014,877
Dividends	—	—	(4,506,492)	—	—	(4,506,492)	—	(4,506,492)
Share cancellation	(239,286)	—	(3,386,013)	—	3,625,299	—	—	—
Repurchase of capital stock	—	—	—	—	(3,948,331)	(3,948,331)	—	(3,948,331)
Sale of repurchase shares	—	—	(173,169)	—	272,940	99,771	—	99,771
Increase in noncontrolling interest	—	—	—	—	—	—	1,968,586	1,968,586
Stock-based compensation	—	—	140,517	—	—	140,517	—	140,517
Comprehensive income	—	—	8,082,463	798,909	—	8,881,372	—	8,881,372
Balance at December 31, 2007	10,267,570	4,547,944	33,172,133	(3,009,468)	(7,939,066)	37,039,113	3,611,187	40,650,300
Reclassification of cumulative balances to retained earnings (see Note 14)	—	—	(5,896,939)	5,896,939	—	—	—	—
Dividends	—	—	(2,229,973)	—	—	(2,229,973)	—	(2,229,973)
Share cancellation	(206,620)	—	(3,275,032)	—	3,481,652	—	—	—
Repurchase of capital stock	—	—	—	—	(1,251,148)	(1,251,148)	—	(1,251,148)
Sale of repurchase shares	—	—	(261,553)	—	400,133	138,580	—	138,580
Increase in noncontrolling interest	—	—	—	—	—	—	1,621,647	1,621,647
Stock-based compensation	—	—	222,046	—	—	222,046	—	222,046
Comprehensive income	—	—	7,803,652	296,572	—	8,100,224	—	8,100,224
Balance at December 31, 2008	10,060,950	4,547,944	29,534,334	3,184,043	(5,308,429)	42,018,842	5,232,834	47,251,676
Dividends	—	—	(9,163,857)	—	—	(9,163,857)	—	(9,163,857)
Share cancellation	(41,091)	—	(541,466)	—	582,557	—	—	—
Repurchase of capital stock	—	—	—	—	(759,003)	(759,003)	—	(759,003)
Sale of repurchase shares	—	—	(215,984)	—	297,802	81,818	—	81,818
Increase in noncontrolling interest	—	—	—	—	—	—	1,069,518	1,069,518
Net loss on acquisition of noncontrolling interest in Cablemás and Cablestar	—	—	(56,210)	—	—	(56,210)	—	(56,210)
Stock-based compensation	—	—	371,783	—	—	371,783	—	371,783
Adjustment to retained earnings for changes in tax consolidation (see Note 19)	—	—	(548,503)	—	—	(548,503)	—	(548,503)
Comprehensive income	—	—	6,007,143	217,782	—	6,224,925	—	6,224,925
Balance at December 31, 2009	Ps.10,019,859	Ps.4,547,944	Ps.25,387,240	Ps. 3,401,825	Ps.(5,187,073)	Ps.38,169,795	Ps. 6,302,352	Ps.44,472,147

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.

Consolidated Statement of Changes in Financial Position
For the Year Ended December 31, 2007
(In thousands of Mexican Pesos)
(Notes 1 and 2)

	2007
Operating activities:	
Consolidated net income	Ps. 9,018,390
Adjustments to reconcile net income to resources provided by operating activities:	
Equity in losses of affiliates	749,299
Depreciation and amortization	3,223,070
Impairment of long-lived assets and other amortization	541,996
Deferred income taxes	(358,122)
Loss on disposition of available-for sale investment in Univision	565,862
Gain on disposition of affiliates	(41,527)
Stock-based compensation	140,517
	<u>13,839,485</u>
Changes in operating assets and liabilities:	
Increase in:	
Trade notes and accounts receivable, net	(3,090,936)
Transmission rights and programming	(1,878,256)
Inventories	(32,053)
Other accounts and notes receivable and other current assets	(443,962)
Increase in:	
Customer deposits and advances	1,840,116
Trade accounts payable	840,911
Other liabilities, taxes payable and deferred taxes	519,488
Retirement and termination benefits	17,097
	<u>(2,227,595)</u>
Resources provided by operating activities	<u>11,611,890</u>
Financing activities:	
Issuance of Senior Notes due 2037	4,500,000
Empresas Cablevisión's long-term loan due 2012	2,457,495
Prepayments of Senior Notes and UDIs denominated Notes	(1,017,093)
Other increase in debt	50,051
Other decrease in debt	(675,234)
Repurchase and sale of capital stock	(3,848,560)
Dividends paid	(4,506,492)
Noncontrolling interest	1,032,659
Translation effect	32,877
Resources used in financing activities	<u>(1,974,297)</u>
Investing activities:	
Due from affiliated companies, net	32,636
Investments	(3,385,342)
Disposition of investments	700,689
Investments in property, plant and equipment	(3,915,439)
Disposition of property, plant and equipment	704,310
Investments in goodwill and other intangible assets	(3,310,968)
Available-for-sale investment in shares of Univision	12,266,318
Acquisition of Telecom net assets	(1,975,666)
Other assets	7,430
Resources provided by investing activities	<u>1,123,968</u>
Net increase in cash, cash equivalents and temporary investments	10,761,561
Net increase in cash, cash equivalents and temporary investments upon Telecom acquisition	138,261
Cash, cash equivalents and temporary investments at beginning of year	16,405,074
Cash, cash equivalents and temporary investments at end of year	<u>Ps. 27,304,896</u>

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2008 and 2009
(In thousands of Mexican Pesos)
(Notes 1 and 2)

	2008	2009
Operating activities:		
Income before income taxes	Ps. 12,294,852	Ps. 9,703,441
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Equity in losses of affiliates	1,049,934	715,327
Depreciation and amortization	4,311,115	4,929,589
Impairment of long-lived assets and other amortization	669,222	1,224,450
Provision for doubtful accounts and write-off of receivables	337,478	897,162
Retirement and termination benefits	5,467	58,196
Gain on disposition of investments	—	(90,565)
Interest income	—	(19,531)
Write-down of held-to-maturity debt security	405,111	—
Stock-based compensation	222,046	371,783
Derivative financial instruments	(895,734)	644,956
Interest expense	2,529,221	2,832,675
Unrealized foreign exchange loss, net	4,981,960	(1,003,537)
	<u>25,910,672</u>	<u>20,263,946</u>
Increase in trade notes and accounts receivable, net	(1,094,389)	(1,082,292)
Increase in transmission rights and programming	(1,186,991)	(674,645)
Increase in inventories	(375,153)	(45,148)
Increase in other accounts and notes receivable and other current assets	(391,399)	(1,347,376)
Increase (decrease) in trade accounts payable	1,577,231	(80,920)
(Decrease) increase in customer deposits and advances	(1,187,734)	2,242,021
Increase in other liabilities, taxes payable and deferred taxes	1,744,395	158,066
Decrease in retirement and termination benefits	(81,314)	(16,035)
Income taxes paid	(2,657,525)	(4,282,042)
	<u>(3,652,879)</u>	<u>(5,128,371)</u>
Net cash provided by operating activities	<u>22,257,793</u>	<u>15,135,575</u>
Investing activities:		
Temporary investments	(5,208,287)	(3,565,772)
Due from affiliated companies, net	(89,826)	(2,309)
Investments	(1,982,100)	(809,625)
Disposition of investments	109,529	57,800
Disposition of held-to-maturity investments	874,999	—
Investments in property, plant and equipment	(5,191,446)	(6,410,869)
Disposition of property, plant and equipment	91,815	248,148
Investments in goodwill and other intangible assets	(1,489,174)	(569,601)
Net cash used in investing activities	<u>(12,884,490)</u>	<u>(11,052,228)</u>
Financing activities:		
Issuance of Senior Notes due 2018	5,241,650	—
Issuance of Senior Notes due 2040	—	7,612,055
Prepayment of Senior Notes due 2013 (Sky)	(122,886)	—
Repayment of Mexican Peso debt	(480,000)	(1,162,460)
Repayment of foreign currency debt	—	(1,206,210)
Capital lease payments	(97,696)	(138,807)
Other increase in debt	1,231	33,856
Interest paid	(2,407,185)	(2,807,843)
Repurchase and sale of capital stock	(1,112,568)	(677,185)
Dividends paid	(2,229,973)	(9,163,857)
Noncontrolling interest	(332,029)	76,344
Derivative financial instruments	(346,065)	(206,776)
Net cash used in financing activities	<u>(1,885,521)</u>	<u>(7,640,883)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>131,854</u>	<u>(105,530)</u>

Net increase (decrease) in cash and cash equivalents	7,619,636	(3,663,066)
Cash and cash equivalents of Cablemás upon consolidation	483,868	—
Cash and cash equivalents of TVI upon consolidation	—	21,509
Cash and cash equivalents at beginning of year	25,479,541	33,583,045
Cash and cash equivalents at end of year	<u>Ps. 33,583,045</u>	<u>Ps. 29,941,488</u>

The accompanying notes are an integral part of these consolidated financial statements.

Grupo Televisa, S.A.B.

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2007, 2008 and 2009
(In thousands of Mexican Pesos, 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”).

Effective January 1, 2008, the Group discontinued recognizing the effects of inflation in its financial statements in accordance with Mexican FRS. Mexican FRS requires that a company discontinue, or start, recognizing the effects of inflation in financial statements when general inflation applicable to a specific entity is up to, or above 26%, in a cumulative three-year period, respectively. The cumulative inflation in Mexico measured by the National Consumer Price Index (“NCPI”) for the three-year period ended December 31, 2007, 2008 and 2009 was 11.6%, 15% and 14.5%, respectively. Accordingly, the consolidated financial statements of the Group for the year ended December 31, 2007, include the effects of inflation through December 31, 2007, and are stated in thousands of Mexican Pesos in purchasing power as of that date, and the consolidated financial statements of the Group as of December 31, 2008 and 2009, and for the years then ended, do not include any adjustments to recognize the effects of inflation for periods subsequent to December 31, 2007.

The consolidated financial statements include the assets, liabilities 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, in which the Group is deemed the primary beneficiary. The primary beneficiary of a variable interest entity 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. See Note 1(b) for further discussion of all variable interest entities. 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.

Effective January 1, 2008, Mexican FRS requires a statement of cash flows as part of a full set of financial statements in place of a statement of changes in financial position. The statement of cash flows classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities. Restatement of financial statements for years provided before 2008 is not permitted by Mexican FRS; therefore, the Group presents a consolidated statement of changes in financial position for the year ended December 31, 2007.

These consolidated financial statements were authorized for issuance on June 11, 2010, by the Group’s Chief Financial Officer.

(b) Members of the Group

At December 31, 2009, the Group consisted of the Company and its consolidated entities, including the following:

Consolidated Entities	Company's Ownership (1)	Business Segment (2)
Grupo Telesistema, S.A. de C.V. and subsidiaries, including Televisa, S.A. de C.V. ("Televisa")	100%	Television Broadcasting Pay Television Networks Programming Exports
Televisión Independiente de México, S.A. de C.V. and subsidiaries	100%	Television Broadcasting
TuTv, LLC ("TuTv") (3)	50%	Pay Television Networks
Editorial Televisa, S.A. de C.V. and subsidiaries	100%	Publishing
Innova, S. de R. L. de C.V. and subsidiaries (collectively, "Sky") (3)	58.7%	Sky
Empresas Cablevisión, S.A.B. de C.V. and subsidiaries (collectively, "Empresas Cablevisión")	51%	Cable and Telecom
Cablemás, S.A. de C.V. and subsidiaries (collectively, "Cablemás")	58.3%	Cable and Telecom
Televisión Internacional, S.A. de C.V. and subsidiaries (collectively, "TVI")	50%	Cable and Telecom
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
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries	100%	Other Businesses
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	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 consolidated entity.
- (2) See Note 22 for a description of each of the Group's business segments.
- (3) At December 31, 2009, the Group had identified Sky and TuTv as variable interest entities and the Group as the primary beneficiary of the investment in each of these entities. The Group has a 58.7% interest in Sky, a satellite television provider. 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, Cable and Telecom segments, as well as the Group's Radio business, which is reported in the Other Businesses segment, 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, requires a permit granted by the Mexican Federal Government for a fixed term. Additionally, the Group's Sky businesses in Central America and Dominican Republic require concessions granted by local regulatory authorities for a fixed term and are subject to renewal. At December 31, 2009, the expiration dates of the Group's concessions and permit were as follows:

Segments	Expiration Dates
Television Broadcasting	In 2021
Sky	Various from 2016 to 2033
Cable and Telecom	Various from 2013 to 2038
Other Businesses:	
Radio (1)	Various from 2008 to 2016
Gaming	In 2030

- (1) Concessions for three of the Group's Radio stations in Guadalajara and Mexicali expired in 2008 and 2009, and renewal is still pending before the Mexican regulatory authorities as certain related regulations of the applicable law are being reviewed by the Mexican Federal Government. The Group's management expects that concessions for these three stations will be renewed or granted by the Mexican Federal Government. The concessions for the Group's remaining Radio stations will expire between 2015 and 2016.

(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.

Through December 31, 2007, assets, liabilities and results of operations of non-Mexican subsidiaries and affiliates were 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 were recognized in consolidated stockholders' equity as part of the accumulated other comprehensive income or loss. Assets and liabilities of non-Mexican operations that were integral to Mexican operations were 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.

Beginning on January 1, 2008, for non-Mexican subsidiaries and affiliates operating in a local currency environment, assets and liabilities are translated into Mexican Pesos at year-end exchange rates, and results of operations and cash flows are translated at average exchange rates prevailing during the year. Resulting translation adjustments are accumulated as a separate component of accumulated other comprehensive income or loss in consolidated stockholders' equity. Assets and liabilities of non-Mexican subsidiaries that use the Mexican Peso as a functional currency are translated into Mexican Pesos by utilizing the exchange rate of the balance sheet date for monetary assets and liabilities, and historical exchange rates for nonmonetary items, with the related adjustment included in the consolidated statement of income as integral result of financing.

In connection with its former investment in shares of Univision, the Group designated as an effective hedge of foreign exchange exposure a portion of the outstanding principal amount of certain U.S.-dollar-denominated long-term debt, which amounted to U.S.\$971.9 million as of December 31, 2006. The investment in shares of Univision was disposed of by the Group in March 2007, and through that date any foreign exchange gain or loss attributable to this long-term debt was credited or charged directly to equity (accumulated other comprehensive income or loss) (see Note 2).

(d) Cash, Cash Equivalents and Temporary Investments

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less at the date of acquisition (see Note 1 (t)).

Temporary investments consist of short-term investments in securities, including without limitation debt with a maturity of over three months and up to one year at the date of acquisition, stock and/or other financial instruments, as well as current maturities of noncurrent held-to-maturity securities. Temporary investments are valued at fair value.

As of December 31, 2008 and 2009, highly liquid and temporary investments primarily consisted of fixed short-term deposits and corporate fixed income securities denominated in U.S. Dollars and Mexican Pesos, with an average yield of approximately 2.45% for U.S. Dollar deposits and 7.40% for Mexican Peso deposits in 2008, and approximately 1.0% for U.S. Dollar deposits and 5.90% for Mexican Peso deposits in 2009.

(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 recorded at acquisition or production cost, and through December 31, 2007, were restated by using the NCPI factors, and specific costs for some of these assets, which were determined by the Group on the basis of the last purchase price or production cost, or replacement cost whichever was more representative. Cost of sales is calculated for the month in which such transmission rights, programs, literary works, production talent advances and films are matched with related revenues, and through December 31, 2007, was determined based on restated costs.

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 were restated through December 31, 2007 by using the NCPI factors and specific costs for some of these assets, which were determined by the Group on the basis of the last purchase price.

(g) Investments

Investments in companies in which the Group exercises significant influence (associates) or joint control (jointly controlled entities) are accounted for by the equity method. The Group recognizes equity in losses of affiliates 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 or with readily determinable fair values, 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 Notes 5 and 14).

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective and other-than-temporary evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset.

For financial assets classified as held-to-maturity, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Other investments are accounted for at cost.

(h) Property, Plant and Equipment

Property, plant and equipment are recorded at acquisition cost and were restated through December 31, 2007 to constant Mexican Pesos using the NCPI, except for equipment of non-Mexican origin, which was restated through that date by using an index which reflected 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 building improvements, from 3 to 20 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 were restated through December 31, 2007 by using the NCPI.

Intangible assets are composed of goodwill, publishing trademarks, television network concessions, licenses and software, subscriber lists and other items. Goodwill, publishing trademarks and television network concessions 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 lists 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 3 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 value 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.

(l) Stockholders' Equity

The capital stock and other stockholders' equity accounts include the effect of restatement through December 31, 2007, determined by applying the change in the NCPI between the dates capital was contributed or net results were generated and the balance sheet date. The restatement represented the amount required to maintain the contributions, share repurchases and accumulated results in Mexican Pesos in purchasing power as of December 31, 2007.

(m) Revenue Recognition

The Group derives the majority of its revenues from media and entertainment-related business activities both in Mexico 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 program service revenues, including advances from customers for future direct-to-home ("DTH") program services, activation and installation fees, are recognized at the time the service is provided.



- Cable television, internet and telephone subscription, and pay-per-view and installation fees are recognized in the period in which the services are rendered.
- Revenues from telecommunications and data services are recognized in the period in which these services are provided. Telecommunications services include long distance and local telephony, as well as leasing and maintenance of telecommunications facilities.
- 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) Retirement and Termination Benefits

Plans exist for pension and other retirement payments for substantially all of the Group's employees (retirement benefits), funded through irrevocable trusts. Payments to the trusts are determined in accordance with actuarial computations of funding requirements. Pension and other retirement payments are made by the trust administrators. Increases or decreases in the liability for retirement benefits are based upon actuarial calculations.

Seniority premiums and severance indemnities to dismissed personnel (termination benefits), other than those arising from restructurings, are recognized based upon actuarial calculations.

Beginning January 1, 2008, Mexican FRS NIF D-3, *Employee Benefits*, requires (i) the recognition of any termination benefit costs directly in income as a provision, with no deferral of any unrecognized prior service cost or related actuarial gain or loss; (ii) shorter amortization periods for items to be amortized; and (iii) the recognition of any employees' profit sharing required to be paid under certain circumstances in Mexico, as a direct benefit to employees.

(o) Income Taxes

The income taxes and the asset tax 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.

A valuation allowance is provided for those deferred income tax assets for which it is more likely than not that the related benefits will not be realized.

Effective January 1, 2008, the Group classified in retained earnings the outstanding balance of initial cumulative loss effect of deferred income taxes in the amount of Ps.3,224,437, as required by Mexican FRS (see Note 14).

(p) Derivative Financial Instruments

The Group recognizes derivative financial instruments as either assets or liabilities in the consolidated balance sheet and measures such instruments at fair value. The accounting for changes in the fair value of a derivative financial instrument depends on the intended use of the derivative financial instrument and the resulting designation. For a derivative financial instrument designated as a cash flow hedge, the effective portion of such derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into income when the hedged exposure affects income. The ineffective portion of the gain or loss is reported in income immediately. For a derivative financial instrument designated as a fair value hedge, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For derivative financial instruments that are not designated as accounting hedges, changes in fair value are recognized in income in the period of change. During the year ended December 31, 2007, none of the Group's derivatives qualified for hedge accounting. During the years ended December 31, 2008 and 2009, certain derivative financial instruments qualified for hedge accounting (see Note 9).

(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

Effective January 1, 2009, the Group adopted the guidelines of Mexican FRS NIF D-8, *Share-based Payments*, which substituted the guidelines provided by IFRS 2, *Share-based Payment*, issued by the International Accounting Standards Board, which were applied by the Group on a supplementary basis through December 31, 2008, as required by Mexican FRS. The adoption of the guidelines provided by NIF D-8 did not have a significant effect on the Group's consolidated financial statements. The provisions of NIF D-8 require, as well as those of IFRS 2, 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). The Group accrued in controlling stockholders' equity a stock-based compensation expense (consolidated administrative expense) of Ps.140,517, Ps.222,046 and Ps.371,783 for the years ended December 31, 2007, 2008 and 2009, respectively.

(s) Prior Years' Financial Statements

The NCPI at December 31, 2007 and 2006 was 125.564 and 121.015, respectively.

Certain reclassifications have been made to prior years' financial information to conform to the December 31, 2009 presentation.

(t) Recently Issued Mexican FRS

In December 2009, the CINIF issued new Mexican FRS ("Normas de Información Financiera" or "NIF," "Interpretación de Normas de Información financiera" or "INIF," and *Improvements to NIF 2010*), as follows:

NIF C-1, *Cash and Cash Equivalents* , replaces the previous Mexican FRS Bulletin C-1, *Cash* , and became effective on January 1, 2010. This new standard (i) defines cash equivalents as short-term securities with high liquidity, easily converted into cash, subject to a minimum risk of change in its fair value, and with an original maturity of three months or less at the date of acquisition; and (ii) provides guidelines for presenting and disclosing cash and cash equivalents in a company's financial statements. NIF C-1 also requires applying these guidelines on a retrospective basis for any comparative prior period financial statements presented. The adoption of NIF C-1 did not have a material impact on the Group's consolidated financial statements (see Note 1 (d)).

NIF B-5, *Financial Information by Segments*, replaces the previous Mexican FRS Bulletin B-5, *Financial Information by Segments*, and will become effective on January 1, 2011. This new standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. NIF B-5 confirms that reportable operating segments are those that are based on the Group's method of internal reporting to senior management for making operating decisions and evaluating performance of operating segments, and identified by certain qualitative, grouping and quantitative criteria. NIF B-5 also requires additional disclosure of interest income and expense, and certain liabilities, by segments. The adoption of NIF B-5 is not expected to have a material impact on the Group's financial position, results of operations and disclosures.

NIF B-9, *Financial Information at Interim Dates*, replaces the previous Mexican FRS Bulletin B-9, *Financial Information at Interim Dates* , and will become effective on January 1, 2011. This new standard provides guidelines for entities that are required to prepare and present financial information at interim dates. NIF B-9 requires minimum financial information at interim dates, including comparative condensed balance sheets and related comparative condensed statements of income, changes in stockholders' equity and cash flows, as well as selected notes to these condensed financial statements. The adoption of NIF B-9 is not expected to have a material impact on the Group's interim financial position, results of operations and disclosures.

INIF 18, *Recognition of the Effects of the 2010 Tax Reform in Income Taxes*, became effective on December 7, 2009. This interpretation provides additional guidance for (i) the recognition of income taxes on a consolidated basis based on new tax criteria affecting 2009 and prior years; (ii) the recognition of the effects in changes to the Mexican corporate income tax rate; and (iii) the accounting treatment for a new tax disposition not allowing a tax credit from loss carryforwards derived from the Flat Rate Business Tax (“Impuesto Empresarial a Tasa Única” or “IETU”) with a company’s income tax. In December 2009, the Group recognized the effects of income tax payable resulting from the Mexican 2010 tax reform as a provision for income taxes in accordance with the guidelines of Mexican FRS NIF D-4, *Income Taxes*, and INIF 18 (see Note 19).

Improvements to NIF 2010 include two groups of improvements to Mexican FRS already issued: (i) improvements to certain NIF, resulting in accounting changes in valuation, presentation or disclosure in a company’s financial statements, which became effective on January 1, 2010; and (ii) improvements to precise wording in certain NIF for clarification purposes, which do not require accounting changes. Improvements generating accounting changes in valuation, presentation or disclosure of a company’s financial statements include: (i) NIF B-1, *Accounting Changes and Corrections of Errors* (disclosure changes); (ii) NIF B-2, *Statement of Cash Flows* (presentation changes); (iii) NIF B-7, *Acquisition of Businesses* (valuation change consisting of recognizing an intangible asset in the case of acquiring a lessor with an operating lease agreement in favorable terms); (iv) NIF C-7, *Investments in Associates and Other Permanent Investments* (valuation change consisting of recognizing in the statement of income the effect of investments in associates with a change in the ownership percentage); and (v) NIF C-13, *Related Parties* (disclosure change). The Company’s management believes that these improvements to Mexican FRS will not have a significant impact in the Group’s consolidated financial statements.

In the first quarter of 2009, the Mexican Bank and Securities Commission (“Comisión Nacional Bancaria y de Valores” or “CNBV”), issued regulations for listed companies in Mexico requiring the adoption of International Financial Reporting Standards (“IFRS”) issued by the IASB to report comparative financial information for periods beginning no later than January 1, 2012. The Group has already designed and started the implementation of a plan to comply with these regulations.

2. Acquisitions, Investments and Dispositions

In 2006, the Group acquired a 50% interest in Televisión Internacional, S.A. de C.V. (“TVI”), a telecommunications company offering bay television, data and voice services in the metropolitan area of the city of Monterrey and other areas in northern Mexico. In conjunction with this transaction, the Group (i) capitalized in 2007 an aggregate amount of Ps.269,028 in connection with the principal and accrued interest of a short-term loan made to TVI at the acquisition date; and (ii) recognized in 2007 and 2008 additional purchase price adjustments in the aggregate amount of Ps.38,602. In 2007, the Group completed a final valuation of this acquisition and recognized related goodwill in the amount of Ps.406,295. Beginning on October 1, 2009, the Company has a controlling interest in TVI as a result of a corporate governance amendment (the Group’s legal right to choose the majority of the board of directors), and began consolidating the assets, liabilities and results of operations of TVI in its consolidated financial statements. Through September 30, 2009, the Group’s investment in TVI was accounted for by using the equity method (see Notes 5 and 7).

In March 2007, under the terms of a merger agreement entered into by Univision and an acquiring investor group, all of the 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, 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 approximately U.S.\$1,094.4 million (Ps.12,385,515). As a result of this disposition, the Group recognized in consolidated income for the year ended December 31, 2007, a non-cash loss of Ps.669,473 (see Notes 1 (c), 11, 16 and 17).

In August 2007, the Group acquired substantially all of the outstanding shares of capital stock of Editorial Atlántida, S.A. (“Atlántida”), a leading magazine publishing company in Argentina, in the aggregate amount of approximately U.S.\$78.8 million (Ps.885,377), which was paid in cash. The Group completed a purchase price allocation of this transaction and recognized a related goodwill in the amount of Ps.665,960.

In August 2007, the Group announced an agreement signed by Cablestar, S.A. de C.V. (“Cablestar”), an indirect subsidiary of the Company and Empresas Cablevisión, to acquire the majority of the assets of Bestel, S.A. de C.V. (“Bestel”), a Mexican facilities-based telecommunications company engaged in providing data and long-distance services solutions to carriers and other telecommunications service providers through a fiber-optic network of approximately 8,000 kilometers that covers the most important cities and economic regions of Mexico and the cities of San Antonio and San Diego in the United States. In December 2007, after obtaining the approval from the Mexican regulatory authorities, Cablestar completed this transaction by acquiring, at an aggregate purchase price of U.S.\$256 million (Ps.2,772,352), all of the outstanding equity of Letseb, S.A. de C.V. (“Letseb”) and Bestel USA, Inc. (“Bestel USA”), the companies that owned the majority of assets of Bestel. In connection with this acquisition: (i) Cablestar made an additional capital contribution to Letseb in the amount of U.S.\$69 million (Ps.747,236), which was used by Letseb to pay certain pre-acquisition liabilities; (ii) the Company granted a guarantee to a



third-party creditor for any amounts payable in connection with Letseb's long-term liability in the amount of U.S.\$80 million; (iii) Empresas Cablevisión issued long-term debt to finance this acquisition in the amount of U.S.\$225 million (Ps.2,457,495); and (iv) Cablemás and TVI made capital contributions for an aggregate amount of U.S.\$100 million related to their aggregate 30.8% noncontrolling interest in Cablestar. In March 2008, the parties agreed a purchase price adjustment in accordance with the terms of the related acquisition agreement, and accordingly, the Group made an additional payment in April 2008 in the aggregate amount of U.S.\$18.7 million (Ps.199,216). In December 2008, the Group completed a purchase price allocation of these transactions and recognized Ps.728,884 of concessions, Ps.11,199 of trademarks, Ps.281,000 of a subscriber list, a write-down of Ps.221,999 relating to technical equipment, and a related goodwill in the amount of Ps.818,317, net of an impairment adjustment of Ps.132,500 as of December 31, 2008 (see Notes 7, 8 and 17).

In February 2008, the Group made an additional investment of U.S.\$100 million (Ps.1,082,560) to increase its interest in the outstanding equity of Cablemás to 54.6%, and retained a 49% of the voting equity of Cablemás. In May 2008, the Mexican regulatory authorities announced that the Group complied with all of the required regulatory conditions in connection with its investment in the outstanding equity of Cablemás. Effective June 1, 2008, the Company has a controlling interest in Cablemás as a result of a corporate governance contractual amendment (the Group's legal right to designate the majority of the board of directors), and the Group began consolidating the assets, liabilities and results of operations of Cablemás in its consolidated financial statements. Through May 31, 2008, the Group's investment in Cablemás was accounted for by using the equity method. In February 2009, the Group's controlling interest in the outstanding equity of Cablemás increased from 54.5% to 58.3%, as a result of a capital contribution made by a Company's subsidiary and the dilution of the noncontrolling interest in Cablemás. The Company retained 49% of the voting stock of Cablemás. This transaction between stockholders of the Group resulted in a non-cash reduction of retained earnings attributable to the controlling interest of Ps.118,353, with a corresponding increase in stockholders' equity attributable to the noncontrolling interest. In December 2009, the Group completed a final valuation and purchase price allocation of the assets and liabilities of Cablemás in connection with the consolidation of this Company's subsidiary in 2008, and recognized Ps.1,052,190 of concessions, Ps.636,436 of trademarks, Ps.792,276 of a subscriber list, Ps.374,887 of interconnection contracts, and an aggregate write-down of Ps.1,036,933 relating to technical equipment and other intangibles (see Notes 1(b) and 7).

In June 2009, the Company entered into an agreement with a U.S. financial institution to acquire TVI's U.S.\$50 million outstanding loan facility with an original maturity in 2012 for U.S.\$41.8 million (Ps.552,735). TVI entered into this 5-year loan facility in December 2007, in connection with the acquisition of the majority of the assets of Bestel described above. In July 2009, the Company exchanged this loan receivable, including accrued interest in the amount of U.S.\$42.1 million (Ps.578,284), in consideration for (i) a 15.4% noncontrolling interest in Cablestar, which was owned by TVI with a carrying value of Ps.554,847 at the transaction date and (ii) Ps.85,580 in cash. This transaction between stockholders resulted in a net gain of Ps.62,143, which was accounted for by the Group in retained earnings attributable to the controlling interest.

3. Trade Notes and Accounts Receivable, Net

Trade notes and accounts receivable as of December 31, consisted of:

	2008	2009
Non-interest bearing notes received from customers as deposits and advances	Ps. 14,383,384	Ps. 14,515,450
Accounts receivable, including value-added tax receivables related to advertising services	4,838,999	5,430,943
Allowance for doubtful accounts	(1,022,503)	(1,547,210)
	<u>Ps. 18,199,880</u>	<u>Ps. 18,399,183</u>

4. Transmission Rights and Programming

At December 31, transmission rights and programming consisted of:

	2008	2009
Transmission rights	Ps. 5,764,887	Ps. 6,133,176
Programming	3,903,322	4,155,271
	<u>9,668,209</u>	<u>10,288,447</u>
Non-current portion of:		
Transmission rights	4,069,777	3,790,714
Programming	2,254,984	2,124,745
	<u>6,324,761</u>	<u>5,915,459</u>
Current portion of transmission rights and programming	<u>Ps. 3,343,448</u>	<u>Ps. 4,372,988</u>



5. Investments

At December 31, the Group had the following investments:

	2008	2009	Ownership % as of December 31, 2009
Accounted for by the equity method:			
Gestora de Inversiones Audiovisuales La Sexta, S.A. and subsidiaries (collectively, "La Sexta") (a)	Ps. 1,296,950	Ps. 1,043,752	40.5%
Ocesa Entretenimiento, S.A. de C.V. and subsidiaries (collectively, "OCEN") (b)	457,598	429,388	40%
Controladora Vuela Compañía de Aviación, S.A. de C.V. and subsidiaries (collectively, "Volaris") (c)	80,381	248,162	25%
TVI (see Note 2)	367,856	—	
Other	96,192	301,324	
	<u>2,298,977</u>	<u>2,022,626</u>	
Other investments:			
Held-to-maturity debt securities (see Note 1(g)) (d)	809,115	1,169,611	
Available-for-sale investments (see Note 1(g)) (e)	—	2,826,457	
Other	240,518	342,329	
	<u>1,049,633</u>	<u>4,338,397</u>	
	<u>Ps. 3,348,610</u>	<u>Ps. 6,361,023</u>	

- (a) La Sexta is a free-to-air television channel in Spain. During 2007, 2008 and 2009, the Group made additional capital contributions related to its interest in La Sexta in the amount of € 65.9 million (Ps.1,004,697), €44.4 million (Ps.740,495) and € 35.7 million (Ps.663,082), respectively. During 2007, a third party acquired a 20% stake in Imagina Media Audiovisual, S.A. ("Imagina"), the parent company of the companies that hold a majority equity interest in La Sexta. As a result of this acquisition, Imagina paid the Company €29 million (Ps.462,083) as a termination fee for the cancellation of a call option to subscribe at a price of €80 million, a certain percentage of the capital stock of Imagina (see Note 11).
- (b) OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V., and is engaged in the live entertainment business in Mexico. In 2007, 2008 and 2009, OCEN paid dividends to the Group in the aggregate amount of Ps.94,382, Ps.56,000 and Ps.56,000, respectively (see Note 16).
- (c) Volaris is a low-cost carrier airline with a concession to operate in Mexico and abroad. In 2008 and 2009, the Group made additional capital contributions related to its 25% interest in Volaris in the amount of U.S.\$12 million (Ps.125,856) and U.S.\$5 million (Ps.69,000), respectively (see Note 16).
- (d) Held-to-maturity securities represent corporate fixed income securities with long-term maturities. These investments are stated at amortized cost. During the year ended December 31, 2008, the Group recognized a write-down of Ps.405,111 on a held-to-maturity debt security reducing the carrying amount of this security to zero.
- (e) In the second half of 2009, the Group invested an aggregate amount of U.S.\$180 million in a telecom and media open-ended fund.

The Group recognized equity in comprehensive loss of affiliates for the years ended December 31, 2007, 2008 and 2009, as follows:

	2007	2008	2009
Equity in losses of affiliates, net	Ps. (749,299)	Ps. (1,049,934)	Ps. (715,327)
Equity in other comprehensive income (loss) of affiliates:			
Foreign currency translation adjustments, net	171,297	244,122	(29,319)
Result from holding non-monetary assets, net	2,151	—	—
Gain (loss) on equity accounts, net	5,382	(58,109)	39,525
	<u>Ps. (570,469)</u>	<u>Ps. (863,921)</u>	<u>Ps. (705,121)</u>

6. Property, Plant and Equipment, Net

Property, plant and equipment as of December 31, consisted of:

	2008	2009
Buildings	Ps. 9,364,648	Ps. 9,424,738
Buildings improvements	1,813,972	1,670,084
Technical equipment(1)	34,293,372	38,838,481
Satellite transponders	1,789,890	1,789,890
Furniture and fixtures	849,074	836,038
Transportation equipment	1,657,389	1,559,816
Computer equipment(1)	2,480,803	3,089,962
Leasehold improvements	1,168,194	1,383,541
	<u>53,417,342</u>	<u>58,592,550</u>
Accumulated depreciation	<u>(28,551,534)</u>	<u>(32,145,471)</u>
	24,865,808	26,447,079
Land	4,867,621	4,648,171
Construction in progress	<u>1,064,969</u>	<u>1,976,214</u>
	<u>Ps. 30,798,398</u>	<u>Ps. 33,071,464</u>

(1) In 2009, includes technical and computer equipment in connection with the consolidation of TVI, which began on October 1, 2009 (see Note 2).

Depreciation charged to income in 2007, 2008 and 2009 was Ps.2,793,310, Ps.3,867,182 and Ps.4,390,339, 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, 2008 and 2009, satellite transponders, net of accumulated depreciation, amounted to Ps.795,506 and Ps.676,180, 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)):

	2008			2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Goodwill			Ps. 6,288,658			Ps. 3,133,802
Publishing and TVI trademarks			785,468			1,264,555
Television network concession			650,603			650,603
Cablemás concession			-			1,052,190
TVI concession (see Note 2)			262,925			262,925
Telecom concession (see Note 2)			783,290			778,970
Sky concession			96,042			96,042
Intangible assets with finite lives and deferred charges:						
Licenses and software	Ps.1,456,410	Ps. (822,708)	633,702	Ps.1,601,562	Ps. (755,706)	845,856
Subscriber lists (see Note 2)	1,206,278	(687,103)	519,175	2,351,177	(884,900)	1,466,277
Other intangible assets	622,680	(97,752)	524,928	760,021	(108,092)	651,929
Deferred financing costs (see Note 8)	<u>1,213,559</u>	<u>(324,567)</u>	<u>888,992</u>	<u>1,403,430</u>	<u>(387,715)</u>	<u>1,015,715</u>
	<u>Ps.4,498,927</u>	<u>Ps.(1,932,130)</u>	<u>Ps.11,433,783</u>	<u>Ps.6,116,190</u>	<u>Ps.(2,136,413)</u>	<u>Ps.11,218,864</u>

Amortization of intangible assets with finite lives and deferred financing costs charged to income in 2007, 2008 and 2009, was Ps.478,063, Ps.503,560 and Ps.603,606, respectively, of which Ps.48,303, Ps.58,724 and Ps.64,356 in 2007, 2008 and 2009, respectively, was recorded as interest expense (see Note 18) and Ps.903 in 2008, was recorded as other expense in connection with the extinguishment of long-term debt (see Note 17).



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The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2009, were as follows:

	Balance as of December 31, 2008	Acquisitions	Foreign Currency Translation Adjustments	Adjustments/ Reclassifications	Impairment Adjustments (see Note 17)	Balance as of December 31, 2009
Goodwill:						
Television Broadcasting	Ps. 482,731	Ps. —	Ps. —	Ps. —	Ps. (184,055)	Ps. 298,676
Cable and Telecom	4,259,514	—	—	(2,167,533)	(752,438)	1,339,543
Publishing Distribution	693,554	—	(1,517)	(48,757)	(26,113)	617,167
Other Businesses	39,406	24,077	—	—	—	63,483
Equity-method investees (See Note 5)	813,453	—	—	1,480	—	814,933
	<u>Ps. 6,288,658</u>	<u>Ps. 24,077</u>	<u>Ps. (1,517)</u>	<u>Ps. (2,214,810)</u>	<u>Ps. (962,606)</u>	<u>Ps. 3,133,802</u>

Trademarks (see Note 2):

Publishing	Ps. 663,057	Ps. 48,232	Ps. (8,093)	Ps. —	Ps. (197,488)	Ps. 505,708
Telecom	33,059	—	—	636,436	—	669,495
TVI	89,352	—	—	—	—	89,352
	<u>Ps. 785,468</u>	<u>Ps. 48,232</u>	<u>Ps. (8,093)</u>	<u>Ps. 636,436</u>	<u>Ps. (197,488)</u>	<u>Ps. 1,264,555</u>

8. Long-term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations outstanding as of December 31, were as follows:

	2008	2009
U.S. Dollar debt:		
8% Senior Notes due 2011 (1)	Ps. 995,802	Ps. 941,119
6% Senior Notes due 2018 (1)	6,920,000	6,540,000
6.625% Senior Notes due 2025 (1)	8,304,000	7,848,000
8.50% Senior Notes due 2032 (1)	4,152,000	3,924,000
6.625% Senior Notes due 2040 (1)	—	7,848,000
9.375% Senior Guaranteed Notes due 2015 (Cablemás) (2)	2,417,848	2,285,076
Bank loan facility (Empresas Cablevisión) (3)	3,114,000	2,943,000
Bank loan facility (Cablemás) (3)	692,000	654,000
Other (4)	1,142,826	33,015
Total U.S. Dollar debt	<u>27,738,476</u>	<u>33,016,210</u>
Mexican Peso debt:		
8.49% Senior Notes due 2037 (1)	4,500,000	4,500,000
Bank loans (5)	3,162,460	2,400,000
Bank loans (Sky) (6)	3,500,000	3,500,000
Total Mexican Peso debt	<u>11,162,460</u>	<u>10,400,000</u>
Total long-term debt	<u>38,900,936</u>	<u>43,416,210</u>
Less: Current portion	<u>2,270,353</u>	<u>1,433,015</u>
Long-term debt, net of current portion	<u>Ps. 36,630,583</u>	<u>Ps. 41,983,195</u>
Capital lease obligations:		
Satellite transponder lease obligation (7)	Ps. 1,311,663	Ps. 1,108,451
Other (8)	62,128	293,282
Total capital lease obligations	<u>1,373,791</u>	<u>1,401,733</u>
Less: Current portion	<u>151,628</u>	<u>235,271</u>
Capital lease obligations, net of current portion	<u>Ps. 1,222,163</u>	<u>Ps. 1,166,462</u>

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- (1) These Senior Notes due 2011, 2018, 2025, 2032, 2037 and 2040, in the outstanding principal amount of U.S.\$72 million, U.S.\$500 million, U.S.\$600 million, U.S.\$300 million, Ps.4,500,000 and U.S.\$600 million, respectively, 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, 2018, 2025, 2032, 2037 and 2040, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.31%, 6.97%, 8.94%, 8.93% and 6.97% per annum, respectively, and is payable semi-annually. These Senior Notes may not be redeemed prior to maturity, except (i) 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; and (ii) in the event of a change of control, in which case the Company may be required to redeem the securities at 101% of their principal amount. Also, the Company may, at its own option, redeem the Senior Notes due 2018, 2025, 2037 and 2040, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of these Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable U.S. or Mexican sovereign bonds. The Senior Notes due 2011, 2018, 2032 and 2040 were priced at 98.793%, 99.280%, 99.431% and 98.319%, respectively, for a yield to maturity of 8.179%, 6.097%, 8.553% and 6.755%, respectively. The Senior Notes due 2025 were issued in two aggregate principal amounts of U.S.\$400 million and U.S.\$200 million, and were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, 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. The Senior Notes due 2011, 2018, 2025, 2032, 2037 and 2040 are registered with the U.S. Securities and Exchange Commission.
- (2) These U.S.\$174.7 million Senior Guaranteed Notes are unsecured obligations of Cablemás and its restricted subsidiaries and are guaranteed by such restricted subsidiaries, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of Cablemás and its restricted subsidiaries, and are junior in right of payment to all of the existing and future secured indebtedness of Cablemás and its restricted subsidiaries to the extent of the value of the assets securing such indebtedness, interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.858%, and is payable semi-annually. Cablemás may redeem these Senior Notes, in whole or in part, before November 15, 2010, at the principal amount plus a premium plus accrued and unpaid interest, and on or after November 15, 2010, at redemption prices plus accrued and unpaid interest. The agreement of these Senior Notes contains covenants relating to Cablemás and its restricted subsidiaries, including covenants with respect to limitations on indebtedness, payments, dividends, investments, sale of assets, and certain mergers and consolidations. In July 2008, Cablemás prepaid a portion of these Senior Notes in the principal amount of U.S.\$0.3 million in connection with a tender offer to purchase these Senior Notes at a purchase price of 101% plus related accrued and unpaid interest.
- (3) In December 2007, Empresas Cablevisión and Cablemás entered into a 5-year term loan facilities with a U.S. bank in the aggregate principal amount of U.S.\$225 million and U.S.\$50 million, respectively, in connection with the financing for the acquisition of Letseb and Bestel USA (see Note 2). Annual interest on these loan facilities is payable on a quarterly basis at LIBOR plus an applicable margin that may range from 0.475% to 0.800% depending on a leverage ratio. At December 31, 2009, the applicable leverage ratio for Empresas Cablevisión and Cablemás was 0.525% and 0.600%, respectively. Under the terms of the loan facilities, Empresas Cablevisión and its subsidiaries and Cablemás and its subsidiaries are required to (a) maintain certain financial coverage ratios related to indebtedness and interest expense, and (b) comply with certain restrictive covenants, primarily on debt, liens, investments and acquisitions, capital expenditures, asset sales, consolidations, mergers and similar transactions.
- (4) Includes Ps.1,107,200 in 2008 in connection with a non-interest bearing promissory note in the principal amount of U.S.\$80 million with a maturity in August 2009, which amount was originally recognized by the Group, and guaranteed by the Company, as a long-term liability in connection with the acquisition of Letseb and Bestel USA in December 2007 (see Note 2). In 2008, this liability was replaced under similar terms by a U.S.\$80 million non-interest bearing promissory note payable to a foreign financial institution. In March 2009, the Company entered into a purchase agreement with the holder of the promissory note, and acquired such note in the amount of U.S.\$78.6 million (Ps.1,206,210). This line item also includes for 2008 and 2009, outstanding balances of notes payable to banks with maturities in 2010, bearing annual interest rates of 1.25 points above LIBOR.
- (5) Includes for 2008 and 2009, outstanding balances of long-term loans in the principal amount of Ps.3,162,460 and Ps.2,400,000, respectively, in connection with certain credit agreement entered into by the Company with a Mexican bank, with maturities from 2010 through 2012. Interest on this loan is 10.350% 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. This line includes in 2009, outstanding balance of current-term loans with maturities in 2010, for TVI's incorporation, bearing annual interest rates of 8.35% and the Mexican Interbank Interest Rate ("TIIE") plus 1.50% and 2.20%, payable on a monthly basis.
- (6) The balance in 2008 and 2009 includes two long-term loans entered into by Sky with Mexican banks in the aggregate principal amount of Ps.3,500,000 with a maturity in 2016. This Sky long-term 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% through March and April 2009, respectively, and the TIIE plus 24 basis points for the remaining period through maturity. Interest on these two long-term loans is payable on a monthly basis. Under the terms of these loan agreements,

Sky is required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, liens, asset sales, and certain mergers and consolidations.

- (7) Sky is obligated to pay a monthly fee of U.S.\$1.7 million under a capital lease agreement entered into with Intelsat Corporation (formerly PanAmSat Corporation) in 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 under the IS-9 agreement are proportionately guaranteed by the Company and the other Sky equity owners in relation to their respective ownership interests (see Notes 6 and 11).
- (8) Includes minimum lease payments of property and equipment under leases that qualify as capital leases. The capital leases have terms which expire at various dates through 2010 to 2022.

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In September 2008, Sky prepaid all of its outstanding Senior Notes due 2013, in the principal amount of U.S.\$11.3 million. The total aggregate amount paid by Sky in connection with this prepayment was U.S.\$12.6 million, including related accrued interest and a premium of 4.6875%.

In May 2009, the Company repaid a bank loan at its maturity in the principal amount of Ps.1,162,460.

Maturities of Debt and Capital Lease Obligations

Debt maturities for the years subsequent to December 31, 2009, are as follows:

2010	Ps. 1,433,015
2011	941,119
2012	4,597,000
2013	—
2014	—
Thereafter	36,445,076
	<u>Ps. 43,416,210</u>

Future minimum payments under capital lease obligations for the years subsequent to December 31, 2009, are as follows:

2010	Ps. 372,150
2011	340,298
2012	332,955
2013	299,663
2014	287,633
Thereafter	233,010
	<u>1,865,709</u>
Less: amount representing interest	463,976
	<u>Ps. 1,401,733</u>

9. Financial Instruments

The Group's financial instruments recorded in the balance sheet include cash and cash equivalents, temporary investments, accounts and notes receivable, debt securities classified as held-to-maturity investments, investments in securities in the form of an open-ended fund classified as available-for-sale investments, accounts payable, debt and derivative financial instruments. For cash and cash equivalents, 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 fair value of the Group's long-term debt securities are based on quoted market prices.

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, available-for-sale investments, and currency option, interest rate swap and share put option agreements was based on quotes obtained from financial institutions.

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The carrying and estimated fair values of the Group's non-derivative financial instruments at December 31, were as follows:

	2008		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Temporary investments	Ps. 8,321,286	Ps. 8,321,286	Ps. 8,902,346	Ps. 8,902,346
Held-to-maturity debt securities (see Note 5)	809,115	755,997	1,169,611	1,196,146
Available-for-sale investments (see Note 5)	—	—	2,826,457	2,826,457
Liabilities:				
Senior Notes due 2011, 2018, 2025, 2032 and 2040	Ps. 20,371,802	Ps. 17,713,899	Ps. 27,101,119	Ps. 27,841,242
Senior Notes due 2037	4,500,000	4,129,740	4,500,000	4,055,580
Senior Guaranteed Notes due 2015 (Cablemás)	2,417,848	2,070,282	2,285,076	2,494,549
Long-term notes payable to Mexican banks	6,662,460	6,846,264	5,900,000	6,135,443
Bank loan facility (Empresas Cablevisión)	3,114,000	2,658,286	2,943,000	2,601,257
Bank loan facility (Cablemás)	692,000	593,439	654,000	572,123

The carrying values (based on estimated fair values), notional amounts, and maturity dates of the Group's derivative financial instruments at December 31, were as follows:

2008:

Derivative Financial Instruments	Carrying Values	Notional Amounts (U.S. Dollars in Thousands)	Maturity Dates
Assets:			
Derivatives not recorded as accounting hedges:			
Sky's interest rate swaps (f)	Ps. 3,472	Ps. 1,400,000	April 2016
Cablemás forward and cross-currency swaps (a)	1,464,295	U.S.\$175,000/ Ps. 1,880,375 and U.S.\$175,000/ Ps. 1,914,850	November 2015
Cross-currency interest rate swaps (b)	78,904	U.S.\$889,736/ Ps. 9,897,573	March 2009 and March 2010
Credit default swaps (c)	7,913	U.S.\$24,500	October and December 2009
Derivatives recorded as accounting hedges:			
Cash flow hedges:			
Empresas Cablevisión's cross-currency swaps (d)	668,945	U.S.\$225,000/ Ps. 2,435,040	December 2012
Cablemás cross-currency swap (e)	139,619	U.S.\$50,000/ Ps. 541,275	December 2012
Total assets	<u>Ps. 2,363,148(1)</u>		
Liabilities:			
Derivatives not recorded as accounting hedges:			
Cablemás forward and swaption (a)	Ps. 600,819	U.S.\$175,000/ Ps. 1,914,850	November 2015
Cross-currency interest rate swaps (b)	3,831	U.S.\$690,000/ Ps. 7,735,198	March 2010
Total liabilities	<u>Ps. 604,650</u>		

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2009:

Derivative Financial Instruments	Carrying Values	Notional Amounts (U.S. Dollars in Thousands)	Maturity Dates
Assets:			
Derivatives not recorded as accounting hedges:			
Cablemás forward (h)	Ps. 1,577	U.S.\$13,000/ Ps.170,908	January, February and March 2010
Cablemás forward and cross-currency swaps (a)	1,001,055	U.S.\$175,000/ Ps.1,880,375 and U.S.\$175,000/ Ps.1,914,850	November 2015
Cross-currency interest rate swaps (b)	5,141	U.S.\$200,000/ Ps.2,165,550	March 2010
Derivatives recorded as accounting hedges:			
Cash flow hedges:			
Empresas Cablevisión's cross-currency swaps (d)	419,974	U.S.\$225,000/ Ps.2,435,040	December 2012
Cablemás cross-currency swap (e)	91,804	U.S.\$50,000/ Ps.541,275	December 2012
Cross-currency interest rate swaps (b)	25,845	U.S.\$1,650,000/ Ps.21,240,300	March and May 2011
Total assets	<u>Ps. 1,545,396(1)</u>		
Liabilities:			
Derivatives not recorded as accounting hedges:			
Cablemás forward and swaption (a)	Ps. 486,228	U.S.\$175,000/Ps.1,914,850	November 2015
Sky's interest rate swaps (f)	26,410	Ps.1,400,000	April 2016
Cablemás embedded derivatives (g)	10,990	U.S.\$7,176	December 2010 to February 2018
Total liabilities	<u>Ps. 523,628</u>		

(1) Includes short-term derivative financial instruments of Ps.46,588 and Ps.6,718 in 2008 and 2009, respectively, which were included in other accounts and notes receivables, net in the consolidated balance sheet.

- (a) In 2005, 2006 and 2007, Cablemás entered into forward, interest-only cross-currency swaps and swaption agreements, as amended, with a U.S. financial institution to hedge U.S.\$175 million of its U.S. Dollar foreign exchange and interest rate exposure related to its Senior Guaranteed Notes due 2015. Under these transactions, (i) in 2015, Cablemás will receive and make payments in the aggregate notional amounts of U.S.\$175 million and Ps.1,880,375, respectively; (ii) Cablemás makes semi-annual payments calculated based on a notional amount of U.S.\$175 million at an annual rate of 2.88%; (iii) Cablemás receives semi-annual payments calculated based on the aggregate notional amount of U.S.\$175 million at an annual rate of 9.375%, and Cablemás makes monthly payments calculated based on an aggregate notional amount of Ps.1,914,850 at an annual rate of 9.07% through December 2010 if the option of a related swaption agreement is exercised by the counterparty, and through 2015 if such option is not exercised; and (iv) if the counterparty exercises an option under a related swaption agreement, Cablemás would receive monthly payments based on the aggregate notional amount of Ps.1,914,850 at an annual rate of 7.57%, and Cablemás would make monthly payments calculated based on the same notional amount at an annual interest rate of a 28-day TIIE (Mexican Interbank Interest Rate). The Group recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange gain or loss). In February 2010, Cablemás cancelled the forward and interest-only cross-currency swaps agreements and entered into a full cross currency swap and an interest rate swap agreements with a foreign financial institution to hedge U.S.\$175 million of its U.S. Dollar foreign exchange and interest rate exposure related to its Senior Guaranteed Notes due 2015. Under these transactions, (i) in 2015, Cablemás will receive and make payments in the aggregate notional amounts of U.S.\$175 million and Ps.1,880,375, respectively; (ii) Cablemás makes monthly payments calculated based on an aggregate notional amount of Ps.1,880,375 at an annual rate of TIIE plus 182.3 basis points, and Cablemás receives semi-annual payments calculated based on an aggregate notional amount of \$175 million at an annual rate of 6.445%; (iii) Cablemás receives monthly payments calculated based on the aggregate notional amount of Ps.1,880,375 at an annual rate of TIIE plus 182.3 basis points, and Cablemás makes monthly payments calculated based on an aggregate notional amount of Ps.1,914,850 at an annual rate of 9.172% through December 2010 if the option of a related swaption agreement is exercised by the counterparty, and through 2015 if such option is not exercised; and (iv) if the counterparty exercises an option under a related swaption agreement, Cablemás would receive monthly payments based on the aggregate notional amount of Ps.1,914,850 at an annual rate of 7.57%, and Cablemás would make monthly payments calculated based on the same notional amount at an annual interest rate of a 28-day TIIE.
- (b) In order to reduce the adverse effects of exchange rates on the Senior Notes due 2011, 2018, 2025, 2032 and 2040, during 2004, 2005 and 2009, 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 to be made in 2009, 2010 and 2011. Under

these transactions, the Company receives semi-annual payments based on the aggregate notional amount U.S.\$889.7 million and U.S.\$1,850 million as of December 31, 2008 and 2009, respectively, at an average annual rate of 7.37% and 6.76%, respectively, and the Company makes semi-annual payments based on an aggregate notional amount of Ps.9,897,573 and Ps.23,405,850 as of December 31, 2008 and 2009, respectively, at an average annual rate of 8.28% and 7.03%, respectively, without an exchange of the notional amount upon which the payments are based. As a result of the change in fair value of these transactions, in the years ended December 31, 2007, 2008 and 2009, the Company recorded a gain (loss) of Ps.1,440, Ps.96,878 and Ps.(25,280), respectively, relating to the interest rate swaps not recorded as accounting hedges, in the integral cost of financing (foreign exchange gain or loss), and in the year ended December 31, 2009, the Company recorded a gain of Ps.25,845 relating to the interest rate swaps recorded as accounting hedges, in consolidated stockholders' equity as accumulated other comprehensive income or loss attributable to the controlling interest. 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 million. In January 2008, the Group terminated part of these option contracts early for a notional amount of U.S.\$200 million, with no significant additional gain or loss. In March 2009, the Group terminated the remaining option contracts early for a notional amount of U.S.\$690 million, with no significant additional gain or loss.

- (c) The Group entered into credit default swap agreements to hedge the unfavorable effect of credit risk associated with certain long-term investments with a maturity in October 2011 and January 2012 for a notional amount of U.S.\$20 million and U.S.\$4.5 million, respectively. These agreements expired during the fourth quarter of 2009.
- (d) In December 2007, in connection with the issuance of its U.S.\$225 million long-term debt, Empresas Cablevisión entered into a cross-currency swap agreement to hedge interest rate risk and foreign currency exchange risk on such long-term debt. Under this agreement, Empresas Cablevisión receives variable rate coupon payments in U.S. dollars at an annual interest rate of LIBOR to 90 days plus 42.5 basis points, and principal amount payments in U.S. dollars, in exchange for fixed rate coupon payments in Mexican Pesos at an annual interest rate of 8.3650%, and principal amount payments in Mexican Pesos. At the final exchange, Empresas Cablevisión will receive a principal amount of U.S.\$225 million, in exchange for Ps.2,435,040. At December 31, 2008 and 2009, this derivative contract qualified as a cash flow hedge, and therefore, the Group has recorded the change in fair value as a gain of Ps.649,548 and Ps.400,577, respectively, together with an unrealized foreign exchange loss of Ps.656,505 and Ps.485,505, respectively, related to the long-term debt, in consolidated stockholders' equity as accumulated other comprehensive income or loss.

- (e) In December 2007, in connection with the issuance of its U.S.\$50 million long-term debt, Cablemás entered into a cross-currency swap agreement to hedge interest rate risk and foreign currency exchange risk on such long-term debt. Under this agreement, Cablemás receives variable rate coupon payments in U.S. dollars at an annual interest rate of LIBOR to 90 days plus 52.5 basis points, and principal amount payments in U.S. dollars, in exchange for fixed rate coupon payments in Mexican Pesos at an annual interest rate of 8.51%, and principal amount payments in Mexican Pesos. At the final exchange, Cablemás will receive a principal amount of U.S.\$50 million, in exchange for Ps.541,275. At December 31, 2008 and 2009, this derivative contract qualified as a cash flow hedge, and therefore, the Group has recorded the change in fair value as a gain of Ps.169,893 and Ps.122,421, respectively, together with an unrealized foreign exchange loss of Ps.173,360 and Ps.138,670, respectively, related to the long-term debt, in consolidated stockholders' equity as accumulated other comprehensive income or loss.
- (f) In February 2004, Sky entered into coupon swap agreements to hedge U.S.\$300 million of its U.S. dollar foreign exchange exposure related to its Senior Notes due 2013. Under these transactions, Sky received 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 made monthly payments calculated based on an aggregate notional amount of Ps.123,047 at an annual rate of 10.25%. These transactions were terminated in September 2008. Sky recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange loss). In December 2006, Sky entered into a derivative transaction agreement from April 2009 through April 2016 to hedge the variable interest rate exposure resulting from a Mexican Peso loan of a total principal amount of Ps.1,400,000. Under this transaction, Sky receives 28-day payments based on an aggregate notional amount of Ps.1,400,000 at an annual variable rate of TIE+24 basis points and makes 28-day payments based on the same notional amount at an annual fixed rate of 8.415%. The Group recorded the change in fair value of this transaction in the consolidated integral cost of financing (interest expense).
- (g) Certain Cablemás office lease agreements include embedded derivatives identified as forwards for obligations denominated in U.S. Dollars. The Group recognizes changes in related fair value as foreign exchange gain or loss in the integral cost of financing.
- (h) As of December 31, 2009, Cablemás had foreign currency contracts with an aggregate notional amount of U.S.\$13 million to exchange U.S. Dollars for Mexican Pesos at an average rate of Ps.13.15 per U.S. Dollar in connection with 2010 cash flow requirements.

10. Retirement and Termination Benefits

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans and other retirement benefits 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.

Retirement and termination benefits 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 2007, 2008 and 2009. The Group used a 9.3%, 20.4% and 14.2% return on assets rate for 2007, 2008 and 2009, 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. As of December 31, 2008 and 2009, plan assets were invested in a portfolio that primarily consisted of debt and equity securities, including shares of the Company. Pension and seniority premium benefits are paid when they become due.

The reconciliation between defined benefit obligations and net projected (liability) asset as of December 31, as follows:

	2008		Seniority		2009	
	Total	Pensions	Premiums	Severance Indemnities	Total	
Vested benefit obligations	Ps. 97,551	Ps. 114,771	Ps. 276	Ps. —	Ps. 115,047	
Unvested benefit obligations	1,744,917	1,045,597	266,834	557,251	1,869,682	
Defined benefit obligations	1,842,468	1,160,368	267,110	557,251	1,984,729	
Fair value of plan assets	1,404,589	1,249,707	499,922	—	1,749,629	
Status of the plans	(437,879)	89,339	232,812	(557,251)	(235,100)	
Unrecognized prior service cost for transition liability	156,120	71,150	36,686	5,762	113,598	
Unrecognized prior service cost for plan amendments	49,072	124,849	(63,459)	655	62,045	
Net actuarial (gain) loss	(119,703)	(304,281)	8,517	8,231	(287,533)	
Net projected (liability) asset in the consolidated balance sheet	Ps. (352,390)	Ps. (18,943)	Ps. 214,556	Ps. (542,603)	Ps. (346,990)	

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As of December 31, 2008 and 2009, items subject to amortization for retirement and termination benefits are to be amortized over periods of 3 to 22 years and 2 to 3 years, respectively.

The components of net periodic pension, seniority premium and severance indemnities cost (income) for the years ended December 31, 2007, 2008 and 2009 consist of the following:

	2007	2008	2009
Service cost	Ps. 97,878	Ps. 115,598	Ps. 125,269
Interest cost	55,804	124,719	139,505
Prior service cost	—	3,947	1,583
Expected return on plan assets	(168,141)	(321,805)	(192,372)
Net amortization and deferral	(9,280)	83,008	(15,789)
Net (income) cost	<u>Ps. (23,739)</u>	<u>Ps. 5,467</u>	<u>Ps. 58,196</u>

The Group's defined benefit obligations, plan assets, funded status and balance sheet balances as of December 31, 2008 and 2009 associated with retirement and termination benefits, are presented as follows:

	2008 Total	Pensions	Seniority Premiums	Severance Indemnities	2009 Total
Defined benefit obligations					
Beginning of year	Ps. 1,547,809	Ps. 1,098,111	Ps. 274,043	Ps. 470,314	Ps. 1,842,468
Service cost	115,598	61,937	25,480	37,852	125,269
Interest cost	124,719	86,368	20,839	32,298	139,505
Actuarial (gain) loss	(153,921)	(65,711)	(39,380)	14,235	(90,856)
Transition liability	142,581	—	—	—	—
Benefit paid	(43,550)	(20,337)	(16,805)	(13,136)	(50,278)
Acquisition of companies	109,232	—	2,933	15,688	18,621
End of year	<u>1,842,468</u>	<u>1,160,368</u>	<u>267,110</u>	<u>557,251</u>	<u>1,984,729</u>
Fair value of plan assets					
Beginning of year	1,628,730	1,024,239	380,350	—	1,404,589
Actuarial return on plan assets	321,805	136,104	56,268	—	192,372
Actuarial (gain) loss	(516,813)	109,577	69,579	—	179,156
Contributions	8,346	—	7,499	—	7,499
Benefits paid	(37,479)	(20,213)	(13,774)	—	(33,987)
End of year	<u>1,404,589</u>	<u>1,249,707</u>	<u>499,922</u>	<u>—</u>	<u>1,749,629</u>
(Over) under funded status of the plans	<u>Ps. (437,879)</u>	<u>Ps. 89,339</u>	<u>Ps. 232,812</u>	<u>Ps. (557,251)</u>	<u>Ps. (235,100)</u>

The weighted average asset allocation by asset category as of December 31 was as follows:

	2008	2009
Equity Securities (1)	62.6%	46.0%
Fixed rate instruments	37.4%	54.0%
Total	<u>100.0%</u>	<u>100.0%</u>

(1) Included within plan assets at December 31, 2008 and 2009 are shares of the Group held by the trust with a fair value of Ps.879,029 and Ps.779,920, respectively.

The changes in the net projected liability (asset) as of December 31, are as follows:

	2008 Total	Pensions	Seniority Premiums	Severance Indemnities	2009 Total
Beginning net projected liability (asset)	Ps. 314,921	Ps. (18,751)	Ps. (92,098)	Ps. 463,239	Ps. 352,390
Net periodic cost (income)	5,467	37,817	(114,512)	134,891	58,196
Net actuarial gain	(41,215)	—	—	(49,765)	(49,765)
Contributions	(8,346)	—	(7,499)	—	(7,499)
Benefits paid	(6,071)	(123)	(3,033)	(13,136)	(16,292)
Acquisition of companies	87,634	—	2,586	7,374	9,960
End net projected liability (asset)	<u>Ps. 352,390</u>	<u>Ps. 18,943</u>	<u>Ps. (214,556)</u>	<u>Ps. 542,603</u>	<u>Ps. 346,990</u>

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The retirement and termination benefits at December 31, and actuarial adjustments for the year ended December 31, are summarized as follows:

	2005	2006	2007	2008	2009
Pensions					
Defined benefit obligations	Ps. 769,913	Ps. 834,123	Ps. 872,167	Ps. 1,098,111	Ps. 1,160,368
Plan assets	1,053,033	1,254,603	1,153,205	1,024,239	1,249,707
Status of the plans	283,120	420,480	281,038	(73,872)	89,339
Actuarial adjustments (1)	(510,763)	(644,624)	(435,665)	(134,388)	(304,281)
Seniority Premiums					
Defined benefit obligations	Ps. 271,299	Ps. 270,088	Ps. 261,941	Ps. 274,043	Ps. 267,110
Plan assets	486,482	548,355	475,525	380,350	499,922
Status of the plans	215,183	278,267	213,584	106,307	232,812
Actuarial adjustments (1)	(9,027)	(92,444)	(7,569)	9,533	8,517
Severance Indemnities					
Defined benefit obligations	Ps. 314,215	Ps. 370,379	Ps. 413,701	Ps. 470,314	Ps. 557,251
Plan assets	—	—	—	—	—
Status of the plans	(314,215)	(370,379)	(413,701)	(470,314)	(557,251)
Actuarial adjustments (1)	—	14,129	(25,682)	5,152	8,231

(1) On defined benefit obligations and plan assets.

11. Commitments and Contingencies

At December 31, 2009, the Group had commitments in an aggregate amount of Ps.321,642, of which Ps.159,864 were commitments related to gaming operations, Ps.8,375 were commitments to acquire television technical equipment, Ps.133,268 were commitments for the acquisition of software and related services, and Ps.20,135 were construction commitments for building improvements and technical facilities.

At December 31, 2009, the Group had the following aggregate minimum annual commitments for the use of satellite transponders (other than transponders for DTH television services described below):

	Thousands of U.S. Dollars
2010	U.S.\$ 11,026
2011	9,456
2012	6,467
2013	2,760
2014 and thereafter	6,226
	<u>U.S.\$ 35,935</u>

The Group has guaranteed 58.7% of Sky's minimum commitments for use of satellite transponders over a period ending in 2015. This guarantee is estimated to be in the aggregate amount of approximately U.S.\$68.9 million (undiscounted) as of December 31, 2009 (see Notes 8 and 9).

The Company has guaranteed the obligation of Sky for direct loans in an aggregate principal amount of Ps.3,500,000, which are reflected in the December 31, 2009 balance sheet as long-term debt (see Note 8).

The Group leases facilities, primarily for its Gaming business, under operating leases expiring through 2047. As of December 31, 2009, non-cancellable annual lease commitments (undiscounted) are as follows:

2010	Ps. 208,758
2011	154,519
2012	145,153
2013	44,203
2014	10,187
Thereafter	154,502
	<u>Ps. 717,322</u>

At December 31, 2009, the Group had commitments of capital contributions to be made in 2010 related to its 40.5% equity interest in La Sexta in the amount of €21.5 million (Ps.403,015). In the first half of 2010, the Group made loans to La Sexta in connection with these commitments in the aggregate amount of €21.5 million (Ps.364,605) (see Note 5).

In November 2007, Sky and Sky Brasil Servicos Ltda. (“Sky Brasil”) reached an agreement with Intelsat Corporation, and an affiliate, to build and launch a new 24-transponder satellite (“IS-16”) for which service will be dedicated to Sky and Sky Brasil over the satellite’s estimated 15-year service life. The IS-16, which was launched in the first quarter of 2010, will provide back up for both platforms, and will also double Sky’s current capacity. The agreement requires Sky to pay a one-time fixed fee in the aggregate amount of U.S.\$138.6 million, in two installments: the first one in the amount of U.S.\$27.7 million, which was paid in the first quarter of 2010, and the second one in the amount of U.S.\$110.9 million, which will be paid in the first quarter of 2011. The agreement also contemplates the payment to be made by Sky of a monthly service fee of U.S.\$150,000 to be paid from the start of service date, which was April 1, 2010 through September 2015.

In March 2010, Sky reached an agreement with a subsidiary of Intelsat, S.A. (“Intelsat”) to lease 24 transponders on Intelsat IS-21 satellite, which will be mainly used for signal reception and retransmission services over the satellite’s estimated 15-year service life. IS-21 intends to replace Intelsat IS-9 as Sky’s primary transmission satellite and is currently expected to start service in the fourth quarter of 2012.

In accordance with a tax amnesty provided by the Mexican tax law, the Group made payments in 2008 to the Mexican tax authority in the aggregate amount of Ps.88,109 to settle (i) a claim made for an alleged asset tax liability for the year ended December 31, 1994; and (ii) assertions made for withheld income taxes in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities between 1999 and 2002. These payments were accrued by the Group as of December 31, 2007 (see Note 17).

On February 15, 2010, the Company and NII Holdings, Inc. announced that they signed an agreement under which, among other transactions, the Group will invest U.S.\$1,440 million in cash for a 30% equity stake in Comunicaciones Nextel de México, S.A. de C.V. (“Nextel Mexico”). The Company will make an initial investment of U.S.\$1,140 million in 2010 and will have the right to make an additional investment in three equal annual installments. The Group’s investment and other transactions contemplated by this agreement are conditioned upon Nextel Mexico and the Group consortium being awarded licenses to use specified amounts of spectrum in the upcoming spectrum auctions in Mexico and other customary closing conditions.

Univision

On January 22, 2009, the Company and Univision announced an amendment to the Program License Agreement (the “PLA”), between Televisa and Univision. The amended PLA, which runs through 2017, includes a simplified royalty calculation and is expected to result in increased payments to the Company, as well as a provision for certain yearly minimum guaranteed advertising, with a value of U.S.\$66.5 million for fiscal year 2009, to be provided by Univision, at no cost, for the promotion of the Group’s businesses commencing in 2009. Notwithstanding the foregoing, the Company cannot predict whether future royalty payments will in fact increase.

In connection with this amendment and in return for certain other consideration, Televisa and Univision agreed to dismiss certain claims that were pending in a District Court Action in Los Angeles, California, with the exception of a counterclaim filed by Univision in October 2006, whereby it sought for a judicial declaration that on or after December 19, 2006, pursuant to the PLA, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet (the “Univision Internet Counterclaim”).

The Univision Internet Counterclaim was tried in a non-jury trial before the Hon. Philip S. Gutierrez (the “Judge”) commencing on June 9, 2009. On July 17, 2009, the Judge issued a written decision following trial in favor of Univision. By judgment entered on August 3, 2009, the Judge held: “Under the 2001 PLA between Univision and Televisa, Televisa is prohibited from making Programs, as that term is defined in the PLA, available to viewers in the United States via the Internet.” Televisa filed a notice of appeal of the judgment on August 17, 2009 and filed its opening brief on February 12, 2010. Univision filed its opposition brief to Televisa’s appeal on March 17, 2010 and Televisa filed its reply brief on April 5, 2010. The Court will decide whether to schedule oral arguments and when to render a decision. The Judge’s ruling does not grant Univision the right to distribute Televisa’s content over the Internet, and this decision has no effect on the Group’s current business as the Group does not derive any revenues from the transmission of video content over the Internet in the United States.

The Company cannot predict how the outcome of this litigation will affect the Group’s business relationship with Univision with respect to Internet distribution rights in the United States.

There are various other legal actions and 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.

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. 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, 2009, shares of capital stock and CPOs consisted of (in millions):

	Authorized and Issued (1)	Repurchased by the Company (2)	Held by a Company’s Trust (3)	Held by a Company’s Subsidiary (3)	Outstanding
Series “A” Shares	119,879.1	(331.9)	(6,843.8)	(1,173.4)	111,530.0
Series “B” Shares	55,995.3	(292.1)	(3,524.2)	(598.4)	51,580.6
Series “D” Shares	85,333.7	(464.7)	(1,889.8)	(919.2)	82,060.0
Series “L” Shares	85,333.7	(464.7)	(1,889.8)	(919.2)	82,060.0
Total shares	346,541.8	(1,553.4)	(14,147.6)	(3,610.2)	327,230.6
Shares in the form of CPOs	285,257.5	(1,553.4)	(6,317.4)	(3,072.6)	274,314.1
CPOs	2,438.1	(13.3)	(53.9)	(26.3)	2,344.6

- (1) As of December 31, 2009, the authorized and issued capital stock amounted to Ps.10,019,859 (nominal Ps.2,368,792).
- (2) In 2007, 2008 and 2009, the Company repurchased 7,861.2 million, 2,698.2 million and 1,553.4 million shares, respectively, in the form of 67.2 million, 23.1 million and 13.3 million CPOs, respectively, in the amount of Ps.4,049,902 Ps.1,112,568 and Ps.705,068, respectively, in connection with a share repurchase program that was approved by the Company’s stockholders and is exercised at the discretion of management. In April 2007, 2008 and 2009, the Company’s stockholders approved the cancellation of 8,275.8 million, 7,146.1 million and 1,421.2 million shares of capital stock, respectively, in the form of 70.7 million, 61.1 million and 12.1 million CPOs, respectively, which were repurchased by the Company under this program.
- (3) In connection with the Company’s Long-Term Retention Plan described below.

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 equal 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 stockholders 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, 2009, the restated tax value of the Company’s common stock was Ps.25,474,063. 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 of options to sell up to 8% of the Company’s capital stock to key Group employees. Pursuant to this Plan, as of December 31, 2009, the Company had assigned approximately 117.4 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 1933 of the United States, as amended, can only be transferred to the plan participants when the conditions set forth in the Plan and the related agreements are satisfied.

During 2007, 2008 and 2009, approximately 7.8 million CPOs, 2.0 million CPOs, and 0.1 million CPOs, respectively, were vested and transferred to participants to be exercised pursuant to this Plan in the amount of Ps. 123,653, Ps.24,306 and Ps.371, respectively.

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, 2008 and 2009, the Company had assigned approximately 76.3 million CPOs and 100.5 million CPOs or CPOs equivalent, respectively, at exercise prices that range from Ps.13.45 per CPO to Ps.60.65 per CPO, subject to certain conditions, including adjustments based on the Group’s consolidated operating income and exercise periods between 2008 and 2012. In 2009 and January 2010, approximately 11.7 million CPOs and 13.7 million CPOs, respectively, were vested and transferred to participants to be exercised pursuant to this Retention Plan in the amounts of Ps.112,009 and Ps.88,652, respectively.

As of December 31, 2009, the designated Retention Plan trust owned approximately 4.7 million CPOs or CPOs equivalents, which 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 2013 and 2023.

In connection with the Company’s Plan and Retention Plan, the Group has determined the stock-based compensation expense (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:

	Stock Purchase Plan		Long Term Retention Plan			
Arrangements:						
Year of grant	2003	2004	2004	2007	2008	2009
Number of CPOs or CPOs equivalent granted	2,360	32,918	46,784	5,971	24,760	24,857
Contractual life	3-5 years	1-3 years	4-6 years	3-5 years	3 years	3 years
Assumptions:						
Dividend yield	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expected volatility (1)	31.88%	21.81%	22.12%	21.98%	33.00%	31.00%
Risk-free interest rate	9.35%	6.52%	8.99%	7.54%	8.87%	5.00%
Expected life of awards (in years)	4.01 years	2.62 years	4.68 years	3.68 years	2.84 years	2.89 years

(1) Volatility was determined by reference to historically observed prices of the Group’s CPOs.

A summary of the stock awards for employees as of December 31, is presented below (in constant Pesos and thousands of CPOs):

	2008		2009	
	CPOs or CPOs equivalent	Weighted-Average Exercise Price	CPOs or CPOs equivalent	Weighted-Average Exercise Price
Stock Purchase Plan:				
Outstanding at beginning of year	13,316	14.13	10,211	13.96
Granted	134	15.20	—	—
Exercised	(3,112)	13.67	(7,932)	13.16
Forfeited	(127)	10.58	—	—
Outstanding at end of year	10,211	13.96	2,279	11.82
Exercisable at end of year	10,169	13.99	2,279	11.82
Long-Term Retention Plan:				
Outstanding at beginning of year	47,654	13.47	64,443	25.04
Granted	24,760	43.55	24,857	34.88

Exercised	(7,041)	10.05	(8,735)	8.56
Forfeited	(930)	9.55	(726)	30.02
Outstanding at end of year	<u>64,443</u>	25.04	<u>79,839</u>	29.75
Exercisable at end of year	<u>9,927</u>	9.55	<u>12,897</u>	6.45

As of December 31, 2009, the weighted-average remaining contractual life of the awards under the Long-term Retention Plan is 1.33 years.

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. As the legal reserve reached 20% of the capital stock amount, no additional increases were required in 2007, 2008 and 2009. 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 April 2007, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,506,492 (nominal Ps.4,384,719), which consisted of nominal Ps.1.45 per CPO and nominal Ps.0.01239316239 per share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2007.

In April 2008, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.2,229,973, which consisted of Ps.0.75 per CPO and Ps.0.00641025641 per share of series "A", "B", "D" and "L", not in the form of a CPO, and was paid in cash in May 2008.

In April 2009, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.5,183,020, which consisted of a Ps.1.75 per CPO and Ps.0.014957264957 per share of series "A", "B", "D" and "L", not in the form of a CPO, and was paid in cash in May 2009.

In December 2009, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.3,980,837, which consisted of a Ps.1.35 per CPO and Ps.0.011538461538 per share of series "A", "B", "D" and "L", not in the form of a CPO, and was paid in cash in December 2009.

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 1.4286 factor and applying to the resulting amount the income tax rate of 30%.

As of December 31, 2009, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.1,222,719. 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

Comprehensive income related to the controlling interest for the years ended December 31, 2007, 2008 and 2009, was as follows:

	2007	2008	2009
Net income	Ps. 8,082,463	Ps. 7,803,652	Ps. 6,007,143
Other comprehensive income (loss), net:			
Foreign currency translation adjustments, net (1)	204,174	352,726	(154,482)
Result from holding non-monetary assets, net (2)	23,491	—	—
Reclassification adjustment for loss included in net income (3)	565,862	—	—
Unrealized gain on available-for-sale investments, net of income tax	—	—	339,881
Gain (loss) on equity accounts of investees, net (4)	5,382	(58,109)	39,525
Result from hedge derivative contracts, net of income taxes	—	1,955	(7,142)
Total other comprehensive income, net	798,909	296,572	217,782
Comprehensive income	Ps. 8,881,372	Ps. 8,100,224	Ps. 6,224,925

- (1) The amounts for 2008 and 2009 are presented net of income tax provision (benefit) of Ps.148,010 and Ps.(70,914), respectively.
- (2) Represented 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 income tax of Ps.7,523, (see Note 1(a)).
- (3) Related to the disposition of the Group's available-for-sale investment in Univision (see Note 17).
- (4) Represents gains or losses in other stockholders' equity accounts of equity investees, as well as other comprehensive income recognized by equity investees.

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The changes in components of accumulated other comprehensive (loss) income for the years ended December 31, 2007, 2008 and 2009, were as follows:

	Gain (Loss) on Equity Accounts of Investees	Cumulative Result from Hedge Derivative Contracts	Accumulated Monetary Result	Result from Available- For-Sale Investments	Cumulative Result from Holding Non-Monetary Assets	Cumulative Result from Foreign Currency Translation	Cumulative Effect of Deferred Income Taxes	Accumulated Other Comprehensive (Loss) Income
Balance at January 1, 2007	Ps. 4,230,668	Ps. —	Ps. (35,186)	Ps. (565,862)	Ps. (2,660,807)	Ps. (1,552,753)	Ps. (3,224,437)	Ps. (3,808,377)
Current year change	5,382	—	—	565,862	23,491	204,174	—	798,909
Balance at December 31, 2007	4,236,050	—	(35,186)	—	(2,637,316)	(1,348,579)	(3,224,437)	(3,009,468)
Reclassifications to retained earnings	—	—	35,186	—	2,637,316	—	3,224,437	5,896,939
Current year change	(58,109)	1,955	—	—	—	352,726	—	296,572
Balance at December 31, 2008	4,177,941	1,955	—	—	—	(995,853)	—	3,184,043
Current year change	39,525	(7,142)	—	339,881	—	(154,482)	—	217,782
Balance at December 31, 2009	Ps. 4,217,466	Ps. (5,187)	Ps. —	Ps. 339,881	Ps. —	Ps. (1,150,335)	Ps. —	Ps. 3,401,825

Cumulative result from holding non-monetary assets as of December 31, 2007 was net of a deferred income tax benefit of Ps. 382,891.

In conjunction with certain provisions of Mexican FRS that became effective on January 1, 2008, related to reclassifying to retained earnings certain outstanding balances that were recognized in accumulated other comprehensive result in accordance with previous accounting guidelines, the Group reclassified to retained earnings the outstanding balances of cumulative loss from holding non-monetary assets, accumulated monetary loss and cumulative effect of deferred income taxes in the aggregate amount of Ps. 5,896,939.

15. Noncontrolling Interest

Noncontrolling interest at December 31, consisted of:

	2008	2009
Capital stock (1) (2)	Ps. 2,294,678	Ps. 2,158,701
Additional paid-in capital (1)	1,082,001	2,740,712
Legal reserve	99,622	140,259
Retained earnings from prior years (2)	865,486	675,751
Net income for the year	927,005	575,554
Other comprehensive income:		
Cumulative result from hedge derivative contracts, net of income taxes	1,295	(23,546)
Cumulative result from foreign currency translation	12,260	4,926
Other	(49,513)	29,995
	Ps. 5,232,834	Ps. 6,302,352

- (1) In June 2009, the stockholders of Empresas Cablevisión made a capital contribution in cash to increase the capital stock of this Company's subsidiary in the aggregate amount of Ps. 3,699,652, of which Ps. 1,811,800 was contributed by the noncontrolling interest.
- (2) Effective October 1, 2009, the Group began to consolidate the assets and liabilities of TVI (see Note 2).

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, for the years ended December 31, were as follows:

	2007	2008	2009
Revenues:			
Programming production and transmission rights (a)	Ps. 98,836	Ps. 69,911	Ps. 14,482
Administrative services (b)	65,586	80,297	39,425
Advertising (c)	80,122	60,647	54,026
	<u>Ps. 244,544</u>	<u>Ps. 210,855</u>	<u>Ps. 107,933</u>
Costs:			
Donations	Ps. 98,029	Ps. 72,617	Ps. 107,842
Administrative services (b)	30,101	16,577	27,750
Technical services (d)	74,015	93,321	103,909
Other	189,699	13,478	47,897
	<u>Ps. 391,844</u>	<u>Ps. 195,993</u>	<u>Ps. 287,398</u>

- (a) Services rendered to Endemol in 2007 and other affiliates in 2007, 2008 and 2009.
- (b) 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.
- (c) Advertising services rendered to OCEN and Volaris in 2007, 2008 and 2009.
- (d) In 2007, 2008 and 2009, Sky received services from a subsidiary of DirecTV Latin America for play-out, uplink and downlink of signals.

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 provided consulting services and research in connection with the effects of the Group's programming on its viewing audience. Total fees for such services during 2007, 2008 and 2009 amounted to Ps.20,816, Ps.20,811 and Ps.21,215, respectively.
- (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 stockholders 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 Company's current board serve as members of the boards and/or are stockholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services, paying rates applicable to third-party advertisers for these advertising services.
- (5) During 2007, 2008 and 2009, a professional services firm in which a current director of the Company maintains an interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.21,831, Ps.15,550 and Ps.13,459, respectively.
- (6) A television production company, indirectly controlled by a company where a member of the board and executive of the Company is a stockholder, provided production services to the Group in 2007 and 2008, in the amount of Ps.153,364 and Ps.973, respectively.
- (7) During 2007, 2008 and 2009 the Group paid sale commissions to a company where a member of the board and executive of the Company is a stockholder, in the amount of Ps.49,614, Ps.8,731 and Ps.723, respectively.
- (8) During 2007, 2008 and 2009, a company in which a current director and executive of the Company is a stockholder, purchased unsold advertising from the Group for a total of Ps.189,852, Ps.234,296 and Ps.233,707, respectively.
- (9) During 2009, a professional services firm in which two current directors of the Company maintain an interest provided finance advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.13,854.



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All significant account balances included in amounts due from affiliates bear interest. In 2007, 2008 and 2009, average interest rates of 7.7%, 8.2% and 6.0% 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, 2008 and 2009, included deposits and advances from affiliates and other related parties, which were primarily made by OCEN, Editorial Clío, Libros y Videos, S.A. de C.V., and Volaris, in an aggregate amount of Ps.76,207 and Ps.29,666, respectively.

17. Other Expense, Net

Other expense for the years ended December 31, is analyzed as follows:

	2007	2008	2009
Loss (gain) on disposition of investments, net (see Note 2) (1)	Ps. 669,473	Ps. 12,931	Ps. (90,565)
Donations (see Note 16)	150,224	78,856	133,325
Financial advisory and professional services (2)	191,495	21,532	188,825
Employees' profit sharing (3)	20,821	27,345	37,033
Loss on disposition of fixed assets	37,989	45,394	233,540
Impairment adjustments (4)	493,693	609,595	1,160,094
Termination fee income for the cancellation of a call option (see Note 5)	(462,083)	—	—
Other (income) expense, net (5)	(148,260)	156,486	102,594
	<u>Ps. 953,352</u>	<u>Ps. 952,139</u>	<u>Ps. 1,764,846</u>

- (1) In 2007, includes Ps.565,862 related to a reclassification of comprehensive loss recognized in other expense in connection with the disposition of the Group's available for sale investment in Univision (see Note 14).
- (2) Includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters, net in 2008 of Ps.284,472 related to certain payments from Univision that had previously been recorded by the Group as customer deposits and advances (Ps.236,032) as well as a settlement amount of U.S.\$3.5 million (Ps.48,440) paid by Univision to the Company (see Notes 2, 11 and 16).
- (3) The Mexican companies in the Group are required by law to pay employees, in addition to their agreed compensation and benefits, employees' profit sharing at the statutory rate of 10% based on their respective taxable incomes (calculated without reference to inflation adjustments and tax loss carryforwards).
- (4) During 2007, 2008 and 2009, the Group tested for impairment the carrying value of certain trademarks of its Publishing segment, as well as goodwill of certain businesses of its Television Broadcasting and Cable and Telecom segments. As a result of such testing, impairment adjustments were made to goodwill in 2007, and trademarks and goodwill in 2008 and 2009. (see Note 7).
- (5) In 2007, includes primarily a cancellation of a provision for certain contingencies in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities (see Note 11).

18. Integral Cost of Financing, Net

Integral cost of financing for the years ended December 31, consisted of:

	2007	2008	2009
Interest expense (1)	Ps. 2,176,998	Ps. 2,816,369	Ps. 3,136,411
Interest income	(1,844,653)	(1,299,789)	(1,053,411)
Foreign exchange (gain) loss, net (2)	(215,897)	(685,698)	890,254
Loss from monetary position (3)	293,766	—	—
	<u>Ps. 410,214</u>	<u>Ps. 830,882</u>	<u>Ps. 2,973,254</u>

- (1) Interest expense in 2007, includes Ps.13,034, derived from the UDI index restatement of Company's UDI-denominated debt securities, and a net loss from related derivative contracts of Ps.1,741 and Ps.123,242, in 2008 and 2009, respectively (see Notes 8 and 9).
- (2) Includes in 2007, 2008 and 2009, a net (gain) loss from foreign currency derivative contracts of Ps.(39,087), Ps.(889,562) and Ps.529,621, respectively. A foreign exchange loss in 2007 of Ps.211,520, related to the hedge for the Group's net investment in Univision, was recognized in 2007 in consolidated income as other expense, net (see Notes 1(c) and 14).
- (3) The gain or loss from monetary position represented 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 2007 of Ps.135,548, arising from temporary differences of non-monetary items in calculating deferred income tax (see Notes 1(a) and 19).

19. Income Taxes

The Company is authorized by the Mexican tax authorities to compute its income 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.

The Mexican corporate income tax rate in 2007, 2008 and 2009 was 28%. In accordance with current Mexican Income Tax Law, the corporate income tax rate will be 30% in 2010, 2011 and 2012, and 29% and 28% in 2013 and 2014, respectively.

In October 2007, the Mexican government enacted the new Flat Rate Business Tax (“Impuesto Empresarial a Tasa Única” or “IETU”). This law became effective as of January 1, 2008. The law introduces a flat tax, which replaces Mexico’s asset tax and is applied along with Mexico’s regular income tax. The asset tax was computed on a fully consolidated basis through December 31, 2007. In general, Mexican companies are subject to paying the greater of the IETU or the income tax. The flat tax is calculated by applying a tax rate of 16.5% in 2008, 17% in 2009, and 17.5% in 2010 and thereafter. Although the IETU is defined as a minimum tax it has a wider taxable base as some of the tax deductions allowed for income tax purposes are not allowed for the IETU. As of December 31, 2007, 2008 and 2009, this tax law change did not have an effect on the Group’s deferred tax position, and the Group does not expect to have to pay this tax in the near future on a tax consolidated basis.

In December 2009, the Mexican government enacted certain amendments and changes to the Mexican Income Tax Law that became effective as of January 1, 2010. The main provisions of these amendments and changes are as follows: (i) the corporate income tax rate will be increased from 28% to 30% for the years 2010 through 2012, and reduced to 29% and 28% in 2013 and 2014, respectively; and (ii) under certain circumstances, the deferred income tax benefit derived from tax consolidation of a parent company and its subsidiaries is limited to a period of five years; therefore, the resulting deferred income tax has to be paid starting in the sixth year following the fiscal year in which the deferred income tax benefit was received; (iii) the payment of this tax has to be made in installments of 25% in the first and second year, 20% in the third year and 15% in the fourth and fifth year; and (iv) taxpayers will have to pay in 2010 the first installment of the cumulative amount of the deferred tax benefits determined as of December 31, 2004.

The income tax provision for the years ended December 31, 2007, 2008 and 2009 was comprised as follows:

	2007	2008	2009
Income taxes, current	Ps. 3,707,763	Ps. 3,146,339	Ps. 4,040,332
Income taxes, deferred	(358,122)	417,856	(919,588)
	<u>Ps. 3,349,641</u>	<u>Ps. 3,564,195</u>	<u>Ps. 3,120,744</u>

The following items represent the principal differences between income taxes computed at the statutory rate and the Group’s provision for income taxes.

	%	%	%
	2007	2008	2009
Statutory income tax rate	28	28	28
Differences in inflation adjustments for tax and book purposes	2	1	—
Unconsolidated income tax	1	1	1
Noncontrolling interest	(4)	—	1
Changes in valuation allowances:			
Asset tax	3	(3)	—
Tax loss carryforwards	—	—	1
Goodwill	—	—	2
Foreign operations	(5)	4	(1)
Equity in losses of affiliates, net	2	2	2
Tax losses of subsidiaries, net	—	—	(4)
Flat rate business tax	—	(4)	2
Effective income tax rate	<u>27</u>	<u>29</u>	<u>32</u>

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The Group has tax loss carryforwards at December 31, 2009, as follows:

	Amount	Expiration
Operating tax loss carryforwards:		
Unconsolidated:		
Mexican subsidiaries (1)	Ps. 2,990,507	From 2010 to 2019
Non-Mexican subsidiaries (2)	3,184,368	From 2010 to 2029
	<u>Ps. 6,174,875</u>	

- (1) During 2007, 2008 and 2009, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.3,438,922, Ps.699,845 and Ps.1,254,029, respectively. In 2007, 2008 and 2009, the carryforwards amounts include the operating tax loss carryforwards related to the noncontrolling interest of Sky.
- (2) Approximately for the equivalent of U.S.\$243.5 million related to losses from subsidiaries in Europe, South America and the United States.

In 2007, the asset tax rate decreased from 1.8% to 1.25%. The asset tax was calculated on a fully consolidated basis through December 31, 2007. The asset tax was no longer applied in Mexico beginning in January 1, 2008.

The deferred taxes as of December 31, 2008 and 2009, were principally derived from the following temporary differences:

	2008	2009
Assets:		
Accrued liabilities	Ps. 775,913	Ps. 884,255
Goodwill	1,062,680	1,396,040
Tax loss carryforwards	805,779	897,152
Allowance for doubtful accounts	339,977	428,605
Customer advances	802,919	839,012
Other items	269,670	447,936
Liabilities:		
Inventories	(259,418)	(379,286)
Property, plant and equipment, net	(1,520,432)	(1,365,307)
Prepaid expenses	(1,539,708)	(1,619,263)
Tax losses of subsidiaries, net (a)	(465,294)	(161,686)
Deferred income taxes of Mexican companies	272,086	1,367,458
Deferred income taxes of foreign subsidiaries	(81,575)	160,462
Asset tax	891,094	925,496
Flat rate business tax	40,095	23,097
Valuation allowances (b)	(3,386,861)	(3,826,622)
Dividends distributed among Group's entities (a) (c)	—	(548,503)
Deferred income tax liability, net	<u>Ps. (2,265,161)</u>	<u>Ps. (1,898,612)</u>
Deferred tax liability current portion (d)	Ps. —	Ps. (133,231)
Deferred tax liability long-term	<u>(2,265,161)</u>	<u>(1,765,381)</u>
	<u>Ps. (2,265,161)</u>	<u>Ps. (1,898,612)</u>

- (a) In 2009, reflects the effects of income tax payable in connection with the 2010 Mexican Tax reform (see Note 1(t)).
- (b) Reflects valuation allowances of foreign subsidiaries of Ps.627,308 and Ps.607,934 as of December 31, 2008 and 2009, respectively.
- (c) Income tax provision recorded in December 2009 as an adjustment to retained earnings.
- (d) Income tax provision accounted for as taxes payable in the consolidated balance sheet as of December 31, 2009.

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A roll forward of the Group's valuation allowance for 2009 is as follows:

	Tax Loss			Total
	Carryforwards	Asset Tax	Goodwill	
Balance at beginning of year	Ps. (1,433,087)	Ps. (891,094)	Ps.(1,062,680)	Ps.(3,386,861)
Increases	(71,999)	(34,402)	(333,360)	(439,761)
Balance at end of year	<u>Ps. (1,505,086)</u>	<u>Ps. (925,496)</u>	<u>Ps.(1,396,040)</u>	<u>Ps.(3,826,622)</u>

The change in the deferred income tax liability for the year ended December 31, 2009, representing a credit of Ps.366,549 was recognized as follows:

Charge to the stockholders' equity	Ps. 548,804
Credit to the provision for deferred income tax	(919,588)
Credit to other expense, net	(3,844)
Initial consolidation of TVI	8,079
	<u>Ps. (366,549)</u>

20. Earnings per CPO/Share

During the years ended December 31, 2007, 2008 and 2009, 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):

	2007	2008	2009
Total Shares	333,652,535	329,579,613	329,304,371
CPOs	2,399,453	2,364,642	2,362,289
Shares not in the form of CPO units:			
Series "A" Shares	52,915,849	52,915,849	52,915,849
Series "B" Shares	187	187	187
Series "D" Shares	239	239	239
Series "L" Shares	239	239	239

Earnings 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, 2007, 2008 and 2009, are presented as follows:

	2007		2008		2009	
	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. 2.84	Ps. 0.02	Ps. 2.77	Ps. 0.02	Ps. 2.14	Ps. 0.02
Discontinued operations	—	—	—	—	—	—
Controlling interest net income	<u>Ps. 2.84</u>	<u>Ps. 0.02</u>	<u>Ps. 2.77</u>	<u>Ps. 0.02</u>	<u>Ps. 2.14</u>	<u>Ps. 0.02</u>

21. Foreign Currency Position

The foreign currency position of monetary items of the Group at December 31, 2009, was as follows:

	Foreign Currency Amounts (Thousands)		Year-End Exchange Rate	Mexican Pesos
Assets:				
U.S. Dollars	2,413,980	Ps.	13.0800	Ps.31,574,858
Euros	78,148		18.7449	1,464,876
Argentinean Pesos	117,177		3.4421	403,335
Chilean Pesos	21,212,720		0.0257	545,167
Colombian Pesos	16,647,701		0.0063	104,881
Other currencies				146,844
Liabilities:				
U.S. Dollars	3,035,255	Ps.	13.0800	Ps.39,701,135
Euros	21,722		18.7449	407,177
Argentinean Pesos	73,979		3.4421	254,643
Chilean Pesos	25,750,390		0.0257	661,785
Colombian Pesos	17,575,627		0.0063	110,726
Brazilian Reales	36,400		7.4979	272,924
Other currencies				110,002

Transactions incurred during 2009 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	U.S.\$ 582,105	U.S.\$ 134,262	U.S.\$ 716,367	Ps. 9,370,080
Other income	70,648	4,116	74,764	977,913
Interest income	61,739	1,033	62,772	821,058
	<u>U.S.\$ 714,492</u>	<u>U.S.\$ 139,411</u>	<u>U.S.\$ 853,903</u>	<u>Ps.11,169,051</u>
Purchases, costs and expenses:				
Purchases of inventories	U.S.\$ 241,510	U.S.\$ 26,172	U.S.\$ 267,682	Ps. 3,501,281
Purchases of property and equipment	254,390	2,512	256,902	3,360,278
Investments	5,248	48,215	53,463	699,296
Costs and expenses	519,947	132,171	652,118	8,529,703
Interest expense	128,939	191	129,130	1,689,020
	<u>U.S.\$1,150,034</u>	<u>U.S.\$ 209,261</u>	<u>U.S.\$1,359,295</u>	<u>Ps.17,779,578</u>
Net	<u>U.S.\$ (435,542)</u>	<u>U.S.\$ (69,850)</u>	<u>U.S.\$ (505,392)</u>	<u>Ps.(6,610,527)</u>

(1) Income statement amounts translated at the year-end exchange rate of Ps.13.08 are for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2009, the exchange rate was Ps.13.08 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 June 11, 2010, the exchange rate was Ps.12.7050 per U.S. Dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

22. 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.

Sky

The Sky segment includes direct-to-home ("DTH") broadcast satellite pay television services in Mexico. Sky revenues are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

Cable and Telecom

The Cable and Telecom segment includes the operation of a cable and telecommunication system in the Mexico City metropolitan area (Cablevisión); beginning in December 2007, the operation of telecommunication facilities through a fiber-optic network that covers the most important cities and economic regions of Mexico and the cities of San Antonio and San Diego in the United States (Bestel); beginning in June 2008, the operation of cable and telecommunication networks covering 49 cities of Mexico (Cablemás); and beginning in October 2009, the operation of cable and telecommunications networks covering Monterrey and suburban areas (TVI). The cable and telecommunication businesses derive revenues from cable subscribers, principally from basic and premium television services subscription, pay-per-view fees, installation fees, Internet services subscription and telephone services subscription (beginning in third quarter of 2007), as well as from local and national advertising sales. The telecommunication facilities business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network.

Other Businesses

The Other Businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, feature film production and distribution, internet, gaming, radio, and publishing distribution (beginning in the third quarter of 2008). The Group's Publishing Distribution business was presented as a separate reportable segment in 2007, and classified into the Other Businesses segment in 2008, since its operations became no longer significant to the Group's consolidated financial statements taken as a whole.

The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31, 2007, 2008 and 2009.

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Income (Loss)
2007:				
Television Broadcasting	Ps. 21,213,175	Ps. 456,133	Ps.20,757,042	Ps. 10,518,063
Pay Television Networks	1,851,969	487,718	1,364,251	1,150,226
Programming Exports	2,262,137	620	2,261,517	1,032,022
Publishing	3,311,867	16,918	3,294,949	624,360
Sky	8,402,151	80,124	8,322,027	4,037,860
Cable and Telecom	2,611,613	3,063	2,608,550	947,178
Other Businesses	3,039,667	86,477	2,953,190	(237,399)
Segment totals	42,692,579	1,131,053	41,561,526	18,072,310
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,131,053)	(1,131,053)	—	(368,344)
Depreciation and amortization expense	—	—	—	(3,223,070)
Consolidated total	Ps. 41,561,526	Ps. —	Ps.41,561,526	Ps. 14,480,896(1)
2008:				
Television Broadcasting	Ps. 21,460,653	Ps. 296,012	Ps.21,164,641	Ps. 10,504,876
Pay Television Networks	2,212,502	692,388	1,520,114	1,378,152
Programming Exports	2,437,237	26,410	2,410,827	1,076,769
Publishing	3,700,361	14,436	3,685,925	648,626
Sky	9,162,172	8,010	9,154,162	4,416,783
Cable and Telecom	6,623,367	6,271	6,617,096	2,134,813
Other Businesses	3,498,615	79,102	3,419,513	(242,812)
Segment totals	49,094,907	1,122,629	47,972,278	19,917,207
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,122,629)	(1,122,629)	—	(478,285)
Depreciation and amortization expense	—	—	—	(4,311,115)
Consolidated total	Ps. 47,972,278	Ps. —	Ps.47,972,278	Ps. 15,127,807(1)
2009:				
Television Broadcasting	Ps. 21,561,636	Ps. 163,054	Ps.21,398,582	Ps. 10,323,899
Pay Television Networks	2,736,579	795,139	1,941,440	1,660,364
Programming Exports	2,845,918	16,915	2,829,003	1,437,220
Publishing	3,356,056	15,510	3,340,546	190,709
Sky	10,005,216	15,227	9,989,989	4,478,847
Cable and Telecom	9,241,787	65,174	9,176,613	2,971,868
Other Businesses	3,771,444	95,116	3,676,328	(318,201)
Segment totals	53,518,636	1,166,135	52,352,501	20,744,706
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,166,135)	(1,166,135)	—	(658,249)
Depreciation and amortization expense	—	—	—	(4,929,589)
Consolidated total	Ps. 52,352,501	Ps. —	Ps.52,352,501	Ps. 15,156,868(1)

(1) Consolidated totals represent 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, 2007, 2008 and 2009.

	Segment Assets at Year-End	Segment Liabilities at Year-End	Additions to Property, Plant and Equipment
2007:			
Continuing operations:			
Television operations (1)	Ps. 60,211,587	Ps.26,298,566	Ps. 1,149,261
Publishing	3,012,529	673,078	156,341
Sky	8,893,874	6,178,789	1,338,938
Cable and Telecom	7,806,023	4,706,581	851,379
Other Businesses	6,685,602	1,437,859	419,520
Total	<u>Ps. 86,609,615</u>	<u>Ps.39,294,873</u>	<u>Ps. 3,915,439</u>
2008:			
Continuing operations:			
Television operations (1)	Ps. 74,632,445	Ps.27,221,506	Ps. 1,126,784
Publishing	3,571,663	875,531	82,747
Sky	10,692,386	6,814,814	1,273,819
Cable and Telecom	19,024,327	11,037,061	2,144,334
Other Businesses	5,272,716	1,616,955	563,762
Total	<u>Ps.113,193,537</u>	<u>Ps.47,565,867</u>	<u>Ps. 5,191,446</u>
2009:			
Continuing operations:			
Television operations (1)	Ps. 74,038,118	Ps.29,299,493	Ps. 1,430,521
Publishing	3,096,383	765,645	19,788
Sky	9,705,015	6,852,274	1,727,163
Cable and Telecom	24,338,625	9,769,453	3,205,784
Other Businesses	5,895,410	1,808,245	271,656
Total	<u>Ps.117,073,551</u>	<u>Ps.48,495,110</u>	<u>Ps. 6,654,912</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.

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Segment assets reconcile to total assets as follows:

	2008	2009
Segment assets	Ps.113,193,537	Ps.117,073,551
Investments attributable to:		
Television operations (1)	2,086,163	5,171,016
Cable and Telecom	430,699	211,965
Other Businesses	879,292	1,027,066
Goodwill net attributable to:		
Television operations	482,697	322,719
Publishing	693,590	617,203
Cable and Telecom	4,280,513	1,339,542
Other Businesses	805,314	805,314
Total assets	<u>Ps.122,851,805</u>	<u>Ps.126,568,376</u>

(1) Includes goodwill attributable to equity investments of Ps.47,544 and Ps.49,024 in 2008 and 2009, respectively.

Equity method loss for the years ended December 31, 2007, 2008 and 2009 attributable to equity investment in television operations, approximated Ps.768,457, Ps.952,347 and Ps.847,339, respectively.

Segment liabilities reconcile to total liabilities as follows:

	2008	2009
Segment liabilities	Ps. 47,565,867	Ps. 48,495,110
Notes payable and long-term debt not attributable to segments	28,034,262	33,601,119
Total liabilities	<u>Ps. 75,600,129</u>	<u>Ps. 82,096,229</u>

Geographical segment information:

	Total Net Sales	Segment Assets at Year-End	Additions to Property, Plant and Equipment
2007:			
Mexico	Ps.36,532,710	Ps. 71,194,036	Ps. 3,779,583
Other countries	5,028,816	15,415,579	135,856
	<u>Ps.41,561,526</u>	<u>Ps. 86,609,615</u>	<u>Ps. 3,915,439</u>
2008:			
Mexico	Ps.41,176,318	Ps. 91,024,558	Ps. 5,029,480
Other countries	6,795,960	22,168,979	161,966
	<u>Ps.47,972,278</u>	<u>Ps. 113,193,537</u>	<u>Ps. 5,191,446</u>
2009:			
Mexico	Ps.44,574,144	Ps. 96,678,472	Ps. 6,606,342
Other countries	7,778,357	20,395,079	48,570
	<u>Ps.52,352,501</u>	<u>Ps. 117,073,551</u>	<u>Ps. 6,654,912</u>

Net sales are attributed to geographical segment based on the location of customers.

23. Differences between Mexican FRS and U.S. GAAP

The Group's consolidated financial statements are prepared in accordance with Mexican FRS (see Note 1 (a)), which differs in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"). The principal differences between Mexican FRS and U.S. GAAP as they relate to the Group, are presented below, together with explanations of the adjustments that affect net income and stockholders' equity as of December 31, 2008 and 2009, and for the years ended December 31, 2007, 2008 and 2009.

Reconciliation of Net Income

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Controlling interest net income as reported under Mexican FRS	Ps. 8,082,463	Ps. 7,803,652	Ps. 6,007,143
U.S. GAAP adjustments:			
(a) Capitalization of financing costs, net of accumulated depreciation	92,713	105,205	19,622
(b) Deferred costs, net of amortization	97,672	15,818	—
(c) Deferred debt refinancing costs, net of amortization	31,420	31,574	31,317
(d) Equipment inflation restatement, net of depreciation	(43,042)	—	—
(e) Purchase accounting adjustments:			
Amortization of network affiliation agreements	(7,159)	(4,176)	—
Depreciation of fixed assets	(12,118)	(12,118)	(12,118)
Amortization of other assets	(5,006)	(5,006)	(5,006)
Impairment of goodwill for Bay City Television	493,693	427,095	184,055
Impairment of goodwill for Editorial Televisa	—	—	(611,977)
Amortization of subscribers list	(156,268)	(156,268)	(156,268)
(g) Equity method investees:			
Cablemás	(25,057)	—	—
(h) Univision investment:			
Sale of investment	(298,336)	—	—
(j) Production and film costs	23,895	(133,983)	(21,338)
(k) Deferred income taxes and employees' profit sharing:			
Deferred income taxes(1)	(5,905)	49,565	91,356
Impact of 2010 Mexican tax reform	—	—	(548,503)
Deferred employees' profit sharing(1)	(33,252)	19,065	7,357
(l) Maintenance reserve	(3,949)	(18,062)	—
(m) Noncontrolling interest on U.S. GAAP adjustments	1,632	7,465	—
Total U.S. GAAP adjustments, net	<u>150,933</u>	<u>326,174</u>	<u>(1,021,503)</u>
Net income attributable to the controlling interest under U.S. GAAP	8,233,396	8,129,826	4,985,640
Net income attributable to the noncontrolling interest under U.S. GAAP	934,295	919,540	575,554
Consolidated net income under U.S. GAAP	<u>Ps. 9,167,691</u>	<u>Ps. 9,049,366</u>	<u>Ps. 5,561,194</u>

(1) Net of inflation effects in 2007. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).

Reconciliation of Stockholders' Equity

	<u>2008</u>	<u>2009</u>
Total stockholders' equity under Mexican FRS	Ps. 47,251,676	Ps. 44,472,147
U.S. GAAP adjustments:		
(a) Capitalization of financing costs, net of accumulated depreciation	(650,888)	(631,266)
(c) Deferred debt refinancing costs, net of amortization	(510,258)	(478,941)
(e) Purchase accounting adjustments:		
Broadcast license	119,913	119,913
Fixed assets	30,289	18,171
Other assets	40,457	35,451
Goodwill on acquisition of Bay City Television	(184,055)	—
Goodwill on acquisition of noncontrolling interest in Editorial Televisa	1,358,428	746,451
Subscribers list	208,358	52,090
Goodwill on acquisition of noncontrolling interest in Sky	86,236	86,236
(f) Goodwill and other intangible assets:		
Reversal of Mexican FRS goodwill amortization	140,380	140,380
Reversal of Mexican FRS amortization of intangible assets with indefinite lives	109,988	109,988
(g) Equity method investees:		
OCEN	(2,446)	(2,446)
Cablemás	(25,057)	(25,057)
(i) Pension plan and seniority premiums	(85,489)	111,890
(j) Production and film costs	(1,648,755)	(1,670,093)
(k) Deferred income taxes and employees' profit sharing:		
Deferred income taxes	698,985	732,836
Deferred employees' profit sharing	(129,214)	(121,857)
(m) Noncontrolling interest	(5,269,344)	(6,338,862)
Total U.S. GAAP adjustments, net	<u>(5,712,472)</u>	<u>(7,115,116)</u>
Controlling interest under U.S. GAAP	41,539,204	37,357,031
Noncontrolling interest under U.S. GAAP	5,269,344	6,338,862
Total stockholders' equity under U.S. GAAP	<u>Ps. 46,808,548</u>	<u>Ps. 43,695,893</u>

A summary of the Group's statement of changes in stockholders' equity with balances determined under U.S. GAAP is as follows:

Changes in U.S. GAAP stockholders' equity	<u>2008</u>	<u>2009</u>
Balance at January 1,	Ps. 40,235,021	Ps. 46,808,548
Net income for the year attributable to the controlling interest	8,129,826	4,985,640
Repurchase of capital stock	(1,251,148)	(759,003)
Dividends paid to the controlling interest	(2,229,973)	(9,163,857)
Sale of capital stock under stock-based compensation plan	138,580	81,818
Stock based compensation	222,046	371,783
Net loss on acquisition of noncontrolling interest in Cablemás and Cablestar	—	(56,210)
Other comprehensive income:		
Changes in other comprehensive income of equity investees	(58,109)	39,525
Cumulative result from hedge derivative contracts, net of tax	1,955	(7,142)
Change in fair value of available-for-sale financial assets, net of tax	—	339,881
Foreign currency translation, net of tax	352,726	(154,482)
Pension and post retirement, net of tax	(346,558)	139,874
Noncontrolling interest	1,614,182	1,069,518
Balance at December 31,	<u>Ps. 46,808,548</u>	<u>Ps. 43,695,893</u>

Through December 31, 2007, the reconciliation to U.S. GAAP included a reconciling item for the effect of applying the option provided by the Mexican FRS 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 FRS does not meet the consistent reporting currency requirement of Regulation S-X of the Securities and Exchange Commission ("SEC"). Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).



The reconciliation to U.S. GAAP for the year ended December 31, 2007 does not include the reversal of the other adjustments to the financial statements for the effects of inflation required under Mexican FRS Bulletin B-10 through December 31, 2007, 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.

(a) Capitalization of Financing Costs, Net of Accumulated Depreciation

Prior to 2007, Mexican FRS allowed, but did not require, capitalization of financing costs as part of the cost of assets under construction. Financing costs capitalized included interest costs, gains from monetary position and foreign exchange losses. Since January 1, 2007, the Group has been applying NIF D-6, "Capitalization of financing costs," which is similar to the provisions set forth under U.S. GAAP.

U.S. GAAP requires the capitalization of interest during construction of 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 both instances U.S. GAAP does not allow the capitalization of foreign exchange losses. No amounts were subject to capitalization under either U.S. GAAP or Mexican FRS for any of the periods presented. Rather, the U.S. GAAP net income adjustments reflect the difference in depreciation expense related to amounts capitalized prior to 2003. There have been no significant projects subject to capitalization since then. During 2008, a significant amount of technical equipment was fully amortized and as a result a lower depreciation expense was recognized in 2009.

(b) Deferred Costs, Net of Amortization

Under Mexican FRS, certain entity preoperating and 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 benefits 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 benefits is uncertain. In the case of web site development costs, certain costs are capitalized and others expensed in accordance with ASC 350-50, "Accounting for Web Site Development Costs" (formerly EITF Issue No. 00-2). 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 FRS, net of the reversal of any amortization which is reflected under Mexican FRS. Such costs were fully amortized on December 31, 2008.

(c) Deferred Debt Refinancing Costs, Net of Amortization

In 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, under Mexican FRS, premiums paid to the old noteholders were capitalized and are being amortized as an adjustment of interest expense over the remaining term of the Senior Notes due 2025.

For U.S. GAAP purposes, premiums paid by the debtor to the old creditors 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 reflects the reversal of amortization expense recorded under Mexican FRS in such periods.

(d) Equipment Inflation Restatement, Net of Depreciation

Through December 31, 2007, the Group restated equipment of non-Mexican origin using the Specific Index for determining the price-level accounting restated balances under Mexican FRS. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)).

Under Regulation S-X of the Securities Act, 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 through December 31, 2007 reflect adjustments to reverse the Specific Index restatement recognized under Mexican FRS and to restate equipment of non-Mexican origin by the change in the NCPI and recalculate the depreciation expense on this basis. For the year ended December 31, 2007, related equipment was completely depreciated for Mexican FRS purposes; consequently, such U.S. GAAP adjustment is no longer applicable.

(e) Purchase Accounting Adjustments

In 1996, the Group acquired Bay City Television, Inc. (“Bay City”) and Radiotelevisión, S.A. de C.V. and under Mexican FRS, 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, network affiliation agreements, programming and advertising contracts, fixed assets and other assets. Such purchase price adjustments were being amortized over the remaining estimated useful lives of the respective assets. The U.S. GAAP net income adjustment for each of the periods presented herein represents the amortization of the various definite lived intangibles mentioned above for U.S. GAAP purposes. In addition, in 2007, 2008 and 2009 for Mexican FRS purposes, the Group recorded an impairment of goodwill for an amount of Ps.493,693, Ps.427,095 and Ps.184,055 respectively. Therefore, the 2007, 2008 and 2009 U.S. GAAP net income reconciliation reflects the reversal of such impairment.

In 2000, the Group acquired all of the interest owned by a minority shareholder in Editorial Televisa by issuing treasury shares of capital stock. Under Mexican FRS, 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, with related goodwill of Ps.87,771 being recognized. Under U.S. GAAP, this acquisition was also accounted for by the purchase method, with the purchase price being equal to the fair value of the shares issued by the Group, which was greater than the treasury stock carrying value. The incremental purchase price adjustment under U.S. GAAP of Ps.1,358,428 was allocated to goodwill. There is no net income adjustment as goodwill is no longer amortized for either Mexican FRS or U.S. GAAP purposes. The U.S. GAAP stockholders’ equity adjustment for each of the periods presented reflects the difference in the goodwill carrying value under U.S. GAAP versus Mexican FRS. During the fourth quarter of 2009, the Group recognized an impairment charge of Ps.611,977 for U.S. GAAP purposes (see Note 23(f)).

In April 2006, the Group exercised its right to acquire two-thirds of the equity interest in Sky that DIRECTV acquired from Liberty Media. This noncontrolling interest acquisition amounted to approximately U.S.\$58.7 million (Ps.699,891). After this transaction, the Group (i) increased its equity stake in Sky from 52.7% to 58.7% (see Note 2); and (ii) under Mexican FRS, recognized the excess of the purchase price over the carrying value of this noncontrolling interest totaling Ps.711,311 within stockholders’ equity. Under U.S. GAAP, for acquisitions prior to January 1, 2009, where there is no change in control, the acquisition of noncontrolling interest should be accounted for using the purchase method of accounting. The Group has recognized an intangible asset related to the subscribers’ list that should be amortized on a straight-line basis over its estimated subscriber period. In addition, the difference between the purchase price and the fair value of the net assets acquired, including identifiable intangible assets, was recorded as goodwill in the amount of Ps.86,236. The U.S. GAAP net income adjustment reflects only the amortization of the subscribers’ list recognized for U.S. GAAP purposes.

(f) Goodwill and Other Intangible Assets

While both Mexican FRS and U.S. GAAP require that impairment tests of goodwill and indefinite lived intangibles be performed at least annually, there could be several potential differences between Mexican FRS and U.S. GAAP in the timing and amounts of impairments recognized. Differences could include: (i) the level at which the goodwill impairment test should be performed; that is at the cash generating unit level for Mexican FRS and at the reporting unit for U.S. GAAP, (ii) for long-lived assets other than goodwill, a difference in the recoverable amount for Mexican FRS and the fair value for U.S. GAAP, and (iii) difference in the computation methodology for goodwill; that is a “one-step” impairment test for Mexican FRS and a “two-step” impairment test for U.S. GAAP purposes. Further, Mexican FRS permits the reversal of previously recognized impairments while under U.S. GAAP, it is prohibited.

In addition to the above mentioned aspects, a potential difference between the carrying amount of goodwill and other long-lived intangible assets can exist between Mexican FRS and U.S. GAAP because of differences in past purchase price allocations and cumulative impairments recognized.

Lastly, the carrying values of goodwill and intangible assets could be similar under Mexican FRS and U.S. GAAP to the extent there are no differences in the considerations mentioned above.

The carrying amount of goodwill by segment under U.S. GAAP as of December 31, 2008 and 2009, is as follows:

	2008	2009
Consolidated subsidiaries:		
Television Broadcasting	Ps. 337,094	Ps. 337,094
Cable and Telecom	4,259,514	1,339,543
Publishing	2,058,548	1,370,184
Other segments	155,224	179,301
Equity method investees	879,267	880,747
	<u>Ps. 7,689,647</u>	<u>Ps. 4,106,869</u>



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The changes in the net carrying amount of goodwill and trademarks for the Cable and Telecom and Publishing segments for the year ended December 31, 2009, for U.S. GAAP purposes were as follows:

Cable and Telecom — Goodwill

	Cable and Telecom
Balance as of December 31, 2008	Ps. 4,259,514
Adjustments/Reclassifications (1)	(2,167,533)
Impairments	<u>(752,438)</u>
Balance as of December 31, 2009	<u>Ps. 1,339,543</u>

(1) Reflects the final valuation and purchase price allocation of Cablemás in December 2009 (see Note 2).

During the fourth quarter of 2009, as a result of a reduction in revenues related to long-distance telephone services, management revised its future cash flow expectations, which lowered the fair value estimates of this business. As a result of the lower fair value estimates, the Group concluded that the carrying amount of its telecom reporting unit within the Cable and Telecom segment exceeded its fair value. Therefore, the Group recognized a pre-tax goodwill impairment charge of Ps.752,438, representing the entire carrying value of goodwill. There is no difference in the related pre-tax goodwill impairment charge for Mexican FRS purposes.

When tested for impairment, goodwill is included in an asset group, together with identifiable intangible assets and long-lived assets. No additional impairment charges were recorded as part of the impairment test performed under U.S. GAAP.

Publishing — Goodwill and Trademarks

	Goodwill	Trademarks
Balance as of December 31, 2008	Ps. 2,058,548	Ps. 681,041
Acquisitions	—	48,232
Foreign currency translation adjustments	(1,517)	(8,093)
Adjustments/Reclassifications	(48,757)	—
Impairments	<u>(638,090)</u>	<u>(197,488)</u>
Balance as of December 31, 2009	<u>Ps. 1,370,184</u>	<u>Ps. 523,692</u>

During the fourth quarter of 2009, as a result of a reduction in demand for certain magazines, along with lower-than-projected profits, management revised its future cash flow expectations, which lowered the fair value estimates of this business. As a result of the lower fair value estimates, the Group concluded that the carrying amount of its Publishing segment, which is the reporting unit, exceeded its fair value. As a result, the Group compared the implied fair value of the goodwill in the reporting unit with the carrying value and recorded a Ps.611,977 million pre-tax impairment charge for U.S. GAAP purposes (see Note 23 (e)). Furthermore, the Group recognized an additional pre-tax goodwill impairment of Ps.26,113 in its Publishing segment as of December 31, 2009 for both Mexican FRS and U.S. GAAP purposes (see Note 7).

During the annual impairment test, the Group analyzed the valuation of its other indefinite-lived intangibles, consisting exclusively of trademarks. The Group estimated the fair value of trademarks by performing a discounted cash flow analysis based on the relief-from-royalty approach. This approach treats the trade name as if it were licensed by the Group rather than owned and calculates its value based on the discounted cash flow of the projected license payments. The analysis resulted in a pre-tax trademark impairment charge of Ps.197,488 million in the fourth quarter of 2009, as a result of a reduction in demand for certain magazines. There is no difference in the related pre-tax trademark impairment charge for Mexican FRS purposes.

A summary of the changes in the carrying value of the Group's goodwill on a U.S. GAAP basis for the years ended December 31, 2008 and 2009, is as follows:

	December 31, 2008			December 31, 2009		
	Gross	Accumulated Impairment Charges	Carrying Value	Gross	Accumulated Impairment Charges	Carrying Value
Balance at beginning of year	Ps. 5,357,098	Ps. (404,927)	Ps.4,952,171	Ps. 8,227,074	Ps. (537,427)	Ps. 7,689,647
Adjustments and other changes	<u>2,869,976</u>	<u>(132,500)</u>	<u>2,737,476</u>	<u>(2,192,250)</u>	<u>(1,390,528)</u>	<u>(3,582,778)</u>
Balance at end of year	<u>Ps. 8,227,074</u>	<u>Ps. (537,427)</u>	<u>Ps.7,689,647</u>	<u>Ps. 6,034,824</u>	<u>Ps. (1,927,955)</u>	<u>Ps. 4,106,869</u>



The U.S. GAAP net carrying value of intangible assets as of December 31, 2008 and 2009, amounted to:

	<u>2008</u>	<u>2009</u>
Trademarks (1)(2)	Ps. 803,452	Ps. 1,282,539
Television network concession (1)	742,605	742,607
Cablemás concessions (2)	—	1,052,190
TVI concession	262,925	262,925
Telecom concession	783,290	778,970
Sky concession	96,042	96,042
Network affiliation agreements (1)	119,913	119,913
Licenses and software (2)	633,702	845,856
Subscriber list (2)	740,251	1,531,085
Deferred financing costs	378,734	536,774
Other	512,212	639,211
	<u>Ps. 5,073,126</u>	<u>Ps. 7,888,112</u>

(1) Indefinite-lived.

(2) Increases relate to the final valuation and purchase price allocation of Cablemás in December 2009 (see Note 2).

The aggregate amortization expense for intangible assets subject to amortization under U.S. GAAP, is estimated at Ps.536,362 for each of the next five fiscal years.

(g) Equity Method Investees

Cablemás

Through May 31, 2008, the Group's investment in Cablemás was accounted for by using the equity method. For Mexican FRS purposes in 2007, Cablemás recorded a reversal of a goodwill impairment loss previously recognized, as a result of changes in economic conditions affecting its investment. Under U.S. GAAP, reversal of goodwill impairment losses is not allowed. Therefore, the 2007 U.S. GAAP net income and stockholders' equity adjustment reflects the reversal of the amount of impairment reversed for Mexican FRS purposes.

(h) Univision Investment

On March 29, 2007, the Group sold its investment in Univision. Upon the sale, under Mexican FRS the entire balance previously recorded in accumulated other comprehensive income when the investment was accounted for under the equity method related to (i) the foreign exchange gains and losses, (ii) the Group's share of amounts reported in other comprehensive income or loss in the financial statements of Univision, and (iii) the foreign exchange losses and gains in the Group's debt obligations recorded as part of the hedge accounting, remained in stockholders' equity rather than being reclassified into earnings.

For U.S. GAAP purposes, upon the sale of the investment, those amounts should be reclassified into the income statement. Therefore, the 2007 U.S. GAAP net income reconciliation includes the reclassification into earnings of those items recorded in other comprehensive income under Mexican FRS. There was no equity adjustment at December 31, 2007, 2008 and 2009.

(i) Pension Plan and Seniority Premiums

The components of net periodic pension and seniority premium plan cost for the year ended December 31, calculated in accordance with ASC 715 "Compensation-Retirement Benefits" (formerly SFAS No. 87) (see Note 10).

Plan Assets or Liability at December 31

The pension and seniority premium plan liability and the severance indemnities as of December 31, 2008 and 2009, under ASC 715 “Compensation-Retirement Benefits” (formerly SFAS No. 158), is as follows:

	2008	2009
Projected benefit obligation	Ps. 1,372,154	Ps. 1,427,478
Plan assets (see Note 10)	(1,404,589)	(1,749,629)
Funded status	(32,435)	(322,151)
Prepaid pension asset	(32,435)	(322,151)
Severance indemnities — projected benefit obligation	470,314	557,251
Balance sheet liability	<u>Ps. 437,879</u>	<u>Ps. 235,100</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	Ps. 1,134,108	Ps. 1,372,154
Service cost	77,961	87,417
Interest cost	91,797	107,207
Actuarial gain	(86,884)	(105,091)
Acquisition	45,231	2,933
Plan amendments (1)	142,581	—
Benefits paid	(32,640)	(37,142)
Projected benefit obligation at end of year	<u>Ps. 1,372,154</u>	<u>Ps. 1,427,478</u>

- (1) The terms of a pension plan for certain Group’s employees were modified in the first quarter 2008 increasing the pension salary for each participant without exceeding a percentage of such pension salary.

Pension and Seniority Premiums Plan Assets

As of December 31, 2009, the pension plan and seniority premiums obligations were overfunded, and the assets of the pension plan and seniority premiums (collectively referred as the “Plan Assets”) are held in separate trusts.

The Plan Assets are invested according to specific investment guidelines determined by the technical committees of the pension plan and seniority premiums trusts and in accordance with actuarial computations of funding requirements. These investment guidelines require a minimum investment 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 “AAA” 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’s pension and seniority premiums plans target asset allocation, actual asset allocation as of December 31, 2008 and 2009, and the expected weighted average long-term rate of return by asset category were as follows:

	<u>Target Allocation 2010</u>	<u>Percentage of Plan Assets as of December 31,</u>		<u>Weighted Average Expected Long-Term Rate of Return 2009</u>
		<u>2008</u>	<u>2009</u>	
Equity securities	41.4%	62.6%	46.0%	11.0%
Fixed rate instruments	58.6%	37.4%	54.0%	3.2%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>14.2%</u>

The weighted average expected long-term rate of return of Plan Assets of 14.2% was used in determining net periodic pension cost in 2009. This rate reflects an estimate of long-term future returns for the Plan Assets. This estimate is primarily a function of the asset classes (equities versus fixed income) in which the Plan Assets are invested and the analysis of past performance of these asset classes over a long period of time. This analysis includes expected long-term inflation and the risk premiums associated with equity investments and fixed income investments.

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The following table summarizes the Group's Plan Assets measured at fair value on a recurring basis as of December 31, 2009:

	Balance as of December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Internal Models with Significant Observable Inputs (Level 2)	Internal Models with Significant Unobservable Inputs (Level 3)
Common stocks (1)	Ps. 779,920	Ps. 779,920	Ps. —	Ps. —
Mutual funds (fixed rate instruments) (2)	497,736	497,736	—	—
Money market securities (3)	446,973	446,973	—	—
Other equity securities	25,000	—	25,000	—
Total investment assets	Ps. 1,749,629	Ps. 1,724,629	Ps. 25,000	Ps. —

- (1) Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. All common stock included in this line item relate to the Group's CPOs.
- (2) Mutual funds consist of fixed rate instruments. These are valued at the net asset value provided by the administrator of the fund.
- (3) Money market securities consist of government debt securities, which are valued based on observable prices from the new issue market, benchmark quotes, secondary trading and dealer quotes.

The Group does not expect to make significant contributions to its Plan Assets in 2010.

The following table summarizes the changes in accumulated other comprehensive income for the year ended December 31, related to pension and post-retirement plans (net of income tax):

	2008	2009
Accumulated other comprehensive income as of beginning of year (net of income tax)	Ps. 285,006	Ps. (61,552)
Net gain	(286,793)	128,823
Amortization of net gain	(68,098)	24,156
Amortization of prior service cost	8,333	(13,104)
Accumulated other comprehensive income as of end of year (net of income tax)	Ps. (61,552)	Ps. 78,323

The amounts recognized in accumulated other comprehensive income as of December 31, are as follows:

	<u>2008</u>	<u>2009</u>
Prior service costs, net of income tax	Ps. (147,738)	Ps. (122,950)
Net actuarial gains, net of income tax	86,186	201,273
Accumulated other comprehensive income as of end of year (net of income tax)	<u>Ps. (61,552)</u>	<u>Ps. 78,323</u>

(j) Production and Film Costs

Under Mexican FRS, 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 FRS purposes, royalty agreements that are not film-specific are considered in projecting program revenues to capitalize related production costs.

Under U.S. GAAP, the Group follows the provisions of the ASC 926, "Entertainment-Films" (formerly SoP 00-2). Pursuant to ASC 926, 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 film-specific are not considered in the ultimate revenues. Exploitation costs are expensed as incurred. In addition, Mexican FRS 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 and subsequent write-offs.

(k) Deferred Income Taxes and Employees' Profit Sharing

Under Mexican FRS, the Group applies the provisions of NIF D-4, "Income Taxes", which uses the comprehensive asset and liability method for the recognition of deferred income taxes for existing temporary differences.

U.S. GAAP, ASC 740 "Income Taxes" (formerly SFAS No. 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 tax rates in effect for the year in which the differences are expected to reverse.

The components of the net deferred tax liability applying ASC 740 consist of the following:

	<u>December 31, 2008</u>	<u>December 31, 2009</u>
Net deferred income tax liability recorded under Mexican FRS on Mexican FRS balances (see Note 19)	Ps. (2,265,161)	Ps. (1,898,612)
Reclassification of income tax payable related to subsidiaries	465,294	161,686
Net deferred income tax amount under ASC 740 applied to Mexican FRS balances	<u>(1,799,867)</u>	<u>(1,736,926)</u>
Impact of U.S. GAAP adjustments:		
Capitalization of financing costs	182,248	189,380
Purchase accounting adjustments	(111,724)	(67,688)
Pension plan and seniority premiums	23,937	(33,567)
Production and film costs	461,652	501,028
Deferred debt refinancing costs	142,872	143,683
	<u>698,985</u>	<u>732,836</u>
Net deferred income tax liability under U.S. GAAP	<u>(1,100,882)</u>	<u>(1,004,090)</u>
Less:		
Deferred income tax amount under ASC 740 applied to Mexican FRS balances	<u>(1,799,867)</u>	<u>(1,736,926)</u>
Net deferred income tax liability adjustment required under U.S. GAAP	<u>Ps. 698,985</u>	<u>Ps. 732,836</u>

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For purposes of the U.S. GAAP, the change in the deferred income tax liability for the year ended December 31, 2009, representing a charge of Ps.96,792, was recorded against the following accounts:

Credit to the provision for deferred income tax	Ps.	(158,833)
Credit to other expense		(3,844)
Initial consolidation of TVI		8,079
Charge to the stockholders' equity		57,806
	Ps.	<u>(96,792)</u>

The components of net deferred employees' profit sharing ("EPS") liability applying ASC 740 consist of the following:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2009</u>
Deferred EPS liability:		
Current:		
Inventories	Ps. 2,047	Ps. 2,047
Noncurrent:		
Property, plant and equipment	(101,101)	(91,175)
Deferred costs	(55,850)	(56,294)
Pension plan and seniority premiums	44,876	39,915
Other	(19,186)	(16,350)
Total deferred EPS liability	<u>Ps. (129,214)</u>	<u>Ps. (121,857)</u>

The provisions (benefits) for income taxes from continuing operations, on a U.S. GAAP basis, by jurisdiction as of December 31, are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Current:			
Mexican	Ps. 3,111,895	Ps. 2,917,021	Ps. 3,489,807
Foreign	197,265	169,448	246,917
	<u>3,309,160</u>	<u>3,086,469</u>	<u>3,736,724</u>
Deferred:			
Mexican	124,799	428,161	(158,833)
Foreign	1,169	—	—
	<u>125,968</u>	<u>428,161</u>	<u>(158,833)</u>
	<u>Ps. 3,435,128</u>	<u>Ps. 3,514,630</u>	<u>Ps. 3,577,891</u>

ASC 740 "Income Taxes" (formerly FIN No. 48) became effective for the Group on January 1, 2007 and prescribes a comprehensive model for the recognition, measurement, financial statement presentation and disclosure of uncertain tax positions taken or expected to be taken in a tax return. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of this pronouncement had no effect on the Group's overall financial position or results of operations.

The Group classifies income tax related interest and penalties as income taxes in the consolidated financial statements.

The following tax years remain open to examination and adjustment by the Group's six major tax jurisdictions:

Mexico	2004 and all following years
United States of America	2006 and all following years for federal tax examinations, and 2004 and all following years for state tax examinations
Argentina	2003 and all following years
Chile	2003 and all following years
Colombia	2007 and all following years, and 2004 and all following years for companies having a tax loss
Switzerland	2007 and all following years

Impact of 2010 Mexican tax reform

The 2010 Mexican Tax Reform law was enacted on December 7, 2009 and became effective on January 1, 2010. This law resulted in several changes to Mexican tax consolidation rules, as well as increases to future tax rates. Among the Mexican tax consolidation changes is a modification to the treatment of intercompany dividends declared. Certain intercompany dividends paid that were previously not subject to income tax now become taxable under the new law. This change in law has resulted in the Group recognizing an additional deferred tax liability equal to Ps.548,503. For Mexican FRS purposes, pursuant to INIF 18 (see Note 1(t)), this additional deferred tax liability was recorded as a direct reduction to retained earnings. For U.S. GAAP purposes, this amount should be recognized as deferred income tax expense. The adjustment to U.S. GAAP net income for the year ended December 31, 2009 reflects the recognition in earnings of this additional deferred tax liability.

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 was necessary to recognize through December 31, 2007 the effects of applying the Mexican FRS inflation accounting provisions to such adjustments. Effective January 1, 2008, the Group discontinued recognizing the effects of inflation (see Note 1(a)). Accordingly, no adjustment was necessary as of December 31, 2008.

In addition, as disclosed in Notes 18 and 19, under Mexican FRS, the monetary gain or loss generated by the monetary deferred tax temporary differences were reflected through December 31, 2007 within the integral cost of financing while those related to the non-monetary items were reflected within the deferred tax provision. For U.S. GAAP purposes, the Group followed through December 31, 2007 the provisions of ASC 740 (formerly EITF Issue No. 93-9) and reflected the entire monetary gain or loss within the provision for deferred taxes. Consequently for 2007, the Ps.104,685 of monetary gain reflected within integral result of financing under Mexican FRS has been reclassified to the deferred tax provision under U.S. GAAP.

(l) Maintenance Reserve

Under Mexican FRS, 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. As of December 31, 2008, the related accrual was completely utilized for Mexican FRS purposes; therefore, no U.S. GAAP equity adjustment was recorded as of December 31, 2008 and 2009.

(m) Noncontrolling Interest on U.S. GAAP Adjustments

This adjustment represents the allocation to the noncontrolling interest of non-wholly owned subsidiaries of certain U.S. GAAP adjustments related to such subsidiaries. For the year ended December 31, 2009, no U.S. GAAP adjustments had an effect on the noncontrolling interest.

As of January 1, 2009, the Group adopted ASC 810 "Consolidation" (formerly SFAS No. 160) which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as stockholders' equity in the consolidated financial statements. The presentation and disclosure requirements have been applied retrospectively for all periods presented.

Additional Disclosure requirements

Presentation in the Financial Statements — Operating Income

Under Mexican FRS, the Group recognizes various costs as non-operating expenses, which would be considered operating expenses under U.S. GAAP. Such costs include primarily impairment charges, certain financial advisory and professional fees, restructuring charges and employees' profit sharing expense (see Note 17). The differences relate primarily to the Television Broadcasting and Sky segments. Operating income of the Television Broadcasting segment under U.S. GAAP would have been Ps.12,701,655, Ps.12,680,515 and Ps.13,017,192 and operating income of the Sky segment under U.S. GAAP would have been Ps.3,877,643, Ps.4,242,453 and Ps.4,322,579 for the years ended December 31, 2007, 2008 and 2009, respectively.

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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 three years ended December 31, 2007, 2008 and 2009, under U.S. GAAP in a format consistent with the presentation of U.S. GAAP consolidated statements of operations, after reflecting the adjustments described in (a) to (m) above:

	Year Ended December 31,		
	2007	2008	2009
Net sales	Ps.41,561,526	Ps.47,972,278	Ps.52,352,501
Cost of providing services (exclusive of depreciation and amortization)	18,108,061	21,708,070	23,789,707
Selling, administrative and other expenses	5,826,861	7,345,226	10,406,786
Depreciation and amortization	3,304,581	4,427,287	5,147,715
Income from operations	14,322,023	14,491,695	13,008,293
Integral result of financing, net	(250,909)	(740,584)	(2,877,581)
Other expense, net	(693,939)	(137,181)	(276,300)
Income before income taxes, minority interest and equity in earnings or losses of affiliates	13,377,175	13,613,930	9,854,412
Income tax and assets tax — current and deferred	(3,435,128)	(3,514,630)	(3,577,891)
Income before minority interest and equity in earnings or losses of affiliates	9,942,047	10,099,300	6,276,521
Equity in losses of affiliates	(774,356)	(1,049,934)	(715,327)
Consolidated net income	9,167,691	9,049,366	5,561,194
Less: Net income attributable to the noncontrolling interest under U.S. GAAP	934,295	919,540	575,554
Net income attributable to the controlling interest	Ps. 8,233,396	Ps. 8,129,826	Ps. 4,985,640
Weighted average common shares outstanding (in millions)	333,653	329,580	329,304

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. Series "A" and Series "B" shares, not in the form of a CPO, and CPOs all participate in income available to common shareholders. Due to this, for purposes of U.S. GAAP, the "two-class" method has been used to present both basic and diluted earnings per share.

Earnings per CPO and per share under U.S. GAAP are presented in constant Pesos for the years ended December 31, 2007, 2008 and 2009, as follows:

	2007		2008		2009	
	CPO	Series "A" and "B" Shares	CPO	Series "A" and "B" Shares	CPO	Series "A" and "B" Shares
Basic EPS						
Income from continuing operations available to common shareholders	6,865,699	1,305,558	6,673,204	1,305,066	4,672,096	889,089
Net income available to common shareholders	6,865,699	1,305,558	6,673,204	1,305,066	4,672,096	889,089
Weighted average number of common shares outstanding	2,399,453	52,916,036	2,364,642	52,916,036	2,362,289	52,916,036
Basic earnings per share (continuing operations)	Ps. 2.86	Ps. 0.02	Ps. 2.82	Ps. 0.02	Ps. 1.98	Ps. 0.02
Basic earnings per share (net income)	Ps. 2.86	Ps. 0.02	Ps. 2.82	Ps. 0.02	Ps. 1.98	Ps. 0.02
Diluted EPS						
Dilutive potential shares	40,018	—	41,675	—	53,613	—
Total diluted weighted average common shares outstanding	2,439,471	52,916,036	2,406,317	52,916,036	2,415,902	52,916,036
Diluted earnings per share (continuing operations)	Ps. 2.81	Ps. 0.02	Ps. 2.77	Ps. 0.02	Ps. 1.93	Ps. 0.02
Diluted earnings per share (net income)	Ps. 2.81	Ps. 0.02	Ps. 2.77	Ps. 0.02	Ps. 1.93	Ps. 0.02

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 sheet as of December 31, 2008 and 2009, in a format consistent with the presentation of condensed consolidated balance sheets under U.S. GAAP, and after reflecting the adjustments described in (a) to (m) above:

	December 31, 2008	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	Ps. 33,583,045	Ps. 29,941,488
Temporary investments	8,321,286	8,902,346
Trade notes and accounts receivable, net	18,199,880	18,399,183
Other accounts and notes receivable, net	2,231,562	3,530,546
Due from affiliated companies	161,821	135,723
Transmission rights and programming	3,343,448	4,372,988
Inventories	1,612,024	1,665,102
Current deferred taxes	2,598,374	2,342,143
Other current assets	1,105,871	1,435,081
Total current assets	<u>71,157,311</u>	<u>70,724,600</u>
Non-current assets:		
Derivative financial instruments	2,316,560	1,538,678
Transmission rights and programming	4,676,006	4,245,366
Investments	3,321,107	6,333,520
Property, plant and equipment, net	30,177,799	32,458,369
Goodwill, net	7,689,647	4,106,869
Intangible assets, net	5,073,126	7,888,112
Deferred taxes	3,443,548	3,932,193
Other assets	111,213	115,882
Total assets	<u><u>Ps.127,966,317</u></u>	<u><u>Ps.131,343,589</u></u>

	December 31, 2008	December 31, 2009
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	Ps. 2,270,353	Ps. 1,433,015
Current portion of capital lease obligations	151,628	235,271
Trade accounts payable	6,337,436	6,432,906
Customer deposits and advances	18,098,643	19,858,290
Taxes payable	830,073	807,744
Current deferred taxes	1,539,708	1,741,122
Accrued interest	439,777	464,621
Other accrued liabilities	2,293,806	2,577,835
Due from affiliated companies	88,622	34,202
Total current liabilities	32,050,046	33,585,006
Non-current liabilities:		
Long-term debt	36,630,583	41,983,195
Derivative financial instruments	604,650	523,628
Capital lease obligations	1,222,163	1,166,462
Customer deposits and advances	589,369	1,054,832
Other long-term liabilities	3,690,776	3,240,097
Deferred taxes	5,732,310	5,659,161
Pension and seniority premiums	637,872	435,315
Total liabilities	81,157,769	87,647,696
Commitments and contingencies		
Controlling interest	41,539,204	37,357,031
Noncontrolling interest	5,269,344	6,338,862
Total stockholders' equity	46,808,548	43,695,893
Total liabilities and stockholders' equity	Ps.127,966,317	Ps.131,343,589

Cash flow information

Effective January 1, 2008, Mexican FRS NIF B-2, "Statement of Cash Flows" requires a statement of cash flows as a part of a full set of financial statements in place of a statement of changes in financial position. Under NIF B-2, restatement of financial statements for years provided before 2008 is not required. Under U.S. GAAP, ASC Topic 230 "Statement of Cash Flows" (formerly 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 2007, 2008 and 2009) of Mexican financial institutions, to be cash equivalents.

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The following is a statement of cash flows under U.S. GAAP 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 ASC 230 "Statement of Cash Flow" (formerly SFAS No. 95):

	2007	2008	2009
Operating activities:			
Net income under U.S. GAAP	Ps. 9,167,691	Ps. 9,049,366	Ps. 5,561,194
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in losses of affiliates	774,356	1,049,934	715,327
Depreciation and amortization	3,304,581	4,427,287	5,147,715
Amortization of deferred debt refinancing	(31,420)	(31,574)	(31,317)
Impairment adjustments	—	182,500	1,588,016
Pension plans and seniority premiums	(23,739)	5,467	58,196
Deferred income tax	125,968	428,161	(158,833)
Loss on disposal of investment	822,671	—	(90,565)
Write-down of held-to-maturity debt security	—	405,111	—
Derivative financial instruments	140,398	(895,734)	644,956
Unrealized foreign exchange gain, net	139,064	4,981,960	(1,003,537)
Employee stock option plans	140,517	222,046	371,783
Maintenance reserve	3,949	18,062	—
Loss from monetary position	542,533	—	—
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Trade notes and accounts receivable and customer deposits and advances, net	(1,651,317)	(1,395,961)	1,815,181
Inventories	(32,053)	(375,153)	(45,148)
Transmission rights, programs and films and production talent advances	(1,882,412)	(1,053,008)	(653,307)
Other accounts and notes receivable and other current assets	(528,894)	(391,399)	(1,347,376)
Increase (decrease) in:			
Trade accounts payable	937,012	1,577,231	(80,920)
Other liabilities and taxes payable	116,801	1,727,626	(147,598)
Pension plan and seniority premiums	40,833	(81,314)	(16,035)
Net cash provided by operating activities	<u>12,106,539</u>	<u>19,850,608</u>	<u>12,327,732</u>
Investing activities:			
Temporary investments	(915,818)	(5,208,287)	(3,565,772)
Due from affiliated companies, net	262,170	(89,826)	(2,309)
Investments	(5,184,797)	(1,982,100)	(809,625)
Disposition of investments	437,990	109,529	57,800
Disposition of held-to-maturity investments	—	874,999	—
Investments in property, plant and equipment	(3,681,464)	(5,191,446)	(6,410,869)
Disposition of property, plant and equipment	704,310	91,815	248,148
Proceeds from sale of shares of Univision	11,821,932	—	—
Acquisitions, net of cash acquired	(3,737,998)	(1,489,174)	(569,601)
Net cash used in investing activities	<u>(293,675)</u>	<u>(12,884,490)</u>	<u>(11,052,228)</u>
Financing activities:			
Issuance of Senior Notes due 2037	4,500,000	—	—
Issuance of Senior Notes due 2012	2,481,521	—	—
Issuance of Senior Notes due 2018	—	5,241,650	—
Issuance of Senior Notes due 2040	—	—	7,612,055
Prepayment of Senior Notes due 2013 (Sky)	—	(122,886)	—
Repayment of Mexican peso debt	—	(480,000)	(1,162,460)
Repayment of foreign currency debt	—	—	(1,206,210)
Satellite transponder lease payments	—	(97,696)	(138,807)
Other (decrease) increase in debt	(1,054,007)	1,231	33,856
Derivative financial instruments	—	(346,065)	(206,776)
Repurchase of capital stock	(3,948,331)	(1,112,568)	(677,185)
Sale of repurchased shares	99,771	—	—
Dividends paid	(4,506,492)	(2,229,973)	(9,163,857)
Noncontrolling interest	1,032,659	(332,029)	76,344
Net cash (used in) provided by financing activities	<u>(1,394,879)</u>	<u>521,664</u>	<u>(4,833,040)</u>
Net increase (decrease) in cash and cash equivalents	10,417,985	7,487,782	(3,557,536)

Effect of exchange rate changes on cash and cash equivalents	22,086	131,854	(105,530)
Net increase in cash and cash equivalents upon acquisitions	138,261	483,868	21,509
Effect of inflation on cash and cash equivalents	(560,136)	—	—
Cash and cash equivalents at beginning of year	15,461,345	25,479,541	33,583,045
Cash and cash equivalents at end of year	<u>Ps.25,479,541</u>	<u>Ps. 33,583,045</u>	<u>Ps. 29,941,488</u>

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Net cash provided by operating activities reflects cash payments for interest and income taxes as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Interest	Ps. 1,905,621	Ps. 2,529,221	Ps. 2,832,675
Income taxes and/or assets tax	2,955,115	2,657,525	4,282,042

Supplemental disclosures about non-cash activities:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Note receivable related to customer deposits	Ps.14,753,180	Ps.14,383,384	Ps.14,515,450

Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

All fair value adjustments as of December 31, 2008 and 2009 represent assets or liabilities measured at fair value on a recurring basis. In determining fair value, the Group's financial instruments are separated into three categories: temporary investments, available-for sale investments and derivative financial instruments. Fair values as of December 31, 2008 and 2009, were calculated as follows:

	<u>Balance as of December 31, 2008</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Internal Models with Significant Observable Inputs (Level 2)</u>	<u>Internal Models with Significant Unobservable Inputs (Level 3)</u>
Assets:				
Temporary investments	Ps. 8,321,286	Ps. 7,407,689	Ps. 913,597	Ps. —
Derivative financial instruments	2,363,148	—	2,363,148	—
Total	<u>Ps. 10,684,434</u>	<u>Ps. 7,407,689</u>	<u>Ps. 3,276,745</u>	<u>Ps. —</u>
Liabilities:				
Derivative financial instruments	Ps. 604,650	Ps. —	Ps. 604,650	Ps. —
Total	<u>Ps. 604,650</u>	<u>Ps. —</u>	<u>Ps. 604,650</u>	<u>Ps. —</u>

	<u>Balance as of December 31, 2009</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Internal Models with Significant Observable Inputs (Level 2)</u>	<u>Internal Models with Significant Unobservable Inputs (Level 3)</u>
Assets:				
Temporary investments	Ps. 8,902,346	Ps. 5,394,502	Ps. 3,507,844	Ps. —
Available-for-sale investments	2,826,457	—	2,826,457	—
Derivative financial instruments	1,545,396	—	1,545,396	—
Total	<u>Ps. 13,274,199</u>	<u>Ps. 5,394,502</u>	<u>Ps. 7,879,697</u>	<u>Ps. —</u>
Liabilities:				
Derivative financial instruments	Ps. 523,628	Ps. —	Ps. 523,628	Ps. —
Total	<u>Ps. 523,628</u>	<u>Ps. —</u>	<u>Ps. 523,628</u>	<u>Ps. —</u>

Temporary Investments . Temporary investments include highly liquid securities, including without limitation debt with a maturity of three months, or over, and up to one year at the balance sheet date, stock and other financial instruments denominated in U.S. dollars and Mexican Pesos (Note 1(d)).

Temporary investments are generally valued using quoted market prices or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted market prices in active markets include mostly fixed short-term deposits, equities and corporate fixed income securities denominated in U.S. dollars and Mexican Pesos. Such instruments are classified in Level 1 or Level 2 depending on the observability of the significant inputs.

For positions that are not traded in active markets or are subject to transfer restrictions, valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. Such instruments are classified in Level 2.

Available-for-sale Investments. Investments in debt securities or with readily determinable fair values, 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 (Note 1(g)).

Available-for-sale investments are generally valued using quoted market prices or alternative pricing sources with reasonable levels of price transparency. Such instruments are classified in Level 1, Level 2, and Level 3 depending on the observability of the significant inputs.

During the year ended December 31, 2009, the Group invested U.S.\$180 million in an open ended fund (the “Fund”) that has as a primary objective to achieve capital appreciation by using a broad range of strategies through investments and transactions in telecom, media and other sectors across global markets, including Latin America and other emerging markets. Pursuant to the offering circular of the Fund, a shareholder may not redeem any shares until at least 180 days after their issuance. Subsequent to this, shares may be redeemed on a quarterly basis at the Net Asset Value (“NAV”) per share as of such redemption date.

As of December 31, 2009, the Group early adopted Accounting Standards Update (“ASU”) No. 2009-12, “Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)”, which amends ASC 820 to provide guidance on measuring the fair value of certain alternative investments such as hedge funds, private equity funds and venture capital funds. ASU No. 2009-12 indicates that, under certain circumstances, the fair value of such investments may be determined using NAV as a practical expedient, unless it is probable the investment will be sold at something other than NAV. Accordingly, the Group determined the fair value of the Fund using the NAV per share. The NAV per share is calculated by determining the value of the fund assets and subtracting all of the funds liabilities and dividing the result by the total number of issued shares.

Derivative Financial Instruments. Derivative Financial Instruments include swaps, forwards and options (Note 9).

The Group’s derivative portfolio is entirely over-the-counter (“OTC”). The Group’s derivatives are valued using industry standard valuation models; projecting the Group’s future cash flows discounted to present value, using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies.

When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit spreads considerations. Such adjustments are generally based on available market evidence. In the absence of such evidence, management’s best estimate is used. All derivatives are classified in Level 2.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The majority of the Group’s non-financial instruments, which include goodwill, intangible assets, inventories, transmission rights and programming and property, plant and equipment, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur (or at least annually in the 4th quarter for goodwill and indefinite-lived intangible assets) such that a non-financial instrument is required to be evaluated for impairment, a resulting asset impairment would require that the non-financial instrument be recorded at the lower of carrying amount or its fair value.

The impairment test for goodwill involves a comparison of the estimated fair value of each of the Group’s reporting units to its carrying amount, including goodwill. The Group determines the fair value of a reporting unit using a combination of a discounted cash flow analysis and a market-based approach, which utilize significant unobservable inputs (Level 3) within the fair value hierarchy. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Group determines the fair value of the intangible asset using a discounted cash flow analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach.

Once an asset has been impaired, it is not remeasured at fair value on a recurring basis; however, it is still subject to fair value measurements to test for recoverability of the carrying amount.

The asset balances shown in the consolidated balance sheets that were measured at fair value on a non-recurring basis amounted to Ps.1,518 of goodwill, Ps.1,991 of intangible assets and Ps.2,578 of long-lived assets. Related impairments are discussed in Note 23(f) to these consolidated financial statements.

ASC 810 “Consolidation” (formerly FIN 46(R)-8)

On December 31, 2008, the Group adopted for U.S. GAAP purposes, ASC 810 which requires additional disclosures about its involvement with consolidated VIEs.

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The table below presents the assets and liabilities of VIEs which have been consolidated on the Group's balance sheet as of December 31, 2008 and 2009, and the Group's maximum exposure to loss resulting from its involvement with consolidated VIEs as of December 31, 2008 and 2009.

<i>(In thousands of Mexican Pesos)</i>	Sky	TuTv
As of December 31, 2008		
Current assets	Ps. 7,324,426	Ps. 117,654
Non-current assets	3,811,724	2,214
Total Assets	Ps. 11,136,150	Ps. 119,868
Current liabilities	Ps. 2,584,873	Ps. 44,759
Non-current liabilities	4,684,520	—
Total Liabilities	Ps. 7,269,393	Ps. 44,759
Maximum loss exposure	Ps. 6,536,920	Ps. 59,934
	Sky	TuTv
As of December 31, 2009		
Current assets	Ps. 5,681,802	Ps. 96,897
Non-current assets	4,275,419	1,072
Total Assets	Ps. 9,957,221	Ps. 97,969
Current liabilities	Ps. 1,908,001	Ps. 44,812
Non-current liabilities	5,027,248	—
Total Liabilities	Ps. 6,935,249	Ps. 44,812
Maximum loss exposure	Ps. 5,844,889	Ps. 48,985

The Group's maximum exposure to loss is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on the Group's balance sheet but also potential losses associated with off-balance sheet commitments such as unfunded liquidity commitments and other contractual arrangements.

The Group did not provide any additional financial support to these VIEs during 2008 and 2009. Further, the Group does not have any contractual commitments or obligations to provide additional financial support to these VIEs.

Recently issued accounting standards

Amendments to FASB Interpretation No. 46(R) (ASU 2009-17)

In June 2009, the FASB issued Accounting Standards Codification Update ("ASU") ASU 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (December 2009)". This guidance represents a significant change to the previous accounting rules and it is anticipated it will change the consolidation conclusions for many entities. The standard does not provide for any grandfathering; therefore, ASC 810 (formerly FIN 46(R)) consolidation conclusions will need to be reassessed for all entities. The amendments include: (i) eliminating the scope exception for qualifying special-purpose entities, (ii) eliminating the quantitative model for determining which party should consolidate and replacing it with a qualitative model focusing on decision-making for an entity's significant economic activities, (iii) requiring a company to continually reassess whether it should consolidate an entity subject to ASC 810, (iv) requiring an assessment of whether an entity is subject to the standard due to a troubled debt restructuring and (v) requiring extensive new disclosures. ASU 2009-17 is effective for a company's first reporting period beginning after November 15, 2009. The Group is currently evaluating the impact this update will have on its consolidated financial statements.

Accounting for Revenue Arrangements with Multiple Deliverables (ASU 2009-13)

In September 2009, the FASB issued ASU 2009-13 "Revenue Recognition: Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force", which provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, the Group will be required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This guidance will be effective for fiscal years beginning on or after June 15, 2010. The Group is assessing the potential impact of this new guidance on its consolidated financial position and results of operations.

Software Revenue Recognition (ASU 2009-14)

In September 2009, the FASB issued ASU 2009-14 “Software: Certain Revenue Arrangements That Include Software Elements- a consensus of the FASB Emerging Issues Task Force”, which provides for a new methodology for recognizing revenue for tangible products that are bundled with software products. Under the new guidance, tangible products that are bundled together with software components that are essential to the functionality of the tangible product will no longer be accounted for under the software revenue recognition accounting guidance. This guidance will be effective for fiscal years beginning on or after June 15, 2010. The Group does not expect the adoption of this update to materially impact its consolidated financial statements.

Improving Disclosures about Fair Value Measurements (ASU 2010-6)

In January 2010, the FASB issued ASU 2010-06 “Improving Disclosures about Fair Value Measurements”, ASC 820, Fair Value Measurements and Disclosures. This update requires the disclosure of transfers between the observable input categories and activity in the unobservable input category for fair value measurements. The guidance also requires disclosures about the inputs and valuation techniques used to measure fair value and became effective for interim and annual reporting periods beginning January 1, 2010. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Group is currently evaluating the impact this update will have on its consolidated financial statements.

Scope Exception Related to Embedded Credit Derivatives (ASU 2010-11)

In March 2010, the FASB issued ASU 2010-11 “Scope Exception Related to Embedded Credit Derivatives” under ASC 815, Derivatives and Hedging. ASC 815-15 is amended to clarify the scope exception under ASC 815-15-15-8 through 15-9 for embedded credit derivative features related to the transfer of credit risk in the form of subordination of one financial instrument to another. The amendments address how to determine which embedded credit derivative features, including those in collateralized debt obligations and synthetic collateralized debt obligations, are considered to be embedded derivatives that should not be analyzed under ASC 815-15-25 for potential bifurcation and separate accounting. The amendments in this update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity’s first fiscal quarter beginning after issuance of this update. The Group is currently evaluating the impact this update will have on its consolidated financial statements.

Consolidated valuation and qualifying accounts

Description	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
Continuing operations:				
Reserve for damage, obsolescence or deterioration of inventories:				
Year ended December 31, 2007	Ps. 6,968	Ps. 15,578	Ps. (3,165)	Ps. 19,381
Year ended December 31, 2008	19,381	35,678	(9,519)	45,540
Year ended December 31, 2009	45,540	45,198	(9,438)	81,300
Allowances for doubtful accounts(1):				
Year ended December 31, 2007	Ps. 1,251,595	Ps. 154,955	Ps. (303,684)	Ps. 1,102,866
Year ended December 31, 2008	1,102,866	637,476	(427,242)	1,313,100
Year ended December 31, 2009	1,313,100	1,047,445	(397,811)	1,962,734

(1) Includes allowances for trade and non-trade doubtful accounts.

24. Subsequent Event

On June 9, 2010, the Mexican Communications and Transportation Ministry (“Secretaría de Comunicaciones y Transportes”) granted to the consortium formed by Telefónica Móviles de México, S.A. de C.V. (“Telefónica”), a subsidiary of the Company and Megacable Holdings, S.A.B. de C.V. (“Megacable”) a favorable award in the bidding process for a 20-year contract for the lease of a pair of dark fiber wires held by the Mexican Federal Electricity Commission (“Comisión Federal de Electricidad”) or “CFE”. The consortium, Grupo de Telecomunicaciones de Alta Capacidad, S.A.P.I. de C.V., or “GTAC”, in which each of Telefónica, a subsidiary of the Company and Megacable have an equal equity participation, will be granted a contract to lease 19,457 kilometers of dark fiber-optic capacity from the CFE, along with the corresponding concession to operate a public telecommunications network. As consideration for the contract, GTAC will pay Ps.883,800. GTAC plans to have the network ready to offer commercial services in approximately 18 months.

GRUPO TELEVISA, S.A.B.,

as Issuer,

THE BANK OF NEW YORK MELLON,

as Trustee, Registrar, Paying Agent

and Transfer Agent

and

THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A.

as Luxembourg Paying Agent,

Transfer Agent and Listing Agent

FIFTEENTH SUPPLEMENTAL INDENTURE

Dated as of March 22, 2010

Supplementing the Trust Indenture

Dated as of August 8, 2000

U.S.\$600,000,000 6.625% Senior Exchange Notes due 2040

FIFTEENTH SUPPLEMENTAL INDENTURE, dated as of the 22nd day of March, 2010, between GRUPO TELEVISIA, S.A.B., a publicly traded limited liability stock corporation (*sociedad anónima bursátil*) organized under the laws of the United Mexican States (the “Issuer” or the “Company”), THE BANK OF NEW YORK MELLON, a New York banking corporation, having its Corporate Trust Office located at 101 Barclay Street, New York, New York 10286, as trustee (the “Trustee”), registrar (“Registrar”), paying agent (“Paying Agent”) and transfer agent (“Transfer Agent”), and THE BANK OF NEW YORK MELLON (LUXEMBOURG) S.A., a bank duly incorporated and existing under the laws of Luxembourg, as paying agent, transfer agent and listing agent (a “Paying Agent”, “Transfer Agent” and “Listing Agent”, as the case may be);

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture dated as of August 8, 2000 (the “Original Indenture” and, together with the First Supplemental Indenture dated as of August 8, 2000, the Second Supplemental Indenture dated as of January 19, 2001, the Third Supplemental Indenture dated as of September 13, 2001, the Fourth Supplemental Indenture dated as of March 11, 2002, the Fifth Supplemental Indenture dated as of March 8, 2002, the Sixth Supplemental Indenture dated as of July 31, 2002, the Seventh Supplemental Indenture dated as of March 18, 2005, the Eighth Supplemental Indenture dated as of May 26, 2005, the Ninth Supplemental Indenture dated as of September 6, 2005, the Tenth Supplemental Indenture dated as of May 9, 2007, the Eleventh Supplemental Indenture dated as of August 24, 2007, Twelfth Supplemental Indenture dated as of May 12, 2008, the Thirteenth Supplemental Indenture dated as of August 21, 2008, the Fourteenth Supplemental Indenture dated as of November 30, 2009 and this Fifteenth Supplemental Indenture, the “Indenture”) providing for the issuance by the Company from time to time of its senior debt securities to be issued in one or more series (in the Original Indenture and herein called the “Securities”);

WHEREAS, the Company, in the exercise of the power and authority conferred upon and reserved to it under the provisions of the Original Indenture and pursuant to appropriate resolutions of the Board of Directors, has duly determined to make, execute and deliver to the Trustee, on March 22, 2010, this Fifteenth Supplemental Indenture to the Original Indenture in order to establish the form and terms of, and to provide for the creation and issue of, Securities to be designated as the “6.625% Senior Exchange Notes due 2040” under the Original Indenture in the aggregate principal amount of U.S.\$600,000,000 subject to Section 202 hereof;

WHEREAS, Section 901 of the Original Indenture provides, among other things, that the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, without the consent of any Holders, may enter into an indenture supplemental to the Original Indenture to establish the terms of Securities of any series as permitted by Sections 201 and 301 of the Original Indenture; and

WHEREAS, all things necessary to make the Securities, when executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent and issued upon the terms and subject to the conditions set forth hereinafter and in the Indenture against payment therefor, the valid, binding and legal obligations of the Company and to make this Fifteenth Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW, THEREFORE, This FIFTEENTH SUPPLEMENTAL INDENTURE WITNESSETH that, in order to establish the terms of the series of Securities designated as the “6.625% Senior Exchange Notes due 2040” and for and in consideration of the premises and of the covenants contained in the Original Indenture and in this Fifteenth Supplemental Indenture and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

ARTICLE I
DEFINITIONS AND OTHER
PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

Each capitalized term that is used herein and is defined in the Original Indenture shall have the meaning specified in the Original Indenture unless such term is otherwise defined herein.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of DTC, Euroclear or Clearstream Banking, as the case may be, that apply to such transfer or exchange.

“*Clearstream Banking*” shall mean Clearstream Banking, *société anonyme* (formerly Cedelbank) or any successor.

“*Depository*” shall mean DTC or its nominee, or any other depository appointed by the Company, *provided*, *however*, that such depository shall have an address in the Borough of Manhattan, in the City of New York.

“*DTC*” shall mean The Depository Trust Company.

“*Euroclear*” shall mean the Euroclear System or any successor.

“*Global Securities*” or “*Global Security*” shall have the meaning assigned to it in Section 203 hereof.

“*Interest Payment Date*” shall have the meaning assigned to it in Section 206 hereof.

“*Mexican GAAP*” shall mean, with respect to the Notes, *Normas de Información Financiera aplicables en México* (Financial Reporting Standards in Mexico) and the accounting principles and policies of the Company and its Restricted Subsidiaries, in each case in effect as of the date of the Fourteenth Supplemental Indenture.

“*Notes*” shall mean the Company’s 6.625% Senior Exchange Notes due 2040.

“*Remaining Scheduled Payments*” shall mean, with respect to the Notes, the remaining scheduled payments of principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption.

“*Securities*” shall mean the Notes.

“*Securities Act*” shall mean the United States Securities Act of 1933, as amended.

Section 102. Section References.

Each reference to a particular Section set forth in this Fifteenth Supplemental Indenture shall, unless the context otherwise requires, refer to this Fifteenth Supplemental Indenture.

ARTICLE II

TITLE AND TERMS OF THE SECURITIES

Section 201. Title of the Securities.

The title of the Securities of the series established hereby is the “6.625% Senior Exchange Notes due 2040”.

Section 202. Amount and Denominations.

The aggregate original principal amount of the Notes which may be authenticated and delivered under this Fifteenth Supplemental Indenture is limited to U.S.\$600,000,000, except for Securities of such series authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the same series pursuant to Section 305, 306, 904 or 1107 of the Original Indenture; *provided, however*, that the Notes may be reopened, without the consent of the Holders thereof, for issuance of additional Securities of the same series.

Section 203. Registered Securities.

The certificates for the Notes shall be Registered Securities in global form and shall be in substantially the forms attached hereto as Exhibit A (the “Global Security”).

Section 204. [INTENTIONALLY OMITTED]

Section 205. Stated Maturity.

The Stated Maturity of the Notes on which the principal thereof is due and payable shall be January 15, 2040.

Section 206. Interest.

The principal of the Notes shall bear interest from November 30, 2009 or, after the first Interest Payment Date, the most recent Interest Payment Date to which interest has been paid or provided for, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2010, to the Persons in whose names the Notes (or one or more Predecessor Securities) are registered at the close of business on the fifteenth calendar day preceding such Interest Payment Date. Interest payable at maturity will be payable to the person to whom principal is payable on that date. Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months. If any Interest Payment Date or Maturity would otherwise be a day that is not a Business Day (as defined in the Original Indenture), the related payment of principal, interest, premium and Additional Amounts will be made on the next succeeding Business Day as if it were made on the date the payment was due, and no interest will accrue on the amounts so payable for the period from and after the Interest Payment Date or Maturity, as the case may be, to the next succeeding 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, the Indenture or this Fifteenth Supplemental Indenture.

Interest on the Notes will accrue at the rate of 6.625% per annum, until the principal thereof is paid or made available for payment.

Section 207. Registration, Transfer and Exchange.

The principal of, interest, premium and Additional Amounts on the Notes shall be payable and the Notes may be surrendered or presented for payment, the Notes may be surrendered for registration of transfer or exchange, and notices and demands to or upon the Company in respect of the Notes and the Indenture may be served, at the office or agency of the Company maintained for such purposes in The City of New York, State of New York, and so long as any Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, a Paying Agent and a Transfer Agent with a specified office in Luxembourg, from time to time; *provided, however*, that at the option of the Company payment of interest on either series may be made by check mailed to the address of the Persons entitled thereto, as such addresses shall appear in the Security Register.

The Company hereby initially appoints the Trustee at its office in The City of New York as the Registrar, a Paying Agent and a Transfer Agent under the Indenture and the Trustee, by its execution hereof, accepts such appointment; *provided, however*, that (subject to Section 1002 of the Indenture) the Company 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 designate one or more other offices or agencies for the foregoing purposes and may from time to time rescind such designations. The Company hereby initially appoints The Bank of New York Mellon (Luxembourg) S.A. at its office at Aerogolf Center, 1A Hoehenhof, L- 1736 Senningerberg, Luxembourg, to act as a Luxembourg Paying Agent, Transfer Agent and Listing Agent under the Indenture and The Bank of New York Mellon (Luxembourg) S.A. by its execution hereof, hereby accepts such appointment. The Trustee, the Registrar, each Paying Agent and Transfer Agent shall keep copies of the Indenture available for inspection and copying by holders of the Notes during normal business hours at their respective offices.

Notwithstanding the foregoing, a Holder of U.S.\$10 million or more in aggregate principal amount of certificated Notes on a Regular Record Date shall be entitled to receive interest payments, if any, on any Interest Payment Date, other than an Interest Payment Date that is also the date of Maturity, 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 applicable 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 date of Maturity 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 the Company, 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.

Section 208. Redemption of the Securities.

The Notes are redeemable by the Company pursuant to Sections 1008 and 1009 of the Original Indenture in accordance with Article Eleven thereof.

Section 209. Denominations.

Interests in the Notes shall be in minimum denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in excess thereof.

Section 210. Currency.

The interest, premium, if any, Additional Amounts, if any, and principal on the Notes shall be payable only in Dollars.

Section 211. Applicability of Certain Indenture Provisions.

All Sections of the Original Indenture shall apply to the Notes, except for Articles Twelve, Thirteen and Fourteen.

Section 212. Security Registrar and Paying Agent.

The Trustee shall be Security Registrar and the initial Paying Agent and initial Transfer Agent for the Notes (subject to the Company's right (subject to Section 1002 of the Indenture) to remove the Trustee as such Paying Agent and or Transfer Agent with respect to each series and or, from time to time, to designate one or more co-registrars and one or more other Paying Agents and Transfer Agents and to rescind from time to time any such designations), and The City of New York is designated as a Place of Payment for the Notes. The Company shall maintain a Paying Agent and Transfer Agent in Luxembourg for so long as any Notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF.

Section 213. Global Securities.

Form of Securities. The Notes may be issued in whole or in part in the form of one or more Global Securities in fully registered form. No Notes will be issued in bearer form. The initial Depository for the Global Securities of each series shall be DTC, and the depository arrangements shall be those employed by whoever shall be the Depository with respect to the Notes from time to time.

Each Global Security authenticated under this Indenture shall be registered in the name of the Depository or a nominee thereof and delivered to such Depository or a nominee thereof or custodian therefore, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

Notwithstanding any other provision in this Indenture or the Securities, no Global Security may be exchanged, in whole or in part for certificated Notes, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person, other than the Depository or a nominee thereof unless (A) the Depository has notified the Company that it is unwilling or unable to continue as Depository for such Global Security or (B) the Depository has ceased to be a clearing agency registered under the Exchange Act, or (C) there shall have occurred and be continuing an Event of Default with respect to such Global Security or (D) the Company in its sole discretion determines that the Global Securities (in whole not in part) should be exchanged for certificated Notes and delivers a written notice to such effect to the Trustee; *provided, however*, that interests in the Regulation S Security will not be exchangeable for certificated Notes until expiration of the Restricted Period and receipt of certification of non-U.S. beneficial ownership. Any Global Security exchanged pursuant to Clause (A) or (B) above shall be so exchanged in whole and not in part and any Global Security exchanged pursuant to Clause (C) above may be exchanged in whole or from time to time in part in the manner directed by the Depository. In the event of the occurrence of any of the events specified in this paragraph, the Company will promptly make available to the Trustee a reasonable supply of certificated Notes in definitive, fully registered form, without interest coupons.

If the Company issues the Notes in certificated registered form, so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF, the Company will maintain a paying

agent and a transfer agent in Luxembourg. The Company will also publish a notice in Luxembourg in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*). The Company 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.

Upon any exchange, the certificated Notes shall be issued in definitive, fully-registered form, without interest coupons, shall have an aggregate principal amount equal to that of such Global Security or portion thereof to be so exchanged and shall be registered in such names and be in such denominations as the Depository shall designate. Any Global Security to be exchanged in whole shall be surrendered by the Depository to the Trustee, as Security Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depository or its nominee with respect to such Global Security, the principal thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of any appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depository or an authorized representative thereof.

The provisions of the "Operating Procedures of the Euroclear System" and the "Terms and Conditions Governing Use of Euroclear" and the "Management Regulations" and "Instructions to Participants" of Clearstream Banking, respectively, shall be applicable to any Global Security insofar as interests in such Global Security are held by the agent members of Euroclear or Clearstream Banking. Account holders or participants in Euroclear and Clearstream Banking shall have no rights under the Indenture with respect to such Global Security, and the Depository or its nominee may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between DTC and its agent members, the operation of customary practices governing the exercise of the rights of a holder of any Security.

Section 214. [INTENTIONALLY OMITTED]

Section 215. Sinking Fund.

The Notes shall not be subject to any sinking fund or similar provision and shall not be redeemable at the option of the holder thereof.

Section 216. Conversion; Exchange.

The Notes shall not be convertible into Common Stock.

Section 217. Amendments.

This Supplemental Indenture may be amended by the Company without the consent of any holder of the Notes in order for the restrictions on transfer contained herein to be in compliance with applicable law or the Applicable Procedures.

Section 218. Applicable Procedures.

Notwithstanding anything else herein, the Company shall not be required to permit a transfer to

a Global Security that is not permitted by the Applicable Procedures.

Section 219. Paying and Transfer Agent.

The Bank of New York Mellon (Luxembourg) S.A. agrees that the provisions of Section 1003 of the Original Indenture shall be binding on it as Luxembourg Paying Agent and Transfer Agent.

ARTICLE III

MISCELLANEOUS PROVISIONS

The Trustee makes no undertaking or representations in respect of, and shall not be responsible in any manner whatsoever for and in respect of, the validity or sufficiency of this Fifteenth Supplemental Indenture or the proper authorization or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as expressly amended hereby, the Original Indenture shall continue in full force and effect in accordance with the provisions thereof and the Original Indenture is in all respects hereby ratified and confirmed.

This Fifteenth Supplemental Indenture and all its provisions shall be deemed a part of the Original Indenture in the manner and to the extent herein and therein provided. This Fifteenth Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof other than Section 5-1401 of the New York General Obligations Law.

This Fifteenth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Fifteenth Supplemental Indenture to be duly executed as of the day and year first above written.

GRUPO TELEVISA, S.A.B.,
as Issuer

By: _____
Name: Salvi Folch Viadero
Title: Chief Financial Officer

By: _____
Name: Joaquín Balcárcel Santa Cruz
Title: Vice President — Legal and General Counsel

Company's Fifteenth Supplemental Indenture Signature Page

THE BANK OF NEW YORK MELLON,
As Trustee, Registrar, Paying Agent and
Transfer Agent

BY: _____

Name:

Title:

BoNY Mellon Fifteenth Supplemental Indenture Signature Page

**THE BANK OF NEW YORK MELLON
(LUXEMBOURG) S.A.,**
As Luxembourg Paying Agent and Transfer Agent
and Listing Agent

BY: _____

Name:

Title:

BoNY Mellon (Luxembourg) Fifteenth Supplemental Indenture Signature Page

No. 1
CUSIP No. [•]

U.S. \$

Grupo Televisa, S.A.B.

6.625% Senior Exchange Note due 2040

Grupo Televisa, S.A.B., a publicly-traded limited liability company (*sociedad anónima bursátil*), organized under the laws of the United Mexican States (hereinafter called the “Company”, which term includes any successor corporation under the Indenture referred to below), for value received, hereby promises to pay Cede & Co., or registered assigns, the principal sum of _____million U.S. dollars (U.S.\$) on January 15, 2040 and to pay interest thereon from November 30, 2009 or from the most recent date to which interest has been paid or provided for, semiannually on January 15 and July 15, in each year (each, an “Interest Payment Date”), commencing July 15, 2010 at the rate of 6.625% per annum, until the principal hereof is paid or made available for payment. Interest on this Note shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The interest so payable and paid or provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the fifteenth calendar day (whether or not a Business Day) preceding such Interest Payment Date. Any such interest which is payable, but is not paid or provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered Holder hereof on the relevant Regular Record Date by virtue of having been such Holder, and may be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to the Holders of Notes of this Series not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in such Indenture.

Payment of principal, interest, Additional Amounts and any other amounts due on this Note will be made at the office or agency of the Company maintained for that purpose in The Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided, however*, that, at the option of the Company, interest may be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; *provided, further*, that payment to DTC or any successor Depository may be made by wire transfer to the account designated by DTC or such successor Depository in writing.

This Note is a global Security issued on the date hereof which represents U.S.\$_____ of the principal amount of the Company’s 6.625% Senior Exchange Notes due 2040. This Note is one of a duly authorized issue of securities of the Company (herein called the “Notes”) issued and to be issued in one series under an Indenture dated as of August 8, 2000, as supplemented by the first supplemental indenture dated as of August 8, 2000, the second supplemental indenture dated as of January 19, 2001, the third supplemental indenture dated as of September 13, 2001, the fourth supplemental indenture dated as of March 11, 2002, the fifth supplemental indenture dated as of March 8, 2002, the sixth supplemental indenture dated as of July 31, 2002, the seventh supplemental indenture dated as of March 18, 2005, the eighth supplemental indenture dated as of May 26, 2005, the ninth supplemental indenture dated as of September 6, 2005, the tenth supplemental indenture dated May 9, 2007, the eleventh supplemental indenture dated as of August 24, 2007, the twelfth supplemental indenture dated as of May 12, 2008, the thirteenth supplemental indenture dated as of August 21, 2008, and the fourteenth supplemental indenture

dated as of November 30, 2009 (herein called, together with the Fifteenth Supplemental Indenture referred to below and all other indentures supplemental thereto, the “Indenture”) between the Company and The Bank of New York Mellon, as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes, and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, initially limited (subject to exceptions provided in the Indenture) to the aggregate principal amount specified in the Fifteenth Supplemental Indenture between the Company, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg Paying Agent, Transfer Agent and Listing Agent, dated as of _____, 2010, establishing the terms of the Notes pursuant to the Indenture (the “Fifteenth Supplemental Indenture”).

If an Event of Default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes of each series issued under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding of each series affected thereby. For all purposes of the Indenture, holders of the Notes issued under the Fifteenth Supplemental Indenture will vote together with the holders of the Notes issued pursuant to the Fourteenth Supplemental Indenture who do not exchange such Notes for new Notes pursuant to the exchange offer being consummated pursuant to the terms of the Registration Rights Agreement that were attached as Exhibit F to the Fourteenth Supplemental Indenture, as single series of Notes.

The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes of any series at the time Outstanding, on behalf of the Holders of all Notes of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Notes issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note or such Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note, at the times, place and rate, and in the coin or currency, herein and in the Indenture prescribed.

As provided in the Indenture and subject to certain limitations set forth therein and in this Note, the transfer of this Note may be registered on the Security Register upon surrender of this Note for registration of transfer at the office or agency of the Company maintained for the purpose in any place where the principal of and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable in book-entry fully registered form without coupons in minimum

denominations of U.S.\$2,000, and integral multiples of U.S.\$1,000 as specified in the Fifteenth Supplemental Indenture establishing the terms of the Notes and as more fully provided in the Original Indenture. As provided in the Original Indenture, and subject to certain limitations set forth in the Original Indenture and in this Note, the Notes are exchangeable for a like aggregate principal amount of Notes of this Series in different authorized denominations, as requested by the Holders surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith, other than in certain cases provided in the Indenture.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Indenture contains provisions whereby (i) the Company may be discharged from its obligations with respect to the Notes (subject to certain exceptions) or (ii) the Company may be released from its obligation under specified covenants and agreements in the Indenture, in each case if the Company irrevocably deposits with the Trustee money or U.S. Government Obligations sufficient to pay and discharge the entire indebtedness on all Notes of this series, and satisfies certain other conditions, all as more fully provided in the Indenture.

This Note shall 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.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee under the Indenture by the manual signature of one of its authorized signatories, this Note shall not be entitled to any benefits under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

GRUPO TELEVISIA, S.A.B.

Attest: _____

Name: Ricardo Maldonado Yáñez
Title: Secretary of the Board of Directors of
Grupo Televisa, S.A.B.

By: _____

Name: Jorge Lutteroth Echegoyen
Title: Vice President and Corporate Controller

By: _____

Name: Salvi Folch Viadero
Title: Chief Financial Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____, 2010

The Bank of New York Mellon,
as Trustee

By: _____

Signature Page to the Exchange Note

FORM OF REVERSE OF SECURITY

This Note is one of a duly authorized issue of Notes of the Company designated as its 6.625% Senior Exchange Notes due 2040 (hereinafter called the “Notes”), limited in aggregate principal amount to U.S.\$600,000,000 issued and to be issued under a Fifteenth Supplemental Indenture, dated as of _____, 2010 (hereinafter called the “Fifteenth Supplemental Indenture”), among the Company, The Bank of New York Mellon, as Trustee, Registrar, Paying Agent and Transfer Agent and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg Paying Agent and Transfer Agent and Listing Agent.

Additional Amounts . All payments of amounts due in respect of the Notes by the Company 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, the Company 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 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 the Company shall apply this clause (iii), the Company 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 the Company 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 the Company (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 the Company shall make such reasonable request, the Company 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;

(vi) any withholding or deduction imposed on a payment to an individual required to be made pursuant to the European Council Directive 2003/48/EC (the "Directive") or any law implementing or introduced in order to conform to, such Directive; or

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

Notwithstanding the foregoing, the limitations on the Company'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 I.3.22.8 issued by the *Secretaría 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 I.3.22.8 (or a substantially

similar successor of such rule), the Company cannot obtain such information, documentation or other evidence on its own through reasonable diligence and the Company otherwise would meet the requirements for application of Rule I.3.22.8 (or such other 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 the Company will be obligated to pay Additional Amounts with respect to such payment (other than Additional Amounts payable on the date of the Indenture or Fourteenth Supplemental Indenture relating to such Notes), the Company will deliver to the relevant Trustee an Officers' 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 relevant Trustee to pay such Additional Amounts to Holders on the payment date. Whenever either in the Indenture or such Supplemental Indenture 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.

Repurchase of Notes upon a Change of Control. The Company must commence, within 30 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all Notes then outstanding, at a purchase price equal to 101% of the principal amount of the Notes on the date of repurchase, plus accrued interest (if any) to the date of purchase. The Company 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 Section if it were made by the Company and such third party purchases (for the consideration referred to in the immediately preceding sentence) the Notes 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, the Company, covenants to (i) repay in full all indebtedness of the Company that would prohibit the repurchase of the Notes pursuant to such Offer to Purchase or (ii) obtain any requisite consents under instruments governing any such indebtedness of the Company to permit the repurchase of the Notes. The Company shall first comply with the covenant in the preceding sentence before it shall be required to repurchase Notes pursuant to this covenant.

Optional Redemption. The Company may redeem any of the Notes (the "Optional Redemption") in whole or in part, at any time or from time to time prior to their maturity, upon not less than 30 nor more than 60 days' prior notice of the date for such redemption (the "Redemption Date") mailed by first class mail to each Holder's registered address, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes redeemed and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 45 basis points (the "Make-Whole Amount"), plus in each case accrued and unpaid interest on the principal amount of the Notes to the Redemption Date.

“*Treasury 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 Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“*Comparable Treasury Issue*” means the United States Treasury 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 the 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 Treasury Dealers appointed by the Company.

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

“*Reference Treasury Dealer*” means Credit Suisse Securities (USA) LLC or its affiliates which are primary United States government securities dealers and two other leading primary United States government securities dealers in New York City reasonably designated by the Company; provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), the Company will substitute therefore another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotation*” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 pm New York 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 the Company defaults in the payment of the redemption price and accrued interest). On or before the Redemption Date, the Company will deposit with the Trustee money sufficient to pay the Make-Whole Amount 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.

The election of the Company to redeem the Notes shall be evidenced by a certificate (a “Make-Whole Redemption Certificate”) of an officer of the Company, which certificate shall be delivered to the Trustee. The Company shall, not less than 45 days nor more than 60 days prior to the Redemption Date, notify the Trustee in writing of such Redemption Date and of all other information necessary to the giving by the Trustee of notices of the Optional Redemption. The Trustee shall be entitled to rely conclusively upon the information so furnished by the Company in the Make-Whole Redemption Certificate and shall be under no duty to check the accuracy or completeness thereof. Such notice shall be irrevocable and

upon its delivery the Company shall be obligated to make the payment or payments to the Trustee referred to therein at least two Business Days prior to such Redemption Date.

Notice of the Optional Redemption shall be given by the Trustee to the holders, in accordance with the provisions of Section 106 of the Original Indenture, 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 Redemption Date.

The notice of Optional Redemption shall state:

- (i) the Redemption Date;
- (ii) the Make-Whole Amount;
- (iii) the sum of all other amounts due to the holders under the Notes and the Indenture;
- (iv) that on the Redemption Date the Make-Whole Amount 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 Make-Whole Amount; and
- (vi) the ISIN number of the Notes.

Notice of the Optional Redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Make-Whole Amount 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 the Company on the Redemption Date; *provided* that moneys sufficient therefor have been deposited with the Trustee for the holders.

Notwithstanding anything to the contrary in the Indenture or in the Notes, if a Make-Whole Redemption Certificate has been delivered to the Trustee and the Company shall have paid to the Trustee for the benefit of the holders (i) the Make-Whole Amount 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 the Company 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 Redemption Date. The funds paid to the Trustee shall be used to redeem the Notes on the Redemption Date.

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 the Company, 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, the Company 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% on or from any payments under the Notes.

The election of the Company to redeem the Notes shall be evidenced by a certificate (a "Withholding Tax Redemption Certificate") of a financial officer of the Company, which certificate shall be delivered to the Trustee. The Company 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 the Company 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 the Company 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 of Section 106 of the Original Indenture, 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 the Company 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 in the Indenture or in the Notes, if a Withholding Tax Redemption Certificate has been delivered to the Trustee and the Company 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 the Company 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.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY AND BE 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.

CONFIDENTIAL TREATMENT: GRUPO TELEVISA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

INVESTMENT AND SECURITIES SUBSCRIPTION AGREEMENT

by and among

NII HOLDINGS, INC.,

COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V.,

NEXTEL INTERNATIONAL (URUGUAY), LLC

and

GRUPO TELEVISA, S.A.B.

Dated as of February 15, 2010

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

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LIST OF EXHIBITS

Exhibit A	Calculations
Exhibit B	Closing Distribution Amount
Exhibit C-1	Form of Company Restated Bylaws
Exhibit C-2	Matters to be Included in Subsidiary Restated Bylaws
Exhibit D	Form of Registration Rights Agreement
Exhibit E	Matters to be Included in Inversiones Nextel Trust, in the Inversiones Nextel de México, S.A. de C.V. bylaws and in the Inversiones Nextel Shareholders' Agreement
Exhibit F	Investment Representations
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DISCLOSURE STATEMENTS

Company Disclosure Statement
Investor Disclosure Statement

INVESTMENT AND SECURITIES SUBSCRIPTION AGREEMENT

THIS INVESTMENT AND SECURITIES SUBSCRIPTION AGREEMENT (this “**Agreement**”) is entered into as of February 15, 2010 (the “**Effective Date**”), by and among NII HOLDINGS, INC., a Delaware corporation (“**NII**”), NEXTEL INTERNATIONAL (URUGUAY), LLC, a Delaware limited liability company (“**Uruguay**”), COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V., a Mexican corporation (the “**Company**”, and collectively with NII, Uruguay and any NII Subsidiary Party, the “**Company Parties**”), and GRUPO TELEVISIA, S.A.B., a Mexican corporation (the “**Investor**”, and together with any Investor Subsidiary Party, the “**Investor Parties**”). The Company Parties and the Investor Parties are sometimes referred to in this Agreement collectively as the “**Parties**” or individually as a “**Party**”. Unless the context otherwise requires, terms used in this Agreement that are capitalized and not otherwise defined in context will have the meanings set forth or cross-referenced in **Article 12**.

RECITALS

A. NII is the indirect parent company, and indirectly owns all the outstanding equity interests, of the Company. Uruguay, a Wholly Owned Subsidiary of NII, owns 99.9% of the outstanding equity interests of the Company, and Servicios NII, S. de R.L. de C.V., a Wholly Owned Subsidiary of NII, owns the remaining outstanding equity interests of the Company.

B. The Investor desires to make a capital contribution to the Company, and the Company desires to issue to the Investor the Investor Quota and the Option and grant to the Investor certain other rights in accordance with the terms and subject to the conditions set forth in this Agreement.

C. In connection with the contribution by the Investor and the other transactions pursuant to the terms and conditions of this Agreement, the Parties desire that the Investor be granted certain rights to representation on the Board and certain approval rights and certain other rights with respect to the Company.

D. In connection with the contribution by the Investor and the grant of certain rights to the Investor contained in this Agreement, the Parties desire that NII, Uruguay and the Investor and each of their respective Affiliates (other than the Company) make certain commitments to and for the benefit of each other and the Company.

E. Prior to the Closing, in accordance with and subject to the provisions set forth herein, the shareholders of the Company will approve the conversion of the Company from a variable capital corporation (*sociedad anónima de capital variable*) to a variable capital limited liability company (*sociedad de responsabilidad limitada*), with Bylaws containing the same rights and privileges of the Investor as would be granted to the Investor under applicable Law if the Company had remained a corporation (*sociedad anónima de capital variable*) (the “**Conversion**”).

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1: INVESTMENT

1.1 **Capital Contribution and License**. Subject to the terms and conditions set forth in this Agreement, including the Closing conditions set forth in **Article 2**:

(a) **Capital Contribution and Issuance of the Investor Quota**. Subject to adjustment as set forth in this **Article 1**, the Investor will make, or will cause one of its Wholly Owned Subsidiaries to make, a capital contribution (the “**Contribution**”) to the Company in an amount equal to (i) \$1,440,000,000 (one billion four hundred and forty million dollars) less (ii) the License Payment, and the Company will issue to the Investor a Quota (the “**Investor Quota**”) representing a 30% Percentage Interest in the Company. The Contribution will be made to the variable portion of capital of the Company to the extent permitted by Law. The Investor Quota will be subject to the transfer restrictions set forth in this Agreement and, except for such transfer restrictions, will be issued by the Company free and clear of all Encumbrances.

(b) **Payment of the License Payment and Granting of the Investor License and the Investor Sublicense**. (i) The Investor, or one of its Wholly Owned Subsidiaries, will make a payment to NII in an amount equal to the Net Present Value of the Investor License Share (the “**License Payment**”); (ii) the Investor and NII will enter into a license agreement pursuant to which NII will grant to the Investor a non-exclusive seven-year license to the intellectual property licensed by NII to the Company pursuant to the Intercompany License Agreement (the “**Investor License**”); and (iii) the Investor and the Company will enter into a sublicense agreement pursuant to which the Investor will grant the Company a seven-year sublicense to the Investor License (the “**Investor Sublicense**”) under which the compensation payable to the Investor, when compared to the total compensation payable by the Company to NII and to the Investor pursuant to the Intercompany License Agreement and the Investor Sublicense, respectively, will equal the Investor’s Percentage Interest (the “**Investor License Share**”), and under which the payments to the Investor will be made concurrently with payments to NII under the Intercompany License Agreement. The Investor License and the Investor Sublicense will be subject to the transfer restrictions and rights of transfer as set forth in **Section 9.10(c)**. If the Investor or its Permitted Transferees sell or otherwise dispose of all or a portion of their Percentage Interest in accordance with the terms of this Agreement, a proportionate interest in the Investor License and the Investor Sublicense will be transferred with such Percentage Interest, and the third party acquiror of such Percentage Interest will be entitled to the rights under the Investor License and the Investor Sublicense, including an Investor License Share proportionate to such holder’s Percentage Interest. Prior to the Closing, the Intercompany License Agreement will be amended so that it will terminate concurrent with the seven year expiration of the Investor License and the Investor Sublicense (the “**Intercompany License Agreement Amendment**”).

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1.2 * Commitments .**

- (a) ***
- (b) ***

1.3 Investor Installments . Subject to the terms and conditions set forth in this Agreement, the Contribution will be made, and the License Payment will be paid, by the Investor, or one of its Wholly Owned Subsidiaries, in four installments as set forth in the table below (each an “**Installment**”). In advance of the date of each Installment, the Parties shall agree in a writing executed by the Parties on the amount of the License Payment and the Contribution. Each portion of the Contribution will be funded, and each portion of the License Payment will be paid, by bank wire transfer of immediately available funds to the accounts designated in writing by the Company or NII, as applicable, at least two Business Days in advance. The table below indicates the Investor’s aggregate Percentage Interest and Investor License Share immediately following the first Installment, and the Investor’s aggregate Percentage Interest and Investor License Share immediately after the funding of each subsequent Installment. The table below does not reflect any adjustments to the Investor’s Percentage Interest and Investor License Share to give effect to any *** or ***; therefore any *** or *** and any adjustment to the Investor’s Percentage Interest and the Investor License Share will be proportionately allocated across the Installments, the Investor’s Percentage Interest and the Investor License Share, as applicable. Any such allocation shall be agreed in a writing executed by the Parties prior to payment of the related Installment. No capital increases shall restrict Investor’s rights to make Installment payments and acquire the additional Percentage Interests and additional Investor License Shares set forth in the table below. In the event that, in accordance with this Agreement, the Investor no longer owns the Investor Quota or a put or call right with respect to the Investor Quota has been exercised or the drag-along right or the tag-along right with respect to the Investor Quota has been exercised, in each case prior to any Installment date, then the Investor’s obligations to fund all remaining Installments shall be null and void.

Date	Installment Amount	Cumulative Percentage Interest and Investor License Share
Closing Date	\$1,140,000,000	25.33%
On or before the first anniversary of the Closing Date	\$ 100,000,000	26.96%
On or before the second anniversary of the Closing Date	\$ 100,000,000	28.51%
On or before the third anniversary of the Closing Date	\$ 100,000,000	30.00%
Total	\$1,440,000,000	30.00%

1.4 Investor Default . If the Investor fails to fund (or cause to be funded) any Installment in full when due under **Section 1.3** (a “**Default**”) and that Default continues for 20 days, then the amount unfunded will accrue a late fee from the date it was due (i.e., without giving effect to the 20-day grace period) until the date it is funded in full at a rate equal to ***% per annum (or, if such rate is not permitted by applicable Law, such lower rate that is the highest

rate permitted by applicable Law). If the Default continues for 60 days, then all of the Investor's rights (but not obligations) under **Section 1.6** and **Articles 7, 8 and 9** will be suspended without any other further action until the unfunded amount then due shall have been received in full by the Company Parties unless those rights have otherwise terminated pursuant to this Agreement.

1.5 **Distribution**.

(a) **Distribution**. Prior to the Closing, the Company shall declare a distribution in an amount equal to the estimate of the Closing Distribution Amount as set forth on the Estimated Closing Distribution Statement, subject to adjustment as provided for herein (the "**Closing Distribution**"), with a record date before the Closing. The Closing Distribution shall not be settled or paid until after the Final Distribution Amount has been agreed or determined pursuant to clause (c) below.

(b) **Closing Distribution Calculation**. At least 10 Business Days prior to the scheduled Closing Date, the Company Parties will prepare and deliver, or cause to be prepared and delivered, to the Investor an estimated statement (the "**Estimated Closing Distribution Statement**"), setting forth their good faith calculation as of the Closing Date of the amount of the distribution described on **Exhibit B** (the "**Closing Distribution Amount**"). The Estimated Closing Distribution Statement (i) will include all of the components of the calculation of the Closing Distribution Amount, including but not limited to the items identified on **Exhibit B**, and appropriate supporting information and (ii) will be prepared in accordance with Mexican GAAP using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation and accrual methodologies used in preparing the Company Financial Statements.

(c) Not later than the 30th day after the Closing Date, the Company Parties will cause the Company's outside audit firm to prepare and deliver to the Investor a statement (the "**Audited Closing Distribution Statement**"), setting forth their calculation of the Closing Distribution Amount with the same detail and supporting information and subject to the same standards and preparation as the Estimated Closing Distribution Statement. Following the delivery of the Audited Closing Distribution Statement, the Company Parties shall provide the Investor with access to the necessary books, records and working papers of the Company and otherwise cooperate with the Investor to enable the Investor to verify the Closing Distribution Amount. If the Investor agrees with the calculation of the Audited Closing Distribution Statement, such statement will be the "**Final Distribution Statement**", and the Closing Distribution Amount reflected on such Audited Closing Distribution Statement will be the "**Final Distribution Amount**". If the Investor does not agree with the calculation of the Audited Closing Distribution Statement and the Company Parties and the Investor are unable to agree on the Final Distribution Amount within 30 days after the delivery of the Audited Closing Distribution Statement to the Investor, then the Company Parties and the Investor shall submit the dispute to a "nationally recognized" accountant selected by the mutual agreement of the Parties within 10 days after the end of such 30 day period (the "**Accounting Firm**"). If the Company Parties and the Investor are unable to mutually

agree upon such an accountant within such 10-day period, then the Company Parties and the Investor shall on the day following the end of such 10-day period each select a “nationally recognized” accountant and within five days after their selection, those two accountants shall select a third “nationally recognized” accountant, which third accountant shall act as the Accounting Firm. Such third “nationally recognized” accountant shall not be an accountant or accounting firm that has performed accounting or similar services for the Company Parties or the Investor (or any of the their respective Affiliates) in the past three years. The Company Parties and the Investor shall request that the Accounting Firm provide a calculation of the Closing Distribution Amount within 30 days after its retention, and the Parties shall cooperate fully with the Accounting Firm so as to enable it to make such determination as quickly and as accurately as practicable. The Accounting Firm’s statement (the “**Accounting Firm Closing Distribution Statement**”) setting forth the calculation of the Closing Distribution Amount shall be in writing, delivered to NII and to the Investor and shall be conclusive and binding upon the Parties. The Parties agree that, absent manifest error on the part of the Accounting Firm, they shall have no right of action or other right to judicial review of the determination of the Accounting Firm. The fees and expenses of the Accounting Firm will be shared equally by the Investor Parties, on the one hand, and NII, on the other hand. In such case, the Accounting Firm Closing Distribution Statement shall be the “**Final Distribution Statement**” and the amount reflected thereon will be the “**Final Distribution Amount**.” All calculations shall be made in pesos (Mexican currency). Any components that are in a currency other than Mexican pesos shall be converted for these purposes into pesos (Mexican currency) at the official exchange rate used for payments of obligations in foreign currencies as published by the Bank of Mexico in the “Diario Oficial de la Federal de Federacion” on the day of the preparation of the Estimated Closing Distribution Statement (for purposes of the Estimated Closing Distribution Statement) and on the Closing Date for all other purposes of this **Section 1.5**.

(d) The Company will take all necessary action so that the Closing Distribution Amount will be equal to the Final Distribution Amount.

(e) Payments. The Closing Distribution shall be paid after determination of the Final Distribution Amount as set forth on the Final Distribution Statement.

(f) No Disproportionate Distributions. Other than the Closing Distribution or capital redemptions contemplated by this Agreement, no distributions or dividends of the Company shall be made without the Investor receiving its proportionate share.

(g) No Effect on Percentage Interests. For the avoidance of doubt, as of the Closing, after giving effect to the Closing Distribution and adjustments made pursuant to this **Section 1.5**, the Investor’s Percentage Interest will be 25.33% and NII’s Percentage Interests will be 74.67%, in each case subject to adjustment as provided in **Section 1.2**, and the Company shall take such corporate or other actions, and the Parties shall reasonably cooperate therewith, to ensure such Percentage Interests.

1.6 Option to Acquire Additional Interest.

(a) **Grant of Option.** The Company and NII grant to the Investor an option (the “*Option*”), subject to the provisions of this **Section 1.6**, to (i) increase the Investor’s Percentage Interest by an additional 7.5% of the Company’s total ownership (measured at the time immediately prior to exercising the Option and after giving effect to the Option) (the “*Option Percentage Interest*”) and (ii) increase the Investor License Share by an additional 7.5% of the aggregate compensation remaining to be paid to NII pursuant to the Intercompany License Agreement and to the Investor pursuant to the Investor Sublicense (measured at the time immediately prior to exercising the Option and after giving effect to the Option) (the “*Option License Share*”). (By way of example, assuming that, immediately prior to exercising the Option, the Investor’s Percentage Interest is equal to 30% and the Investor License Share is equal to 30%, then after giving effect to the exercise of the Option, the Investor’s Percentage Interest will be 37.5% and the Investor License Share will be 37.5%). The Investor may at any time prior to the exercise thereof Transfer the Option in whole, and not in part, to a Permitted Transferee or other transferee (in accordance with the provisions of **Articles 7 and 8**) without the consent of the Board or any other Quotaholder so long as the Permitted Transferee or such other transferee and the Transfer complies with **Section 8.2 or 8.3**. The Investor or a Permitted Transferee or other transferee, in its capacity as the holder of the Option, is referred to herein as the “*Option Holder*”. The Company Parties shall take or cause to be taken all necessary actions to approve and permit the grant of the Option and, if the Option is exercised, the increase in the Investor’s Percentage Interest and in the Investor License Share, including by voting in favor of and executing written consents to approve the increase to the Investor’s Percentage Interest and the Investor License Share, by waiving any preemptive, gross-up, subscription, anti-dilution or similar rights in favor of NII or its Affiliates that would otherwise be applicable to such increase and by registering such increase in the Company’s corporate books.

(b) **Exercise of Option.** Subject to **Sections 1.4 and 6.15**, the Option may be exercised upon written notice from the Option Holder delivered to the Company during the period commencing 15 Business Days before, and ending 15 Business Days after, either of the third anniversary or the fourth anniversary of the Closing Date. No more than one option exercise notice may be delivered pursuant to this **Section 1.6(b)**. The Option can be exercised only in whole, and not in part. If the Option Holder fails to exercise the Option (without regard to when paid) within the time period contained in this **Section 1.6(b)**, then the Option will immediately expire as to such time period and become null and void as to such time period without any other further action.

(c) **Option Exercise Price.** On the Settlement Date, the Option Holder will (i) make a capital contribution to the Company in cash in an amount equal to (A) the Fair Market Value as of the date of exercise (as agreed upon by the Parties or, if the Parties fail to agree on or before the 14th day after the Option Holder provides notice exercising the Option, then as determined by the Banker Approach under **Section 9.9**), without giving effect to the Option, times 7.5% minus (B) any amounts paid to NII pursuant to the following clause (ii) (the “*Option Contribution*”) and (iii) make a payment to NII

equal to the Net Present Value of the Option License Share (the “ **Option License Payment** ”) (clauses (i) and (ii) collectively, the “ **Option Exercise Price** ”).

(d) Mechanics. The settlement of the Option will occur as promptly as practicable (but not later than 5 Business Days) after determination of the Option Exercise Price, subject to extension as provided in **Section 6.15** (the “ **Settlement Date** ”). On the Settlement Date the following shall occur in the order provided below:

(i) The Company will declare a capital reduction in redemption of NII’s (or its applicable Subsidiary’s) Percentage Interest. The capital reduction will be in an amount equal to an amount of the Company’s capital which after such reduction will result in the Option Holder’s Percentage Interest being increased by an additional 3.75% of the Company’s total capital (the “ **Capital Reduction Percentage Interest** ”). Such capital reduction will be in an amount not more than the Option Contribution. A payable in that amount will be recorded on the books and records of the Company (the “ **Capital Reduction Payable** ”). By way of example, if the Option Holder’s Percentage Interest was 30% prior to exercise of the Option, its Percentage Interest will be 33.75% immediately after the steps described in this subclause (i) (when the capital reduction has been paid) and the Investor License Share will be proportionately increased.

(ii) The Investor will make a capital contribution to the Company in the amount of the Option Contribution and will pay the Option License Payment to NII, in each case by bank wire transfer of immediately available funds to the bank account designated in writing by the Company or NII, as applicable, no later than two Business Days prior to the anticipated Settlement Date.

(iii) The Company will increase the Option Holder’s Percentage Interest by a percentage such that, after giving effect to clauses (i), (ii) and (iv), the Option Holder’s Percentage Interest will have been increased by an additional 7.5% of the Company’s total capital (after giving effect to the option exercise) and will enter into such agreements and documents, including amendments to the Investor License, Investor Sublicense, and the Intercompany License Agreement, if any, as are necessary to effect a corresponding increase in the Investor License Share.

(iv) The Company will then pay the Capital Reduction Payable to NII (or its applicable Subsidiary).

By way of example, if the Option Holder’s Percentage Interest was 30% prior to exercise of the Option, its Percentage Interest will be 37.5% immediately after the steps described in this **Section 1.6(d)** and the Investor License Share will be proportionately increased.

(e) No Rights of Option Holder. The Option Holder is not, solely by virtue of the unexercised Option, entitled to any rights of a quotaholder in the Company with respect to the Option Percentage Interest.

1.7 **Time and Place of Closing** . Unless this Agreement and/or the provisions of this **Article 1** have been terminated under **Section 11.1**, the initial closing of the transactions contemplated by this Agreement (the “ **Closing** ”) will take place remotely via the exchange of documents and signatures on the third Business Day after satisfaction or waiver of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Closing Date but subject to the satisfaction or waiver of those conditions) set forth in **Article 2**, or in such other manner and at such other time as the Parties will agree in writing. The date on which the Closing occurs will be the “ **Closing Date** ”.

1.8 **Closing Deliveries** .

(a) **Deliveries by the Company Parties** . At the Closing, the Company Parties will deliver, or cause to be delivered, to the Investor Parties the following items:

(i) a certified copy of (A) the Company Restated Bylaws, together with shareholders meeting resolutions and other company actions of the Company approving and adopting the Company Restated Bylaws in substantially the form attached as **Exhibit C-1** with any changes mutually agreed upon by the Parties (it being agreed that the Company Parties will not object to any proposed changes to the Company Restated Bylaws proposed by the Investor within 45 days after the Effective Date that the Parties reasonably determine are necessary or reasonably appropriate to grant Investor all rights that it would have been entitled to as a matter of Law (including any rights under the General Law of Mercantile Companies) if the Company were to remain a corporation (*sociedad anónima de capital variable*)) and (B) the Subsidiary Bylaws, together with resolutions or other company actions of the Company’s Subsidiaries approving and adopting such Subsidiary Bylaws to include the matters set forth on **Exhibit C-2** in form and substance reasonably acceptable to the Parties, except, for those Subsidiaries of the Company where SCT approval is required the Subsidiary Bylaws will not be in effect until SCT approval is obtained;

(ii) an original duly executed version of the Company’s shareholders resolutions (*acta de asamblea de accionistas*) evidencing (A) the authorization of an increase in the capital stock of the Company for an amount equal to the total interest to be acquired by the Investor as set forth in **Article 1** and for the issuance of the Investor Quota, (B) the appointment of the Board members of the Company pursuant to **Section 7.1(a)** , and (C) the appointment of the statutory auditors (*comisarios*) of the Company pursuant to **Section 7.1(b)** ;

(iii) an original duly executed version of the quotaholders resolutions (*acta de asamblea de socios*) or shareholders resolutions (*acta de asamblea de accionistas*), as the case may be, of each of the Subsidiaries of the Company evidencing the appointment of the statutory auditors (*comisarios*) of each of those Subsidiaries pursuant to **Section 7.1(b)** ;

(iv) (A) the Investor License, duly executed by NII, (B) the Investor Sublicense, duly executed by the Company and (C) the Intercompany License

Agreement Amendments, duly executed by NII and the Company, in each case in form and substance reasonably acceptable to the Investor;

(v) the Investor Quota representing the Investor's Percentage Interest as of the Closing Date pursuant to **Section 1.3**, in form and substance reasonably acceptable to the Investor, which Percentage Interest will increase with each Installment as set forth in **Section 1.3**, in each case subject to adjustment as described in **Section 1.3**;

(vi) a complete copy of the quotaholders registry book of the Company, certified by the Secretary of the Board of Managers of the Company, including the entry evidencing the ownership interest of the Investor;

(vii) an incumbency certificate or certified copies of powers of attorney of the officers of the Company Parties executing this Agreement and each of the other Transaction Documents on behalf of the applicable Company Party;

(viii) the certificate required pursuant to **Section 2.2(c)**;

(ix) a registration rights agreement, substantially in the form attached hereto as **Exhibit D** (the "**Registration Rights Agreement**"), duly executed by NII; and

(x) the other documents and instruments reasonably requested by the Investor Parties to consummate the transactions contemplated by this Agreement.

(b) Deliveries by the Investor Parties. At the Closing, the Investor Parties will deliver, or cause to be delivered, to the Company Parties the following items:

(i) that portion of the Contribution and the License Payment payable to the Company and NII, respectively, on the Closing Date under **Section 1.3**, subject to adjustment as described in **Section 1.3**;

(ii) the Investor License and the Investor Sublicense (in form and substance reasonably acceptable to the Investor), duly executed by the Investor or the Investor's Wholly Owned Subsidiary that acquires the Investor License Share;

(iii) an incumbency certificate or certified copies of powers of attorney of the officers of the Investor Parties executing this Agreement on behalf of the applicable Investor Party;

(iv) the certificate required pursuant to **Section 2.3(c)**;

(v) the Registration Rights Agreement, duly executed by the Investor; and

(vi) the other documents and instruments reasonably requested by the Company Parties to consummate the transactions contemplated by this Agreement.

1.9 **Legend**. In addition to any other legend that may be required under applicable Law, each Quota certificate (if any) will be stamped or otherwise imprinted with a legend substantially in the following form (in English and in Spanish):

“NO SALE, TRANSFER, ASSIGNMENT, PLEDGE OR ENCUMBRANCE OF THE EQUITY INTERESTS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT PURSUANT TO THE TERMS AND CONDITIONS OF THE INVESTMENT AND SECURITIES SUBSCRIPTION AGREEMENT, DATED AS OF FEBRUARY 15, 2010, BY AND AMONG THE COMPANY AND CERTAIN OF ITS QUOTAHOLDERS. THE COMPANY WILL NOT BE REQUIRED TO RECORD ANY SALE, TRANSFER, ASSIGNMENT, PLEDGE OR ENCUMBRANCE UNLESS MADE AS AFORESAID. A COPY OF THE ABOVE REFERENCED AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY.”

1.10 **Withholding**. Notwithstanding anything in this **Article 1** to the contrary, the Investor shall be entitled to deduct and withhold from the Installments any amount as may be required to be deducted and withheld with respect to the making of such payment under applicable United States or Mexican federal, state or local or foreign tax Laws (“**Withholding Tax**”). To the extent that amounts are so deducted and withheld by the Investor and evidence is provided to the Company or NII, as applicable, showing that such amounts have been thereafter paid to the appropriate taxing authority in accordance with applicable Law, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Company or NII, as applicable, in respect of which such deduction and withholding was made by the Investor. The Company Parties shall provide the Investor with such residence or similar certificates reasonably requested by the Investor to reduce the amount of any Taxes required to be withheld on any payments made by the Investor to the Company Parties pursuant to this Agreement.

ARTICLE 2: CONDITIONS TO CLOSING

2.1 **Conditions to the Parties’ Obligations**. The obligations of each Party to consummate the transactions contemplated by this Agreement are expressly subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which may be waived in whole or in part by the Party benefited thereby, to the extent permitted by applicable Law:

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

(a) Success at the Auction. The Parties will have obtained a Success at the Auction.

(b) No Violation of Law or Order. The Closing will not violate any Law or Order.

(c) Regulatory Approvals. Each Party will have obtained all necessary approvals from the relevant Governmental Authorities in connection with the execution and delivery of and Closing under this Agreement, to the extent that the Party is required to obtain approvals and the approvals are required to be obtained by that Party on or before the Closing Date, in each case containing no condition or restriction which, in the reasonable opinion of any Party, would constitute an Adverse Condition.

2.2 Conditions to the Investor Parties' Obligations. The obligations of the Investor Parties to consummate the transactions contemplated by this Agreement are expressly subject to the satisfaction, on or before the Closing Date, of each of the following additional conditions, any or all of which may be waived in whole or in part by the Investor Parties, to the extent permitted by applicable Law; except, that, *** in the Auction in accordance with Section 1.2(a), then the Investor's *** will operate as a complete waiver of the condition set forth in Section 2.2(a) (other than with respect to the representations and warranties set forth in Sections 3.1, 3.2, 3.3, 3.4, 3.8, 3.11(b), 4.1, 4.2, 4.3, 4.4, 4.6, 4.7, 4.11 and 4.18(b)) and the Company Parties will no longer be required to deliver the certificate referenced in Section 2.2(c) as to the matters set forth in Section 2.2(a) (other than with respect to the representations and warranties set forth in Sections 3.1, 3.2, 3.3, 3.4, 3.8, 3.11(b), 4.1, 4.2, 4.3, 4.4, 4.6, 4.7, 4.11 and 4.18(b)) at the Closing:

(a) Representations and Warranties True. The representations and warranties (i) in Section 3.10 and Section 4.17 will have been true when made and will be true at the time of the Closing with the same effect as though the representations and warranties had been made at that time except for such failures to be true as would not have a material adverse effect on the Business Condition of NII or the Company, as applicable, (ii) in the first sentence of Section 3.1 and in Section 3.2, Section 3.8, and Section 3.11(b), and the first and second sentence of Section 4.1 and in Section 4.2, Section 4.6, Section 4.7, Section 4.11 and Section 4.18(b) will have been true when made and will be true at the time of the Closing with the same effect as though the representations and warranties had been made at that time, and (iii) of the Company Parties in this Agreement that are (A) qualified as to materiality will have been true when made and will be true at the time of the Closing with the same effect as though the representations and warranties had been made at that time, and (B) not qualified as to materiality will have been true in all material respects when made and will be true in all material respects at the time of the Closing with the same effect as though the representations and warranties had been made at that time, in each case except for representations and warranties that speak as of a specific date other than the Closing Date (which need be correct only as of the other date).

(b) Performance. The Company Parties will have performed or complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by the Company Parties prior to or at the time of the Closing.

(c) Compliance Certificate. The Investor Parties will have received a certificate signed by an authorized officer with sufficient authority of each Company Party certifying as to the matters set forth in **Sections 2.2(a)** and **(b)**.

(d) No Material Adverse Change. There will have been no Material Adverse Change since December 31, 2008.

(e) Company Parties' Closing Deliveries. The Company Parties will have delivered, or caused to be delivered, to the Investor Parties those items listed in **Section 1.8(a)**.

(f) Company and Subsidiary Bylaws. The Company Restated Bylaws and Subsidiary Bylaws will have been duly adopted and shall be in full force and effect, except for the Subsidiary Bylaws that require approval of the SCT where the Company has filed for such approval in accordance with the provisions hereof.

(g) Inversiones Nextel Amendments. The Inversiones Nextel Trust, the bylaws of Inversiones Nextel de México, S.A. de C.V. and the Inversiones Nextel Shareholders' Agreement shall have been amended to include the matters set forth on **Exhibit E** in form and substance reasonably acceptable to the Parties, within 45 days following the Effective Date, and such amendment shall have been duly adopted and executed by the parties thereto and shall be in full force and effect, and a copy shall have been delivered to the Investor.

(h) Estimated Closing Distribution Statement. The Company shall have delivered the Estimated Closing Distribution Statement within the time period contemplated by **Section 1.5**.

2.3 Conditions to the Company Parties' Obligations. The obligations of the Company Parties to consummate the transactions contemplated by this Agreement are expressly subject to the satisfaction, on or before the Closing Date, of each of the following additional conditions, any or all of which may be waived in whole or in part by the Company Parties, to the extent permitted by applicable Law:

(a) Representations and Warranties True. The representations and warranties (i) in the first sentence of **Section 5.1** and **Section 5.2** will have been true when made and will be true at the time of the Closing with the same effect as though the representations and warranties had been made at that time, and (ii) of the Investor Parties in this Agreement that are (A) qualified as to materiality will have been true when made and will be true at the time of the Closing with the same effect as though the representations and warranties had been made at that time, and (B) not qualified as to materiality will have been true in all material respects when made and will be true in all material respects

at the time of the Closing with the same effect as though the representations and warranties had been made at that time, in each case except for representations and warranties that speak as of a specific date other than the Closing Date (which need be correct only as of the other date).

(b) Performance. The Investor Parties will have performed or complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by the Investor Parties prior to or at the time of the Closing.

(c) Compliance Certificate. The Company Parties will have received a certificate signed by an authorized officer with sufficient authority of each Investor Party certifying as to the matters set forth in **Sections 2.3(a) and (b)**.

(d) Investor's Closing Deliveries. The Investor Parties will have delivered, or caused to be delivered, to the Company Parties those items listed in **Section 1.8(b)**.

2.4 **Frustration of Closing Conditions**. No Party may rely on the failure of any condition set forth in this **Article 2** to be satisfied if the failure was caused by that Party's failure to comply with its obligations under this Agreement.

ARTICLE 3: REPRESENTATIONS AND WARRANTIES REGARDING NII AND URUGUAY

NII hereby represents and warrants to the Investor that, except as set forth in NII's Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2008, NII's Current Report on Form 8-K/A Filed on August 5, 2009, and NII's Quarterly Reports on Form 10-Q for the Fiscal Quarters ended March 31, 2009, June 30, 2009 and September 30, 2009 (but in each case excluding any risk factor disclosures contained under the heading "Risk Factors," any disclosure of risks included in any "forward-looking statements" disclaimer or any other statements that are similarly predictive or forward-looking in nature, other than, in the case of any such disclosures or other statements, any factual or historical information contained therein):

3.1 **Corporate Status**. NII is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, Uruguay is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and each of NII and Uruguay has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into this Agreement and each of the other Transaction Documents to which it is a party and to carry out the provisions of this Agreement and each of the other Transaction Documents to which it is a party and consummate the transactions contemplated hereby and thereby. Each Subsidiary of NII (other than the Company and its Subsidiaries) executing any Transaction Document (each, if any, an "**NII Subsidiary Party**") is duly organized, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its organization and has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into

this Agreement and each of the other Transaction Documents to which it is a party and to carry out the provisions of this Agreement and each of the other Transaction Documents to which it is a party and consummate the transactions contemplated hereby and thereby.

3.2 Power and Authority. NII and each NII Subsidiary Party has the corporate power and authority to execute and deliver, and to perform its obligations under, this Agreement and each of the other Transaction Documents to which it is a party, and NII and each NII Subsidiary Party has taken all necessary corporate action to authorize this Agreement and each of the other Transaction Documents to which it is a party and its execution, delivery and performance of this Agreement and each of the other Transaction Documents to which it is a party. This Agreement has and, when executed, each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party will have been duly executed and delivered by NII and each NII Subsidiary Party and constitutes, or will constitute, a valid and binding agreement of NII and each NII Subsidiary Party enforceable against NII and each NII Subsidiary Party in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application that may affect the enforcement of creditors' rights generally and by general equitable principles.

3.3 No Conflict. The execution, delivery and performance of this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party and the consummation of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof will not result in any violation of or conflict with, constitute a default (with or without notice or the lapse of time) under, or require any consent under (a) the charter, bylaws or other organizational documents of NII or any NII Subsidiary Party, (b) any obligation for borrowed money or any other agreement, including licenses and sublicenses of intellectual property, to which NII or any NII Subsidiary Party is a party or (c) except as contemplated by **Section 3.4**, any Law or Order, by which NII or any NII Subsidiary Party may be bound, except where the violation, conflict or default, or failure to obtain the consent, individually or in the aggregate, would not have a material adverse effect on (i) the Business Condition of NII and its Subsidiaries, taken as a whole, or (ii) the ability of NII or any NII Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

3.4 Consents and Approvals. There are no Authorizations, consents, approvals or waivers required to be made, filed, given or obtained by NII or any NII Subsidiary Party with, to or from any Person in connection with the transactions contemplated to occur at or prior to the Closing by this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party other than those Authorizations, consents, approvals and waivers that have already been obtained, in SEC filings made in connection with this Agreement and the transactions contemplated hereby or as to which the failure to make, file, give or obtain, individually or in the aggregate, would not have a material adverse effect on (a) the Business Condition of NII and its Subsidiaries, taken as a whole, or (b) the ability of NII and any NII Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party.

3.5 No Pending Proceedings. There are no Proceedings pending or, to the knowledge of NII, threatened by or before any Governmental Authority against NII or any NII Subsidiary Party, or any property of NII or any NII Subsidiary Party, that would reasonably be expected to have a material adverse effect on (a) the Business Condition of NII and its Subsidiaries, taken as a whole, or (b) the ability of NII and any NII Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party. There are no Orders against NII or any NII Subsidiary Party or any of their respective properties or businesses that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on (i) the Business Condition of NII and its Subsidiaries, taken as a whole, or (ii) the ability of NII and any NII Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party.

3.6 Compliance with Laws. The conduct of the business of each of NII and its Subsidiaries (other than the Company and its Subsidiaries) and the Inversiones Nextel Trust complies with all Laws and Orders applicable thereto, except for violations or failures so to comply, if any, that would not have a material adverse effect on the Business Condition of NII and its Subsidiaries, taken as a whole. None of NII or its Subsidiaries (other than the Company and its Subsidiaries) has received any written or, to NII's knowledge, oral communication from a Governmental Authority that alleges that NII or any of its Subsidiaries (other than the Company and its Subsidiaries) is not in compliance with, or may be liable under, any Law or Order other than instances of alleged non-compliance or alleged liability that are not reasonably expected to have a material adverse effect on the Business Condition of NII and its Subsidiaries, taken as a whole.

3.7 Brokers and Finders. Except for Lazard Frères & Co. LLC, NII has not employed any investment banker, broker, finder, consultant or intermediary in connection with the transactions contemplated by this Agreement that would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

3.8 Capitalization of NII.

(a) The authorized capital stock of NII consists of 600,000,000 shares of common stock, par value \$0.001 per share ("**NII Shares**") and 10,000,001 shares of preferred stock, par value \$1.00 per share ("**NII Preferred Stock**"). As of December 31, 2009, (i) 166,730,066 NII Shares were issued and outstanding, (ii) no NII Shares were held in treasury or owned by a Subsidiary of the Company, (iii) 12,517,735 NII Shares were reserved for issuance pursuant to outstanding employee stock options or equity awards or reserved for issuance for future grant pursuant to employee incentive plans, (iv) 17,131,274 NII Shares were reserved for issuance pursuant to NII's outstanding 3.125% Convertible Notes due 2012, 2.75% Convertible Notes due 2025, and 2.875% Convertible Notes due 2035; and (v) no shares of NII Preferred Stock were issued and outstanding. All NII Shares outstanding or reserved for issuance as noted in clause (iii) of the foregoing sentence and all NII Shares to be issued to the Investor pursuant to this Agreement, when issued in accordance with the respective terms thereof, are or will be

duly authorized, validly issued, fully paid and non-assessable and free of preemptive rights and any Encumbrances.

(b) Except as set forth in **Section 3.8(a)**, as of the Effective Date, (i) NII does not have any shares of its capital stock issued or outstanding other than NII Shares that have become outstanding after December 31, 2009 upon exercise of employee stock options outstanding as of December 31, 2009, and (ii) there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock or other equity interests to which NII is a party obligating NII to (A) issue, transfer or sell any shares of capital stock or other equity interests of NII or securities convertible into or exchangeable for such shares or equity interests, (B) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, (C) redeem, repurchase, or otherwise acquire any such shares of capital stock or other equity interests or (D) provide material funds to, or make any investment (in the form of a loan, capital contribution or otherwise), in any Person. NII and its Subsidiaries (other than the Company and its Subsidiaries) have no material indebtedness except as set forth in the NII SEC Documents. Except as set forth in **Section 3.8(a)**, as of the Effective Date NII has no outstanding bonds, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of NII on any matter. There are no shareholder agreements, registration agreements, voting trusts or other agreements or understandings to which NII is a party with respect to the voting or registration of the capital stock or other equity interest of NII or any preemptive rights with respect thereto.

3.9 Reports and Financial Statements; Internal Control .

(a) NII has filed all forms, documents, statements and reports required to be filed with the SEC since January 1, 2007 (the “**NII SEC Documents**”). As of their respective dates, or, if amended or superseded by a subsequent filing, as of the date of the last such amendment or superseding filing prior to the Effective Date, the NII SEC Documents complied, and each of the NII SEC Documents filed subsequent to the date of this Agreement will comply, in all material respects with the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002, as the case may be, and the applicable rules and regulations promulgated thereunder. As of the time of filing with the SEC, none of the NII SEC Documents so filed or that will be filed subsequent to the date of this Agreement contained or will contain, as the case may be, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except to the extent that the information in such NII SEC Document has been amended or superseded by a later NII SEC Document filed prior to the Effective Date. There has been no material correspondence between the SEC and NII occurring since January 1, 2008. As of the date hereof, there are no material outstanding or unresolved comments in letters from the SEC staff with respect to any of the NII SEC Documents. To the knowledge of NII, as of the Effective Date, none of the NII SEC Documents is the subject of ongoing SEC review or investigation.

(b) Each of the balance sheets included in the financial statements (including all related notes and schedules) of NII and its Subsidiaries included in the NII SEC Documents present fairly, in all material respects, the consolidated financial position of NII and its Subsidiaries as of the respective dates thereof, and each of the other related statements included in such financial statements present fairly, in all material respects, the consolidated results of operations and cash flows of NII and its Subsidiaries for the respective periods thereof (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto) all in conformity with U.S. GAAP consistently applied during the periods involved except as otherwise noted therein.

(c) NII and its Subsidiaries have established and maintain a system of internal control over financial reporting (as defined in Rule 13a-15 under the Exchange Act). Such internal controls are, in all material respects, (i) sufficient to provide reasonable assurance regarding the reliability of NII's financial reporting and the preparation of NII financial statements for external purposes in accordance with U.S. GAAP and (ii) designed to ensure that material information relating to NII and its Subsidiaries required to be included in reports filed under the Securities Act and the Exchange Act, is made known to NII's principal executive officer and its principal financial officer by others within those entities, and such disclosure controls and procedures are effective in timely alerting NII's principal executive officer and its principal financial officer to material information required to be included in NII's periodic reports required under the Exchange Act. Except as described in the NII SEC Documents, since December 31, 2008, there have been (A) no known material weaknesses in the design or operation of internal controls over financial reporting that are reasonably likely to adversely affect NII's ability to record, process, summarize and report financial information, and (B) to NII's knowledge, no fraud, whether or not material, that involves management or other employees who have a significant role in NII's internal controls.

3.10 No Undisclosed Liabilities. Except (a) as set forth or reserved against in NII's consolidated balance sheets (or the notes thereto) for the fiscal year ended December 31, 2008 included in the NII SEC Documents filed prior to the Effective Date, (b) for transactions contemplated by this Agreement and (c) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2008, neither NII nor any of its Subsidiaries has any liabilities or obligations, whether or not accrued, absolute, contingent or otherwise and whether due or to become due, that would, individually or in the aggregate, be material to NII and its Subsidiaries taken as a whole.

3.11 Absence of Certain Changes or Events. Since December 31, 2008, except as otherwise required or contemplated by this Agreement, (a) the business of NII and its Subsidiaries has been conducted, in all material respects, in the Ordinary Course of Business, and (b) there have not been any circumstances, changes, effects or occurrences that, individually or in the aggregate, have had or would be reasonably expected to have a material adverse effect on (i) the Business Condition of NII and its Subsidiaries, taken as a whole, or (ii) the ability of NII and any NII Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which NII or any NII Subsidiary Party is a party.

3.12 **Permits**. NII and its Subsidiaries are in possession of all material franchises, tariffs, grants, concessions, authorizations, licenses, permits, easements, variances, consents, certificates, approvals and orders of any Governmental Authority necessary for NII and its Subsidiaries to own, lease and operate their properties and assets and to carry on their businesses as they are now being conducted (the “*NII Permits*”). All NII Permits are in full force and effect, NII and its Subsidiaries are in compliance with the terms of each NII Permit, and no NII Permit shall cease to be effective as a result of the transactions contemplated by this Agreement, in each case, except where the failure would not reasonably be expected to have a material adverse effect on the Business Condition of NII and its Subsidiaries, taken as a whole.

3.13 **Intellectual Property**. NII, and its Subsidiaries own or have the right to use, or can acquire or obtain the right to use on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, the “*NII Intellectual Property*”) necessary to carry on the business now operated by them, except where the failure to own or have the right to use the NII Intellectual Property would not reasonably be expected to have a material adverse effect on the Business Condition of NII and its Subsidiaries, taken as a whole. None of NII or any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any NII Intellectual Property or of any facts or circumstances that would render any NII Intellectual Property invalid or inadequate to protect the interest of NII or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy would reasonably be expected to have a material adverse effect on the Business Condition of NII and its Subsidiaries, taken as a whole.

ARTICLE 4: REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby represents and warrants to the Investor that, except as set forth in the Company Disclosure Statement:

4.1 Corporate Status.

(a) As of the Effective Date, the Company is a corporation duly organized and validly existing under the laws of Mexico. After the Conversion, the Company will be a limited liability company with variable capital (*sociedad de responsabilidad limitada de capital variable*) duly organized, validly existing and in good standing under the laws of Mexico. The Company has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into this Agreement and each of the other Transaction Documents to which it is a party and to carry out the provisions of this Agreement and each of the other Transaction Documents to which it is a party and consummate the transactions contemplated hereby and thereby. The Company is duly qualified and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes the qualification necessary, except

where the failure to be in good standing or so qualified would not, individually or in the aggregate, have a material adverse effect on the Business Condition of the Company and its Subsidiaries taken as a whole. As of the Closing, the Company has duly approved and adopted the Company Restated Bylaws, and each of the Company's Subsidiaries have duly approved and adopted the respective Subsidiary Bylaws, each of which are valid and in full force and effect, except for the Subsidiary Bylaws that require approval of the SCT, all of which have been or will be filed with the SCT in accordance with the provisions hereof.

(b) Each Subsidiary of the Company (i) is a corporation or other legal entity duly organized, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its organization and has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, and (ii) is duly qualified and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes the qualification necessary, except where the failure to be in good standing or so qualified would not, individually or in the aggregate, have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole.

(c) As of the Closing, the Conversion will have been approved by way of a unanimous shareholder approval of the Company, which will incorporate a set of bylaws of a limited liability company with variable capital in substantially the form attached as **Exhibit C-1** and once approved, the corresponding minutes will have been notarized and registered with the Public Registry of Commerce of Mexico City, and all legal requirements pursuant to the General Law of Mercantile Companies (*Ley General de Sociedades Mercantiles*) for the Conversion to be concluded and in full force and effect, will have been carried out by the Company.

4.2 **Power and Authority**. The Company has the power and authority to execute and deliver, and to perform its obligations under, this Agreement and each of the other Transaction Documents to which it is a party, and the Company has taken all necessary action to authorize this Agreement and each of the other Transaction Documents to which it is a party and its execution, delivery and performance of this Agreement and each of the other Transaction Documents to which the Company is a party. This Agreement has and, when executed, each of the other Transaction Documents will have been duly executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application that may affect the enforcement of creditors' rights generally and by general equitable principles.

4.3 **No Conflict**. The execution, delivery and performance of this Agreement and each of the other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof will not result in any violation of or conflict with, constitute a default (with or without notice or the lapse of time) under, or give rise to a right of termination, cancellation, acceleration of, or a right to put, or compel a tender offer for, outstanding securities under, or

result in the imposition of any Encumbrance under, or require any consent under, or require any payment by the Company to any other Person pursuant to any term of (a) the charter, bylaws or other organizational documents of the Company (giving effect to the changes that are to be made as contemplated by the Restated Bylaws) or any of its Subsidiaries, (b) any note, bond, debt instrument, mortgage, indenture or other agreement or instrument, including licenses and sublicenses of intellectual property or (c) except as contemplated by **Section 4.4**, any Law or Order, by which the Company or any of its Subsidiaries may be bound, except where the violation, conflict or default, right of termination, cancellation or acceleration, put or similar right, imposition of an Encumbrance, failure to obtain the consent or the amount of the required payment, individually or in the aggregate, would not have a material adverse effect on (i) the Business Condition of the Company and its Subsidiaries, taken as a whole, or (ii) the ability of the Company to perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

4.4 Consents and Approvals. The Company Disclosure Statement lists all Authorizations, consents, approvals or waivers required to be made, filed, given or obtained by the Company and any of its Subsidiaries with, to or from any Person in connection with the transactions contemplated to occur at or prior to the Closing by this Agreement and each of the other Transaction Documents to which the Company is a party other than those Authorizations, consents, approvals and waivers that have already been obtained or as to which the failure to make, file, give or obtain, individually or in the aggregate, would not have a material adverse effect on (a) the Business Condition of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and each of the other Transaction Documents to which the Company is a party.

4.5 Financial Statements. The Company has previously delivered to the Investor correct and complete copies of its audited consolidated financial statements as of and for the year ended December 31, 2008 (the “*Audited Statements*”) and its unaudited consolidated financial statements as of and for the nine months ended September 30, 2009 (the “*Unaudited Statements*” and, together with the Audited Statements, the “*Company Financial Statements*”). Each of the balance sheets included in the Company Financial Statements present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the respective dates thereof, and each of the related statements of earnings, retained earnings, and cash flows included in the Company Financial Statements present fairly, in all material respects, the consolidated results of operations and cash flows of the Company and its Subsidiaries for the respective periods thereof (subject, in the case of the Unaudited Statements, to normal audit adjustments and to any other adjustments described therein, including the notes thereto), all in conformity with Mexican GAAP consistently applied during the periods involved except as otherwise noted therein. The management fees under the Intercompany Services Agreement, dated as of January 1, 2003, accrued and paid to NII as of December 31, 2008, and under the Intercompany License Agreement and the Intercompany Services Agreement, effective as of January 1, 2009, paid to NII during 2009 by the Company and its Subsidiaries are accurately reflected as a separate line item in the Company Financial Statements.

4.6 Capitalization of the Company. As of the Effective Date, the outstanding capital stock of the Company amounts to \$5,894,720,791 pesos, of which \$500,000 pesos

represent the fixed capital and \$5,894,220,791 the variable capital, and consists of 5,894,720,791 shares of Company Common Stock, of which 500,000 shares correspond to the minimum fixed capital and 5,894,220,791 shares correspond to the variable capital. All outstanding shares of Company Common Stock are duly authorized, validly issued, subscribed, fully paid and non-assessable, free and clear of all Encumbrances. After the Conversion, the authorized equity interests of the Company will consist of three quotas, two of which will be outstanding and held by Wholly Owned Subsidiaries of NII and one by the Investor or its designee or permitted transferee. When issued, the Investor Quota will be duly authorized, validly issued, subscribed, fully paid and non-assessable. There are no outstanding options, warrants or other rights to acquire, or obligations to issue, shares of capital stock of any class of, or other equity interests in, or securities convertible into or exchangeable for capital stock of, the Company or its Subsidiaries, except as contemplated by this Agreement.

4.7 **Capitalization of the Company's Subsidiaries**. All outstanding shares of capital stock or other equity interests of the Subsidiaries of the Company are owned by the Company or a Wholly Owned Subsidiary of the Company, free and clear of all Encumbrances.

4.8 **No Pending Proceedings**. There are no Proceedings pending or, to the knowledge of the Company, threatened by or before any Governmental Authority against the Company or any of its Subsidiaries, or any property of the Company or any of its Subsidiaries, that would reasonably be expected to have a material adverse effect on (a) the Business Condition of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and each of the other Transaction Documents to which the Company is a party. There are no Orders against the Company or any of its Subsidiaries or any of their respective properties or businesses that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on (i) the Business Condition of the Company and its Subsidiaries, taken as a whole, or (ii) the ability of the Company to perform its obligations under this Agreement and each of the other Transaction Documents to which the Company is a party.

4.9 **Compliance with Laws**. The conduct of the business of each of the Company and its Subsidiaries complies with all Laws and Orders applicable thereto, except for violations or failures so to comply, if any, that would not have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole. None of the Company or any of its Subsidiaries has received any written or, to the Company's knowledge, oral communication from a Governmental Authority that alleges that the Company or any of its Subsidiaries is not in compliance with, or may be liable under, any Law or Order other than instances of alleged non-compliance or alleged liability that are not reasonably expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole.

4.10 **Brokers and Finders**. Except for Lazard Frères & Co. LLC, the Company has not employed any investment banker, broker, finder, consultant or intermediary in connection with the transactions contemplated by this Agreement that would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

4.11 **Voting and Shareholder Agreements**. None of the Company or its Subsidiaries has any outstanding bonds, options, debentures, notes or other obligations, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company or any of its Subsidiaries on any matter. Except for (a) this Agreement; (b) the Inversiones Nextel Trust; (c) the shareholders agreement dated as of March 6, 2000 by the Company, Inversiones Nextel de México, S.A. de C.V. and the Settlor and Beneficiary of the Inversiones Nextel Trust (the “*Inversiones Nextel Shareholders’ Agreement* ”); and (d) and the other Transaction Documents, none of the Company or its Subsidiaries has entered into any form of agreement that results in the existence of derivative or synthetic transactions with respect to the Company’s shares or those of its Subsidiaries. Except for 3,594 shares which are held by Servicios NII, S. de R.L. de C.V. (a Wholly Owned Subsidiary of the Company) as minority shareholder of the Company, no shares of the Company are owned by a Subsidiary of the Company. No shares of the Company or any Subsidiary are held in treasury. Except for this Agreement and the other Transaction Documents, there are no shareholder agreements, registration agreements, voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting or registration of the capital stock or other equity interest of the Company or any of its Subsidiaries or any preemptive rights with respect thereto. Except for this Agreement and the other Transaction Documents, there are no outstanding subscriptions, options, warrants, calls, convertible securities or other similar rights, agreements or commitments relating to the issuance of capital stock or other equity interests to which the Company or any of its Subsidiaries is a party obligating the Company or any of its Subsidiaries to (a) issue, transfer or sell any shares of capital stock or other equity interests of the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests, (b) grant, extend or enter into any such subscription, option, warrant, call, convertible securities or other similar right, agreement or arrangement, (c) redeem, repurchase, or otherwise acquire any such shares of capital stock or other equity interests or (d) provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in any Person other than a Subsidiary of the Company. Except for this Agreement and the other Transaction Documents, none of the Company or any of its Subsidiaries have any obligation to issue additional stock as a result of contributions for future increases of capital that have been made by their shareholders.

4.12 **No Equity Investments**. The Company does not own, directly or indirectly, any capital stock or other voting or equity securities or interests in any Person (other than the Wholly—Owned Subsidiaries of the Company).

4.13 **Permits**. The Company and its Subsidiaries are in possession of all material franchises, tariffs, grants, concessions, authorizations, licenses, permits, easements, variances, consents, certificates, approvals and orders of any Governmental Authority necessary for the Company and its Subsidiaries to own, lease and operate their properties and assets and to carry on their businesses as they are now being conducted (the “*Company Permits* ”). All of the Company Permits are in full force and effect, the Company and its Subsidiaries are in compliance with the terms of each Company Permit, and no Company Permit will cease to be effective as a result of the transactions contemplated by this Agreement, in each case, except as would not have or reasonably be expected to have, individually or in the aggregate, a material

adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole. The Company Permits are sufficient for the Company and its Subsidiaries to carry out their business in its ordinary course. There are no current or contingent procedures that would result in the cancellation, revocation, amendment or nationalization of the Company Permits, except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect in the Business Condition of the Company and its Subsidiaries taken, as a whole.

4.14 Environmental Matters. (a) The Company and its Subsidiaries have complied in all material respects with all applicable Environmental Laws except for violations or failures so to comply, if any, that would not reasonably be expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole, (b) there is no contamination with Hazardous Substances at, or release of any Hazardous Substances at, on, in to or from, any property currently or formerly owned, leased or operated by the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries engage in the handling, transportation or disposal of Hazardous Substances, except as have not had and would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole, (c) neither the Company nor any of its Subsidiaries has received any written notice, demand letter, claim or request for information alleging that the Company or any of its Subsidiaries is or may be in material violation of or subject to material liability under any Environmental Law, (d) neither the Company nor any of its Subsidiaries currently is subject to or, to the knowledge of the Company, threatened to be subject to, any order, decree, injunction or agreement with any Governmental Authority, or any indemnity or other agreement or Environmental Law or otherwise relating to any Hazardous Substance that would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, and (e) none of the Company's or its Subsidiaries' operations are subject to any agreement material to the Company and its Subsidiaries, taken as a whole, which resulted from a previous breach by the Company or its Subsidiaries to any Environmental Law.

4.15 Tax Matters. Except as would not, individually or in the aggregate, have or be reasonably expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries taken as a whole, (a) the Company and each of its Subsidiaries have prepared and timely filed all Tax Returns required to be filed by or with respect to any of them, and all such Tax Returns are complete and accurate in all material respects, (b) the Company and each of its Subsidiaries have paid (or has had paid on its behalf) all Taxes that are required to be paid by or with respect to any of them, except with respect to matters contested in good faith and for which adequate reserves have been established on the Company Financial Statements, (c) the Company and each of its Subsidiaries has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes, including with respect to payments made to any employee, independent contractor, creditor, stockholder, partner or other third party, and has, within the time and manner prescribed, withheld and paid over to the appropriate Governmental Authority all amounts required to be withheld and paid over under all applicable Laws, (d) all assessments for Taxes due with respect to completed and settled examinations or any concluded litigation have been fully paid, (e) there are no audits, examinations, investigations or other proceedings pending or threatened in writing in respect of Tax matters of

the Company or any of its Subsidiaries, (f) there are no Encumbrances for Taxes on any of the assets of the Company or any of its Subsidiaries other than statutory Encumbrances for Taxes not yet due and payable, (g) none of the Company or any of its Subsidiaries (i) is a party to, bound by, or obligated under any Tax sharing, allocation, indemnity or similar agreement or arrangement, (ii) is or was a member of any consolidated, combined, unitary or affiliated Tax Return group, or (iii) has any liability for Taxes of any other Person under any Law, as transferee or successor, by contract or otherwise, (h) the accruals and reserves for Taxes reflected in the Company Financial Statements are adequate, in accordance with Mexican GAAP, to cover all unpaid Taxes of the Company and its Subsidiaries for periods ending on or prior to the date of the Company Financial Statements, and all such accruals and reserves for Taxes, as adjusted for operations and transactions and the passage of time for periods beginning after the date of the Unaudited Statements and ending on or prior to the Closing Date will be adequate, in accordance with Mexican GAAP, to cover all unpaid Taxes of the Company and its Subsidiaries accruing through the Closing Date, and (i) no closing agreements, private letter rulings, technical advice memoranda or similar agreements or rulings have been entered into with or issued by any Governmental Authority with respect to the Company or any of its Subsidiaries within six years of the Effective Date, and no such agreement or ruling has been applied for and is currently pending.

4.16 Affiliate Transactions. Except for Company Benefit Plans, there are no contracts or arrangements that are in existence as of the Effective Date under which the Company or any of its Subsidiaries has any existing or future material liabilities between the Company or any of its Subsidiaries, on the one hand, and, on the other hand, (i) any present officer or director of either NII, the Company or any of their respective Subsidiaries or any person that has served as such an officer or director within the past two years or any of that officer's or director's immediate family members, (ii) NII or its Subsidiaries (other than the Company or any of its Subsidiaries), or (iii) to the knowledge of the Company, any Affiliate of any person in clause (i) or (ii) (other than the Company or any of its Subsidiaries).

4.17 No Undisclosed Liabilities. Except (a) as set forth or reserved against in the Company's consolidated balance sheets (or the notes thereto) for the fiscal year ended December 31, 2008 included in the Company Financial Statements, (b) for transactions contemplated by this Agreement and (c) for liabilities and obligations incurred in the Ordinary Course of Business since December 31, 2008, neither the Company nor any Subsidiary of the Company has any liabilities or obligations, whether or not accrued, absolute, contingent or otherwise and whether due or to become due, that would, individually or in the aggregate, be material to the Business Condition of the Company and its Subsidiaries, taken as a whole.

4.18 Absence of Certain Changes or Events. Since December 31, 2008, except as otherwise required or contemplated by this Agreement, (a) the business of the Company and its Subsidiaries has been conducted, in all material respects, in the Ordinary Course of Business, (b) there have not been any circumstances, changes, effects or occurrences that, individually or in the aggregate, have had or would be reasonably expected to have a material adverse effect on (i) the Business Condition of the Company and its Subsidiaries, taken as a whole, or (ii) the ability of the Company or any Subsidiary of the Company to perform its obligations under this Agreement and each of the other Transaction Documents to which the Company is a party, and

(c) neither the Company nor any of its Subsidiaries has taken any action, that if taken after the date of this Agreement without the Investor's consent, would constitute a breach of any of the covenants set forth in **Section 6.6**.

4.19 **Intellectual Property**. The Company, and its Subsidiaries own or have the right to use, or can acquire or obtain the right to use on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, the "**Company Intellectual Property**") necessary to carry on the business now operated by them, except where the failure to own or have the right to use the Company Intellectual Property would not reasonably be expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole. None of the Company or any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Company Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy would reasonably be expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole.

4.20 **Property**. Except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect in the Business Condition of the Company and its Subsidiaries, taken as a whole, the Company or a Subsidiary of the Company owns and has good and valid fee title to all of its owned real properties, has valid leasehold interests in all of its leased properties, and has good title to all its owned personal property, sufficient to conduct their respective businesses as currently conducted, free and clear of all Encumbrances (except for Encumbrances permissible under any applicable loan agreements and indentures and for title exceptions, defects, Encumbrances, restrictions and restrictive covenants which in the aggregate do not materially affect the continued use of the property for the purposes for which the property is currently being used). Except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect in the Business Condition of the Company and its Subsidiaries, taken as a whole, all leases under which the Company or any of its Subsidiaries lease any real or personal property are valid and effective against the Company or any of its Subsidiaries and, to the Company's knowledge, the counterparties thereto, in accordance with their respective terms, and there is not, under any of such leases, any existing default by the Company or any of its Subsidiaries which, with notice or lapse of time or both, would become a default by the Company or any of its Subsidiaries. Except as would not, individually or in the aggregate, have or be reasonably expected to have a material adverse effect on the Business Condition of the Company, all of the properties of the Company comply with applicable federal, state and municipal Laws and regulations, including those regarding zoning, construction, safety and environmental requirements.

4.21 **Employee Benefit Plans**.

(a) (i) Neither the Company nor any of the Subsidiaries maintain or have any liability with respect to, any plan, program, arrangement, agreement or commitment which is an employment, consulting or deferred compensation agreement, or an executive compensation, incentive bonus or other bonus, employee pension, profit-sharing, savings, retirement, stock option, stock purchase, severance pay, life, health, disability or accident insurance plan, or vacation, or other employee benefit plan, program, arrangement, agent or commitment (each, an “**Employee Plan**”). The entering into and performance of this Agreement will not result in any payment, of any nature, to any employee, worker, agent or advisor, of any nature, of the Company or any of the Subsidiaries or to any Person; (ii) Each of the Employee Plans has been operated, funded and administered in all material respects in accordance with its terms and with applicable Laws; (iii) all material contributions or other material amounts payable by the Company or any of its Subsidiaries to or with respect to each Employee Plan in respect of any period of time ending prior to the Closing Date have or shall have been paid or accrued in accordance with Mexican GAAP; (iv) there are no pending or, to the Company’s knowledge, threatened claims (other than routine claims for benefits), proceedings, litigation, audits, investigations or actions involving any of the Employee Plans which would reasonably be expected, individually or in the aggregate, to result in any material liability of the Company or any of its Subsidiaries; (v) no circumstances exist which would reasonably be expected to result in incurrence by the Company or any of its Subsidiaries of a material liability in respect of an employee benefit arrangement of an Affiliate (other than the Company or any of its Subsidiaries), including any controlled group liability under U.S., Mexican or other Laws; and (vi) each Employee Plan that is intended to be funded and/or book-reserved is fully funded and/or book reserved, as applicable, based upon reasonable actuarial assumptions.

(b) Each Employee Plan that is a pension plan or deferred compensation plan has assets reasonably sufficient to pay all obligations and liabilities thereunder.

(c) The consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee, director, consultant, officer, or other service provider of the Company or any of its Subsidiaries (including any predecessor entities or any entity whose assets were partially or completely acquired by the Company or any of its Subsidiaries) to severance pay, unemployment compensation or any other compensatory payment or benefit, or (ii) accelerate the time of payment or vesting or funding of, or increase the amount of any compensation or benefit due any such current or former employee, director, consultant, officer, or other service provider of the Company or any of its Subsidiaries (including any predecessor entities or any entity whose assets were partially or completely acquired by the Company or any of its Subsidiaries).

4.22 **Labor Matters**. There are no collective bargaining agreements, contract or understanding to which the Company or any of its Subsidiaries is party. No employee of the Company or any of its Subsidiaries has chosen to participate in any collective bargaining

agreement, contract or other agreement or understanding with a labor union or labor organization to which the Company or any of its Subsidiaries is a party. Neither the Company nor any of its Subsidiaries is currently subject to a material dispute, strike or work stoppage, and to the Company's knowledge there is no threatened labor dispute, strike or work stoppage nor conditions exist for any of such disputes, strikes or stoppages to occur. To the knowledge of the Company, there are no organizational efforts with respect to the formation of a collective bargaining unit presently being made or threatened, involving employees of the Company or any of its Subsidiaries. The Company and its Subsidiaries are in compliance in all material respects with all public welfare and social security obligations applicable to the, including without limitation, obligations with the Mexican Social Security Institute (IMSS), the Mexican Workers Housing Fund Institute (INFONAVIT) and contributions to the Mexican Retirement Savings System (SAR). None of the Company or its Subsidiaries has entered into any agreement with any current or prior employee of the Company or any of its Subsidiaries pursuant to which the Company is obligated to pay such individual any severance that exceeds the minimum severance set forth in applicable Mexican labor Laws.

4.23 **Material Contracts** .

(a) Neither the Company nor any of its Subsidiaries is in breach of or in default under the terms of any contract, agreement or other arrangement that is material to the Company and its Subsidiaries, taken as a whole (a "**Material Contract** "). To the Company's knowledge, no other party to any Material Contract is in breach of or default under the terms of any Material Contract other than any breach that would not reasonably be expected to have a material adverse effect on the Business Condition of the Company and its Subsidiaries, taken as a whole.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a material adverse effect in the Business Condition of the Company and its Subsidiaries, taken as a whole, each Material Contract is a valid and binding obligation of the Company or the Subsidiary of the Company that is party thereto and, to the Company's knowledge, of each other party thereto, and is in full force and effect, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application that may affect the enforcement of creditors' rights generally and by general equitable principles.

(c) Neither the Company nor any Subsidiary of the Company is a party to (i) any contract, agreement or other arrangement providing for the exclusive provision of services with any other telecommunications provider or (ii) any contract, agreement or other arrangement that would bind the Investor or its Affiliates following the consummation of the transactions contemplated hereby.

**ARTICLE 5: REPRESENTATIONS AND WARRANTIES
REGARDING THE INVESTOR**

The Investor makes the representations and warranties set forth in **Exhibit F** (the “*Investment Representations*”) and hereby represents and warrants to the Company Parties that, except as set forth in the Investor Disclosure Statement:

5.1 Corporate Status . The Investor is a corporation duly organized and validly existing under the laws of Mexico and has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into this Agreement and each of the other Transaction Documents to which it is a party and to carry out the provisions of this Agreement and each of the other Transaction Documents to which it is a party and consummate the transactions contemplated hereby and thereby. Each Subsidiary of the Investor executing any Transaction Document (each, if any, an “*Investor Subsidiary Party*”) is duly organized, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its organization and has all requisite corporate or other power and authority to own or lease and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into this Agreement and each of the other Transaction Documents to which it is a party and to carry out the provisions of this Agreement and each of the other Transaction Documents to which it is a party and consummate the transactions contemplated hereby and thereby.

5.2 Power and Authority . The Investor and each Investor Subsidiary Party has the power and authority to execute and deliver, and to perform its obligations under, this Agreement and each of the other Transaction Documents to which it is a party, and the Investor and each Investor Subsidiary Party has taken all necessary action to authorize this Agreement and each of the other Transaction Documents to which it is a party and its execution, delivery and performance of this Agreement and each of the other Transaction Documents to which it is a party. This Agreement has and, when executed, and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party will have been duly executed and delivered by the Investor and each Investor Subsidiary Party and constitutes, or will constitute, a valid and binding agreement of the Investor and each Investor Subsidiary Party enforceable against the Investor and each Investor Subsidiary Party in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application that may affect the enforcement of creditors’ rights generally and by general equitable principles.

5.3 No Conflict . The execution, delivery and performance of this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party and the consummation of the transactions contemplated hereby and thereby in accordance with the terms hereof and thereof will not result in any violation of or conflict with, constitute a default (with or without notice or the lapse of time) under, or require any consent under (a) the charter, bylaws or other organizational documents of the Investor or any Investor Subsidiary Party, (b) any obligation for borrowed money or any other agreement to which the Investor or any Investor Subsidiary Party is a party or (c) except as contemplated by **Section 5.4** , any Law or Order, by which the Investor or any Investor Subsidiary Party may be bound, except

where the violation, conflict or default, or failure to obtain the consent, individually or in the aggregate, would not have a material adverse effect on the ability of the Investor or any Investor Subsidiary Party to perform their respective obligations under this Agreement and each of the other Transaction Documents to which they are a party.

5.4 **Consents and Approvals** . The Investor Disclosure Statement lists all Authorizations, consents, approvals or waivers required to be made, filed, given or obtained by the Investor or any Investor Subsidiary Party with, to or from any Person in connection with the transactions contemplated to occur at or prior to the Closing by this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party other than those Authorizations, consents, approvals and waivers that have already been obtained or as to which the failure to make, file, give or obtain, individually or in the aggregate, would not have a material adverse effect on the ability of the Investor and any Investor Subsidiary Party to perform their respective obligations under this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party.

5.5 **No Pending Proceedings** . There are no Proceedings pending or, to the knowledge of the Investor, threatened by or before any Governmental Authority against the Investor or any Investor Subsidiary Party, or any property of the Investor or any Investor Subsidiary Party, that would reasonably be expected to have a material adverse effect on the ability of the Investor or any Investor Subsidiary Party to perform its obligations under this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party. There are no Orders against the Investor or any Investor Subsidiary Party or any of their respective properties or businesses that prohibit the transactions contemplated by this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party.

5.6 **Compliance with Laws** . The conduct of the business of each of the Investor and its Subsidiaries complies with all Laws and Orders applicable thereto, except for violations or failures so to comply, if any, that would not have a material adverse effect on the ability of the Investor or any Investor Subsidiary Party to perform their respective obligations under this Agreement and each of the other Transaction Documents to which they are a party. None of the Investor or its Subsidiaries has received any written communication from a Governmental Authority that alleges that the Investor or any of its Subsidiaries is not in compliance with, or may be liable under, any Law or Order other than instances of alleged non-compliance or alleged liability that are not reasonably expected to have a material adverse effect on the ability of the Investor or any Investor Subsidiary Party to perform their respective obligations under this Agreement and each of the other Transaction Documents to which they are a party.

5.7 **Available Funds** . The Investor has sufficient and immediately available funds to meet its monetary obligations under this Agreement and each of the other Transaction Documents to which the Investor or any Investor Subsidiary Party is a party, including payment of the Contribution and the License Payment.

5.8 **Brokers and Finders** . Except for Allen & Company LLC and McKinsey & Company, the Investor has not employed any investment banker, broker, finder, consultant or

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intermediary in connection with the transactions contemplated by this Agreement that would be entitled to any investment banking, brokerage, finder's or similar fee or commission in connection with this Agreement or the transactions contemplated hereby.

5.9 **No Other Representations; Non-Reliance**. The Investor acknowledges that the Company Parties have not made and are not making any representations or warranties whatsoever regarding the subject matter of this Agreement except as specifically provided in **Articles 3** and **4**. The Investor is not relying and has not relied on any representations or warranties except as provided in **Articles 3** and **4**.

ARTICLE 6: COVENANTS

6.1 **Auction Matters**. From the Effective Date until the earlier of the Closing Date or the termination of this Agreement, each Party will comply with the covenants set forth on **Exhibit G**.

6.2 **Commercial Arrangements**. From the Effective Date and consistent with the time frames set forth in **Exhibit H**, unless and until the termination of this Agreement, each Party will negotiate in good faith and use its reasonable best efforts to agree upon terms and conditions that will govern the commercial arrangements described on **Exhibit H** to be entered into by the appropriate Parties (or appropriate Affiliates thereof) at the Closing (the "**Commercial Arrangements**"). None of the Parties or their respective Affiliates will be required to agree to any Adverse Condition or take any action that in the reasonable opinion of that Party would result in or produce an Adverse Condition, in connection with, or as part of the terms of, the Commercial Arrangements. Entering into the Commercial Arrangements is not a condition to the Closing.

6.3 **Governmental Approvals**. From the Effective Date until the earlier of the Closing Date or the termination of the Parties obligations under **Section 6.5**, each Party will use its reasonable best efforts to obtain all other necessary Authorizations, orders, consents, approvals and waivers as are required to be obtained in connection with the issuance of the Investor Quota and the Investor License Share under any applicable Law. Without limiting the foregoing, the ***. None of the Parties or their respective Affiliates will be required to agree to any Adverse Condition or take any action that in the reasonable opinion of that Party would result in or produce an Adverse Condition.

6.4 **Notification of Certain Matters**. From the Effective Date until the earlier of the Closing Date or the termination of the Parties obligations under **Section 6.5**, each Party will give prompt notice to the other Parties of (a) any circumstance that would likely cause any of that Party's representations or warranties contained in this Agreement to be untrue or inaccurate in any material respect, (b) any failure on that Party's part to comply with or satisfy any covenant or agreement to be complied with or satisfied by that Party hereunder and (c) any circumstance that could reasonably be expected to make the satisfaction of the conditions in **Article 2** impossible or unlikely.

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6.5 Participation in Auction

- (a) ***
- (b) Confidentiality. ***
- (c) Obligations Continue. ***
- (d) Investor Limited Liability. ***
- (e) Effect on Consortium. ***

6.6 Conduct of Business. From the Effective Date until the Closing Date, except as otherwise provided by this Agreement, required by applicable Law or as specifically consented to in writing by the Investor (which consent will not be unreasonably withheld, conditioned or delayed), (a) the Company and its Subsidiaries will conduct their respective businesses in the Ordinary Course of Business and use their respective commercially reasonable efforts to preserve intact their respective businesses and to preserve the goodwill of customers, suppliers and all other Persons having business relationships with the Company or any of its Subsidiaries and (b) without limiting the generality of the foregoing, prior to the Closing Date, neither the Company nor any of its Subsidiaries will: (i) issue, reissue or sell, or authorize the issuance, reissuance or sale of shares of its capital stock or other equity interests of any class, or securities convertible into capital stock or other equity interests of any class, or any rights, warrants or options to acquire any convertible securities or capital stock or other equity interests; (ii) repurchase, redeem, reclassify, or otherwise alter any capital stock or other equity interests of any class other than in connection with the Conversion; (iii) dispose of any material assets or properties except to the extent they are used, retired or replaced in the Ordinary Course of Business or performed between or among the Company and its Subsidiaries in the Ordinary Course of Business; (iv) except as set forth in **Section 6.6** of the Company Disclosure Statement, enter into transactions with NII or Affiliates of NII (other than the Company and its Subsidiaries) outside of the Ordinary Course of Business; (v) except for the Closing Distribution, pay any dividends to owners of the Company; (vi) manage working capital other than in the Ordinary Course of Business, including with respect to payment of accounts payable and the collection of accounts receivable; (vii) amend the Restated Bylaws of the Company or the Bylaws of the Company's Subsidiaries; or (viii) take any action that if taken after the Closing Date would be a Special Approval Matter.

6.7 ***

6.8 Public Announcements. Except for the press releases announcing the execution of this Agreement, which press releases have been agreed upon by the Parties, and the related investor information calls held in connection with the issuance of the press releases, no Party will, and no Party will permit any of its Affiliates to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the prior written consent

(which consent will not be unreasonably withheld, conditioned or delayed) of NII, in the case of a proposed announcement or statement by the Investor or any of its Subsidiaries, or the Investor, in the case of a proposed announcement or statement by NII or any of its Subsidiaries; except, that, either Party may, without the prior written consent of the other Party (but after prior consultation with the other Party to the extent practicable under the circumstances) issue or cause the publication of any press release or other public announcement to the extent required by Law or by the rules and regulations of any applicable stock exchange, including a filing or press release with the SEC, the Mexican Stock Exchange and the National Banking and Securities Commission (CNBV) of Mexico.

6.9 **Confidentiality**. From the Effective Date until the earlier of (a) the day that the Investor ceases to own Quotas or (b) the later of (i) termination of this Agreement and (ii) the termination of the Parties' obligations under **Section 6.5**, except for disclosures expressly permitted by the terms of this Agreement or required by applicable Law or stock exchange rules (in which case the Parties shall use good faith efforts to give each other a reasonable opportunity to review such disclosures) or in connection with financial reporting purposes, the Confidentiality Agreement shall remain in full force and effect. The provisions of this **Section 6.9** are in addition to and are not intended as a limitation on any obligation imposed on the Parties or their representatives under Law.

6.10 **Further Assurances**. Promptly following the Closing, the Company will duly register with the Public Registry of Companies a copy of the public deed that contains the minutes approving the Conversion and deliver a copy of the public deed to the Investor. From the Effective Date, each Party will execute and deliver (and will cause their respective appropriate Affiliates to execute and deliver) the additional instruments and other documents and will take the further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby, including making application as soon as practicable after the Effective Date for all consents and approvals required in connection with the transactions contemplated by this Agreement and diligently pursuing the receipt of the consents and approvals in good faith thereafter. Uruguay will do (or refrain from doing) all things necessary and appropriate to effectuate the obligations of NII hereunder to the extent NII's actions alone are not sufficient and/or to the extent Uruguay's actions (or refrain) are necessary or appropriate.

6.11 **Standstill**. As of the Effective Date, except as previously disclosed to the Company in writing, the Investor and its Subsidiaries do not beneficially own any securities of NII entitled to be voted generally in the election of directors or any direct or indirect options or other rights to acquire any such securities (" *NII Securities* "). From the Effective Date and so long as the provisions of this **Section 6.11** are in effect, except as specifically requested in writing by NII, none of the Investor or its Affiliates or any of the advisors to the Investor, (a) will publicly propose or publicly announce or otherwise disclose an intent to propose or enter into or agree to enter into, singly or with any other Person or directly or indirectly, (i) any form of business combination, acquisition or other similar transaction relating to NII or any of its material Subsidiaries, (ii) any form of restructuring, recapitalization or similar transaction with respect to NII or any of its material Subsidiaries, or (iii) any demand, request or proposal to amend, waive or terminate this **Section 6.11**; and (b) singly or with any other Person or directly

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or indirectly, (i) acquire, or offer, propose or agree to acquire, by tender offer, purchase or otherwise, NII Securities (including acquisition of beneficial ownership of any NII Securities or of any derivative positions or contracts, except any hedging activity or pursuant to the Call Agreement, whether or not cash settled, based on the value of any NII Securities) or any material assets, indebtedness or businesses of NII, (ii) make, or in any way actively participate in, any solicitation of proxies with respect to any NII Securities (including by the execution of action by written consent), (iii) participate in a program or organized effort to influence any person with respect to the voting or disposition of any NII Securities, or (iv) participate in or actively encourage the formation of any partnership, syndicate or other group that owns or seeks or offers to acquire beneficial ownership of any NII Securities or material assets, indebtedness or businesses of NII or for the purpose of circumventing any provision of this **Section 6.11**; ***. The provisions of this **Section 6.11** shall terminate and be of no further effect on the earlier of (i) ***, (ii) the time, if any, when NII enters into a definitive agreement providing for a merger, consolidation or other business combination transaction or commences a process by which it proposes to sell or dispose of itself or substantially all of its assets (or any business or Subsidiary, in which case the provisions of this Section 6.11 shall no longer apply with respect to such business or Subsidiary), (iii) the time, if any, when a tender offer or exchange offer is commenced by a third Person for equity securities of NII, or (iv) on the later of (A) the date on which the Investor and its Subsidiaries no longer own over 5% of the issued and outstanding NII Shares and (B) the date that is six months after the rights granted to the Investor pursuant to **Article 7**, including the Special Approval Rights, have terminated. The foregoing shall in no way impact Investor's rights to acquire, register or dispose of NII Securities as contemplated by the Transaction Documents or Investor's other rights under the Transaction Documents.

6.12 Anti-Dilutive Rights .

(a) From the date of the Closing until the termination of the rights granted to the Investor under **Article 7**, and subject to **Article 7**, if the Company is making any proposed public (if converted back to a *sociedad anónima*) or private issuance (a "**Proposed Issuance** ") of (i) Quotas or shares or (ii) any other security convertible into or exercisable for Quotas (excluding issuances in connection with the Option) or shares, then the Company will send written notice to the Investor not less than 45 days before the Proposed Issuance setting forth all material terms of the Proposed Issuance including the manner of sale, the sale price or the amount and type of other consideration to be received by the Company.

(b) The Investor will have the right, by sending written notice to the Company within 20 days after receipt of the Company's notice, to make an additional cash contribution as is necessary to maintain its Fully Diluted Ownership Percentage as it existed immediately prior to that Proposed Issuance, at the same price set forth in the Company's notice. If the Proposed Issuance is not for cash, then the fair market value of the property or other consideration received by the Company will be determined by an independent third party appraiser mutually acceptable to the Company and the Investor. The written notice delivered pursuant to this **Section 6.12(b)** will be irrevocable unless (i) closing of the Investor's contribution under this **Section 6.12** has not occurred within 90 days after the delivery of the notice or (ii) the sale price or the amount and type of other consideration for the issuance or any other material purchase term has changed, in which case a new notice will be required before a Proposed Issuance can occur.

(c) Subject to **Section 6.15**, a closing for the additional contribution under this **Section 6.12** will occur on (i) the date on which the Proposed Issuance occurs, as the case may be, or (ii) a later date as may be agreed to by the Investor and the Company, at a time and place specified by the Investor in a notice provided to the Company at least 10 days prior to the closing. The Company and the Investor will provide customary closing certificates and other related documents as the Investor and the Company, as appropriate, reasonably request.

6.13 **Access**. The Company will keep, and cause its Subsidiaries to keep, books and records of the type typically maintained by entities engaged in similar businesses and which set forth a true, accurate and complete account of the business and affairs of the Company and its Subsidiaries, including a fair presentation of all income, expenditures, assets and liabilities thereof. From and after the Closing Date, (a) until the Investor no longer owns, directly or indirectly, any Quotas, the Company will afford to the Investor and its employees, agents, advisors and other representatives, reasonable access during regular business hours and on reasonable advance written notice to its properties, books and records, and officers, employees and agents of the Company and its Subsidiaries to whom the Investor reasonably requests access, and (b) until the Termination Trigger, the Investor may request that a third party auditor, at the sole expense of the Investor, conduct an audit of (i) any related party transactions engaged in by the Company or any of its Subsidiaries and (ii) any other item, provided that in the case of clause (ii), (A) the Investor first requests that the Company's audit firm review and provide the requested information to the Investor regarding such item and (B) the Company's audit firm is unable or unwilling to provide such review and/or information (except in the case of the Investor's refusal to execute with the Company's audit firm a customary workpaper access letter if requested by the Company's audit firm).

6.14 **Financial Statements**. The Company will furnish to the Investor:

(a) from and after the Closing Date until the Termination Trigger, as soon as practicable and in any event within 10 Business Days following the end of each fiscal month of the Company, an unaudited consolidated balance sheet of the Company as at the end of that fiscal month and the related unaudited statements of income and cash flows of the Company for that month, prepared in accordance with Mexican GAAP reconciled to U.S. GAAP;

(b) from the Effective Date through the Closing and thereafter until the Investor no longer directly or indirectly owns any Quotas as soon as practicable and in any event within 15 Business Days following the end of each fiscal quarter of the Company, an unaudited consolidated balance sheet of the Company as at the end of that fiscal quarter and the related unaudited statements of income and cash flows of the Company for that quarter, prepared in accordance with Mexican GAAP reconciled to U.S. GAAP, except, that, if prior to the 15-Business Day period the Investor requires the information described in this **Section 6.14(b)** to prepare its own reporting materials, upon request by Investor the Company will use its reasonable best efforts to provide preliminary quarterly financial information within time periods to meet the Investor's reporting requirements;

(c) from and after the Closing Date until the Termination Trigger, as soon as practicable and in any event within the first 30 Business Days of the first month after the end of a fiscal year, preliminary consolidated and consolidating balance sheets of the Company, as of the end of that fiscal year, and the related preliminary consolidated and consolidating statements of income and cash flows of the Company for that fiscal year, prepared in accordance with Mexican GAAP reconciled to U.S. GAAP;

(d) from the Effective Date, as promptly as practicable, and in any event within the first 20 Business Days of the second month after the end of a fiscal year, audited consolidated and consolidating balance sheets of the Company, as of the end of that fiscal year, and the related audited consolidated and consolidating statements of income and cash flows of the Company for that Fiscal Year, prepared in accordance with Mexican GAAP reconciled to U.S. GAAP; and

(e) as soon as reasonably practicable, such other financial information as the Investor shall reasonably require to satisfy its financial reporting, accounting, Tax reporting and other public, statutory and regulatory disclosure requirements.

6.15 Post-Closing Actions .

(a) All actions and transactions after the Closing that are required or permitted by this Agreement will be subject to any prior Authorizations, orders, consents, approvals or waivers necessary, advisable or appropriate under any Laws, rules or regulations of any Governmental Authority, including any self regulatory organization or stock exchange or required to be made, filed, given or obtained by any Party or any of its shareholders, quotaholders or its Subsidiaries with, to or from any Person. Each of the Parties shall use its reasonable best efforts to obtain (and to cooperate with the other Parties to obtain) such Authorizations, orders, consents, approvals or waivers in a timely manner to allow such actions and transactions to occur as promptly as practicable as contemplated hereby. Any time periods contained in this Agreement with respect to any action or transaction after the Closing that is required or permitted by this Agreement will be extended until five Business Days after receipt of the Authorizations, consents, approvals, waivers and other items described in this **Section 6.15**, provided, however, that if any such Authorization, order, consent, approval or waiver is not obtained within a reasonable period of time, then the Parties shall negotiate in good faith and agree upon an alternative approach to achieve, to the greatest extent possible, the economic, business and other purposes of such action or transaction without the need for such Authorization, order, consent, approval or waiver.

(b) NII shall keep available and reserved for issuance sufficient authorized shares or non-subscribed capital stock or quotas, respectively, to comply in full with its obligations hereunder. Neither NII nor the Company will adopt any shareholder rights plan or take other similar action without including provisions that would preserve the Investor's rights to acquire equity of NII as contemplated by the Transaction Documents. In no event will NII issue shares in satisfaction of its rights or obligations under **Article 9**, in an amount that represents more than 19.99% of the number of shares of NII

outstanding on the Closing Date (without giving effect to the transactions contemplated hereby) if that issuance in excess thereof requires prior shareholder approval in accordance with applicable Laws, rules or regulations of any Governmental Authority, including any self-regulatory organization or stock exchange applicable to NII. For the avoidance of doubt, any consideration owing to an Article 9 Quotaholder and which cannot be satisfied in NII Shares as described in the immediately preceding sentence will be paid in cash (based on the value of NII Shares calculated as the average Closing Price of NII Shares for the 10 Trading Days ending two market days prior to the relevant closing of the issuance of the NII Shares, and to be paid pursuant to the applicable provisions of **Article 9**).

(c) NII shall use reasonable best efforts to obtain, prior to the first anniversary of the Closing, at an annual or a special meeting called for such purpose, approval for the issuance of NII Shares in satisfaction of its rights or obligations under **Article 9** in an amount in excess of 19.99% of the number of NII Shares outstanding immediately prior to the Closing Date in accordance with Section 5635 of the Rules of the NASDAQ Stock Market LLC. In that regard, without limiting the generality of the foregoing, NII shall duly convene a meeting of shareholders to consider such approval and use reasonable best efforts to solicit proxies in favor of such approval, and the Board of Directors of NII shall recommend that NII's shareholders vote in favor of such approval.

6.16 **Settlement of Equity Awards**. After the Closing Date, the Company and its Subsidiaries, including Servicios de Radiocomunicacion Movil de Mexico, S.A. de C.V., will not pay or otherwise settle with NII (or its other Subsidiaries) any amounts in respect of options, restricted stock or other equity awards granted to the Company's employees, directors and/or consultants to the extent such options, restricted stock or awards are or would be vested on or prior to the day immediately prior to the Closing Date, and, with respect to options, restricted stock or awards for which the vesting period continues after the Closing, the Company will only pay and settle with NII (or its other Subsidiaries) on a pro rata basis determined by the number of days after the Closing as compared to the total number of days of the vesting period.

6.17 **Company and Subsidiary Resolutions**. No later than the 45th day following the Effective Date, the Company Parties shall have executed or adopted, as applicable, or caused the execution or adoption, as applicable, all of the resolutions referred to in **Section 1.8(a)(i)**, **(ii)**, **(iii)** and **(vi)**, provided, that effectiveness of such resolutions may be contingent upon the occurrence of the Closing.

ARTICLE 7: MANAGEMENT RIGHTS

7.1 Board and Committees Matters; Statutory Auditors; Bylaws

(a) **Board Matters**. Subject to the next sentence, the Board will consist of six members, of whom two members will be designated by the Investor and four members will be designated by NII. If the Investor's right to designate two members of the Board terminates pursuant to **Section 7.5**, then the Investor's designees will submit their resignations or NII will have the right to remove the Investor's designees, and NII

will have the right to determine the size of the Board and the membership of the Board. For so long as the Investor is permitted to designate two members of the Board, the Investor will promptly receive copies of all minutes from meetings of the Boards of Directors (or equivalent bodies) as well as of resolutions adopted without a meeting by unanimous consent of the Company and the Company's Subsidiaries.

(b) Statutory Auditors. Subject to the next sentence, the Company and each of its Subsidiaries will have two statutory auditors (*comisarios*, as such term is used in the General Law of Mercantile Companies) and their respective alternates, of whom one will be designated by the Investor (together with its respective alternate) and one will be designated by NII (together with its respective alternate). The statutory auditors (*comisarios*) shall be vested with all the rights and authority contemplated for the statutory auditors (*comisarios*) under the General Law of Mercantile Companies and such rights may not be challenged or waived in any manner by any Party for so long as the Investor has the right to designate two members of the Board. If the Investor's right to designate one statutory auditor (*comisario*) of the Company and each of its Subsidiaries terminates pursuant to **Section 7.5**, then the Investor's statutory auditors (*comisarios*) will submit their resignations or NII will have the right to remove the Investor's statutory auditors (*comisarios*), and NII will have the right to appoint the statutory auditor (*comisario*) of the Company and each of its Subsidiaries in its sole discretion. The Bylaws of the Company and each of its Subsidiaries will provide that the signatures of one of the statutory auditors (*comisarios*) will be sufficient in any shareholder, quotaholder or Board meeting containing resolutions approving the financial statements of the Company and its Subsidiaries.

(c) Committees. For so long as the Investor is permitted to designate two members of the Board, if the Board forms any committees, the Investor's designees will be allowed proportionate appointment to those committees, but a least one member.

(d) Bylaws. As promptly as reasonably practicable, but in no event later than the 45th day following the Effective Date, each of the Company and the Subsidiaries of the Company shall have approved and adopted amendments to their respective Company Restated Bylaws or Subsidiary Bylaws to conform to **Exhibit C-1** or to include the terms set forth on **Exhibit C-2**, respectively; provided that with respect to any such Subsidiaries that hold concessions from the SCT, such approval and adoption may be contingent on the receipt of approval of the Subsidiary Bylaws by the SCT so long as the Company Parties shall file applications for such approval within five Business Days of such contingent approval and adoption. None of the Investor, Uruguay, NII, the Company or their respective Subsidiaries will challenge in any court or before any other Governmental Authority the validity of all or any portion of the Company Restated Bylaws or the Subsidiary Bylaws.

(e) Investor Designees. Individuals designated by the Investor to serve on the Company Board will not be an officer, a director, partner, manager, or senior executive or in a consulting role involving strategic, commercial or business planning for a Restricted Person or any other Person who is engaged in the Permitted Business (other than the Investor and its Affiliates).

7.2 **General Voting Matters**.

(a) **Quotaholder**. The holders of a majority of the Percentage Interests entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at all meetings of the Quotaholders for the transaction of business except as otherwise provided by applicable Law. Subject to **Section 7.3**, when a quorum is present at any meeting, the vote of the holders of a majority of the Percentage Interests that have voting power present in person or represented by proxy will decide any question properly brought before the meeting within the items expressly included in the Agenda of the meeting, unless the question is one upon which by express provision of applicable Law, this Agreement, the Company Restated Bylaws or the Subsidiary Bylaws, a different vote is required, in which case the express provision will govern and control the decision of the question. Unless waived by the Investor or if all the Investor's designees attend without objecting to the deficiency of notice, the Company will provide at least 15 days' notice to the Investor of all meetings of the Quotaholders.

(b) **Board**. At all meetings of the Board, a majority of the total number of members will constitute a quorum for the transaction of business, and, subject to **Section 7.3**, the act of a majority of the members present at any meeting at which there is a quorum will be the act of the Board, unless the question is one upon which by express provision of applicable Law, this Agreement or the Company Restated Bylaws, a different vote is required, in which case the express provision will govern and control the decision of the question. Unless waived by the Investor, the Company will provide at least five Business Days' notice to the Investor of all meetings of the Board.

7.3 **Special Approval Rights**. Notwithstanding anything to the contrary in **Section 7.2**, the matters identified on **Exhibit J** (the "**Special Approval Matters**") will require the affirmative vote or other approval of at least one member of the Board who has been designated by the Investor pursuant to **Section 7.1** and, if required by applicable Law, the Company Restated Bylaws or otherwise submitted to the Quotaholders for approval, the affirmative vote or other approval of the Investor (collectively, the "**Special Approval Rights**"). If any Special Approval Matter is approved by the Board pursuant to the Special Approval Rights of this **Section 7.3**, that Special Approval Matter will be deemed to also be approved by the Quotaholders pursuant to the Special Approval Rights of this **Section 7.3**, subject to applicable Law. If any Special Approval Matter is approved by the Quotaholders pursuant to the Special Approval Rights of this **Section 7.3**, that Special Approval Matter will be deemed to have received the approval of the Board pursuant to the Special Approval Rights of this **Section 7.3**, subject to applicable Law. The Company will not, and will cause its Subsidiaries to not engage in any Special Approval Matter, unless that Special Approval Matter has been approved with the Special Approval Rights.

7.4 **Deadlock**.

(a) **Occurrence of a Deadlock or Impasse**. A deadlock or impasse (in each case, a "**Deadlock Event**") means that the Board or the Quotaholders, as required pursuant to **Section 7.3**, fails to approve:

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(i) the Annual Budget by June 30 of the year to which it applies (or, in the event of a fiscal year that is not a calendar year, 180 days after the end of the preceding fiscal year), it being understood that the Annual Budget shall be submitted for Board approval at least 180 days before such date.

(ii) the Business Plan on or before the 180th day after the date of the meeting when that Business Plan was first submitted for Board approval.

(iii) a *** or exclusivity arrangement with an aggregate value exceeding \$*** over a three - year period or less (“*Major Alliance*”) on or before the 10th day after the date of the meeting when the *** or exclusivity arrangement was submitted for Board approval or Special Approval Rights.

(iv) an acquisition of assets in one transaction or a series of transactions with an aggregate value exceeding \$*** (a “*Major Acquisition*”) on or before the 10th day after the date of the meeting when the acquisition was submitted for Board approval or Special Approval Rights.

(v) the voluntary liquidation, dissolution, bankruptcy or merger of the Company on or before the 10th day after the date of the meeting when the matter was submitted for Board approval or Special Approval Rights.

(vi) the disposition of any right to use spectrum or other concessions issued by COFETEL with an aggregate value exceeding \$*** (a “*Major Disposition*”) on or before the 10th day after the date of the meeting when the disposition was submitted for Board approval or Special Approval Rights.

(b) Deadlock Notice. Either Party may, on or before the 10th Business Day after a Deadlock Event, give notice in writing (a “*Deadlock Notice*”) to the other Party. If no Deadlock Notice is served by either Party within the 10-Business-Day time period, then the Parties will be deemed to have waived their respective rights to serve a Deadlock Notice in respect of the specific Deadlock Event and that Deadlock Event will remain unapproved.

(c) Negotiation Following a Deadlock Event. For a period of 30 days following receipt of a Deadlock Notice by any Party with respect to the Special Approval Matters described in Sections 7. 4(a)(i) and (ii), and for a period of 10 days following receipt of a Deadlock Notice by any Party with respect to the Special Approval Matters described in Sections 7. 4(a)(iii), (iv), (v) and (vi), the Parties, will enter into negotiations to settle the Deadlock Event. Each Party will promptly refer the Deadlock Event to its authorized representatives who will attempt to reach an acceptable resolution. The negotiation period provided above may be extended or abridged on the mutual written agreement of the Parties (the “*Negotiation Period*”). If, at or prior to the end of the Negotiation Period, an acceptable resolution to the Deadlock Event has been reached, the

Parties will cause the Board and/or the Quotaholders to take any action necessary or desirable to implement that decision.

(d) Operation of the Company During a Deadlock Event . If a Deadlock Event occurs, then the Company will continue to operate its business in the Ordinary Course of Business, except for those issues that are subject to the Deadlock Event; except, that :

(i) if the failure to approve the Annual Budget is the event causing the Deadlock Event, then the Company will operate under the Substitute Annual Budget;

(ii) if the failure to approve a Major Acquisition is the event causing the Deadlock Event, and NII has given or received a Deadlock Notice then the Company may pursue and consummate that Major Acquisition during and after the Negotiation Period without giving effect to any Special Approval Rights directly relating to financing that Major Acquisition;

(iii) if the failure to approve a Major Disposition is the event causing the Deadlock Event, and NII has given or received a Deadlock Notice then the Company may pursue and consummate that Major Disposition during and after the Negotiation Period; and

(iv) if the failure to approve a Major Alliance is the event causing the Deadlock Event, and NII has given or received a Deadlock Notice then the Company may pursue and consummate that Major Alliance during and after the Negotiation Period.

(e) Information Regarding a Deadlock Event . If a Deadlock Event occurs due to the failure to approve a Major Acquisition, Major Disposition, a Major Alliance or merger and the Company elects to continue to pursue such Major Acquisition, Major Disposition, Major Alliance or merger, as applicable, then prior to the closing of the Major Acquisition, Major Disposition, Major Alliance or merger, as applicable, the Company and NII shall keep the Investor regularly apprised of the status of, and shall promptly notify the Investor of significant developments in the process leading to such Major Acquisition, Major Disposition, Major Alliance or merger, as applicable, and, subject to the Investor entering into a customary non-disclosure agreement, give the Investor (i) information regarding negotiations, timing and terms and conditions; (ii) copies of drafts of transaction agreements setting forth the material terms and conditions of such transaction; (iii) access to all information included in any data room (including any electronic data room) set up in connection with such transaction, or otherwise provided to any prospective counterparty thereto; and (iv) a reasonable opportunity to meet with members of management of the Company and the prospective counterparties in such transaction.

7.5 Termination of Management Rights . The rights granted to the Investor pursuant to this **Article 7** , including the Special Approval Rights (other than those rights set forth

in paragraphs 8 (to the extent relating to an amendment of bylaws or entry into or amendment of any quotaholder or similar agreement, in each case that would have the effect of limiting or removing a right or protection of the Investor that it would have had under applicable Law in a *sociedad anónima*), 12, 13 and 14 (when determining the voting of the shares or quotas of any of the Company Subsidiaries with respect to any of the matters listed in said paragraphs 8, 12 and 13) of **Exhibit J**, will immediately terminate and become null and void without any other further action if the Termination Trigger has occurred.

7.6 Personal to the Investor. The rights granted to the Investor pursuant to **Articles 7, 8 and 9** are personal in nature and may not be assigned or transferred, by operation of Law or otherwise; except, that, if, subject to **Article 8**, the Investor Transfers all of its Percentage Interest, including any Percentage Interest attributable to the exercise of the Option, to a Permitted Transferee or a Third Party Purchaser in a single transaction, then the Investor will be permitted to Transfer the rights granted to it under **Articles 7, 8 and 9** and the Termination Trigger will not be deemed to have occurred in connection with the Transfer to that Permitted Transferee or Third Party Purchaser. Any action taken or attempted to be taken by the Investor in violation of this **Section 7.6** will be null and void and result in the immediate termination of the rights granted to the Investor pursuant to this **Article 7**.

ARTICLE 8: RESTRICTIONS ON TRANSFER

8.1 General

(a) NII and the Investor will not, and the Investor will cause any Permitted Transferee not to, directly or indirectly, in whole or in part, sell, assign, transfer or otherwise dispose of (“**Transfer**”) any Quota (or portion thereof) (or solicit any offers to buy or otherwise acquire, or take a pledge of any Quotas) except in accordance with the terms and conditions of this Agreement. For the avoidance of doubt, the term “Transfer” shall not include, and the Investor shall be permitted to undertake, subjecting all or any party of any Quota to any Encumbrance as part of a collateral package in which the Quota is not substantially all of the collateral so long as the holder of the Encumbrance acknowledges in writing that the Quotas are subject to, and any levy or execution on its collateral interest is subject to, the other provisions of this Agreement to the Company Restated Bylaws and licenses or concessions of the Company’s Subsidiaries. Nothing herein shall restrict the undertaking of, (i) any hedging, swap, future, option or other derivative contract with respect to any Quota or NII Shares, (ii) subjecting any NII Shares to any Encumbrance, or (iii) subject to compliance with applicable Laws, making any dividend, distribution, spin-off, split-off, or other transaction between a holder of NII Securities and the equityholders of such Person. The Investor will use good faith in structuring the transactions contemplated by the immediately preceding sentence and will not structure the transactions in any manner that will circumvent the restrictions on Transfer under this Agreement.

(b) Any attempt to Transfer a Quota (or portion thereof) not in compliance with this Agreement will be null and void and the Company will not, and will cause any

transfer agent or other Person not to, give any effect, whether in the quotaholder registry book of the Company or otherwise, to the attempted Transfer.

(c) No Transfer of a Quota (or portion thereof) by NII, the Investor or a Permitted Transferee will be effective until the recipient of the Quota (or portion thereof) has executed and delivered a counterpart to this Agreement agreeing to be bound hereby and made the Investment Representations.

8.2 Permitted Transferees . The Investor may at any time Transfer the legal and beneficial interests to its Quota (or portion thereof), the Option and the Investor License and the Investor Sublicense (together, in each case, with the corresponding Investor License Share) to one or more Permitted Transferees without the consent of the Board or any other Quotaholder and without complying with **Sections 8.3 and 8.4** so long as (a) the Permitted Transferee has agreed in writing to be bound by the terms of this Agreement and has assumed in writing and agreed to discharge any and all obligations of the Permitted Transferee that relate to that Quota (or portion thereof), (b) the Permitted Transferee makes the Investment Representations, and (c) the Transfer to the Permitted Transferee is not in violation of applicable Laws. If at any time a Permitted Transferee has or will cease to meet the definition of “Permitted Transferee”, the Quota and the corresponding Investor License Share must be transferred to the Investor or to a Person who is a Permitted Transferee and that Permitted Transferee must comply with clauses (a) through (c) of the immediately preceding sentence.

8.3 Other Transfers .

(a) Except as provided in **Section 8.2**, the Investor or a Permitted Transferee may Transfer its Quota (or portion thereof) only after the third anniversary of the Closing Date, subject to **Section 8.4**, in a Transfer to any Person (other than to a Restricted Person, which Transfer thereto is prohibited) so long as (i) such Person has agreed in writing to be bound by the terms of this Agreement and has assumed in writing and agreed to discharge any and all obligations of that Person that relate to that Quota (or portion thereof), (ii) such Person makes the Investment Representations, and (iii) the Transfer is not in violation of applicable Laws.

(b) NII may Transfer, and may cause any of its Subsidiaries to Transfer, its Quota (or portion thereof) at any time after the Effective Date in a Transfer to any Person (other than to a Restricted Person, which Transfer thereto is prohibited) so long as (i) the Person has agreed in writing to be bound by the terms of this Agreement and has assumed in writing and agreed to discharge any and all obligations of that Person that relate to that Quota (or portion thereof), (ii) the Person makes the Investment Representations, and (iii) the Transfer is not in violation of applicable Laws; except, that, if NII desires to Transfer a Quota (or portion thereof) to any Person (other than to a Wholly Owned Subsidiary of NII) representing more than 10% of the Percentage Interests beneficially held by NII (an “*NII Major Transfer*”), then that Transfer will be subject to **Sections 8.4 and 9.5** and, if applicable, **Section 9.6**. NII will use good faith in structuring Transfers and will not structure Transfers in a manner to avoid rights that the Investor would otherwise have under this **Section 8.3(b)** and **Section 8.4**.

(c) In no event will any Quotaholder Transfer a Quota (i) to a Restricted Person without the prior approval of the Board and NII or the Investor, as applicable, or (ii) in violation of applicable securities Laws.

(d) The rights granted to the Investor and its Permitted Transferees pursuant to **Section 6.12** and **Article 8** are in lieu of any and all comparable rights granted to the Quotaholders under applicable Law. The Investor and its Permitted Transferee waive any and all elections to purchase Quotas, Percentage Interests represented thereby or any other capital stock of the Company that may be provided under applicable Law, but not contemplated by this Agreement.

8.4 **Rights of First Refusal.**

(a) If the Investor or a Permitted Transferee desires to Transfer a Quota (or portion thereof) to any Person (other than to (i) a Permitted Transferee or (ii) a Restricted Person, which Transfer in the case of clause (ii) is prohibited) or NII (or its designee) desires to Transfer any of its Quota (or portion thereof) in an NII Major Transfer to any Person (other than to a Restricted Person, which Transfer thereto is prohibited), and the selling Quotaholder (the “**Selling Party**”) receives from or otherwise negotiates and enters into with such Person (the “**Third Party Purchaser**”) a legally binding, written agreement for the Third Party Purchaser to purchase the Quota (or portion thereof) (a “**ROFR Sale**”) and the Selling Party intends to pursue the ROFR Sale, then the Selling Party will give written notice of the same (a “**ROFR Notice**”) to the Company and the Investor or NII, as applicable (the “**Offered Quotaholder**”). The ROFR Notice will set forth a general description of the terms, including the identity of the Third Party Purchaser, the number of Percentage Interests represented by the Quota (or portion thereof) that is to be Transferred by the Selling Party (the “**Transferred Quota**”), the consideration that the Selling Party would receive for the Transferred Quota (the “**ROFR Price**”), and all other material transaction terms and conditions, including, in the case of the Investor, any arrangements with the Third Party Purchaser related to the Special Approval Rights, and will be accompanied by a copy of the written agreement and any related agreements.

(b) The giving of a ROFR Notice will constitute an irrevocable offer (the “**ROFR Offer**”) by the Selling Party to sell the Transferred Quota to the Offered Quotaholder for cash at the ROFR Price on the terms set forth in the ROFR Notice. The Offered Quotaholder will have a 15-Business Day period (the “**Initial Offer Period**”) in which to accept the ROFR Offer (and any additional or differing terms as agreed to by the Selling Party and the Offered Quotaholder) as to the Transferred Quota by giving a written notice of acceptance of the ROFR Offer to the Selling Party (together with a copy thereof to the Company) prior to the expiration of the Initial Offer Period. If the Offered Quotaholder fails to so notify the Selling Party prior to the expiration of the Initial Offer Period, then it will be deemed to have declined the ROFR Offer.

(c) If the Offered Quotaholder accepts the ROFR Offer, then the Offered Quotaholder will have an unconditional obligation to purchase the Transferred Quota

pursuant to the terms contained in the ROFR Notice (and any additional or differing terms as agreed to by the Selling Party and the Offered Quotaholder); provided that if the consideration in the ROFR Notice is not cash, the accepting Offered Quotaholder shall pay the cash equivalent of the consideration set forth in the ROFR Notice, with the value thereof to be agreed by the Selling Party and the Offered Quotaholder. If such agreement is not reached within 10 Business Days of the acceptance of the ROFR Offer the Parties shall agree on a third party Appraiser (the fees and expenses of which shall be shared by the Selling Party and the Offered Quotaholders) which shall determine such value within 20 Business Days of its selection. In such case, the Company's reasonable out-of-pocket costs will be shared equally by the Selling Party and the Offered Quotaholder.

(d) Upon the earlier of (i) full rejection of the ROFR Offer by the Offered Quotaholder, and (ii) the expiration of the Initial Offer Period without the Offered Quotaholder electing to purchase the Transferred Quota, there will commence a 180-day period during which the Selling Party will have the right to close the sale to the Third Party Purchaser of all of the Transferred Shares on the same or more favorable (as to the Selling Party) terms and conditions as were set forth in the ROFR Notice and at a price not less than 100% of the ROFR Price. If the Selling Party does not consummate the sale of the Transferred Quotas in accordance with the foregoing time limitations, then the Selling Party may not sell its Quota (or portion thereof) without repeating the foregoing procedures of this **Section 8.4** to the extent required thereby.

(e) The Investor's or any Permitted Transferee's rights (but not its obligations) pursuant to this **Section 8.4** will immediately terminate and become null and void without any other further action if the Termination Trigger has occurred.

8.5 Special Call Rights .

(a) If the Selling Party sells the Transferred Quota to the Third Party Purchaser without complying in all material respects with the procedures set forth in **Section 8.4**, then upon consummation of the sale to the Third Party Purchaser (a "**Third Party Sale**"), the Selling Party will notify the Offered Quotaholder within five days of the Third Party Sale and the Offered Quotaholder will have the right (the "**Special Call Right**") to purchase from the Third Party Purchaser the Transferred Quota purchased by the Third Party Purchaser pursuant to the Third Party Sale (the "**Called Interest**"). In any Third Party Sale, the Selling Party shall notify the Third Party Purchaser of the Special Call Right and shall not complete such Third Party Sale unless the Third Party Purchaser agrees in writing to be subject to the Special Call Right.

(b) To exercise the Special Call Right, the Offered Quotaholder must agree to exercise the Special Call Right in respect of the entire Called Interest and must give written notice (the "**Special Call Notice**") to the Third Party Purchaser on or before the 30th day after the later of (i) the Third Party Sale or (ii) the date upon which the Offered Quotaholder first becomes aware of the consummation of the Third Party Sale. Upon receipt of the Special Call Notice, the Third Party Purchaser will be obligated to sell the Called Interest in accordance with the provisions of this **Section 8.5**.

(c) The purchase price payable for the Transferred Quota will be an amount in cash equal to 95% of the purchase price paid for the Transferred Quota by the Third Party Purchaser in the Third Party Sale.

(d) The closing for the purchase of any Called Interest pursuant to this **Section 8.5** will occur as promptly as practicable (but in no event later than 60 days, subject to **Section 6.15**) after receipt by the Third Party Purchaser of the Special Call Notice. If the sale of the Called Interest by the Third Party Purchaser to the Offered Quotaholder is not consummated within the time periods set forth in the immediately preceding sentence, then the Third Party Purchaser will have no further obligations to sell the Called Interest so long as the Third Party Purchaser complies with **Section 8.3(a)** and **(b)**, as applicable. On or prior to the closing for the purchase of any Called Interest pursuant to this **Section 8.5**, the Third Party Purchaser will deliver to Offered Quotaholder a certificate (if applicable) representing the Transferred Quota, duly endorsed, together with all other documents, required to be executed in connection with the sale of the Transferred Quota (it being understood that in no event will the Third Party Purchaser be obligated to make any representations and warranties, or to provide any indemnities, with respect to the Called Interest; except, that the Third Party Purchaser will be required to make the Investment Representations and represent and warrant that it owns the Called Interest free and clear of all Encumbrances, and to its authority, power and right to enter into and consummate the sale without contravention of any Law or agreement, and without the need for any Authorization, consent, approval or waiver). At any closing pursuant to this **Section 8.5**, the relevant Offered Quotaholder will deliver to the Third Party Purchaser the aggregate purchase price for the Called Interest sold by the Third Party Purchaser, by bank wire transfer of immediately available funds to the bank account as the Third Party Purchaser will have specified in writing no later than two Business Days prior to the closing.

ARTICLE 9: DEADLOCK AND CHANGE-IN-CONTROL RIGHTS; TAG AND DRAG-ALONG RIGHTS

9.1 Investor Deadlock Rights .

(a) If a Deadlock Event has not been resolved by the end of the Negotiation Period in accordance with **Section 7.4** or if a Deadlock Notice has been provided with respect to a Deadlock Event described in **Sections 7. 4(a)(iii)**, **(iv)**, **(v)** or **(vi)**, then, subject to the capital redemption procedure provided in **Section 9.10**, the Investor will have the right (the “*Investor Deadlock Right*”) to require NII (or its designee) to (i) deliver NII Shares in the amount required or permitted under **Section 9.8** by exercising the Investor’s rights under the Call Agreement and requiring NII to exercise its rights under the Call Agreement to purchase a portion (the amount of which will be determined in accordance with **Section 9.8**) of the Percentage Interest held by the Investor and any Permitted Transferee (that Quotaholder, the “*Article 9 Quotaholder*”) and all of such Percentage Interests, the “*Article 9 Percentage Interest*”) and (ii) purchase for cash all the Article 9 Quotaholder’s remaining Article 9 Percentage Interests. The value of the Article 9 Percentage Interest for purposes of clause (i) and the

Call Agreement will equal the portion of the Investor Deadlock Price attributable to the NII Shares delivered in accordance with **Section 9.8** and the price for purposes of clause (ii) will equal the remaining portion of the Investor Deadlock Price.

(b) To exercise the Investor Deadlock Right, the Investor must (i) if the Investor Deadlock Price is not paid 100% in cash, reaffirm the Investment Representations and (ii) give written notice (the “**Investor Deadlock Right Notice**”) to NII during the period commencing at the end of the Negotiation Period or (in the case of a Deadlock Event described in **Sections 7.4(a)(iii), (iv), (v) and (vi)**), upon giving of the Deadlock Notice and ending on the 30th day after the expiration of the Negotiation Period; **except, that**, with respect to the Deadlock Events described in **Sections 7.4(a), (iii), (iv), (v) and (vi)**, the end of the period in which the Investor may give the Investor Deadlock Right Notice to NII will be the fifth Business Day after the Major Acquisition, the Major Disposition, Major Alliance, merger or proceeding, as applicable, has closed (or has been filed, in the case of a proceeding) or, if the Major Acquisition, the Major Disposition, Major Alliance, merger or proceeding is abandoned or the agreement related thereto has been terminated, then on the fifth Business Day after the date on which the Company notifies the Investor that the transaction or proceeding has been abandoned or the agreements relating to Major Acquisition, the Major Disposition, Major Alliance or merger have been terminated; **provided, that**, the Company shall have provided such notification to the Investor on the date such abandonment or termination occurs. Upon receipt of an Investor Deadlock Right Notice, the Investor and NII (or its designee) will be obligated to complete the transactions contemplated by **Section 9.1(a)** in accordance with the provisions of this **Article 9**. Upon receipt of an Investor Deadlock Right Notice, the rights granted to the Investor pursuant to **Article 7**, including the Special Approval Rights, (but not rights under other Articles) will immediately terminate and become null and void without any other further action.

(c) The “**Investor Deadlock Price**” means and will equal the Article 9 Percentage Interest **multiplied by** the Fair Market Value as of the date the Investor Deadlock Right Notice is given (in the case of a Deadlock Event described in **Sections 7.4(a)(iii), (iv), (v), and (vi)**), on a basis without giving effect to the Major Acquisition, Major Disposition or Major Alliance, merger or proceeding, as applicable), as agreed upon by NII and the Investor or, if NII and the Investor fail to agree on or before the 14th day after the Article 9 Quotaholder provides the Investor Deadlock Right Notice, then as determined by the Banker Approach under **Section 9.9**.

(d) The Article 9 Quotaholder’s rights pursuant to this **Section 9.1** will immediately terminate and become null and void upon the Termination Trigger.

9.2 Investor Change-In-Control Rights.

(a) Upon the occurrence of a Change-in-Control of NII, subject to the capital redemption procedure provided in **Section 9.10**, the Investor will have the right (the “**Investor Change-in-Control Right**”) to require NII (or its designee) to (i) deliver NII Shares in the amount required or permitted under **Section 9.8** (or corresponding amount

of consideration into which NII Shares are converted or exchanged in the Change-in-Control transaction) by exercising the Investor's rights under the Call Agreement and requiring NII to exercise its rights under the Call Agreement to purchase a portion (the amount of which will be determined in accordance with **Section 9.8**) of the Article 9 Percentage Interest and (ii) purchase for cash all of the Article 9 Quotaholder's remaining Article 9 Percentage Interests. The value of the Article 9 Percentage Interest for purposes of clause (i) and the Call Agreement will equal the portion of the Investor Change-in-Control Price attributable to the NII Shares (or corresponding amount of consideration into which NII Shares are converted or exchanged in the Change-in-Control transaction) delivered in accordance with **Section 9.8** and the price for purposes of clause (ii) will equal the remaining portion of the Investor Change-in-Control Price.

(b) To exercise the Investor Change-in-Control Right, the Investor must (i) if the Investor Change-in-Control Price is not paid 100% in cash, reaffirm the Investment Representations and (ii) give written notice (the "**Investor Change-in-Control Notice**") to NII on or before the 30th day after receiving notice from NII of the occurrence of the Change-in-Control of NII. Upon receipt of an Investor Change-in-Control Notice, the Investor and NII (or its designee) will be obligated to complete the transactions contemplated by **Section 9.2(a)** in accordance with the provisions of this **Article 9**. Upon receipt of the Investor Change-in-Control Notice, the rights granted to the Investor pursuant to **Article 7**, including the Special Approval Rights (but not rights under other Articles), will immediately terminate and become null and void without any other further action.

(c) The "**Investor Change-in-Control Price**" means and will equal the Article 9 Percentage Interest multiplied by the Fair Market Value as of the close of business on the day immediately prior to the Change-in-Control of NII as agreed upon by NII and the Investor or, if NII and the Investor fail to agree on or before the 14th day after the Article 9 Quotaholder provides the Investor Change-in-Control Notice, then as determined by the Banker Approach under **Section 9.9**. At any time after an agreement or other event relating to a potential Change-in-Control has been publicly announced or a tender offer or exchange offer that could lead to a Change-in-Control has been launched, the Article 9 Quotaholder may give non-binding notice to NII that the Article 9 Quotaholder intends to exercise the Investor Change-in-Control Right, in which case the Parties shall commence the procedure to determine the Fair Market Value so that such determination may be finalized prior to the date of the Change-in-Control in the event that the Article 9 Quotaholder gives the Investor Change-in-Control Notice.

9.3 NII Deadlock Rights.

(a) If a Deadlock Event has not been resolved by the end of the Negotiation Period in accordance with **Section 7.4** or if a Deadlock Notice has been provided with respect to a Deadlock Event described in **Sections 7.4(a)(iii), (iv), (v) or (vi)**, then, subject to the capital redemption procedure provided in **Section 9.10**, NII (or its designee) will have the right (the "**NII Deadlock Right**") to (i) require the Investor to purchase NII Shares in the amount required or permitted under **Section 9.8** by exercising

the Investor's rights under the Call Agreement and to exercise NII's (or its designee's) rights under the Call Agreement to purchase a portion (the amount of which will be determined in accordance with **Section 9.8**) of the Article 9 Percentage Interest and (ii) purchase for cash all of the Article 9 Quotaholder's remaining Article 9 Percentage Interests. The value of the Article 9 Percentage Interest for purposes of clause (i) and the Call Agreement will equal the portion of the NII Deadlock Price attributable to the NII Shares delivered in accordance with **Section 9.8** and the price for purposes of clause (ii) will equal the remaining portion of the NII Deadlock Price.

(b) To exercise the NII Deadlock Right, NII must give written notice (the "**NII Deadlock Right Notice**") to the Article 9 Quotaholder during the period beginning on the 31st day after the expiration of the Negotiation Period and ending on the 60th day after the expiration of the Negotiation Period; except, that, with respect to the Deadlock Events described in **Sections 7. 4(a)(iii), (iv), (v) and (vi)**, NII may provide the NII Deadlock Right Notice only upon the sixth day after the closing of the Major Acquisition, the Major Disposition, the Major Alliance, merger or proceeding, as applicable, and for 30 days thereafter. Upon receipt of the NII Deadlock Right Notice, the Article 9 Quotaholder and NII (or its designee) will be obligated to complete the transactions contemplated by **Section 9.3(a)** in accordance with the provisions of this **Article 9**. Upon receipt of the NII Deadlock Right Notice, the rights granted to the Investor pursuant to **Article 7**, including the Special Approval Rights, (but not rights under other Articles) will immediately terminate and become null and void without any other further action and the Article 9 Quotaholder will reaffirm the Investment Representations.

(c) The "**NII Deadlock Price**" means and will equal the Article 9 Percentage Interest multiplied by the Fair Market Value as of the date the NII Deadlock Right Notice is given (in the case of a Deadlock Event described in **Sections 7. 4(a)(iii), (iv), (v), and (vi)**, on a basis without giving effect to the Major Acquisition, Major Disposition, Major Alliance, merger or proceeding, as applicable), as agreed upon by NII and the Investor or, if NII and the Investor fail to agree on or before the 14th day after NII provides the NII Deadlock Right Notice, then as determined by the Banker Approach under **Section 9.9**.

(d) For the avoidance of doubt, NII's rights pursuant to this **Section 9.3** will immediately terminate and become null and void without any other further action if the Termination Trigger has occurred.

9.4 NII Change-In-Control Rights .

(a) Upon the occurrence of a Change-in-Control of the Investor, subject to the capital redemption procedure provided in **Section 9.10**, NII (or its designee) will have the right (the "**NII Change-in-Control Right**") to (i) deliver NII Shares in the amount required or permitted under **Section 9.8** by requiring the Investor to exercise its rights under the Call Agreement and by exercising NII's (or its designee's) rights under the Call Agreement to purchase a portion (the amount of which will be determined in accordance with **Section 9.8**) of the Article 9 Percentage Interest and (ii) purchase for cash all of the

Article 9 Quotaholder's remaining Article 9 Percentage Interests. The value of the Article 9 Percentage Interest for purposes of clause (i) and the Call Agreement will equal the portion of the NII Change-in-Control Price attributable to the NII Shares delivered in accordance with **Section 9.8** and the price for purposes of clause (ii) will equal the remaining portion of the NII Change-in-Control Price.

(b) To exercise the NII Change-in-Control Right, NII must give written notice (the "**NII Change-in-Control Notice**") to the Investor on or before the 30th day after receiving notice from the Investor of the occurrence of the Change-in-Control of the Investor. Upon receipt of the NII Change-in-Control Notice, the Investor and NII (or its designee) will be obligated to complete the transactions contemplated by **Section 9.4(a)** in accordance with the provisions of this **Article 9**. Upon receipt of the NII Change-in-Control Notice, the rights granted to the Investor pursuant to **Article 7**, including the Special Approval Rights (but not rights under other Articles), will immediately terminate and become null and void without any other further action and the Article 9 Quotaholder will, if the NII Change-in-Control Price is not paid 100% in cash, reaffirm the Investment Representations.

(c) The "**NII Change-in-Control Price**" means and will equal the Article 9 Percentage Interest multiplied by the Fair Market Value as of the close of business on the day immediately prior to the Change-in-Control of the Investor as agreed upon by NII and the Investor or, if NII and the Investor fail to agree on or before the 14th day after NII provides the NII Change-in-Control Notice, then as determined by the Banker Approach under **Section 9.9**.

9.5 Investor Tag-Along Rights .

(a) If NII or a Subsidiary thereof desires to Transfer or cause the Transfer of any of its Quotas to any Person other than a Wholly Owned Subsidiary of NII, which Transfer would result in NII, in the aggregate and together with any related Transfers, Transferring more than 25% of the Percentage Interests then held by NII or its Subsidiaries, whether by sale, merger or otherwise (a "**Significant Sale**"), and the Investor does not elect to exercise its rights under **Section 8.4** (if any), to the extent applicable, or NII does not elect to exercise its rights under **Section 9.6** (if any), then at least 30 days prior to the anticipated closing of the Significant Sale, NII will make an offer (the "**Participation Offer**") to the Investor to include in the proposed Significant Sale at the NII Sale Price a Quota representing a certain amount of Percentage Interests held beneficially or of record by the Investor, which will be determined solely by the Investor but may not exceed the Investor's Participation Portion.

(b) The Participation Offer will describe the terms and conditions of any proposed Significant Sale, the identity of the proposed transferee, and the amount of Percentage Interests that the Investor may Transfer in the proposed Significant Sale and will be conditioned upon (i) the consummation of the transactions contemplated in the Participation Offer and (ii) the Investor's execution and delivery of all agreements and other documents as NII (or its selling Subsidiary) is required to execute and deliver in

connection with the Significant Sale. If the Investor accepts the Participation Offer, then NII will reduce, to the extent necessary, the number of Percentage Interests it or its selling Subsidiary otherwise would have Transferred in the proposed Significant Sale so as to permit the Investor to Transfer the number of Percentage Interests that it is entitled to Transfer under this **Section 9.5** and NII will notify the proposed transferee of the Investor's participation in the Significant Sale, and the Investor will Transfer the amount of the Percentage Interests specified in the Participation Offer to the proposed transferee in accordance with the terms set forth in the Participation Offer.

(c) If the Investor desires to exercise its right to Transfer certain of its Percentage Interests in accordance with the Participation Offer, then the Investor will deliver written notice to NII on or before the 15th Business Day after the Investor's receipt of the Participation Offer, specifying the number of Percentage Interests that the Investor desires to Transfer in the Participation Offer, the number of which will be limited to its Participation Portion, whereupon the Investor will be obligated, subject to the following sentence, to Transfer or cause the Transfer of the Percentage Interests at the closing of the Significant Sale in accordance with this **Section 9.5**, if and when it occurs. The written notice delivered pursuant to this **Section 9.5(c)** will obligate the Investor to Transfer or cause the Transfer of the Percentage Interests at the closing of the Significant Sale in accordance with this **Section 9.5** unless (i) closing of the Significant Sale has not occurred within 180 days after the delivery the notice or (ii) the sale price or the amount and type of other consideration for the Quota representing the Investor's Percentage Interests Transferred under this **Section 9.5** or any other material purchase term has changed, in which case the procedures of this **Section 9.5** will have to occur anew before any Significant Sale.

(d) There will be no liability on the part of NII or its Affiliates and Subsidiaries to the Investor or its Affiliates and Subsidiaries if a proposed Significant Sale is not consummated for any reason.

(e) If the Investor elects to exercise its rights under this **Section 9.5**, then the Investor will and will cause its Subsidiaries to (i) take any actions as may be reasonably requested by NII in connection with consummating the Significant Sale, (ii) vote in favor of, consent to and raise no objections against the Significant Sale or the process pursuant to which the Significant Sale was arranged, (iii) waive any dissenter's, appraisal and other similar rights, (iv) if the Significant Sale is structured as a sale of interest, agree to sell the Investor's Percentage Interests at the NII Sale Price and on the terms and conditions of the Significant Sale, (v) execute and deliver any documents as may be reasonably requested by NII in connection with any Significant Sale, including proxies, letters of transmittal, purchase agreements and stock powers, in each case so long as NII has also executed the documents on no more favorable a basis than the Investor, and (vi) (A) bear its proportionate share of any escrows, holdbacks or adjustments in purchase price as the same may be negotiated by NII in connection with any Significant Sale (it being understood that in no event will the indemnification obligations of the Investor exceed the proceeds received by the Investor in the Significant Sale), and (B) make any representations, warranties, covenants, indemnities (based on its proportionate share of

the proceeds resulting from the Significant Sale) and covenants as are customary for tag-along sellers in transactions of the nature of the Significant Sale, but only to the extent made by NII (it being understood that in no event will the Investor be obligated to make any representations and warranties; except, that, the Investor will be required to represent and warrant that it owns its Quotas (and all portions thereof) free and clear of all Encumbrances, and to its authority, power and right to enter into and consummate the sale without contravention of any Law or agreement, and without the need for any Authorization, consent approval or waiver). At the closing of the Significant Sale, the Investor will deliver a certificate (if applicable) for the Quota representing all of the Percentage Interests to be Transferred by the Investor, duly endorsed for Transfer or termination, to the purchaser against delivery of the appropriate purchase price.

(f) In connection with any Significant Sale, NII may, or may cause any of its Subsidiaries to, hire legal counsel and other professional advisors as it may deem necessary or desirable to effectuate the contemplated transaction on behalf of NII and the Investor (if participating). NII and the Investor (if participating) will bear their pro-rata share (based upon the number of Percentage Interests sold or to be sold) of the reasonable transaction costs of the Significant Sale to the extent the costs are not otherwise paid by the Company or the acquiring Person if the Significant Sale closes (and if the Significant Sale does not close, NII shall bear all such costs). Costs incurred by the Investor on its own behalf (other than the costs of the professional advisors hired by NII) will not be considered costs of a Significant Sale and will be paid solely by the Investor.

(g) For the purposes of this **Section 9.5** and **Section 9.6**, unless the context otherwise requires, the term “*NII Sale Price*” means all consideration received by NII (or its selling Subsidiary) in connection with any Significant Sale or any Entire Interest Sale, as applicable, other than the repayment of bona fide loans by NII or its Affiliates to the Company or any of its Subsidiaries and the reasonable consideration for bona fide services to be provided by NII or its Affiliates to the third party purchaser for consideration no more favorable to NII than the consideration that would be paid to a third party provider on arms’ length terms for such services.

9.6 NII Drag-Along Right .

(a) If (i) the Percentage Interest held by NII and its Subsidiaries is at least 30%, (ii) NII and its Subsidiaries are selling all of their Percentage Interests (an “*Entire Interest Sale*”) and the Termination Trigger has occurred, (iii) by NII’s exercise of its rights under this **Section 9.6** all of the outstanding equity of the Company is being Transferred, and, (iv) if applicable, the Investor does not elect to exercise its rights under **Section 8.4** or **9.7(d)**, then NII will have the right, following expiration of the 30-day period set forth in **Section 9.6(b)**, to require the Investor and its Subsidiaries to Transfer in a sale or cause the Transfer in a sale of a Quota representing all of the Percentage Interests owned by the Investor and its Subsidiaries. The Quota Transferred by the Investor pursuant to this **Section 9.6** will be Transferred at the same price and terms as the Percentage Interests being Transferred by NII. NII will keep Investor reasonably

apprised of any discussions or negotiations which could lead to a potential Entire Interest Sale.

(b) NII will give the Investor at least 30 days' prior written notice of any Entire Interest Sale as to which NII intends to exercise its rights under **Section 9.6(a)**.

(c) If NII elects to exercise its rights under this **Section 9.6**, then the Investor will and will cause its Subsidiaries to (i) take any actions as may be reasonably requested by NII in connection with consummating the Entire Interest Sale, (ii) vote in favor of, consent to and raise no objections against the Entire Interest Sale or the process pursuant to which the Entire Interest Sale was arranged, (iii) waive any dissenter's, appraisal and other similar rights, (iv) if the Entire Interest Sale is structured as a sale of stock, agree to sell the Investor's Percentage Interests at the NII Sale Price and on the terms and conditions of the Entire Interest Sale, (v) execute and deliver any documents as may be reasonably requested by NII in connection with any Entire Interest Sale, including proxies, letters of transmittal, purchase agreements and stock powers, in each case so long as NII has also executed the documents on no more favorable a basis than the Investor, and (vi) represent and warrant that the Investor owns its Quotas (and all portions thereof) free and clear of all Encumbrances, and to its authority, power and right to enter into and consummate the sale without contravention of any Law or agreement, and without the need for any Authorization, consent, approval or waiver. At the closing of the Entire Interest Sale, the Investor will deliver a certificate (if applicable) for the Quota representing all of the Percentage Interests to be Transferred by the Investor, duly endorsed for Transfer or termination, to the purchaser against delivery of the appropriate purchase price.

(d) NII will be solely responsible for costs of the Entire Interest Sale to the extent the costs are not otherwise paid by the Company or the acquiring Person (including, for the avoidance of doubt, the costs of the legal counsel and professional advisors hired by NII) whether or not the Entire Interest Sale closes, except that costs directly incurred by the Investor on its own behalf will not be considered costs of an Entire Interest Sale and will be paid solely by the Investor.

9.7 Investor Liquidity Rights .

(a) Upon written notice from the Investor delivered to NII and the Company during the period commencing 30 days before, and ending 30 days after, the third anniversary of the Closing Date and continuing with respect to each anniversary thereafter, subject to the capital redemption procedure provided in **Section 9.10**, the Investor may elect (the "**Liquidity Right**"), with respect to an amount of the Article 9 Percentage Interest determined by the Investor not to exceed 33.33% of the Aggregate Percentage Interest (the "**Liquidity Cap**") but not less than 25% of the Liquidity Cap or (if less) all of remaining Article 9 Percentage Interest (such amount of Article 9 Percentage Interest, the "**Liquidity Percentage Interest**"), to require NII (or its designee) to (i) deliver NII Shares in the amount required or permitted under **Section 9.8** by exercising the Investor's rights under the Call Agreement to purchase a portion (the

amount of which will be determined in accordance with this **Article 9**) of the Liquidity Percentage Interest and (ii) purchase for cash all of the Article 9 Quotaholder's remaining Liquidity Percentage Interest. The value of the Liquidity Percentage Interest for purposes of clause (i) and the Call Agreement will equal the portion of the Liquidity Price attributable to the NII Shares delivered in accordance with **Section 9.8** and the price for purposes of clause (ii) will equal the remaining portion of the Liquidity Price. For purposes of this **Section 9.7**, "**Aggregate Percentage Interest**" means the sum of (A) the Investor's Percentage Interest as of immediately after Closing (assuming for these purposes that all Installment Payments under **Section 1.3** had then been made and the Investor's Percentage Interest was appropriately increased) plus (B) any additional Percentage Interest acquired by the Article 9 Quotaholder pursuant to **Section 1.6**.

(b) To exercise the Liquidity Right, the Investor must give written notice (the "**Liquidity Notice**") to NII during the period set forth in **Section 9.7(a)**. Upon receipt of the Liquidity Notice, the Investor and NII (or its designee) will be obligated to complete the transactions contemplated by **Section 9.7(a)** in accordance with the provisions of this **Article 9**.

(c) The "**Liquidity Price**" means and will equal the Liquidity Percentage Interest multiplied by the Fully Distributed Public Market Value as of the date the Liquidity Notice is given as agreed upon by NII and the Investor or, if NII and the Investor fail to agree on or before the 14th day after the Article 9 Quotaholder provides the relevant notice exercising the applicable Liquidity Right, then as determined by the Banker Approach under **Section 9.9**.

(d) If NII gives the Investor the notice described in **Section 9.6(b)**, then during the 30-day period following such notice, the Investor may deliver notice to NII requiring that NII (or its designee) purchase from the Investor or its Permitted Transferee specified in such notice, all of the Percentage Interests held by the Investor, in accordance with this Section (without the cap set forth in clause (a)). The purchase price shall equal the price that would have been payable under **Section 9.6**.

(e) Subject to **Sections 6.15**, **9.10** and **13.15**, the closing for the transaction pursuant to this **Section 9.7** will occur as promptly as practicable after determination of the Liquidity Price (or the price payable under **Section 9.6**, in the case of **Section 9.7(d)**). On or prior to the closing pursuant to this **Section 9.7**, the Article 9 Quotaholder will deliver to NII (or its designee) a certificate (if applicable) representing the Quota being sold, duly endorsed, together with all other documents, required to be executed in connection with the sale of the Quota (it being understood that in no event will the Article 9 Quotaholder be obligated to make any representations and warranties, or to provide any indemnities, with respect to the Quota being sold; except, that, the Investor will be required to reaffirm the Investment Representations and represent and warrant that it owns its Quotas free and clear of all Encumbrances, and to its authority, power and right to enter into and consummate the sale without contravention of any Law or agreement, and without the need for any Authorization, consent, approval or waiver). At any closing pursuant to this **Section 9.7** or as otherwise permitted under **Section 9.8**, NII (or its

designee) will deliver to the Article 9 Quotaholder, as applicable, (i) cash by bank wire transfer of immediately available funds to the bank account designated by the Article 9 Quotaholder in writing no later than two Business Days prior to the closing or (ii) delivery of NII Shares in accordance with **Section 9.8** and the Call Agreement.

(f) The value of NII Shares (calculated as the average Closing Price of NII Shares for the 10 Trading Days ending two market days before the closing of the transaction pursuant to this **Section 9.7**) to be delivered pursuant to **Section 9.7(a)(i)** will exceed the cash payment to be made pursuant to **Section 9.7(a)(ii)**.

9.8 Delivery of NII Shares.

(a) Any transactions for Quotas and the Percentage Interests represented thereby pursuant to **Section 9.1**, **9.2**, **9.3** or **9.4** shall be at least 50% in cash, with the remainder of the consideration to be determined at NII's election to be cash, or to follow the procedures set forth in the Call Agreement (subject to the capital redemption procedure provided in **Section 9.10**), which determination shall be notified to the Investor at least 10 Business Days prior to payment thereof; except, that, (i) any transactions for Quotas and the Percentage Interests represented thereby pursuant to **Section 9.1** or **9.3** in respect of a Deadlock Event described in **Section 7.4(a)(iii)**, **(iv)**, **(v)** or **(vi)** shall be 100% cash and (ii) any transactions for Quotas and the Percentage Interests represented thereby pursuant to **Sections 9.1**, **9.2**, **9.3** or **9.4** as a result of the relevant notice having been given on or prior to the first anniversary of the Closing Date shall be 100% cash. Any transactions for Quotas and the Percentage Interests represented thereby pursuant to **Section 9.7** must be made at least 50% by means of the procedures set forth in the Call Agreement (subject to the capital redemption procedure provided in **Section 9.10**, in which case the Investor would receive at least 50% of the consideration in NII Shares in such transaction). Notwithstanding any provision of the Call Agreement, **Section 9.8** will determine the proportion of NII Shares to cash that the Investor will receive. In the event of a Change-in-Control of NII in which NII Shares are converted or exchanged into other consideration, the references to NII Shares as consideration shall instead be to such consideration into or for which NII Shares were converted or exchanged.

(b) For purposes of any delivery by NII (or its designee) of NII Shares pursuant to the capital redemption procedure provided in **Section 9.10** or pursuant to the Call Agreement, the value of NII Shares will be based on the average Closing Price of NII Shares for the 10 Trading Days ending two market days before the closing of the transaction under this **Article 9**. Only full shares of NII Shares will be issued and in lieu of any fractional shares that would otherwise have been issued, the Investor will be entitled to cash in an amount equal to the applicable fraction of the value described in the preceding sentence.

(c) The delivery of NII Shares and Investor's Quotas as permitted in this **Article 9** is subject to **Sections 6.15**, **9.10** and **13.15**. NII will use its reasonable best efforts to list the NII Shares issuable under this **Article 9** as promptly as practicable on

the NASDAQ (or another national securities exchange on which the NII Shares are principally traded) upon official notice of issuance.

9.9 **Banker Approach**.

(a) No later than 10 days after NII and the Investor fail to reach an agreement on the Fully Distributed Public Market Value or Fair Market Value, as applicable, of the Company during their 14-day determination period, NII will select and identify to the Investor an Appraiser (the “**First Appraiser**”) and the Investor will select and identify to NII an Appraiser (the “**Second Appraiser**”). The date when both Appraisers have been identified, is the “**Start Date**”. The Parties will cooperate with any Appraisers appointed under this **Section 9.9** and share with each Appraiser all information relevant to a valuation of the Company, including that information described in **Section 9.9(c)**. On or before the 20th day after the Start Date, the First Appraiser and the Second Appraiser will each determine its preliminary view of the Fully Distributed Public Market Value or Fair Market Value, as applicable, of the Company in accordance with the criteria set forth in the definitions of those terms in this Agreement, and will consult with each other with respect to their respective preliminary values. On or prior to the 30th day after the Start Date, the First Appraiser and the Second Appraiser will each render to the Parties its written report on the Fully Distributed Public Market Value or Fair Market Value, as applicable, of the Company.

(b) If the higher Fully Distributed Public Market Value or Fair Market Value, as applicable, determined under **Section 9.9(a)** (the “**High Value**”) is not more than 115% of the lower Fully Distributed Public Market Value or Fair Market Value, as applicable, determined under **Section 9.9(a)** (the “**Low Value**”), then the Fully Distributed Public Market Value or Fair Market Value, as applicable, will be the average of the High Value and the Low Value. If the High Value is more than 115% of the Low Value, then, not more than 60 days after the Start Date, the First Appraiser and the Second Appraiser will together designate another internationally recognized investment banker or appraiser independent of and not affiliated with either Party (the “**Third Appraiser**”), who will be informed of the values determined by the First Appraiser and the Second Appraiser and receive copies of the written reports of the First Appraiser and the Second Appraiser described in **Section 9.9(a)**. The Third Appraiser will make a determination of the Fully Distributed Public Market Value or Fair Market Value, as applicable, of the Company in accordance with the criteria set forth in the definitions of the same and delivers its written report to NII and the Investor (the “**Third Value**”) not more than 30 days after the Third Appraiser is designated. If the Third Value is within the middle one-third of the range of values between the High Value and the Low Value (the “**Mid-Range**”), then the Fully Distributed Public Market Value or Fair Market Value, as applicable, will be the Third Value. If the Third Value does not fall within the Mid-Range, then the Fully Distributed Public Market Value or Fair Market Value, as applicable, will be the average of (i) the Third Value and (ii) either (A) the High Value or (B) the Low Value, whichever is closest to the Third Value, provided that the Fully Distributed Public Market Value or Fair Market Value, as applicable, will not be less than the Low Value nor greater than the High Value. The determination of the Fully

Distributed Public Market Value or Fair Market Value, as applicable, under this **Section 9.9(b)** will be final and binding on the Parties.

(c) Promptly following the engagement of each Appraiser pursuant to this **Section 9.9**, each Appraiser will enter into a nondisclosure agreement with NII, the Company and the Investor. NII, the Company and the Investor will provide each Appraiser with written instructions regarding the preparation of its determination of the Fully Distributed Public Market Value or Fair Market Value, as applicable, of the Company, including a copy of the pertinent provisions of this Agreement. The Company will (i) provide the Company's most recent consolidated financial statements, (ii) provide financial forecasts for the Company on a consolidated basis for the then-current year and the following four years, and (iii) make available to each Appraiser a management presentation with respect to the matters set forth in clauses (i) and (ii). Each Appraiser will receive identical information pursuant to this **Section 9.9(c)**.

(d) All fees, expenses and disbursements of each Appraiser will be the responsibility of the Party that engaged that Appraiser. All fees, expenses and disbursements of the Third Appraiser will be shared equally by the Investor Parties, on the one hand, and NII, on the other hand.

9.10 Closings under Article 9.

(a) **Structure**. The Parties will use their respective reasonable best efforts to achieve the same results as the transactions contemplated by **Sections 9.1, 9.2, 9.3, 9.4** and **9.7** (including the Investor's receipt of NII Shares pursuant to such provisions) by way of capital redemptions of Investor Percentage Interests (provided that the Company has sufficient Tax attributes and sufficient equity or other capital). If a capital redemption is effected, a receivable issued to the Investor in respect of each such redemption will be recorded, followed by, as soon as possible, an acquisition of NII Shares and/or cash from NII as set forth in this **Article 9** by the Investor in exchange for the resulting receivable. If the Parties determine such capital redemption structure (including the exchange of the receivable for NII Shares and/or cash) is not possible or does not effect the intended results in a timely manner consistent with the relevant time periods set forth in this **Article 9**, then the following provisions of this **Section 9.10(a)** shall apply. The Investor will be entitled to exercise its rights under the Call Agreement to accomplish the transactions contemplated by **Sections 9.1, 9.2, 9.3, 9.4** and **9.7**, provided that the Investor indemnifies and holds harmless NII and its Affiliates from and against any and all Taxes directly arising out of or resulting from the exercise and settlement by the Investor and NII of their call rights under the Call Agreement, subject to the limitations set forth in this Agreement (other than in **Section 10.3(b)**). For the avoidance of doubt, and except for any Withholding Tax, no amounts payable to the Investor hereunder shall be net of, reduced by, or otherwise negatively adjusted for any income or other Taxes.

(b) **Certain Closings**. Subject to **Sections 6.15** and **13.15**, the closing for transactions under **Sections 9.1, 9.2, 9.3** and **9.4** will occur as promptly as practicable

(but in no event later than five Business Days) after determination of the purchase price. On or prior to a closing contemplated by this **Section 9.10**, the Article 9 Quotaholder will deliver to NII (or its designee) a certificate (if applicable) representing the Quota being sold, duly endorsed, together with all other documents, required to be executed in connection with the sale of the Quota (it being understood that the Article 9 Quotaholder will not be obligated to provide any indemnities and will only make representations and warranties with respect to the Quota; except, that, the Article 9 Quotaholder will be required to represent and warrant that it owns the Quota free and clear of all Encumbrances, and to its authority, power and right to enter into and consummate the sale without contravention of any Law or agreement, and without the need for any Authorization, consent approval or waiver and, if the Article 9 Quotaholder is not being paid 100% in cash, to reaffirm the Investment Representations). At any closing contemplated by this **Section 9.10(b)** or as otherwise permitted under **Section 9.8**, NII (or its designee) will deliver to the Article 9 Quotaholder, as applicable, (i) cash by bank wire transfer of immediately available funds to the bank account designated by the Article 9 Quotaholder in writing no later than two Business Days prior to the closing, (ii) delivery of NII Shares in accordance with **Section 9.8** and the Call Agreement or (iii) if a capital redemption is effected, a receivable from the Company followed by delivery of NII Shares and/or cash to the Investor in exchange for such receivable.

(c) **Investor License Share Transfers**. If the Investor Transfers any of its Quota (or portion thereof) to NII (or its designee) pursuant to **Section 9.1, 9.2, 9.3, 9.4**, or **9.7**, then a proportionate amount of the Investor License Share will be sold by the Investor to NII (or its designee) and a portion of the purchase price for the Quota (or portion thereof) sold will be allocated to the purchase of the Investor License Share based on the Net Present Value of that proportionate share (and paid in accordance with the applicable time periods set forth in **Article 9**) and subtracted from the purchase price payable under **Article 9**. If the Investor sells any of its Quota (or portion thereof) to a third Person pursuant to **Section 8.4, 9.5**, or **9.6**, then NII (or its designee) will either (i) consent to the Transfer of a proportionate amount of the Investor License Share to that Person and enter into an agreement with that Person that NII and the Company and their respective Subsidiaries will not enter into or amend any royalty arrangements or agreements between or among them without that Person's prior written consent, or (ii) purchase from the Investor a proportionate amount of the Investor License Share at a purchase price equal to the Net Present Value of that proportionate share and enter into an agreement with that Person that NII and the Company and their respective Subsidiaries will not enter into or amend any royalty arrangements or agreements between or among them without that Person's prior written consent.

9.11 **Put/Call Payment Defaults**. With respect to any puts or calls under this **Article 9**, once the put or call has been exercised, the Investor's only right with respect to such put and call is to collect any payments due in connection with such put or call. Without limitation to any other remedies available under Law, if the payments are not made when due, then the amount unpaid will accrue a late fee at the rate provided for in **Section 1.4** from the date it was due and all of the Investor's rights (but not obligations) under **Article 7**, including the

Special Approval Rights, will be restored until the unpaid amounts have been received in full by the Investor, subject to **Section 6.15** and **13.15**.

ARTICLE 10: REMEDIES

10.1 **General Indemnification Obligation** .

(a) **NII** . After the Closing Date and subject to the limitations set forth in this **Article 10** , NII will indemnify and hold harmless the Investor Parties from and against any and all direct, out-of-pocket losses, liabilities, claims, damages, penalties, fines, judgments, awards, settlements, costs, fees, expenses (including reasonable attorneys' fees) and disbursements (each, a "**Loss** " and, collectively, the "**Losses** ") incurred or suffered by any Investor Party based upon, arising out of, or otherwise in respect of or relating to (i) any inaccuracies in or any breach of any representation, warranty, covenant or agreement of the Company Parties contained in this Agreement (in each case, determined without regard to any qualifications therein referencing the terms "materiality," "material adverse effect," or other terms of similar import or effect) and (ii) any funds drawn or other Losses incurred pursuant to the \$72,000,000 Stand By Letter Agreement set forth in item 2 of **Section 4.3** of the Company Disclosure Statement (the "**Stand By Letter** "). After the Closing, NII will indemnify and hold harmless the Company and its Subsidiaries from and against any and all Losses based upon, arising out of, or otherwise in respect of relating to the Stand By Letter, including any payments by the Company or its Subsidiaries thereunder.

(b) **Investor** . After the Closing Date and subject to the limitations set forth in this **Article 10** , the Investor will indemnify and hold harmless NII from and against any and all Losses incurred or suffered by any Company Party based upon, arising out of, or otherwise in respect of any inaccuracies in or any breach of any representation, warranty, covenant or agreement of the Investor Parties contained in this Agreement.

10.2 **Notice of Asserted Liability** . As soon as is reasonably practicable after any Company Party, on the one hand, or any Investor Party, on the other hand, becomes aware of any event or condition that could reasonably be expected to result in a Loss for which that Party is entitled to indemnification under **Section 10.1** (a "**Claim** "), that Party (the "**Beneficiary** ") will give notice of the Claim (a "**Claims Notice** ") to the other Party (the "**Indemnifying Party** "). A Claims Notice must describe the Claim in reasonable detail and to the extent feasible indicate the amount (estimated, if feasible) of the Loss that has been or may be suffered by the Beneficiary. No delay in or failure to give a Claims Notice by the Beneficiary to the Indemnifying Party pursuant to this **Section 10.2** will adversely affect any of the other rights or remedies that the Beneficiary has under this Agreement or alter or relieve the Indemnifying Party of its obligation to indemnify the Beneficiary except to the extent that such delay or failure has actually prejudiced the Indemnifying Party.

10.3 **Survivability; Limitations** .

(a) **Survivability** . Claims for breach of the representations and warranties of the Company Parties and the Investor Parties contained in this Agreement can be made (i) in respect of the representations set forth in **Sections 3.1, 3.2, 3.3, 3.4, 3.8, 4.1, 4.2, 4.3, 4.4, 4.6, 4.7, 4.11, 5.1, 5.2, 5.3 and 5.4** , at any time following the Effective Time, (ii) in respect of the representations set forth in **Sections 4.15, 4.21 and 4.22** until 60 days after the expiration of the applicable statute of limitations, and (iii) in respect of all other representations, on or before the 18-month anniversary of the Closing Date (as applicable, the “**Expiration Date** ”); **except, that** , any claims pending on the Expiration Date for which notice has been given in accordance with **Section 10.2** on or before such Expiration Date may continue to be asserted and indemnified against until finally resolved.

(b) **Limitations** . Neither NII nor the Investor will have any liability under this Agreement as a result of any breach or inaccuracy in any of the representations and warranties unless the amount of any individual Loss (or series of related Losses) exceeds \$75,000. If any Loss (or series of related Losses) exceeds \$75,000 (a “**Compensable Loss** ”), no liability under this **Article 10** will arise until the aggregate amount of Compensable Losses (or series of related Losses) exceeds \$5,000,000 (the “**Threshold** ”). If Compensable Losses exceed the Threshold, the Indemnifying Party will be liable for all Compensable Losses up to a maximum aggregate liability under this **Article 10** of \$560,000,000. The limitations to indemnification set forth in this **Section 10.3(b)** shall not apply to any claims for indemnification (i) for breaches of covenants or agreements contained herein; (ii) brought by the Investor Parties pursuant to **Section 10.1(a)(ii)** ; (iii) brought by the Company pursuant to the last sentence of **Section 10.1(a)** ; or (iv) with respect to the representations set forth in **Sections 3.1, 3.2, 3.8, 4.1, 4.2, 4.6, 4.7, 4.11, 5.1 and 5.2** .

10.4 **Insurance** . If any insurance policies maintained by the indemnified party would cover any Losses otherwise subject to indemnification by the Indemnifying Party hereunder, then the Indemnifying Party’s indemnification obligation with respect to those Losses will be reduced by the amount of any insurance proceeds actually collected by the Beneficiary with respect to those Losses

10.5 **No Consequential Damages** . Except as prohibited by Law, each Party waives any right it may have to claim or recover any special, exemplary, punitive or consequential (including business interruption or lost profits) damages, or any damages other than, or in addition to, actual damages.

10.6 **Exclusive Remedy** . Except as may be required to enforce post-Closing covenants contained in this Agreement, after the Closing Date the indemnification rights in this **Article 10** are and will be the sole and exclusive remedies of the Parties with respect to this Agreement and the transactions contemplated hereby; **except, that** , this sentence will not be deemed a waiver by any Party of its right to (a) seek specific performance or injunctive relief in the case of another Party’s failure to comply with the post-Closing covenants made by the other

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Parties or (b) pursue claims for fraud, intentional or knowing misrepresentation, or active concealment or willful misconduct, all of which will be claims that are outside the terms and conditions of this Agreement.

ARTICLE 11: TERMINATION OF INVESTMENT OBLIGATIONS

11.1 Termination of Certain Obligations .

(a) Subject to **Section 11.1(b)**, the transactions contemplated by this Agreement may be terminated and the transactions contemplated to occur at the Closing may be abandoned at any time prior to the Closing as follows:

(i) by mutual written consent of the Parties;

(ii) by either the Investor Parties, on the one hand, or the Company Parties, on the other hand, upon written notice to the other Parties, if there is no Success at the Auction on or before ***;

(iii) by either the Investor Parties, on the one hand, or the Company Parties, on the other hand, upon written notice to the other Parties, if there is no Success at the Auction on or before ***;

(iv) by the Investor, upon written notice to the Company, ***; except, that, this termination option can only be exercised on or before the fifth Business Day ***;

(v) by the Investor Parties, upon written notice to the Company Parties, if the Company Parties have failed to discharge and fulfill any of their covenants or agreements contained in this Agreement or any of their representations or warranties contained in this Agreement are not true or accurate, such that the condition to Closing set forth in **Section 2.2(a)**, **(b)** and/or **(c)** would not be satisfied, and such failure or failure to be true and accurate is not curable or has not been cured within 30 days after such written notice has been given by the Investor Parties;

(vi) by the Company Parties, upon written notice to the Investor Parties, if the Investor Parties have failed to discharge and fulfill any of their covenants or agreements contained in their Agreement or any of their representations or warranties contained in this Agreement are not true and accurate such that the condition to Closing set forth in **Section 2.3(a)**, **(b)** and/or **(c)** would not be satisfied, and such failure or failure to be true and accurate is not curable or has not been cured within 30 days after such written notice has been given by the Company Parties;

(vii) ***;

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(viii) by either the Investor Parties, on the one hand, or the Company Parties, on the other hand, upon written notice to the other Parties, if any Governmental Authority having competent jurisdiction has issued an Order permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and that Order has become final, binding and non-appealable;

(ix) by either the Investor Parties, on the one hand, or the Company Parties, on the other hand, upon written notice to the other Parties, if any proceeding shall have been instituted and, if involuntary, not dismissed within 30 days by or against any of the other Parties seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, protection or other relief of it or its debts or any similar relief under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee, administrative receiver, liquidator, provisional liquidator, administrator, custodian or other similar official for it or for any substantial part of its property;

(x) ***;

(xi) ***.

(b) Effect of Termination. In the event of termination pursuant to Section 11.1(a), this Agreement will become void and of no further force and effect without any other further action; provided (i) in the case of a termination pursuant to Section 11.1(a)(ii) and (iv), the provisions of Sections 6.5 and 6.9, this Article 11 and Article 13 (but not Section 13.15) shall continue to apply except that Section 6.5 (other than Section 6.5(b)) shall become void and of no further force and effect from and after ***; (ii) in the case of a termination pursuant to Section 11.1(a)(v) or (vi), the provisions of Sections 6.5 and 6.9, this Article 11 and Article 13 (but not Section 13.15) shall continue to apply except that Section 6.5 (other than Section 6.5(b)) shall become void and of no further force and effect from and after ***; and (iii) in the case of any other termination, the provisions of Sections 6.5(b) and 6.9, this Article 11 and Article 13 (but not Section 13.15) shall continue to apply. No exercise of a right of termination under a particular subsection of Section 11.1 will preclude the exercise of a termination right under any other subsection.

ARTICLE 12: DEFINITIONS.

12.1 **Defined Terms** . As used in this Agreement, the following terms have the following meanings:

“ **Accounting Firm** ” has the meaning set forth in **Section 1.5(c)** .

“ **Accounting Firm Closing Distribution Statement** ” has the meaning set forth in **Section 1.5(c)** .

“ **Adverse Condition** ” means, in respect of any Party, (a) any condition or limitation that, in the reasonable opinion of that Party, would materially diminish, taken as a whole, that Party’s rights under this Agreement and the other Transaction Documents, (b) any condition or limitation that, in the reasonable opinion of that Party, would adversely affect in any material respect (i) any of that Party, its Subsidiaries or its business divisions or (ii) that Party’s ability to perform its obligations and carry out its agreements under this Agreement and each of the other Transaction Documents in a full and timely manner or (c) any condition or limitation imposed by COFECO that in the reasonable opinion of a Party would affect a business of that Party or its Subsidiaries.

“ **Affiliate** ” means, as to any Person, another Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, that Person. For the purposes of this definition, “ **control** ” when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise; the terms “ **controlling** ” and “ **controlled** ” have meanings correlative to the foregoing.

“ **Aggregate Percentage Interest** ” has the meaning set forth in **Section 9.7(a)** .

“ **Agreement** ” has the meaning set forth in the preamble.

“ **Annual Budget** ” means the annual operating and capital budgets of the Company for the coming fiscal year, prepared each year under the direction and guidance of the Company’s officers, and approved (with or without amendment) by the Board. Such budget will include customary detail in accordance with past practices and reasonable requests of members of the Board, including underlying assumptions, cash flow projections and operational metrics.

“ **Appraiser** ” means any well reputed investment bank.

“ **Article 9 Percentage Interest** ” has the meaning set forth in **Section 9.1(a)** .

“ **Article 9 Quotaholder** ” has the meaning set forth in **Section 9.1(a)** .

“ **Auction** ” means the public auctions conducted by COFETEL for the granting of concession titles to use and exploit frequency bands for wireless communication services within

the portion of 1.9 GHz (Auction no. 20) and 1.7-2.1 GHz (Auction no. 21) of the radio-electric spectrum in Mexico.

“ **Auction Guidelines** ” has the meaning set forth in **Exhibit G** .

“ **Auction Rules** ” means the relevant rules for the Auction or “ *Bases de Licitación* ” issued by COFETEL.

“ **Audited Closing Distribution Statement** ” has the meaning set forth in **Section 1.5(c)** .

“ **Audited Statements** ” has the meaning set forth in **Section 4.5** .

“ **Authorization** ” means any consent, approval or authorization of, expiration or termination of any waiting period requirement (including pursuant to any Competition/Investment Law) of, and/or filing, registration, notice, qualification, declaration or designation with or by, any Governmental Authority.

“ **Award** ” means the “ *Fallo* ” as that term is defined in the Auction Rules.

“ **Banker Approach** ” means the process set forth in **Section 9.9** used to determine the Fully Distributed Public Market Value and Fair Market Value, as applicable, of the Company if the Parties fail to agree upon the values through good faith negotiations.

“ **Beneficiary** ” has the meaning set forth in **Section 10.2** .

“ **Board** ” means the Board of Directors of the Company; upon the Conversion, it means the Board of Managers of the Company.

“ **Business Condition** ” means the business, properties, operations and financial condition of a Person together with its consolidated subsidiaries, if any, taken as a whole.

“ **Business Day** ” means any day, other than a Saturday or a Sunday, on which commercial banks are not required or authorized to close in New York, New York, or Mexico City, Mexico.

“ **Business Plan** ” means the rolling two to five year business forecast of the Company, prepared at least once every two years under the direction and guidance of the Company’s officers, and approved (with or without amendment) by the Board.

“ **Call Agreement** ” means the Call Agreement dated the date hereof by and between NII and the Investor.

“ **Called Interest** ” has the meaning set forth in **Section 8.5(a)** .

“ **Capital Reduction Payable** ” has the meaning set forth in **Section 1. 6(d)(i)** .

“ **Capital Reduction Percentage Interest** ” has the meaning set forth in **Section 1. 6(d)(i)** .

“ **Cash** ” means all cash and cash equivalents of the Company. For purposes of this definition, “ **cash equivalents** ” means any short-term, highly liquid investment that is readily convertible to known amounts of cash and so near its maturity that there is insignificant risk of changes in value because of changes in interest rates.

“ **Change-in-Control** ” means for either the Investor or NII the first occurrence after the Closing Date of any of the following:

(a) the direct or indirect sale or other transfer of all or substantially all of the assets (regardless of form or structure, and whether in a single transaction or a series of transactions) of that Person to any other Person (or Persons) who is not at the time of the transfer a Subsidiary of that Person;

(b) the merger, consolidation or share exchange of that Person into or with any other Person if, as a result of that transaction, the Persons (or Affiliates thereof) who were holders of common stock of that Person as of the time immediately prior to that transaction do not own at least 65% of the voting power represented by the then issued and outstanding Voting Stock of the resulting Person (or of the ultimate parent of the resulting Person);

(c) any “person” or “group” (as the terms are used in Sections 13(d) and 14(d) of the Exchange Act) (other than, in the case of the Investor, the Azcárraga Jean family (or Affiliates, immediate family members thereof and/or trusts for the benefit of such family, Affiliates or members (collectively, the “**Azcárraga Group** ”)), (i) becomes (whether in a single transaction or a series of transactions) the beneficial owner, directly or indirectly, of at least 35% of the voting power represented by the issued and outstanding Voting Stock of that Person or (ii) commences a tender offer or exchange offer that, if consummated, would result in the acquisition by the “person” or “group” making the tender or exchange offer of at least 35% of the voting power represented by the then issued and outstanding Voting Stock of such Person; or

(d) during any period of two consecutive years, individuals who at the beginning of that two-year period constituted the Board of Directors of that Person (together with any directors who are members of the Board of Directors of that Person on the Closing Date, and any new directors whose election by that Board of Directors or whose nomination for election by the stockholders of that Company was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of that period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of that Person.

No Change-in-Control of the Investor shall be deemed to occur if the Azcárraga Group continues to control the Investor.

“ **Claim** ” has the meaning set forth in **Section 10.2**.

“ *Claims Notice* ” has the meaning set forth in **Section 10.2** .

“ *Closing* ” has the meaning set forth in **Section 1.7** .

“ *Closing Date* ” has the meaning set forth in **Section 1.7** .

“ *Closing Distribution* ” has the meaning set forth in **Section 1.5(a)** .

“ *Closing Distribution Amount* ” has the meaning set forth in **Section 1.5(b)** .

“ *Closing Price* ” on any Trading Day with respect to the per share price of any shares of capital stock of any Person means the last reported sale price regular way or, in case no reported sale takes place on that day, the average of the reported closing bid and asked prices regular way, in either case on NASDAQ or, if the shares of capital stock are not listed or admitted to trading on that exchange, on the principal national securities exchange on which the shares are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices in the over-the-counter market as furnished by any NYSE member firm of national standing that is selected from time to time prior to the determination period by that Person for that purpose, or, if such bid prices are not available, the market price per share of the NII Shares as determined by a nationally recognized independent investment banking firm retained by the Company and acceptable to the Investor for this purpose.

“ *COFECO* ” means the Comisión Federal de Competencia in Mexico.

“ *COFETEL* ” means the Comisión Federal de Telecomunicaciones in Mexico.

“ *Commercial Arrangements* ” has the meaning set forth in **Section 6.2** .

“ *Company* ” has the meaning set forth in the preamble.

“ *Company Benefit Plans* ” means the compensation, bonus, incentive, deferred compensation, vacation, stock purchase, stock option, equity, severance, employment, change-in-control, insurance, medical, disability, welfare, fringe benefit or other benefit plans, programs, policies, arrangements and agreements that are sponsored, maintained, contributed or required to be contributed to by the Company or any of its Subsidiaries for the benefit of their current or former employees, officers, contractors, directors, or other service providers or with respect to which the Company or any of its Subsidiaries has or could reasonably be expected to have any material liability or obligation in respect of the Company’s or any of its Subsidiaries’ (including their predecessor entities’ or any entity whose assets were partially or completely acquired by the Company or any of its Subsidiaries) current or former employees, officers, contractors, directors, or other service providers.

“ *Company Common Stock* ” means the authorized common stock, \$1.00 par value per share, of the Company. Once the Conversion has been approved, means the common stock represented by the quotas of the Company, with a value of \$1.00 peso or its multiples.

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“ *Company Disclosure Statement* ” means the disclosure statement dated the Effective Date and delivered by the Company to the Investor.

“ *Company Financial Statements* ” has the meaning set forth in **Section 4.5** .

“ *Company Intellectual Property* ” has the meaning set forth in **Section 4.19** .

“ *Company Parties* ” has the meaning set forth in the preamble.

“ *Company Permits* ” has the meaning set forth in **Section 4.13** .

“ *Company Restated Bylaws* ” means the amended and restated bylaws of the Company to be effective immediately on or prior to the Closing.

“ *Compensable Loss* ” has the meaning set forth in **Section 10.3(b)** .

“ *Competition/Investment Law* ” means any Law that is designed or intended to prohibit, restrict or regulate (a) foreign investment or (b) antitrust, monopolization, restraint of trade or competition.

“ *Confidentiality Agreement* ” means the Confidentiality Agreement, dated April 3, 2009, by and among the Parties.

“ *Consortium* ” means the consortium or “ *Grupo de Inversionistas* ” (as such term is defined in the rules for the Auctions) formed by the Parties pursuant to **Exhibit G** to participate in the Auction.

“ *Continuation Consent* ” has the meaning set forth in **Section 6.5(a)** .

“ *Contribution* ” has the meaning set forth in **Section 1.1(a)** .

“ *Conversion* ” has the meaning set forth in the Recitals.

“ *Deadlock Event* ” has the meaning set forth in **Section 7.4(a)** .

“ *Deadlock Notice* ” has the meaning set forth in **Section 7.4(b)** .

“ *Debt* ” means the aggregate indebtedness of the Company for (i) borrowed money and (ii) any lease that is required to be classified as a capitalized lease obligation in accordance with Mexican GAAP.

“ *Default* ” has the meaning set forth in **Section 1.4** .

“ *Designated Spectrum* ” has the meaning set forth in **Exhibit I** .

“ **EBITDA** ” means the earnings of a Person before deduction for interest, taxes, depreciation and amortization, determined based on Mexican GAAP or U.S. GAAP, as the context requires.

“ **Effective Date** ” has the meaning set forth in the preamble.

“ **Employee Plan** ” has the meaning set forth in **Section 4.21(a)**.

“ **Encumbrance** ” means any lien, claim, charge, security interest, option, mortgage, pledge or other legal or equitable encumbrance, excluding any encumbrance arising under or pursuant to federal or state securities Laws.

“ **Entire Interest Sale** ” has the meaning set forth in **Section 9.6(a)**.

“ **Environmental Laws** ” means any federal, state or local law, code, rule, ordinance, regulation or order of any government authority or agency having jurisdiction over the Person or over the matters which are subject to this Agreement, related to or in connection with the protection, conservation, or regulation of the environment and natural resources in general, including the use, generation, treatment, handling, emission, discharge, storage, disposal, removal or abatement of Hazardous Substance, or the release of Hazardous Substance, and shall include, Mexico’s *Ley General del Equilibrio Ecológico y la Protección al Ambiente* , Mexico’s *Ley de Aguas Nacionales*, Mexico’s *Ley General para la Prevención y Gestión Integral de los Residuos* , Mexican Official Norms NOM-052-SEMARNAT-2005, NOM-053-SEMARNAT-1993, NOM-138-SEMARNAT/SS-2003, Mexico’s *Ley General de Salud*, Mexico’s *Reglamento Federal de Seguridad, Higiene y Medio Ambiente en el Trabajo* , and Mexican Official Norm NOM-010-STPS-1999, as such laws, regulations and Mexican Official Norms have been amended or supplemented.

“ **Estimated Closing Distribution Statement** ” has the meaning set forth in **Section 1.5(a)**.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations thereunder.

“ **Expiration Date** ” has the meaning set forth in **Section 10.3(a)**.

“ **Fair Market Value** ” means, with respect to the Company, as of the date of determination, the price at which a willing seller would sell, and a willing buyer would buy, each being apprised of all relevant facts and neither acting under compulsion, all of the Company’s capital stock in an arms length, negotiated transaction with an unaffiliated third party without time constraints using standard valuation methodologies, assuming that the Investor License, Intercompany License Agreement, and the Investor Sublicense were not in effect. In connection with making this determination, the Company’s management will prepare a financial forecast for the then-current and next four fiscal years, which forecast will be prepared in good faith and on a basis consistent with the preparation of the Company’s then-current business plan.

“ **Final Distribution Statement** ” has the meaning set forth in **Section 1.5(b)**.

“ **First Appraiser** ” has the meaning set forth in **Section 9.9(a)** .

“ **Fully Diluted Ownership Percentage** ” means, as of the time of determination, all Percentage Interests beneficially owned by the Investor and its Permitted Transferees, including any Percentage Interests issuable upon exercise of the Option or exercise or conversion of other securities, howsoever and whenever acquired.

“ **Fully Distributed Public Market Value** ” means, with respect to the Company, as of the date of determination, the aggregate equity market value of the Company as if it was publicly traded on a U.S. national exchange and all its equity were widely distributed among public and institutional investors without any concentration of particular shareholders or affiliated groups of shareholders, and assuming no premium due to third party interest or bid speculation and taking into account all relevant facts and circumstances. In determining such value, standard valuation methodologies will be applied, assuming that the Investor License, Intercompany License Agreement and the Investor Sublicense were not in effect, provided that such methodologies shall be applied in a manner so as not to reflect any minority discount or any discount for lack of marketability, the existence of a controlling shareholder(s), the Company’s status as a subsidiary of another corporation, or any other discount of a similar nature. In connection with making this determination, the Company’s management will prepare a financial forecast for the then-current and next four fiscal years, which forecast will be prepared in good faith and on a basis consistent with the preparation of the Company’s then-current business plan.

“ **General Law of Mercantile Companies** ” means the General Law of Mercantile Companies (*Ley General Sociedades Mercantiles*) in Mexico.

“ **Governmental Authority** ” means any governmental or political subdivision or department thereof, any governmental or regulatory body, commission, board, bureau, agency or instrumentality, or any court or arbitrator or alternative dispute resolution body, in each case whether domestic or foreign, federal, state or local.

“ **Group of Interest** ” means, with respect to a Person, any other Person deemed to be part of the same economic agent (*agente economico*) of such Person as determined under the applicable Mexican antitrust Laws, including the *Ley Federal de Competencia Economica* and its regulations.

“ **Hazardous Substance** ” means any waste, substance or material whether in a solid, liquid or gaseous form or any constituent thereof that is of a corrosive, reactive, explosive, toxic, flammable or biologically infectious nature, or that has been mixed with substances or materials with such characteristics, or any other substances regulated and defined in any applicable Environmental Law, including those listed or characterized as “hazardous” under Mexican Official Norms, NOM-052-SEMARNAT-2005 and NOM-053-SEMARNAT-1993, and Mexico’s *Ley General para la Prevención y Gestión Integral de los Residuos* .

“ **High Value** ” has the meaning set forth in **Section 9.9(b)** .

“ **Holding Subsidiary** ” has the meaning set forth in **Exhibit G** .

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“ *Indemnifying Party* ” has the meaning set forth in **Section 10.2**.

“ *Initial Offer Period* ” has the meaning set forth in **Section 8.4(b)**.

“ *Installment* ” has the meaning set forth in **Section 1.3**.

“ *Intercompany License Agreement* ” means the Intercompany License Agreement for Business Processes and Know-How, effective August 1, 2009, as amended, between NII and the Company.

“ *Intercompany License Agreement Amendment* ” has the meaning set forth in **Section 1.1(b)**.

“ *Inversiones Nextel Trust* ” means the Guarantee, Investment and Administration Trust number 115/2000 dated March 27, 2000, entered into by and among María Cristina Peña Téllez, Ricardo Elmer Backman Montes and Victor Hugo Tiburcio Hermida, as settlors and beneficiaries, Banca Mifel, S.A., Institución de Banca Múltiple, Grupo Financiero Mifel, as trustee and Comunicaciones Nextel, S.A. de C.V. (currently Comunicaciones Nextel de México, S.A. de C.V.), as amended, pursuant to which 2,550 common Series “A” shares representing 51% of the voting stock of Inversiones Nextel de México, S.A. de C.V. are held in trust.

“ *Investment Representations* ” has the meaning set forth in the lead in to **Article 5**.

“ *Investor* ” has the meaning set forth in the preamble.

“ *Investor Change-in-Control Notice* ” has the meaning set forth in **Section 9.2(b)**.

“ *Investor Change-in-Control Price* ” has the meaning set forth in **Section 9.2(c)**.

“ *Investor Change-in-Control Right* ” has the meaning set forth in **Section 9.2(a)**.

“ *Investor Deadlock Right* ” has the meaning set forth in **Section 9.1(a)**.

“ *Investor Deadlock Right Notice* ” has the meaning set forth in **Section 9.1(b)**.

“ *Investor Deadlock Price* ” has the meaning set forth in **Section 9.1(c)**.

“ *Investor Disclosure Statement* ” means the disclosure statement dated the Effective Date and delivered by the Investor to the Company Parties.

“ *Investor License* ” has the meaning set forth in **Section 1.1(b)**.

“ *Investor License Share* ” has the meaning set forth in **Section 1.1(b)**.

“ *Investor Parties* ” has the meaning set forth in the preamble.

“ *Investor Quota* ” has the meaning set forth in **Section 1.1(a)**.

“ *Investor Sublicense* ” has the meaning set forth in **Section 1.1(b)**.

“ *Investor Subsidiary Party* ” has the meaning set forth in **Section 5.1**.

“ *IPO* ” means an initial public offering of common stock (or equivalent equity interests) of (and by) a Person (whether primary or secondary offering) pursuant to an effective registration statement filed with the SEC or the applicable Governmental Authority in Mexico or other foreign jurisdiction, in each case in accordance with the Securities Act or under applicable securities Laws in Mexico or such other foreign jurisdiction.

“ *Law* ” means any domestic or foreign, federal, state or local, law, statute, ordinance, rule, regulation or other requirement of any Governmental Authority.

“ *License Payment* ” has the meaning set forth in **Section 1.1(b)**.

“ *Liquidity Cap* ” has the meaning set forth in **Section 9.7(a)**.

“ *Liquidity Notice* ” has the meaning set forth in **Section 9.7(b)**.

“ *Liquidity Percentage Interest* ” has the meaning set forth in **Section 9.7(a)**.

“ *Liquidity Price* ” has the meaning set forth in **Section 9.7(c)**.

“ *Liquidity Right* ” has the meaning set forth in **Section 9.7(a)**.

“ *Loss* ” and “ *Losses* ” have the meanings set forth in **Section 10.1(a)**.

“ *Low Value* ” has the meaning set forth in **Section 9.9(b)**.

“ *Major Acquisition* ” has the meaning set forth in **Section 7. 4(a)(iv)**.

“ *Major Alliance* ” has the meaning set forth in **Section 7. 4(a)(iii)**.

“ *Major Disposition* ” has the meaning set forth in **Section 7. 4(a)(vi)**.

“ *Material Adverse Change* ” means any change, effect, occurrence or development that is or is reasonably likely to be materially adverse to the business, assets, condition (financial or otherwise), operating results or operations of the Company and its Subsidiaries, taken as a whole; except, that, none of the following will be deemed, individually or in the aggregate, to constitute, and none of the following will be taken into account in determining whether there has been or will be, a Material Adverse Change: (a) any failure by the Company and its Subsidiaries to meet internal projections or forecasts or published revenue or earnings predictions for any period ending (or for which revenues or earnings are released) on or after the Effective Date (provided

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that any change, effect, occurrence or development giving rise to such failure may be taken into account in determining whether there has been a Material Adverse Change); (b) any change, effect, occurrence or development attributable to the announcement of the transactions contemplated by this Agreement; (c) any change, effect, event, occurrence, state of facts or development arising from or relating to any change in accounting requirements or principles or any change in applicable Law (to the extent not disproportionately affecting the Company); (d) any change, effect, occurrence or development in the rules relating to the Auction or any delay in, or granting of any injunction with regard to, the Auction; (e) ***; (f) any change in conditions in the telecommunications industry in general (to the extent not disproportionately affecting the Company); (g) any change in the general economic conditions in the United States or Mexican economy (in each case, to the extent not disproportionately affecting the Company); (h) any acts of war (whether or not declared), armed hostilities or terrorism, or developments or changes therein (to the extent not disproportionately affecting the Company); (i) compliance by the Company Parties with their covenants and agreements contained in this Agreement or the other Transaction Documents; or (j) any action taken or omitted to be taken by or at the request or with the written consent of the Investor Parties.

“ **Material Contract** ” has the meaning set forth in **Section 4.23(a)**.

“ **Mexican GAAP** ” means the Financial Information Rules (*Normas de Información Financiera*) issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera.

“ **Mid-Range** ” has the meaning set forth in **Section 9.9(b)**.

“ **NASDAQ** ” means the NASDAQ Global Select Market.

“ **Negotiation Period** ” has the meaning set forth in **Section 7.4(c)**.

“ **Net Present Value** ” means, as of any date of determination, the value of the Investor License Share and/or the Option License Share, as applicable, calculated as the Net Present Value of: (a) the remaining compensation stream under the Intercompany License Agreement and the Investor Sublicense based on the then current projections plus (b) the remaining ongoing development costs under the Intercompany License Agreement based on the then current projections, but which shall not exceed ***% of the then current projected compensation stream under the Intercompany License Agreement and the Investor Sublicense for calendar years 20*** and 20***, and not to exceed ***% per year thereafter. For purposes of this definition, “Net Present Value” is calculated on a notional fully taxed basis assuming a discount rate of ***% and a tax rate equal to the statutory corporate income tax rate in Mexico as of the date of determination. The then-current projections shall be prepared by management in good faith and disclosed to the Investor.

“ **NI** ” has the meaning set forth in the preamble.

“ *NII Change-in-Control Notice* ” has the meaning set forth in Section 9.4(b) .

“ *NII Change-in-Control Price* ” has the meaning set forth in Section 9.4(c) .

“ *NII Change-in-Control Right* ” has the meaning set forth in Section 9.4(a) .

“ *NII Deadlock Right* ” has the meaning set forth in Section 9.3(a) .

“ *NII Deadlock Right Notice* ” has the meaning set forth in Section 9.3(b) .

“ *NII Deadlock Price* ” has the meaning set forth in Section 9.3(c) .

“ *NII Intellectual Property* ” has the meaning set forth in Section 3.13 .

“ *NII Major Transfer* ” has the meaning set forth in Section 8.3(b) .

“ *NII Permits* ” has the meaning set forth in Section 3.12 .

“ *NII Preferred Stock* ” has the meaning set forth in Section 3.8(a) .

“ *NII Sale Price* ” has the meaning set forth in Section 9.5(g) .

“ *NII SEC Documents* ” has the meaning set forth in Section 3.9(a) .

“ *NII Securities* ” has the meaning set forth in Section 6.11 .

“ *NII Shares* ” has the meaning set forth in Section 3.8(a) .

“ *NII Subsidiary Party* ” has the meaning set forth in Section 3.1 .

“ *NYSE* ” means the New York Stock Exchange.

“ *Offered Quotaholder* ” has the meaning set forth in Section 8.4(a) .

“ *Option* ” has the meaning set forth in Section 1.6(a) .

“ *Option Contribution* ” has the meaning set forth in Section 1.6(c) .

“ *Option Exercise Price* ” has the meaning set forth in Section 1.6(c) .

“ *Option Holder* ” has the meaning set forth in Section 1.6(a) .

“ *Option License Payment* ” has the meaning set forth in Section 1.6(c) .

“ *Option License Share* ” has the meaning set forth in Section 1.6(a) .

“ *Option Percentage Interest* ” has the meaning set forth in Section 1.6(a) .

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

“ **Order** ” means any order, judgment, injunction, assessment, award, decree, ruling, charge or writ of any Governmental Authority.

“ **Ordinary Course of Business** ” means the ordinary course of business consistent in all material respects with past custom and practice.

“ **Participation Offer** ” has the meaning set forth in **Section 9.5(a)**.

“ **Participation Portion** ” means the Percentage Interests then held by the Investor multiplied by a fraction, the numerator of which is the Percentage Interests represented by the Quota proposed to be Transferred by NII or its Subsidiaries in the Significant Sale and the denominator of which is the total Percentage Interests represented by all Quotas held by NII and its Subsidiaries and the Investor.

“ **Party** ” and “ **Parties** ” have the meanings set forth in the preamble.

“ **Percentage Interest** ” means, with respect to each Quotaholder, the percentage equal to (a) the aggregate amount of that Quotaholder’s percentage in the capital stock (*capital social*) of the Company, divided by (b) the aggregate amount of the capital stock (*capital social*) of the Company.

“ **Permitted Business** ” has the meaning set forth in **Exhibit I**.

“ **Permitted Transferee** ” means (a) any Wholly Owned Subsidiary of the Investor for so long as that Subsidiary remains a Wholly Owned Subsidiary of the Investor, (b) ***, which are all controlled by the Investor, in each case for so long as that Subsidiary remains a Subsidiary controlled by the Investor and with substantially the same or greater ownership by the Investor, and any Wholly Owned Subsidiary of the entities listed in this clause (b) and (c) any Person that the Investor controls that holds the Investor’s interests in one or more of the entities listed in clause (b).

“ **Person** ” means any individual, sole proprietorship, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated society or association, joint venture, Governmental Authority or other entity of whatever nature or a group, including any pension, profit sharing or other benefit plan or trust.

“ **Proceeding** ” means any demand, charge, complaint, action, suit, proceeding, arbitration, hearing, audit, investigation or claim of any kind (whether civil, criminal, administrative, investigative, informal or other, at law or in equity) commenced, filed, brought, conducted or heard by, against, to, of or before or otherwise involving, any Governmental Authority.

“ **Proposed Issuance** ” has the meaning set forth in **Section 6.12(a)**.

“ **Quotaholder** ” means each Person (other than the Company) that agrees in writing to be bound by the terms of this Agreement, whether in connection with its execution and delivery as the Effective Date, pursuant to **Sections 8.2, 8.3, 8.4 and 8.5** or otherwise, so long as that Person legally or beneficially owns any Quotas.

“ **Quotas** ” means the equity interests of the Company, which need not be certificated.

“ **Reasonable Best Efforts** ” where required of a Party by this Agreement or any of the other Transaction Documents, means the Party will endeavor to obtain the desired outcome and expend only the sums as are normally incidental to the performance of the relevant task, including payment of fees and expenses to obtain Authorizations and other fees and expenses in amounts appropriate to the effort in light of the benefits to be obtained.

“ **Registration Rights Agreement** ” has the meaning set forth in **Section 1.8(a)(ix)**.

“ **Restricted Person** ” has the meaning set forth on **Exhibit K**.

“ **ROFR Notice** ” has the meaning set forth in **Section 8.4(a)**.

“ **ROFR Offer** ” has the meaning set forth in **Section 8.4(b)**.

“ **ROFR Price** ” has the meaning set forth in **Section 8.4(a)**.

“ **ROFR Sale** ” has the meaning set forth in **Section 8.4(a)**.

“ **SCT** ” means the Secretaría de Comunicaciones y Transportes in Mexico.

“ **SEC** ” means the United States Securities and Exchange Commission.

“ **Second Appraiser** ” has the meaning set forth in **Section 9.9(a)**.

“ **Section 16(b) Period** ” has the meaning set forth in **Section 13.15**.

“ **Securities Act** ” means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations thereunder.

“ **Selling Party** ” has the meaning set forth in **Section 8.4(a)**.

“ **Settlement Date** ” has the meaning set forth in **Section 1.6(d)**.

“ **Short Term Debt** ” means the aggregate short term indebtedness of the Company for (a) borrowed money and (b) any lease that is required to be classified as a capitalized lease obligation in accordance with Mexican GAAP, in all cases payable within one year.

“ **Significant Sale** ” has the meaning set forth in **Section 9.5(a)**.

“ **Special Approval Matters** ” has the meaning set forth in **Section 7.3**.

“ **Special Approval Rights** ” has the meaning set forth in **Section 7.3**.

“ **Special Call Notice** ” has the meaning set forth in **Section 8.5(b)**.

“ **Special Call Right** ” has the meaning set forth in **Section 8.5(a)**.

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“ *Stand By Letter* ” has the meaning set forth in **Section 10.1(a)**.

“ *Start Date* ” has the meaning set forth in **Section 9.9(a)**.

“ *Subsidiary* ” means as to any Person, any other Person of which at least 50% of the equity interests are owned, directly or indirectly by the first Person, provided that Inversiones Nextel S.A. de C.V. shall be deemed to be a Subsidiary (but, for purposes of **Articles 8** and **9**, not a Wholly Owned Subsidiary) of each of the Company, NII and Uruguay.

“ *Subsidiary Bylaws* ” means the bylaws of each Company Subsidiary, as in effect immediately prior to the Closing.

“ *Substitute Annual Budget* ” means an annual operating and capital budget of the Company for the coming financial year, prepared substantially consistent with the most recently approved Annual Budget and containing adjustments to revenues and variable costs to reflect reasonably expected increases or decreases in the subscriber base.

“ *Success at the Auction* ” means a success at the Auction determined pursuant to **Exhibit L**.

“ *Tax* ” or “ *Taxes* ” means any and all federal, state or local United States of America, Mexican or other taxes, imposts, levies, fees or other assessments, including all net income, gross receipts, capital, gains, sales, use, transfer, franchise, profits, inventory, capital stock, value added, goods and services, ad valorem, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, together with any and all interest, penalties, fines, additions to tax or additional amounts imposed with respect thereto by any Governmental Authority, whether disputed or not.

“ *Tax Return* ” means any return, report or similar filing (including any attached schedules, supplements and additional or supporting material) filed or required to be filed with respect to Taxes, including any information return, claim for refund, amended return or declaration of estimated Taxes (and including any amendments with respect thereto).

“ *Telecommunications Company* ” means any Person at least ***% of whose revenues (calculated on a consolidated basis) are derived from the transmission or exchange of data, video or voice information by any form of wire, cable, fiber optic or wireless transmission in geographic markets where NII or the Company is either (a) doing business, or (b) holds a telecommunications license and has publicly stated its intention to do business. For purposes of this definition, (i) NII includes any entity in which NII holds a 10% or greater direct or indirect ownership interest that uses any technology platform compatible with that used by NII and (ii) the Company includes the Company and all of its Subsidiaries.

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“ *Temporary Subsidiary* ” has the meaning set forth on **Exhibit G**.

“ *Termination Trigger* ” means the Investor and its Permitted Transferees have sold or otherwise disposed of a sufficient number of Percentage Interests such that due to such disposals the Percentage Interests directly or indirectly held by the Investor (or a Permitted Transferee) is less than ***% of the Investor’s Percentage Interest as of immediately after the Closing (assuming for these purposes that all Installment Payments under **Section 1.3** had then been made and the Investor’s Percentage Interest was appropriately increased).

“ *Third Appraiser* ” has the meaning set forth in **Section 9.9(b)**.

“ *Third Party Purchaser* ” has the meaning set forth in **Section 8.4(a)**.

“ *Third Party Sale* ” has the meaning set forth in **Section 8.5(a)**.

“ *Third Value* ” has the meaning set forth in **Section 9.9(b)**.

“ *Threshold* ” has the meaning set forth in **Section 10.3(b)**.

“ *Trading Day* ” with respect to a securities exchange or automated quotation system means a day on which the exchange or system is open for a full day of trading.

“ *Transaction Documents* ” means this Agreement and each agreement, document, instrument or certificate contemplated by this Agreement or to be executed by any of the Parties or their Affiliates in connection with the consummation of the transactions contemplated by this Agreement.

“ *Transfer* ” has the meaning set forth in **Section 8.1(a)**.

“ *Transferred Quota* ” has the meaning set forth in **Section 8.4(a)**.

“ *Unaudited Statements* ” has the meaning set forth in **Section 4.5**.

“ *Uruguay* ” has the meaning set forth in the preamble.

“ *U.S. GAAP* ” means accounting principles generally accepted in the United States of America.

“ *Voting Stock* ” of any Person means capital stock of that Person which ordinarily has voting power for the election of directors (or Persons performing similar functions) of that Person, regardless whether holders of a senior class of securities may have the voting power by reason of any contingency.

“ *Wholly Owned Subsidiary* ” means a Subsidiary of which 100% of the equity interest is owned directly or indirectly by the parent company. For purposes of this definition, “ *Wholly Owned Subsidiary* ” when used with respect to the Company Parties includes (but not for

purposes of **Articles 8 and 9**) (a) Inversiones Nextel de Mexico, S.A. de C.V., (b) Delta Comunicaciones Digitales, S.A. de C.V., and (c) Operadora de Comunicaciones, S.A. de C.V. When used with respect to the Investor Parties “**Wholly Owned Subsidiary**” includes any Person the equity of which is 99% or more owned directly or indirectly by the Investor.

“**Withholding Tax**” had the meaning set forth in **Section 1.10**.

12.2 Other Definitional Provisions .

(a) All terms defined in this Agreement have the defined meanings when used in any certificate, report or other documents made or delivered pursuant hereto or thereto, unless the context otherwise requires.

(b) Terms defined in the singular have a comparable meaning when used in the plural, and vice versa.

(c) As used herein, the neuter gender also denotes the masculine and feminine, and the masculine gender also denotes the neuter and feminine, where the context so permits.

(d) The words “hereof,” “herein” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) The words “include”, “including” and “or” mean without limitation by reason of enumeration.

ARTICLE 13: MISCELLANEOUS

13.1 **Notices**. All notices, demands, requests, certificates or other communications under this Agreement will be in writing and will be deemed to have been duly given when (a) hand delivered, (b) sent by confirmed facsimile transmission (with a written confirmation simultaneously sent by commercial courier guaranteeing next Business Day delivery) or (c) three Business Days after having been sent by reputable international commercial courier guaranteeing next Business Day delivery, addressed as follows:

If to the Company Parties:

NII Holdings, Inc.
1875 Explorer Street, Suite 1000
Reston, Virginia 20190
Attention: General Counsel
Facsimile No.: (703) 390-5191

and:

Comunicaciones Nextel de Mexico, S.A. de C.V.
Paseo Tamarindos No. 90 – Piso 29
Colonia Bosques de las Lomas
Delegación Cuajimalpa
México, D.F.
C.P.05120
Attention: Legal Vice President
Facsimile No.: +52 55 1018 4010 ext. 3619

with a copy (which shall not constitute notice) to:

Jones Day
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Attention: Jeanne M. Rickert
Facsimile No.: (216) 579-0212

If to the Investor:

Grupo Televisa, S.A.B.
Avenida Vasco De Quiroga
No 2000 Colonia Santa Fe
Mexico, DF / 01210 / Mexico
Attention: General Counsel
Facsimile No.: +52 55 5261 2494

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Joshua R. Cammaker
Facsimile No.: (212) 403-2331

Any communication delivered after business hours or on a Saturday, Sunday or legal holiday at the place designated in that delivery will be deemed, for purposes of computing any time period hereunder, to have been delivered on the next Business Day. Any Party may change its address or facsimile number for the purposes of this **Section 13.1** by giving notice as provided in this Agreement.

13.2 **Expenses**. Except as stated in **Section 6.5** or otherwise expressly herein, the Investor (on behalf of itself and the other Investor Parties) and NII (on behalf of itself and the other Company Parties) will each bear its own expenses, including the fees and expenses of any

attorneys, accountants, investment bankers, brokers, finders or other intermediaries or other Persons engaged by that Party, incurred in connection with the making of this Agreement or the other agreements contemplated hereby. For the avoidance of doubt, no such costs shall be paid by or charged to the Company or its Subsidiaries, unless paid before Closing.

13.3 **Benefits; Assignment**. The provisions of this Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Parties and their respective successors and permitted assigns any rights, remedies or obligations under or by reason of this Agreement. None of the rights or obligations of the Parties hereunder may be assigned to any other Person under any circumstances.

13.4 **Entire Agreement; Amendment and Waiver**. This Agreement (which includes the Exhibits, the Company Disclosure Statement and the Investor Disclosure Statement), the certificates or other instruments delivered under this Agreement and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof, subject to the Restated Company Bylaws. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by each Party, and none of the agreements to which any Company Party is a party may be amended, supplemented or otherwise modified except by an instrument in writing signed by that Company Party and each other party thereto. No waiver by any Party of any of the provisions hereof will be effective unless explicitly set forth in writing and executed by that Party. Any waiver by any Party of a breach of this Agreement will not operate or be construed as a waiver of any subsequent breach.

13.5 **Headings**. The headings in this Agreement are for convenience only and will not affect the construction hereof.

13.6 **Construction**. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or Law will be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. Unless specifically stated otherwise, all references to "\$" or dollar amounts are to lawful currency of the United States of America. In the event of any conflict or ambiguity between the provisions of this Agreement, on the one hand, and the provisions of any other Transaction Document (other than the Company Restated Bylaws or the Subsidiary Bylaws), on the other hand, the provisions of this Agreement will control.

13.7 **Severability**. If any provision of this Agreement or the application of any provision of this Agreement to any party or circumstance is, to any extent, adjudged invalid or unenforceable, then the application of the remainder of that provision to that Party or circumstance, the application of that provision to other Parties or circumstances, and the application of the remainder of this Agreement will not be affected thereby.

13.8 **Governing Law**. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PRINCIPLES OF THAT STATE.

13.9 **Consent to Jurisdiction and Service of Process**. The Parties hereby submit to the exclusive jurisdiction of the courts of the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) in respect of the interpretation and enforcement of the provisions of this Agreement and all of the other Transaction Documents and hereby waive, and will not assert, any defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement and any of the other Transaction Documents, that they are not subject to the courts' jurisdiction or that the action, suit or proceeding may not be brought or is not maintainable in such courts or that this Agreement may not be enforced in or by such courts or that their property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper; except, that nothing herein will preclude the bringing of any action in a court in Mexico relating to the Company Restated Bylaws, Subsidiary Bylaws or any other governing document of the Company or its Subsidiaries. Service of process with respect thereto may be made upon the Investor or the Company Parties by mailing a copy thereof by registered or certified mail, postage prepaid, to that Party at its address as provided in **Section 13.1**.

13.10 **Waiver of Jury Trial**. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

13.11 **Specific Performance**. Each Party acknowledges that the other Parties would not have an adequate remedy at Law for money damages if any of the covenants or agreements of that Party in this Agreement were not performed in accordance with the covenant's or agreement's terms, and each Party in addition to and without limiting any other remedy or right that the Party may have, will have the right to an injunction or other equitable relief, enjoining any breach and enforcing specifically the terms and provisions hereof, and each Party hereby waives any and all defenses that Party may have on the ground of lack of jurisdiction or competence of the court to grant an injunction or other equitable relief. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at Law or in equity will be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any Party will not preclude the simultaneous or later exercise of any other right, power or remedy by that Party.

13.12 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile or other electronic transmission (including documents in Adobe PDF format) will be effective as delivery of a manually executed counterpart to this Agreement.

13.13 **No Set-Off**. The Parties will make all payments required under this Agreement or any instrument delivered pursuant to this Agreement without offset, deduction, counterclaim, demand, withholding or other matters of like consequence.

13.14 **Capital Matters**. Appropriate revisions will be made to the terms of this Agreement to reflect any recapitalization, stock split, reverse stock split or other similar transaction affecting the Quotas that occurs after the Effective Date.

13.15 **Extension Periods**. If there exists a period during which the Investor's purchase, acquisition, receipt, sale, exercise, exchange or conversion of any Quota or NII Share pursuant to any provision of this Agreement or the Call Agreement would result in liability under Section 16(b) of the Exchange Act, or the rules and regulations promulgated thereunder (the "**Section 16(b) Period**"), then the period during which the Investor may be required to sell any Quota, NII may be required to sell or issue any NII Shares to the Investor or the Investor or NII may exercise its rights under the Call Agreement shall be suspended until the end of the Section 16(b) Period and shall be extended by a period of duration equal to such suspension.

[Remainder of Page Intentionally Blank – Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the day and year first written above.

NII HOLDINGS, INC.

By: /s/ Gary D. Begeman
Name: Gary D. Begeman
Title: Vice President and General Counsel

COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V.

By: /s/ Carlos Gustavo Cantú Durán
Name: Carlos Gustavo Cantú Durán
Title: Attorney-in-fact

NEXTEL INTERNATIONAL (URUGUAY), LLC.

By: NIHD Telecom Holdings, B.V.
Its: Sole Member

By: /s/ Gary D. Begeman
Name: Gary D. Begeman
Title: Vice President and Secretary

GRUPO TELEVISA, S.A.B.

By: /s/ Salvi Folch Viadero

Name: Salvi Folch Viadero

Title: Attorney-in-fact

By: /s/ Jorge Lutteroth Echegoyen

Name: Jorge Lutteroth Echegoyen

Title: Attorney-in-fact

CONFIDENTIAL TREATMENT: GRUPO TELEVISA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT A

Calculations

EXHIBIT D

Form of Registration Rights Agreement

THIS REGISTRATION RIGHTS AGREEMENT, dated as of [·] , 2010 (this “*Agreement*”), is entered into by and between NII HOLDINGS, INC., a Delaware corporation (the “*Company*”) and GRUPO TELEVISIA, S.A.B., a Mexican limited liability stock corporation (the “*Investor*”) pursuant to the Investment and Securities Subscription Agreement, dated February 15, 2010 (the “*Investment Agreement*”), by and among the Company, Comunicaciones Nextel de México, S.A. de C.V., a Mexican limited liability stock corporation Nextel International (Uruguay), LLC, a Delaware limited liability corporation, and the Investor. In order to induce Investor to enter into the Investment Agreement, the Company has agreed to provide the registration rights set forth in this Agreement in the event that the Company satisfies all or some of its obligations under Article 9 of the Investment Agreement through the issuance of shares of its Securities (as defined below).

In consideration of the mutual covenants contained in this Agreement, the Company and Investor agree as follows:

SECTION 1. Definitions. Capitalized terms used herein without definition shall have their respective meanings set forth in the Investment Agreement. As used in this Agreement, the following capitalized defined terms shall have the following meanings: “*Act*” shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“*Affiliate*” shall have the meaning specified in Rule 405 under the Act and the terms “controlling” and “controlled” shall have meanings correlative thereto.

“*Broker-Dealer*” shall mean any broker or dealer registered as such under the Exchange Act.

“*Business Day*” shall mean any day other than a Saturday, a Sunday or a federal legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City.

“*Commission*” shall mean the Securities and Exchange Commission.

“*Effectiveness Period*” means, for each Initial Shelf Registration Statement, a period commencing on the first date that such Initial Shelf Registration Statement becomes effective under the Act and ending on the date that all Registrable Securities have ceased to be Registrable Securities.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“*Filing Deadline Date*” shall mean the date that the Company first delivers Securities to the Investor in satisfaction of some or all of its obligations under the Investment Agreement;

provided that if the Commission adopts any rule, regulation or interpretation following the date of this Agreement that would prohibit a filing on the Filing Deadline Date, then, solely in regards to such filing, the Filing Deadline Date shall be extended until the earliest date such filing would be allowed under such rule, regulation or interpretation.

“ **FINRA Rules** ” shall mean the rules of the Financial Industry Regulatory Authority.

“ **Freely Tradable** ” shall mean, with respect to a Security, a Security that may be sold to the public in accordance with Rule 144 under the Act or any successor provision thereof, without regard to any volume restrictions contained in such Rule 144.

“ **Investment Agreement** ” shall have the meaning set forth in the preamble hereto.

“ **Losses** ” shall have the meaning set forth in Section 6(d) hereof.

“ **Managing Underwriters** ” shall mean the investment banker or investment bankers and manager or managers that administer an underwritten offering, if any, under a Shelf Registration Statement.

“ **Payment Date** ” shall have the meaning set forth in Section 2(a) hereof.

“ **Prospectus** ” shall mean the prospectus included in any Shelf Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Securities covered by such Shelf Registration Statement, all amendments and supplements thereto, including post-effective amendments, and any and all information incorporated by reference therein.

“ **Registrable Securities** ” shall mean Securities other than those that (a) have been registered under a Shelf Registration Statement and disposed of pursuant to such Shelf Registration Statement or (b) are Freely Tradable.

“ **Securities** ” shall mean shares of common stock, par value \$0.001 per share, of the Company and any securities issued directly or indirectly with respect to such shares because of stock splits, stock dividends, reclassifications, recapitalizations, mergers, consolidations or similar events.

“ **Shelf Registration** ” shall mean a registration effected pursuant to Section 2 hereof.

“ **Shelf Registration Statement** ” shall mean a “shelf” registration statement of the Company pursuant to the provisions of Section 2 hereof which covers some or all of the Securities on an appropriate form under Rule 415 under the Act, or any similar rule that may be adopted by the Commission, amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“ **Underwriter** ” shall mean any underwriter of Securities in connection with an offering thereof under a Shelf Registration Statement.

“ *Well-Known Seasoned Issuer* ” shall have the meaning set forth in Rule 405 under the Act.

“ *WKSI Shelf Registration Statement* ” shall mean an automatically effective registration statement for an offering of the Company’s securities to be made on a delayed or continuous basis pursuant to Rule 415 under the Act filed by the Company with the Commission.

SECTION 2. Shelf Registrations. (a) Subject to compliance with all applicable laws and the rules and regulations and interpretations of the Commission and the rules and regulations of any applicable self-regulatory organization, the Company shall prepare and file with the Commission, as soon as practicable but in any event by the Filing Deadline Date, a Shelf Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Act, registering the resale from time to time by Investor thereof of the Registrable Securities held by the Investor (an “ *Initial Shelf Registration Statement* ”); provided, however, that if an Initial Shelf Registration Statement is a WKSI Shelf Registration Statement, the Company shall prepare and file or cause to be prepared and file with the Commission such WKSI Shelf Registration Statement by the Effectiveness Deadline Date (as defined below). Notwithstanding the foregoing, if the Filing Deadline Date occurs at any time when audited financial statements of the Company for the preceding fiscal year are required to be included or incorporated by reference in the Initial Shelf Registration Statement but such financial statements are not yet available, the Filing Deadline Date shall be extended until the earlier of (i) forty-five (45) days from the date the Filing Deadline Date would otherwise have occurred or (ii) the date on which the Company’s annual report with respect to such fiscal year is due to be filed with the Commission. Subject to applicable law, and the rules, regulations and interpretations of the Commission, an Initial Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by Investor in accordance with the methods of distribution as set forth in such Initial Shelf Registration Statement. If an Initial Shelf Registration Statement is not a WKSI Shelf Registration Statement, the Company shall use its commercially reasonable efforts to cause such Initial Shelf Registration Statement to be declared effective under the Act as promptly as is practicable but in any event by the date (an “ *Effectiveness Deadline Date* ”) that is seventy-five (75) days after the Filing Deadline Date. Except as otherwise provided herein, the Company shall use its commercially reasonable efforts to keep any Initial Shelf Registration Statement (or any Subsequent Shelf Registration Statement) continuously effective under the Act until the expiration of the applicable Effectiveness Period. Subject to the applicable rules and interpretations of the Commission, at the time an Initial Shelf Registration Statement is declared effective, Investor shall be named as a selling securityholder in such Initial Shelf Registration Statement and the related Prospectus in such a manner as to permit Investor to deliver such Prospectus to purchasers of Registrable Securities in accordance with applicable law.

(b) If any Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement ceases to be effective for any reason at any time during the applicable Effectiveness Period (other than because all Registrable Securities registered thereunder shall have been resold pursuant thereto or shall have otherwise ceased to be Registrable Securities), the Company shall use its commercially reasonable efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and, subject to applicable law, and the rules,

regulations and interpretations of the Commission, shall within thirty (30) days of such cessation of effectiveness amend such Shelf Registration Statement in a manner reasonably expected to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional Shelf Registration Statement (a “ **Subsequent Shelf Registration Statement** ”) covering all of the securities that as of the date of such filing are Registrable Securities. If a Subsequent Shelf Registration Statement is filed and is not a WKSI Shelf Registration Statement, the Company shall use its commercially reasonable efforts to cause the Subsequent Shelf Registration Statement to become effective as promptly as is practicable after such filing. The Company shall use its commercially reasonable efforts to keep such Shelf Registration Statement (or Subsequent Shelf Registration Statement) continuously effective until the expiration of the applicable Effectiveness Period.

(c) The plan of distribution contained in the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement (or related Prospectus supplement) shall be in a form reasonably acceptable to the Investor and the Company. Upon request by the Investor, the Company shall use its commercially reasonable efforts to file a Prospectus supplement as may be necessary or advisable to permit the Investor to sell Securities pursuant to the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement, as applicable. There shall be no limitation on the number of takedowns off the Initial Shelf Registration Statement or any Subsequent Shelf Registration Statement; provided, however, that such takedowns shall include no more than one underwritten offering during any 12-month period (but no limit on offerings that are not underwritten).

(d) In the event that (i) the Company is no longer eligible to register Securities on a Shelf Registration Statement or (ii) the Investor desires to Transfer any Registrable Securities to its equityholders pursuant to a dividend, distribution, spin-off, split-off or similar transaction and a Shelf Registration Statement is not available for such Transfer, then the Company shall, upon request of the Investor, effect on a form appropriate for such purpose, as promptly as reasonably practicable, a registration under the Act of all Registrable Securities that the Investor requests to be registered, provided, however, that the Investor shall only be entitled to (A) one single registration per year pursuant to clause (i) (but a registration that is not completed will not be counted for purposes of such annual limit) and (B) one single completed registration pursuant to clause (ii). In the event of any such registration, the provisions of Sections 4-8 shall apply to such registration *mutatis mutandis* .

(e) During the period commencing on the date that is 90 days prior to the anniversary of the Closing Date and ending on each anniversary of the Closing Date (the “ **Blackout Period** ”), unless the Investor (i) provides written notice to the Company at least 10 days prior to the commencement of a Blackout Period that the Investor waives any and all rights to the next exercise of a Liquidity Put Right and the Option, as applicable, or (ii) as of the commencement of a Blackout Period the Investor is no longer entitled to exercise a Liquidity Put Right or the Option, the Investor shall not sell any Securities under the Shelf Registration Statement or any registration statement filed on behalf of the Investor pursuant to Section 2(d); provided, however, that the Blackout Period shall be decreased or abandoned to the extent that the parties reasonably agree that doing so would be appropriate following the issuance by the Commission of any rules, regulations, interpretations or no action letters. Nothing in this Section

2(e) shall limit the Investor's right to participate in a primary or secondary offering pursuant to Section 3.

SECTION 3. Piggyback Registrations.

(a) **Right to Piggyback.** Whenever the Company proposes to register for sale under the Act or publicly sell under a registration statement any Securities (unless Securities are being registered solely as a result of a registration of another bona fide security that is convertible into Securities) for its own account or the account of any stockholder of the Company (other than offerings pursuant to employee benefit plans, or noncash offerings in connection with a proposed acquisition, exchange offer, recapitalization or similar transaction) (a "**Piggyback Registration**"), the Company will give prompt written notice to the Investor and to all other holders of the Securities having similar registration rights of its intention to effect such a registration or sale and, subject to Section 3(b) hereof, shall include in such transaction all Registrable Securities with respect to which the Company has received written request for inclusion therein within 15 days after receipt of the Company's notice.

(b) **Priority.** If a registration or sale pursuant to this Section 3 involves an underwritten offering and the Managing Underwriters advise the Company in good faith that in its view the number of Securities requested to be included in such registration or sale exceeds the number which can be sold in such offering without having an adverse effect on such offering, including the price at which such Securities can be sold, then the Company will be required to include in such registration the maximum number of shares that such underwriter advises can be so sold, allocated:

(i) if such offering was initiated by the Company as a primary offering on behalf of the Company, (A) first, to the Securities the Company proposes to sell, (B) second, to the Registrable Securities requested to be included in such offering by the Investor, and (C) third, among other securities, if any, requested and otherwise eligible to be included in such offering; and

(ii) if such offering was initiated by a security holder of the Company (other than the Investor) as a secondary offering on behalf of such security holder (A) first, among the Securities requested to be included in such offering by such requesting security holder, (B) second, among the Registrable Securities requested to be included in such offering by the Investor, (C) third, among the Securities requested to be included in such offering by any other stockholder of the Company owning the Securities eligible for registration, and (D) fourth, among other securities, if any, requested and otherwise eligible to be included in such offering (including securities to be sold for the account of the Company).

(c) **Withdrawal of Registrations.** In the case of an offering initiated by the Company as a primary offering on behalf of the Company, nothing contained herein shall prohibit the Company from determining, at any time, not to file a registration statement or, if filed, to withdraw such registration or terminate or abandon the offering related thereto.

SECTION 4. Additional Registration Procedures. In connection with the registration obligations of the Company under Section 2 hereof, during any Effectiveness Period, the following provisions shall apply:

(a) The Company shall, subject to applicable law, and the rules, regulations and interpretations of the Commission, include Investor in any Shelf Registration Statement as a selling security holder.

(b) Subject to the following provisions of this Section 4, the Company shall ensure that:

(i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming a part thereof and any amendment or supplement thereto complies as to form in all material respects with the Act; and

(ii) any Shelf Registration Statement and any amendment thereto does not, as of the effective date of the Shelf Registration Statement or such amendment, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading.

(c) The Company shall advise Investor, and, if requested by Investor, shall confirm such advice in writing (which notice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the Prospectus until the Company shall have remedied the basis for such suspension):

(i) when the relevant Shelf Registration Statement and any amendment thereto has been filed with the Commission and when such Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for any amendment or supplement to any Shelf Registration Statement or the Prospectus or for additional information or of any inquiry by the Commission relating to any Shelf Registration Statement or the Company's status as a Well-Known Seasoned Issuer;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of any Shelf Registration Statement or the initiation of any proceeding for that purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the securities included therein for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) at a time when a Prospectus is required to be delivered under the Act, of the happening of any event that requires any change in any Shelf Registration Statement or the Prospectus so that, as of such date, they (A) do not contain any untrue statement of a material

fact and (B) do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in the light of the circumstances under which they were made) not misleading.

Following such notice, the Company shall use its commercially reasonable efforts to correct or remedy such event and to end such suspension as promptly as reasonably practicable.

(d) The Company shall use its commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of any Shelf Registration Statement or the qualification of the securities therein for sale in any jurisdiction, and if issued to obtain as soon as possible the withdrawal thereof.

(e) The Company shall furnish Investor, upon written request, without charge, at least one copy of any Shelf Registration Statement and any post-effective amendment thereto.

(f) The Company shall, during any Effectiveness Period (but not during any Blackout Period), deliver to Investor, without charge, as many copies of the Prospectus (including the preliminary Prospectus) included in any Shelf Registration Statement and any amendment or supplement thereto as Investor may reasonably request. Subject to the provisions of this Section 4, the Company consents to the use of the Prospectus or any amendment or supplement thereto by Investor in connection with the offering and sale of the Securities covered by the Prospectus, or any amendment or supplement thereto, included in such Shelf Registration Statement, except during any suspension period referred to in Section 4(c) above or Section 4(i) below.

(g) Prior to any offering of Securities pursuant to a Shelf Registration Statement, the Company shall arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as Investor shall reasonably request and shall maintain such qualification in effect so long as required; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to service of process in suits, other than those arising out of any offering pursuant to a Shelf Registration Statement, in any such jurisdiction where it is not then so subject, or to subject itself to taxation in any jurisdiction where it is not now subject.

(h) The Company shall cooperate with Investor to facilitate the timely preparation and delivery of certificates representing Securities to be issued or sold pursuant to any Shelf Registration Statement free of any restrictive legends and in such denominations and registered in such names as Investor may request.

(i) (i) Upon the occurrence of any event contemplated by subsections (c)(ii) through (v) above or subsection (i)(ii) below, the Company shall promptly (or within the time period provided for by clause (i)(ii) hereof, if applicable) prepare and file a post-effective amendment to the applicable Shelf Registration Statement or an amendment or supplement to the related Prospectus or file any other required document so that, as thereafter delivered to Investor, the Prospectus will not include an untrue statement of a material fact or omit to state any material

fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In such circumstances, the applicable Effectiveness Period shall be extended by the number of days from and including the date of the giving of a notice of suspension pursuant to Section 4(c) or Section 4(i)(ii), as applicable, to and including the date when Investor has received such amended or supplemented Prospectus pursuant to this Section or shall have been advised in writing by the Company that the Prospectus may be used.

(ii) Upon the occurrence of any event contemplated by subsections (c)(ii) through (v) above, or the occurrence or existence of any pending corporate development or any other material event that, in the reasonable judgment of the Company, makes it appropriate to suspend the availability of a Shelf Registration Statement and the related Prospectus, the Company shall give notice (without notice of the nature or details of such events) to Investor that the Shelf Registration Statement is suspended and, upon actual receipt of any such notice, Investor agrees not to sell any Registrable Securities pursuant to the Shelf Registration Statement until it shall have received such amended or supplemented Prospectus pursuant to this Section or has been advised in writing by the Company that the Prospectus may be used. The period during which the availability of the Shelf Registration and any Prospectus is suspended shall not exceed forty-five (45) days in any three-month period or ninety (90) days in any twelve-month period.

(j) The Company shall comply in all material respects with all applicable rules and regulations of the Commission.

(k) In the event Investor fails to furnish information reasonably required by Section 5 below within a reasonable time after such request, notwithstanding anything to the contrary in Section 2 above, the Company shall not be obligated to file any Shelf Registration Statement until Investor shall furnish such information.

(l) The Company shall enter into reasonable and customary agreements and take all other customary actions reasonably appropriate in order to expedite or facilitate the registration and the disposition of the Securities, including, if the method of distribution of Registrable Securities is by means of an underwritten offering, using commercially reasonable efforts to, (i) participate in and make documents available for the reasonable and customary due diligence review of underwriters during normal business hours, on reasonable advance notice and without undue burden or hardship on the Company, (ii) cause the chief financial officer and other senior executives to be available at reasonable dates and times to participate in “road show” presentations and/or investor conference calls to market the Registrable Securities during normal business hours, on reasonable advance notice and (iii) negotiate and execute an underwriting agreement in customary form with the managing underwriter(s) of such offering and such other documents reasonably required under the terms of such underwriting arrangements, including using commercially reasonable efforts to procure a customary legal opinion and auditor “comfort” letters.

(m) The Company shall, if requested:

(i) subject to the execution of confidentiality agreements reasonably satisfactory to the Company, upon reasonable prior written notice and during regular business hours, make reasonably available for inspection by Investor, any Underwriter participating in any disposition pursuant to the applicable Shelf Registration Statement, and any attorney, accountant or other agent retained by Investor or any such Underwriter, at the Company's principal place of business, financial and other records and pertinent corporate documents of the Company and its subsidiaries reasonably requested by Investor or any such Underwriter, attorney, accountant or agent in connection with any such Shelf Registration Statement as is customary for similar due diligence examinations; provided, however, that with respect to any attorney engaged by Investor or any Underwriter, the foregoing inspection and information gathering shall be coordinated by one counsel designated by Investor and one counsel designated by the Underwriter or Underwriters;

(ii) subject to the execution of confidentiality agreements reasonably satisfactory to the Company, upon reasonable prior written notice and during regular business hours, cause the Company's officers, employees, accountants and auditors to supply, at the Company's principal place of business, information reasonably requested by Investor or any such Underwriter, attorney, accountant or agent in connection with any such Shelf Registration Statement as is customary for similar due diligence examinations; provided, however, that with respect to any attorney engaged by Investor or any Underwriter, the foregoing inspection and information gathering shall be coordinated by one counsel designated by Investor and one counsel designated by the Underwriter or Underwriters;

(iii) in connection with an underwritten offering pursuant to any Shelf Registration Statement, make such representations and warranties to the Underwriters, in form, substance and scope as are reasonably and customarily made by issuers to underwriters in primary follow-on underwritten offerings;

(iv) in connection with an underwritten offering pursuant to any Shelf Registration Statement, use commercially reasonable efforts to obtain opinions of counsel to the Company (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the Managing Underwriters, if any) addressed to the Underwriters, covering such matters concerning the Company as are reasonably and customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Underwriters;

(v) in connection with an underwritten public offering pursuant to any Shelf Registration Statement, use commercially reasonable efforts to obtain "comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Shelf Registration Statement), addressed to the Underwriters, in customary form reasonably acceptable to such independent certified public

accountants and covering matters of the type reasonably and customarily covered in “comfort” letters in connection with primary underwritten offerings; and

(vi) deliver such documents and certificates as may be reasonably requested by the Managing Underwriters, including those to evidence compliance with Section 3(i) and with any customary conditions contained in the underwriting agreement or any other customary agreement entered into by the Company in connection therewith.

The actions set forth in clauses (iii), (iv), (v) and (vi) of this paragraph (m) shall be performed at each closing under any underwriting or similar customary agreement as and to the extent required thereunder.

(n) In the event that any Broker-Dealer shall underwrite any Securities or participate as a member of an underwriting syndicate or selling group or “assist in the distribution” (within the meaning of the FINRA Rules) thereof, whether as an Underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, the Company shall provide reasonable assistance to such Broker-Dealer in making filings in accordance with the FINRA Rules.

(o) The Company shall use its commercially reasonable efforts to take all other steps necessary to effect the registration of the Securities, as the case may be, covered by a Shelf Registration Statement.

SECTION 5. Investor’s Obligations. (a) Investor agrees, by acquisition of the Registrable Securities, that it shall not be entitled to sell any of such Registrable Securities pursuant to a Shelf Registration Statement or to receive a Prospectus relating thereto unless Investor has furnished the Company with a completed questionnaire in substantially the form attached hereto as Exhibit A (with such changes as may be reasonably agreed upon by the parties to reflect any changes in applicable rules, regulations or interpretations of the Commission following the date of this Agreement), any information reasonably requested or required by the Commission (provided that the Company shall afford the Investor reasonable opportunity and cooperation to dispute any such request) and the information set forth in the next sentence. Investor agrees promptly to furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by Investor not misleading in any material respect. Any sale of any Registrable Securities by Investor shall constitute a representation and warranty by Investor that the information relating to Investor that is furnished in writing by the Investor expressly for use in a Shelf Registration Statement or Prospectus does not as of the time of such sale contain any untrue statement of a material fact and does not as of the time of such sale omit to state any material fact relating to or provided by Investor or its plan of distribution necessary to make the statements in such Prospectus, in the light of the circumstances under which they were made, not misleading in any material respect. Investor further agrees, by acquiring Registrable Securities, that it will not take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus (as defined in Rule 405 under the Act) prepared by or on behalf of Investor that otherwise would not be required to be filed by the Company thereunder but for the action of Investor.

(b) Notwithstanding anything that may be contained herein to the contrary, Investor agrees to comply in all material respects to the extent applicable to its obligations hereunder with any U.S. or non-U.S. federal, state or local statute, law (including, without limitation, common law) or ordinance, or any judgment, decree, rule, regulation, order or injunction of any U.S. or non-U.S. federal, state, local or other governmental or regulatory authority, governmental or regulatory agency or body, court, arbitrator or self-regulatory organization, applicable to Investor or any of its properties.

SECTION 6. Registration Expenses. The Company shall bear all expenses incurred in connection with the performance of their obligations under Sections 2 and 3 hereof and, will reimburse Investor for the reasonable fees and disbursements of one firm of counsel in connection with the preparation, filing and effectiveness of any Shelf Registration Statement; provided, however, that such fees and disbursements shall not exceed \$100,000 in the aggregate per Shelf Registration Statement (including in respect of any takedowns thereunder). Notwithstanding the foregoing, Investor shall pay all agency fees and commissions and underwriting discounts, commissions and costs attributable to the sale of its Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by or on behalf of Investor, other than the counsel specifically referred to above. Notwithstanding anything that may be contained herein to the contrary, the Company will not be responsible for any fees of counsel retained by any Underwriters.

SECTION 7. Indemnification by the Company. (a) Upon the registration of Registrable Securities pursuant to Section 2 hereof, the Company shall indemnify and hold harmless Investor and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of such Registrable Securities, and each of their respective officers and directors and each person who controls Investor, and each underwriter, selling agent or other securities professional, if any, within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each such person being sometimes referred to as an “*Indemnified Person*”) against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement under which such Registrable Securities are to be registered under the Act, or any Prospectus contained therein or furnished by the Company to any Indemnified Person, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company hereby agrees to reimburse such Indemnified Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Shelf Registration Statement or Prospectus, or amendment or supplement, in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for use therein.

(b) Indemnification by Investor and any Agents and Underwriters. Investor agrees, as a consequence of the inclusion of any of the Registrable Securities in any Shelf Registration Statement, and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities shall agree, as a consequence of facilitating such disposition of Registrable Securities, severally and not jointly, to (i) indemnify and hold harmless the Company, its directors, officers who sign such Shelf Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Company or such other persons may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such Shelf Registration Statement or Prospectus, or any amendment or supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in any material respect, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with information furnished in writing to the Company by such person expressly for use therein, and (ii) reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 7, notify such indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by subsection (a) or (b) above. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under this Section 7 for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim, (ii) is for money damages only and (iii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) Contribution. If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations including, but not limited to, the timeliness of the notice given as required by Section 7(c). The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation (even if Investor or any underwriters, selling agents or other securities professionals or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of Investor and any underwriters, selling agents or other securities professionals in this Section 7 (d) to contribute shall be several in proportion to the percentage of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) Notwithstanding any other provision of this Section 7, in no event will (i) Investor be required to undertake liability to any person under this Section 7 for any amounts in excess of the dollar amount of the proceeds to be received by Investor from the sale of Investor's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Shelf Registration Statement under which such Registrable Securities are to be registered under the Act and (ii) underwriter, selling agent or other securities professional be required to undertake liability to any person hereunder for any amounts in excess of the discount, commission or other compensation payable to such underwriter, selling agent or other securities professional with respect to the Registrable Securities underwritten by it and distributed to the public.

SECTION 8. Underwritten Registrations. If any of the Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the Managing Underwriters shall be selected by Investor, such selection to be subject to the Company's prior written approval, not to be unreasonably withheld or delayed.

SECTION 9. Rule 144; Rule 144A. For so long as there are any Registrable Securities held by the Investor, the Company shall take such measures and file such information, documents and reports as shall be required by the SEC as a condition to the availability of resales under Rule 144 or Rule 144A (or any successor provisions) under the Securities Act.

SECTION 10. No Inconsistent Agreements. The Company has not entered into, and agrees not to enter into, any agreement with respect to its securities that is inconsistent with the rights granted to Investor herein or that otherwise conflicts with the provisions hereof.

SECTION 11. Amendments and Waivers. The provisions of this Agreement may not be amended, qualified, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given at any time, unless the Company has obtained the written consent of Investor.

SECTION 12. Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail, telex, telecopier or air courier guaranteeing overnight delivery, to the parties as follows:

- (i) if to the Company, to:

NII Holdings, Inc.
1875 Explorer Street, Suite 1000
Reston, Virginia 20190
Attention: General Counsel
Fax: (703) 390-5191

with a copy to (which shall not constitute notice):

Jones Day
901 Lakeside Avenue
Cleveland, OH 44114
Attention: Jeanne M. Rickert
Fax: (216) 579-0212

- (ii) If to the Investor:

Grupo Televisa, S.A.B.
Avenida Vasco De Quiroga
No 2000 Colonia Santa Fe
Mexico, DF / 01210 / Mexico
Attention: General Counsel
Facsimile No.: +52 55 5261 2494

with a copy to (which shall not constitute notice):

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Joshua R. Cammaker
Fax: (212) 403-2331

All such notices and communications shall be deemed to have been duly given when received. The Company and Investor by notice to the other party may designate additional or different addresses for subsequent notices or communications.

SECTION 13. Successors. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties. If any Permitted Transferee or other Person acquires Registrable Securities in a Transfer that complies with Article 8 of the Investment Agreement, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities, such Person (a) shall be conclusively deemed to have (i) agreed to be bound by and to perform all of the terms and provisions of this Agreement and (ii) made the representations and warranties in Exhibit D of the Investment Agreement at the time of such transfer and (b) shall be entitled to receive the benefits of this Agreement.

SECTION 14. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

SECTION 15. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

SECTION 16. Applicable Law; Consent to Jurisdiction and Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware applicable to contracts made and to be performed in the state of Delaware. The parties hereto each hereby waive any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement. The parties hereby submit to the exclusive jurisdiction of the courts of the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) in respect of the interpretation and enforcement of the provisions of this Agreement and hereby waive, and will not assert, any defense in any action, suit or proceeding for the interpretation or enforcement of this Agreement, that they are not subject to such courts' jurisdiction or that the action, suit or proceeding may not be brought or is not maintainable in such courts or that this Agreement may not be enforced in or by such courts or that their property is exempt or immune from execution, that the suit, action or proceeding is brought in an inconvenient forum, or that the venue of the suit, action or proceeding is improper. Service of process with respect thereto may be made upon the parties by mailing a copy thereof by registered or certified mail, postage prepaid, to that party at its address as provided in Section 12.

SECTION 17. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties shall be enforceable to the fullest extent permitted by applicable law.

SECTION 18. Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities. Except as provided in the Investment Agreement and other Transaction Documents (as defined in the Investment Agreement), there are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the Registrable Securities. This Agreement supersedes all prior agreements and undertakings among the parties with respect to such registration rights except as set forth in the Investment Agreement and other Transaction Documents. No party hereto shall have any rights, duties or obligations other than those specifically set forth in this Agreement.

SECTION 19. Termination. This Agreement and the obligations of the parties hereunder shall terminate upon the end of any Effectiveness Period, if at such time, the Company has no further contingent right or obligation to deliver Securities pursuant to the Investment Agreement, except for any liabilities or obligations under Sections 6 or 7 hereof, each of which shall remain in effect in accordance with its terms.

[Signature Page Follows]

Exhibit D — 16

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NII HOLDINGS, INC.

By: _____
Name:
Title:

GRUPO TELEVISA, S.A.B.

By: _____
Name:
Title:

EXHIBIT A
SELLING STOCKHOLDER QUESTIONNAIRE

To: NII Holdings, Inc.
Attention: General Counsel

Reference is made to the that certain Registration Rights Agreement, dated as of [•], 2010, by and among NII Holdings, Inc. and Grupo Televisa, S.A.B. (the “*Agreement*”).

Pursuant to Section 5 of the Agreement, the undersigned hereby furnishes to the Company the following information for use by the Company in connection with the preparation of a Shelf Registration Statement contemplated by Section 2 of the Agreement.

(1) Name and Contact Information:

Full legal name of record holder:
Address of record holder:
Identity of beneficial owner (if different than record holder):
Name of contact person:
Telephone number of contact person:
Fax number of contact person:
E-mail address of contact person:

(2) Beneficial Ownership of Registrable Securities:

(a) Number of Registrable Securities owned by Selling Stockholder:

(b) Number of Registrable Securities requested to be registered (if less than all Registrable Securities):

(3) Beneficial Ownership of Other Securities of the Company Owned by the Selling Stockholder:

Except as set forth below in this Item (3), the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item (2)(a).

Type and amount of other securities beneficially owned by the Selling Stockholder:

(4) Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

(5) Selling Stockholder Affiliations:

(a) Is the Selling Stockholder a registered broker-dealer?

(b) Is the Selling Stockholder an affiliate of a registered broker-dealer(s)? (For purposes of this response, an “affiliate” of, or person “affiliated” with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.)

(c) If the answer to Item (6)(b) is yes, identify the registered broker-dealer(s) and describe the nature of the affiliation(s):

(d) If the answer to Item (6)(b) is yes, did the Selling Stockholder acquire the Registrable Securities in the ordinary course of business (if not, please explain)?

(e) If the answer to Item (6)(b) is yes, did the Selling Stockholder, at the time of purchase of the Registrable Securities, have any agreements, plans or understandings, directly or indirectly, with any person to distribute the Registrable Securities (if yes, please explain)?

Note: If the Selling Stockholder is an affiliate of a broker-dealer and did not purchase its Registrable Securities in the ordinary course of business or at the time of the purchase had any agreements, plans or understandings, directly or indirectly, with any person to distribute the Registrable Securities, the Company may be required to identify the Selling Stockholder as an underwriter in the Registration Statement, any amendments thereto and the related prospectus.

(6) Voting or Investment Control over the Registrable Securities:

If the Selling Stockholder is not a natural person, please identify the natural person or persons who have voting or investment control over the Registrable Securities listed in Item (2) above:

Pursuant to Sections 4(c) and 4(i) of the Agreement, the undersigned acknowledges that the Company may, by written notice to the undersigned, suspend or withdraw the Registration Statement and require that the undersigned immediately cease sales of Registrable Securities pursuant to the Registration Statement under certain circumstances described in the Agreement. At any time that such notice has been given, the undersigned may not sell Registrable Securities pursuant to the Registration Statement.

The undersigned hereby acknowledges that, pursuant to Section 7(b) of the Agreement, the undersigned shall indemnify the Company and each of its directors and officers against, and hold the Company and each of its directors and officers harmless from, any losses, claims, damages, expenses or liabilities (including reasonable attorneys fees) to which the Company or its directors and officers may become subject by reason of any statement or omission in the Registration Statement made in reliance upon, or in conformity with, a written statement by the undersigned, including the information furnished in this Questionnaire by the undersigned.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items (1) through (7) above and the inclusion of such information in the Registration Statement, any amendments thereto and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

The undersigned has reviewed the answers to the above questions and affirms that the same are true, complete and accurate. THE UNDERSIGNED AGREES TO NOTIFY THE COMPANY AS SOON AS REASONABLY PRACTICABLE OF ANY CHANGES IN THE FOREGOING INFORMATION.

Dated: _____, _____, _____

Name:
Title:

EXHIBIT F

Investment Representations

Investment Representations .

- (a) The Investor is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act and was not, or will not be, organized for the specific purpose of acquiring the Issued Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or any securities convertible into or exchangeable therefor.
- (b) The Investor has sufficient knowledge, sophistication and experience in financial and business matters as are necessary to evaluate the risks and merits of an investment in the Company Parties.
- (c) The Investor has had an opportunity to discuss the business, management and financial affairs of the Company Parties with the management of the Company Parties.
- (d) The Investor Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or any securities convertible into or exchangeable therefor that are being, or may be, acquired by the Investor are being, or will be, acquired for its own account.
- (e) The Investor understands that (i) none of the Investor Quota, any Percentage Interest issued pursuant to the Option, NII Shares or any securities convertible into or exchangeable therefor will be at the time of issuance and delivery to Investor, registered under the Securities Act and are being, or will be, offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (ii) the Investor Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or any securities convertible into or exchangeable therefor must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration, (iii) the Investor Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or securities convertible into or exchangeable therefor will bear a legend to such effect, as applicable, and (iv) the Company Parties will make a notation on the applicable transfer books to such effect.

No General Solicitation . The Investor is not purchasing the Investor Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or any securities convertible into or exchangeable therefor as a result of any “general solicitation” or “general advertising,” as such terms are used in Regulation D under the Securities Act, including any advertisement, article, notice or other communication regarding the Investor Quota, any Percentage Interest issued pursuant to the Option, any NII Shares or any securities convertible into or exchangeable therefor, published in any newspaper, magazine or similar media or broadcast over the television or radio or presented at any seminar or any other general solicitation or general advertisement.

Acknowledgment of Issuance Limitation . The Investor acknowledges that if NII delivers NII Shares pursuant to **Article 9**, the Investor will not be entitled to receive such NII Shares (and in lieu of receiving such NII Shares will receive cash instead pursuant to **Article 9**) to the extent (but only to the extent) that such receipt would cause the aggregate number of NII Shares delivered to Investor to represent more than 19.99% of the number of shares of NII Shares outstanding on the Closing Date, unless the Company obtains the requisite stockholder approval under NASDAQ Marketplace Rule 5635, in which case, such limitation would no longer apply to the Investor.

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT G

Auction Matters

1. ***
 2. **Litigation** . ***
 3. **Formation of Consortium** . ***
 4. (a) ***
(b) ***
-

CONFIDENTIAL TREATMENT: GRUPO TELEVISA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT H

Description of Commercial Arrangements

CONFIDENTIAL TREATMENT: GRUPO TELEVISA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT I

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT J

Special Approval Matters

1. At least once every two full calendar years, approval of the Business Plan.
 2. On or before December 15 of each year, approval of the Annual Budget for the immediately following calendar year.
 3. To the extent not contemplated in the Annual Budget decisions on the following matters of the Company and/or its Subsidiaries will be Special Approval Matters:
 - (a) (i) The amount to be spent or committed, in the aggregate, in one or a series of transactions in one calendar year, would result in the projected EBITDA for the calendar year, based on the results through the preceding quarter, being less than 80% of the amount of the EBITDA in the approved Annual Budget for the calendar year.
 - (ii) The amount to be spent or committed on capital expenditures, in the aggregate in one or a series of transactions in one calendar year, would exceed by more than 10% the approved capital expenditures for the amount in the approved Annual Budget for the calendar year.
 - (b) (i) Agreements in which the Company or its Subsidiaries grants exclusivity for a period of over *** to any Person (other than its Wholly Owned Subsidiaries);
 - (ii) ***; or
 - (iii) ***
 - (c) A sale or other disposition or licensing of assets (including shares or other equity interests of the Company's Subsidiaries) in one transaction or a series of transactions during one calendar year, if the aggregate value of the assets being transferred, disposed of or licensed is greater than 10% of the Company's total assets; except, that, transactions between or among the Company and its Wholly Owned Subsidiaries will not be considered Special Approval Matters.
 - (d) Acquisitions of assets in one transaction or series of transactions during one calendar year, if the aggregate value of the assets being acquired is greater than \$*** individually or \$*** in the aggregate; except, that, transactions between or among the Company and its Wholly Owned Subsidiaries will not be considered Special Approval Matters.
 - (e) Contracts or transactions with Affiliates of NII, the Company or the Investor, if the aggregate value of the contract or transaction is greater than \$***; except, that, the foregoing will not be applicable to:
-

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

- (i) Transactions between or among the Company and its Wholly Owned Subsidiaries
 - (ii) Management fees payable to NII pursuant to and on the terms contemplated by the existing management compensation agreements for services provided by NII, fees payable to NII under the Intercompany License Agreement, compensation payable to the Investor under the Investor Sublicense and payments to NII pursuant to and on the terms contemplated by the existing agreements between the Company and NII to compensate NII for the value of equity compensation (including stock options and restricted stock) granted by NII to employees of the Company. Escalations to management fees that naturally occur under the management fee formula in the existing agreements will not be considered Special Approval Matters. Changes to formulas or changes to the agreed management fee structure or to the terms on which payments with respect to equity compensation are calculated and made (other than changes that are required under applicable Law or as a result of a ruling of a Government Authority) would be considered Special Approval Matters.
 - (iii) Contracts related to the purchase of products and services by the Company under agreements with third parties to which other NII Subsidiaries are also parties if the terms on which the Company is allowed to purchase the products and services (A) are not less favorable to the Company than those available to the other NII Subsidiaries under the agreement (so that the benefits of the agreement are not disproportionately allocated to the other NII Subsidiaries and the costs are not disproportionately allocated to the Company); and (B) are not less favorable to the Company than those it could obtain independently from other unrelated third party providers.
 - (iv) Purchases of products and services by the Company from NII or its controlled Affiliates (in addition to those provided pursuant to the arrangements contemplated by **Section 4(e)(ii)** of this **Exhibit J**) if (A) NII can reasonably establish that the terms of the purchases are no less favorable to the Company than the terms on which the products or services can be purchased from unrelated parties or if the cost of the products or services are less than the amounts that the Company incurs internally to purchase or deliver the products or services; and (B) the transactions during the calendar year do not exceed individually the principal amount of \$*** or in the aggregate the principal amount of \$***.
4. Obligations of the Company or its Subsidiaries for borrowed money, capital leases or any kind of encumbrances, guarantees or security interests, in the aggregate, as at any time of determination and measured in U.S. Dollars, exceeding 1.5 times the Company's Operating Income (Loss) before Depreciation and Amortization and License Fees annualized by adding the four immediately preceding and completed fiscal quarters. Indebtedness created as a result of the implementation of required changes to the
-

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

Company's accounting policies, and transactions between or among the Company and its Wholly Owned Subsidiaries, will not be considered Special Approval Matters.

5. Loans by the Company or its Subsidiaries to third parties; except, that, loans entered into in the Ordinary Course of Business to distributors not to exceed \$*** individually or \$*** in the aggregate and other loans in the Ordinary Course of Business not to exceed \$*** in the aggregate outstanding at any time and transactions between or among the Company and its Wholly Owned Subsidiaries, will not be considered Special Approval Matters.
 6. Amending, terminating or failing to abide by the dividend policy agreed by the Parties and attached as **Exhibit M** (including share or other equity interest repurchases) or accounting policy of the Company or its Subsidiaries, except, that, amendments to the Company's or its Subsidiaries' accounting policy to the extent that the changes (a) to the policy are the result, and are meant to make the policy consistent, with changes to the then current generally accepted accounting principles or NIFs (*Normas de Información Financiera*) applicable in the United States of America or Mexico or (b) are being implemented by NII in all of its markets and are permitted by the then current generally accepted accounting principles or NIFs applicable in the United States of America and Mexico will not be considered Special Approval Matters.
 7. *** except, that, roaming or other services offered to Company customers outside Mexico, and existing infrastructure coordination arrangements in the Mexico/United States border will not be considered Special Approval Matters.
 8. (i) Amendments to bylaws of the Company or its Subsidiaries, other than amendments contemplated by this Agreement or required in order to comply with applicable Law; and (ii) entry into or amendment of any equityholder or similar agreements by the Company or its Subsidiaries.
 9. Liquidation, dissolution, bankruptcy, merger, spin-off, conversion or IPO of the Company or its Subsidiaries; except, that, transactions carried out between the Company and its Wholly Owned Subsidiaries will not be considered Special Approval Matters.
 10. Disposition by the Company or its Subsidiaries of any kind of spectrum and other concessions issued by the COFETEL.
-

11. The issuance or grant of any options, restricted stock or other equity awards in any one year to the extent that the aggregate number of shares of NII underlying such options, restricted stock or other awards, respectively, which are effectively charged to or paid by the Company or its Subsidiaries exceeds 125% of the aggregate number of shares of NII underlying such options, restricted stock or other awards, respectively, of the immediately preceding year (but adjusting such prior year amount by taking into account new employees eligible for such award in the relevant calendar year). Such calculation will be computed separately for options, restricted stock and other equity awards such that the 125% threshold will be applied to each type of grant. For purposes of this calculation, the adjustment of aggregate amount of grants to account for the increase in eligible individuals will be calculated based upon the increase in the number of individuals in each position grade and the average grant levels made to employees in that grade.
12. Any changes in the capitalization of the Company or its Subsidiaries (other than as a result of equity contributions among the Company and its Wholly Owned Subsidiaries which do not have a negative tax impact on the Company or its Subsidiaries).
13. Entering into or amending by the Company or its Subsidiaries any intellectual property licensing arrangements or agreements with NII (or any Subsidiary thereof other than the Company and its Subsidiaries); provided that the Investor Sublicense, the Investor License and the Intercompany License Agreement Amendment shall be entered into in accordance with the terms of this Agreement.
14. The determination of the voting of the shares or quotas of each of the Subsidiaries of the Company that are owned by the Company, when the relevant shareholder or quotaholders meeting of such Subsidiary intend to resolve on any of the matters considered Special Approval Matters above. This is also applicable if the resolutions are adopted by a unanimous written consent.
15. Any amendment to the Inversiones Nextel Trust or to the shareholders agreement dated March 6, 2000 by and among Maria Cristina Peña Téllez, Ricardo Elmer Backman Montes, Victor Hugo Tiburcio Hermida, the Company and Inversiones Nextel de México, S.A. de C.V.

To the extent that any matter could be deemed to be a Special Approval Matter under more than one of the provisions of this **Exhibit J**, if the Special Approval Matter is approved pursuant to one of the provisions of this **Exhibit J**, the Special Approval Matter will be deemed to be approved for all purposes of this **Exhibit J**. To the extent that any matter is specifically excluded from any particular Special Approval Matter on this **Exhibit J**, it will not be deemed to be approved for purposes of any other Special Approval Matter. Nothing in this Agreement shall limit any rights of the Investor pursuant to the Company Restated Bylaws and/or applicable Law.

CONFIDENTIAL TREATMENT: GRUPO TELEVISIA, S.A.B. HAS REQUESTED THAT THE OMITTED PORTIONS OF THIS DOCUMENT, WHICH ARE INDICATED BY ASTERISKS, BE AFFORDED CONFIDENTIAL TREATMENT PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934. GRUPO TELEVISIA, S.A.B. HAS SEPARATELY FILED THE OMITTED PORTIONS OF THE DOCUMENT WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT K

Restricted Persons

“*Restricted Person*” means:

1. ***
 2. ***
-

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EXHIBIT L

Success at the Auction

EXHIBIT M

Dividend Policy

No dividend is required until the end of the 2014 calendar year. Beginning in 2015, a required annual dividend, declared at the first Company Board meeting following the end of each calendar year (the first dividend will be paid in early 2015), equal to 40.0% of the Free Cash Flow generated in the most recently completed calendar year for as long as compensation is still being paid pursuant to the Investor Sublicense. If the payments have ceased, the annual dividend will increase to 50% of the Free Cash Flow of the most recently completed calendar year.

For the purposes of the dividend policy, Free Cash Flow is equal to the sum of (i) Cash Flow Provided by Operating Activities reflected on the Company's cash flow statement of the fiscal year ended prior to the date the dividend is declared, plus (ii) cash, if any, received by the Company in connection with the disposition of assets, minus (iii) cash used for capital expenditures, and minus (iv) cash, if any, used in acquisitions including purchases of spectrum or other assets or businesses.

Grupo Televisa, S.A.B.
Subsidiaries, Consolidated Variable Interest Entities, Joint Ventures and Associates
as of December 31, 2009

<u>Name of Company</u>	<u>Country of Incorporation</u>
Corporativo Vasco de Quiroga, S.A. de C.V.	Mexico
Audiomaster 3000, S.A. de C.V. (1)	Mexico
Cable TV Internacional, S.A. de C.V.	Mexico
Televisión Internacional, S.A. de C.V.	Mexico
Grupo Servicomunicación, S.A. de C.V.	Mexico
Multibip, S.A. de C.V.	Mexico
R.H. Servicios Administrativos, S.A. de C.V.	Mexico
R.H. Servicios Ejecutivos, S.A. de C.V.	Mexico
Servicios Telum, S.A. de C.V.	Mexico
Sintonía Fina, S.A. de C.V.	Mexico
Técnica Avanzada en Cableados, S.A. de C.V.	Mexico
Telum, S.A. de C.V.	Mexico
Cable Sistema de Victoria, S.A. de C.V. (*)	Mexico
Comunicable, S.A. de C.V. (*)	Mexico
Comunicable de Valle Hermoso, S.A. de C.V. (*)	Mexico
Telecable de Matehuala, S.A. de C.V.	Mexico
Controladora Vuela Compañía de Aviación, S.A. de C.V. and subsidiaries (*)	Mexico
Corporatel, S.A. de C.V.	Mexico
Dibujos Animados Mexicanos Diamex, S.A. (*)	Mexico
Editorial Clío, Libros y Videos, S.A. de C.V. and subsidiary (*)	Mexico
En Vivo Espectáculos, S. de R.L. de C.V. (1)	Mexico
Eventicket, S.A. de C.V. (1)	Mexico
Fútbol del Distrito Federal, S.A. de C.V.	Mexico
Grupo Comunicación y Esfuerzo Comercial, S.A. de C.V. (1)	Mexico
Impulsora del Deportivo Necaxa, S.A. de C.V.	Mexico
Marcas y Desarrollos, S.A. de C.V. (*) (1)	Mexico
Más Fondos, S.A. de C.V. Sociedad Distribuidora de Acciones de Sociedades de Inversión. (*)	Mexico
Operadora Dos Mil, S.A. de C.V. (1)	Mexico
Productora Contadero, S.A. de C.V. (*) (1)	Mexico
Promarca y Cía., S.A. de C.V. (1) (3)	Mexico
Promo-Certamen, S.A. de C.V.	Mexico
Quiroga TV, S.A. de C.V.	Mexico
TV Santa Fe, S.A. de C.V.	Mexico
San Angel TV, S.A. de C.V.	Mexico
Televisa EMI Music, S.A. de C.V. (*)	Mexico
CVQ Espectáculos, S.A. de C.V.	Mexico
Club de Fútbol América, S.A. de C.V.	Mexico
Real San Luis F.C., S.A. de C.V.	Mexico
Teatro de los Insurgentes, S.A. de C.V.	Mexico
Televisa en Vivo, S.A. de C.V.	Mexico
Videocine, S.A. de C.V.	Mexico
Coyoacán Films, S.A. de C.V. (*)	Mexico
DTH Europa, S.A.	Spain
Editora Factum, S.A. de C.V.	Mexico
Desarrollo Vista Hermosa, S.A. de C.V.	Mexico
Digital TV, S.A. de C.V. (1) (3)	Mexico
Empresas Cablevisión, S.A.B. de C.V.	Mexico
Milar, S.A. de C.V.	Mexico
Argos Comunicación, S.A. de C.V. (*)	Mexico
Cablestar, S.A. de C.V.	Mexico



Name of Company	Country of Incorporation
Bestel USA, Inc.	United States of America
Letseb, S.A. de C.V.	Mexico
Bestphone, S.A. de C.V.	Mexico
Operbes, S.A. de C.V.	Mexico
Servicios Operbes, S.A. de C.V.	Mexico
Servicios Letseb, S.A. de C.V.	Mexico
Cablevisión, S.A. de C.V.	Mexico
Tercera Mirada, S.A. de C.V. (1)	Mexico
Grupo Mexicano de Cable, S.A. de C.V.	Mexico
Integravisión de Occidente, S.A. de C.V.	Mexico
La Casa de la Risa, S.A. de C.V. (1)	Mexico
Servicios Cablevisión, S.A. de C.V.	Mexico
Tecnicable, S.A. de C.V.	Mexico
Telestar del Pacífico, S.A. de C.V.	Mexico
Galavisión DTH, S. de R.L. de C.V.	Mexico
DTH México, S.A. de C.V. (1)	Mexico
Mednet, S.A. de C.V. (*)	Mexico
Plataforma Digital, S.A. de C.V. (1)	Mexico
Raspa fácil, S.A. de C.V.	Mexico
Telefonía Metropolitana, S.A. de C.V. (1)	Mexico
Borealis Comunicación, S.A. de C.V.	Mexico
Televisat, S.A. de C.V. (1)	Mexico
Televisat Digital, S.A. de C.V.	Mexico
Editorial Televisa, S.A. de C.V.	Mexico
Editorial GyJ Televisa, S.A. de C.V.	Mexico
Editorial Motorpress Televisa, S.A. de C.V.	Mexico
Editorial Televisa Argentina, S.A.	Argentina
Editorial Televisa Chile, S.A.	Chile
Editorial Televisa Colombia, S.A.	Colombia
Editorial Televisa Colombia Cultural, S.A.	Colombia
Editorial C&P S.A.S.	Colombia
Editorial Televisa International, S.A.	Mexico
Editorial Televisa Perú, S.A.	Peru
Editorial Televisa Puerto Rico, Inc.	Puerto Rico
Editorial Televisa Venezuela, S.A.	Venezuela
Editorial Atlántida, S.A.	Argentina
Atlántida Chile, S.A.	Chile
Atlántida Digital, S.A.	Argentina
Desarrollos del Atlántico, S.A.	Argentina
Dewal, S.A.	Uruguay
Ediciones Papparazzi, S.A.	Argentina
Editorial Atlántida Uruguay, S.R.L.	Uruguay
Feria Puro Diseño, S.A.	Argentina
Mundo Ejecutivo Televisa, S.A. de C.V.	Mexico
Publicaciones Aquario, S. de R.L. de C.V.	Mexico
Vanipubli Ecuatoriana, S.A.	Ecuador
VeneTel Servicios Publicitarios, S.A.	Venezuela
En Vivo US Holding, LLC	United States of America
Factum Más, S.A. de C.V.	Mexico
Comercio Más, S.A. de C.V.	Mexico
Corporación Más, S.A. de C.V.	Mexico
Sky DTH, S. de R.L. de C.V.	Mexico
Innova Holdings, S. de R.L. de C.V.	Mexico
Innova, S. de R.L. de C.V. (2)	Mexico
Corporación Novaimagen, S. de R.L. de C.V.	Mexico



Name of Company	Country of Incorporation
Corporación Novavisión, S. de R.L. de C.V.	Mexico
Novavisión Group, Inc.	United States of America
Novavisión Honduras, S.A. de C.V. (1)	Honduras
Novavisión Panamá, S.A. (1)	Panamá
Media Visión de Panamá, S.A.	Panamá
Ridge Manor, Inc. (1)	Panamá
Galaxy Nicaragua, S.A.	Nicaragua
Eminent Shine, Inc. (1)	Panamá
Servicios Directos de Satélite, S.A.	Costa Rica
Sky El Salvador, S.A. de C.V. (1)	El Salvador
Televisión Novavisión de Guatemala, S.A. (1)	Guatemala
Corporación de Radio y Televisión del Norte de México, S. de R.L. de C.V.	Mexico
Corporación Satelital Novavisión Dominicana, S.A.	Dominican Republic
Nova Call-Center, S. de R.L. de C.V.	Mexico
Servicios Corporativos de Telefonía, S. de R.L. de C.V.	Mexico
Servicios Novasat, S. de R.L. de C.V.	Mexico
Gestora de Inversiones Audiovisuales La Sexta, S.A. and subsidiaries (*)	Spain
Grupo Distribuidoras Intermex, S.A. de C.V.	Mexico
Distribuidora Alfa, S.A.	Chile
Distribuidora Bolivariana, S.A.	Peru
Distribuidora de Revistas Bertrán, S.A.C.	Argentina
Intercontinental Media, S.A.	Argentina
Distribuidora Intermex, S.A. de C.V.	Mexico
Distribuidora Panamex, S.A.	Panamá
Distribuidoras Unidas, S.A.	Colombia
Gonarmex, S.A. de C.V.	Mexico
Samra, S.A.	Ecuador
Distribuidora Los Andes, S.A.	Ecuador
Grupo Telesistema, S.A. de C.V.	Mexico
AISA Inmuebles, S.A. de C.V.	Mexico
Altavista Sur Inmobiliaria, S.A. de C.V.	Mexico
Amber Capital, S.A. de C.V. SOFOM E.N.R.	Mexico
Corporativo TD Sports, S.A. de C.V. and subsidiaries (*)	Mexico
Estudio Sevilla 613, S.A. de C.V.	Mexico
G. Televisa-D, S.A. de C.V.	Mexico
Inmobiliaria Amber, S.A. de C.V.	Mexico
Lab Brands International, LLC	United States of America
Multimedios Santa Fe, S.A. de C.V.	Mexico
Producciones Nacionales Televisa, S.C.	Mexico
Proyectos Especiales Televisa, S.C.	Mexico
Recursos Corporativos Alameda, S.C.	Mexico
Publicidad Virtual, S.A. de C.V.	Mexico
Publicidad Virtual Spain, S.L.	Spain
Sattora, S.A. de C.V.	Mexico
Tarrague	Switzerland
Teleinmobiliaria, S. de R.L. de C.V.	Mexico
Tele Tips Digital, S.A. de C.V.	Mexico
Televisa, S.A. de C.V.	Mexico
Centros de Conocimiento Tecnológico. S.A. de C.V. and subsidiary (*)	Mexico
Endemol México, S.A. de C.V. (*)	Mexico
Espacio de Vinculación, A.C.	Mexico
Televisa Colombia, Ltda. (1) (3)	Colombia
Televisa Consumer Products USA, LLC (1)	United States of America
Televisa Mexico, Ltd.	Switzerland
Televisa Entretenimiento, S.A. de C.V.	Mexico



Name of Company	Country of Incorporation
Ocesa Entretenimiento, S.A. de C.V. and subsidiaries (*)	Mexico
Videoserpel, Ltd.	Switzerland
Terma, S.A. de C.V.	Mexico
TT Digital, S.A. de C.V.	Mexico
Kapa Capital, S.A. de C.V. SOFOM E.N.R. (1)	Mexico
Kasitum, S.A. de C.V.	Mexico
Grupo Nueva Comercial TB, S.A. de C.V.	Mexico
Multimedia Telecom, S.A. de C.V.	Mexico
Paxia, S.A. de C.V.	Mexico
Alvafig, S.A. de C.V.	Mexico
Cablemás, S.A. de C.V.	Mexico
Cable y Comunicación de Campeche, S.A. de C.V.	Mexico
Cable y Comunicación de Morelia, S.A. de C.V. (1)	Mexico
Cablemás Marcas, S.A. de C.V. (1) (3)	Mexico
Cablemás Telecomunicaciones, S.A. de C.V.	Mexico
Cablemás International Telecom, LLC. (1)	United States of America
Productora y Comercializadora de Televisión, S.A. de C.V. (*)	Mexico
Compañía Controladora Cablemás, S.A. de C.V. (1) on (3)	Mexico
Cablemás Servicios Telefónicos, S.A. de C.V. (1) (3)	Mexico
Constructora Cablemás, S.A. de C.V.	Mexico
Corporativo Cable Unión, S.A. de C.V. (1) (3)	Mexico
Cable Unión, S.A. de C.V. (1) (3)	Mexico
Inmobiliaria Cablemás, S.A. de C.V.	Mexico
Miracle TV, Corporation. (*)	United States of America
Profesionales en Ventas y Mercadeo, S.A. de C.V.	Mexico
Red Pública de Telecomunicaciones de Tulúm, S.A. de C.V. (1) (3)	Mexico
Servicios Administrativos Cablemás, S.A. de C.V.	Mexico
TV Transmisiones de Chihuahua, S.A. de C.V.	Mexico
Consorcio de Telecomunicaciones Cablemás, S.A. de C.V. (1) (3)	Mexico
Construcciones Megapo de Acapulco, S.A. de C.V.	Mexico
Cuernamú, S.A. de C.V.	Mexico
Mega Com-M Servicios, S.A. de C.V.	Mexico
Promo-Industrias Metropolitanas, S.A. de C.V.	Mexico
Telestar de Occidente, S.A. de C.V.	Mexico
Sistema Radiópolis, S.A. de C.V.	Mexico
Cadena Radiodifusora Mexicana, S.A. de C.V.	Mexico
Radio Melodía, S.A. de C.V.	Mexico
Radio Tapatía, S.A. de C.V.	Mexico
XEZZ, S.A. de C.V.	Mexico
Servicios XEZZ, S.A. de C.V. (1)	Mexico
Radio Comerciales, S.A. de C.V.	Mexico
Radiotelevisora de Mexicali, S.A. de C.V.	Mexico
Servicios Radiópolis, S.A. de C.V.	Mexico
Somos Televisa, S.A. de C.V. (1)	Mexico
Teleparábolos, S.L.	Spain
Telesistema Mexicano, S.A. de C.V.	Mexico
Imagen y Talento Internacional, S.A. de C.V.	Mexico
Televisa Argentina, S.A.	Argentina



Name of Company	Country of Incorporation
Televisa Enterprises, Inc.	United States of America
Bay City Television, Inc.	United States of America
ET Publishing International, Inc.	United States of America
Sunny Isle, LLC.	United States of America
Saral Publications, Inc.	United States of America
Tarabu, Inc.	United States of America
Endemol Latino N.A., LLC (*)	United States of America
Televisa Internacional, LLC.	United States of America
Televisa International Marketing Group, Inc.	United States of America
Televisa Pay-TV Venture, Inc.	United States of America
TuTv, LLC (2)	United States of America

Televisa USA, S.A. de C.V. (1) Mexico

Televisa Juegos, S.A. de C.V. Mexico
Apuestas Internacionales, S.A. de C.V. Mexico
Magical Entertainment, S. de R.L. de C.V. Mexico

Televisión Independiente de México, S.A. de C.V. Mexico
Cadena de las Américas, S.A. de C.V. Mexico
Canal XXI, S.A. de C.V. Mexico
Canales de Televisión Populares, S.A. de C.V. Mexico
Desarrollo Milaz, S.A. de C.V. Mexico
ECO Producciones, S.A. de C.V. Mexico
Editora San Angel, S.A. de C.V. Mexico
Empresas Baluarte, S.A. de C.V. Mexico
Grupo Administrativo Tijuana, S.A. de C.V. Mexico
Radio Televisión, S.A. de C.V. Mexico
Radiotelevisora de México Norte, S.A. de C.V. Mexico
Telemercado Alameda, S. de R.L. de C.V. (*) (1) Mexico
Televimex, S.A. de C.V. Mexico
Televisa Corporación, S.A. de C.V. Mexico
Televisa Producciones, S.A. de C.V. Mexico
Televisa Talento, S.A. de C.V. Mexico
Televisión de Puebla, S.A. de C.V. Mexico
Televisora de Mexicali, S.A. de C.V. Mexico
Televisora de Navojoa, S.A. Mexico
Televisora de Occidente, S.A. de C.V. Mexico
Televisora del Yaqui, S.A. de C.V. (*) Mexico
Televisora Peninsular, S.A. de C.V. Mexico
Transmisiones Nacionales de Televisión, S.A. de C.V. Mexico
T.V. Conceptos, S.A. de C.V. Mexico
T.V. de los Mochis, S.A. de C.V. Mexico

TSM Capital, S.A. de C.V. SOFOM E.N.R. Mexico

(*) Joint Venture or Associate.

(1) Without current operations.

(2) Consolidated variable interest entity. The Company and / or any of its subsidiaries is deemed the primary beneficiary of the variable interest entity.

(3) In process of liquidation.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Emilio Azcárraga Jean, certify that:

1. I have reviewed this annual report on Form 20-F of Grupo Televisa, S.A.B.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated this 23rd day of June, 2010

By: /s/ Emilio Azcárraga Jean

Name: Emilio Azcárraga Jean

Title: Chairman of the Board, President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Salvi Rafael Folch Viadero, certify that:

1. I have reviewed this annual report on Form 20-F of Grupo Televisa, S.A.B.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated this 23rd day of June, 2010

By: /s/ Salvi Rafael Folch Viadero

Name: Salvi Rafael Folch Viadero

Title: Chief Financial Officer

GRUPO TELEVISIA, S.A.B.

SECTION 906 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Emilio Azcárraga Jean, Chairman of the Board, President and Chief Executive Officer of Grupo Televisa, S.A.B. (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Company’s annual report on Form 20-F for the fiscal year ended December 31, 2009, to which this statement is filed as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 23, 2010

By: /s/ Emilio Azcárraga Jean
Name: Emilio Azcárraga Jean
Title: Chairman of the Board, President and
Chief Executive Officer

GRUPO TELEVISA, S.A.B.

SECTION 906 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Salvi Rafael Folch Viadero, the Chief Financial Officer of Grupo Televisa, S.A.B. (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Company’s annual report on Form 20-F for the fiscal year ended December 31, 2009, to which this statement is filed as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 23, 2010

By: /s/ Salvi Rafael Folch Viadero
Name: Salvi Rafael Folch Viadero
Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-102256) of Grupo Televisa, S.A.B. of our report dated June 21, 2010 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

PricewaterhouseCoopers, S.C.

A handwritten signature in red ink, appearing to read "Salazar", is written over a faint, illegible stamp or watermark.

C.P.C. José A. Salazar Tapia
Audit Partner

México, D.F.
June 21, 2010