

## **Risk Factors**

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

### **Risk Factors Related to Mexico**

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

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

#### **Mexico Has Experienced Adverse Economic Conditions**

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

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

- demand for advertising may decrease both because consumers may reduce expenditures for our advertisers' products and because advertisers may reduce advertising expenditures; and
- demand for publications, cable television, DTH satellite services, pay-per-view programming and other services and products may decrease because consumers may find it difficult to pay for these services and products.

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

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

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

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

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

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

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

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

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

- inflation can adversely affect consumer purchasing power, thereby adversely affecting consumer and advertiser demand for our services and products;
- to the extent inflation exceeds our price increases, our prices and revenues will be adversely affected in “real” terms; and
- if the rate of Mexican inflation exceeds the rate of depreciation of the Peso against the U.S. Dollar, our U.S. Dollar-denominated sales will decrease in relative terms when stated in constant Pesos.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A principal objective of the securities laws of the United States, Mexico and other countries is to promote full and fair disclosure of all material corporate information. However, there may be less publicly available information about foreign issuers of securities listed in the United States than is regularly published by or about domestic issuers of listed securities. In addition, our financial statements are prepared in accordance with Mexican FRS, which differ from U.S. GAAP and accounting procedures adopted in other countries in a number of respects. For example, most Mexican companies, including our company, must incorporate the effects of inflation directly in accounting records and in their published financial statements. Thus, financial statements and reported earnings of Mexican companies may differ from those of companies in other countries with the same financial performance. We are required, however, to file an annual report on Form 20-F containing financial statements reconciled to U.S. GAAP. See Note 24 to our financial statements for a description of the principal differences between Mexican FRS and U.S. GAAP applicable to us. In addition, we do not publish U.S. GAAP information on an interim basis.

#### **Risk Factors Related to Our Major Stockholders**

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

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

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

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

#### **Risk Factors Related to Our Business**

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

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

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

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

We face competition in all of our businesses, including television advertising and other media businesses, as well as our strategic investments and joint ventures. In particular, we face substantial competition from TV Azteca, S.A. de C.V., or TV Azteca. We expect increased competition from Univision, as a result of the recent divestiture of our equity interest in Univision and the termination of a certain participation agreement by and among Televisa, Univision, certain principals of Univision, and Venevision, or the Participation Agreement in connection with the acquisition of Univision by private equity investors. See “Information on the Company – Business Overview – Television – Television Industry in Mexico” and “Information on the Company – Business Overview – Television – Television Broadcasting”. In addition, the entertainment and communications industries in which we operate are changing rapidly because of evolving distribution technologies, including online and digital networks. Our principal competitors in the gaming industry are Corporación Interamericana de Entretenimiento, S.A.B. de C.V., or CIE, and Grupo Caliente S.A. de C.V., or Grupo Caliente.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Risk Factors Related to Our Securities**

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

### Forward-Looking Statements

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

- projections of capital expenditures, dividends, or other financial information;
- statements of our plans, objectives or goals, including those relating to anticipated trends, competition, regulation and rates;
- our current and future plans regarding our online and wireless content venture, Televisa Digital;
- statements concerning our current and future plans regarding our investment in the Spanish television channel “La Sexta”;
- statements concerning our current and future plans regarding our gaming business;
- statements concerning our current and future plans regarding the introduction of fixed telephony service by Cablevisión;
- statements concerning our transactions with and involving Univision Communications, Inc., or Univision;
- statements concerning our series of transactions with The DIRECTV Group, Inc., or DIRECTV, and News Corporation, or News Corp.;
- statements about our future economic performance or that of the United Mexican States, or Mexico, or other countries in which we operate or have investments; and
- statements or assumptions underlying these statements.

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

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

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

#### Item 4. Information on the Company

##### History and Development of the Company

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

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

##### Capital Expenditures

The table below sets forth our actual capital expenditures, investments and acquisitions for the years ended December 31, 2004, 2005 and 2006 and our projected capital expenditures for the year ended December 31, 2007. For a discussion of how we intend to fund our projected capital expenditures, investments and acquisitions for 2006, as well as a more detailed description of our capital expenditures, investments and acquisitions in prior years, see “Operating and Financial Review and Prospects – Results of Operations – Liquidity, Foreign Exchange and Capital Resources – Liquidity” and “Operating and Financial Review and Prospects – Results of Operations – Liquidity, Foreign Exchange and Capital Resources – Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity.”

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

- (1) Amounts in respect of some of the capital expenditures, investments and acquisitions we made in 2004, 2005 and 2006 were paid for in Mexican Pesos. These Mexican Peso amounts were translated into U.S. Dollars at the Interbank Rate in effect on the dates on which a given capital expenditure, investment or acquisition was made. As a result, U.S. Dollar amounts presented in the table immediately above are not comparable to: (i) data regarding capital expenditures set forth in “Key Information – Selected Financial Data”, which is presented in constant Pesos of purchasing power as of December 31, 2006 and, in the case of data presented in U.S. Dollars, is translated at a rate of Ps.10.8025 to one U.S. Dollar, the Interbank Rate as of December 31, 2006, and (ii) certain data regarding capital expenditures set forth under “Operating and Financial Review and Prospects – Results of Operations – Liquidity, Foreign Exchange and Capital Resources – Capital Expenditures, Acquisitions and Investments, Distributions and Other Sources of Liquidity”.
- (2) Reflects capital expenditures for property, plant and equipment, as well as general capital expenditures, in all periods presented. Also includes U.S.\$35.1 million in 2004, U.S.\$51.1 million in 2005 and U.S.\$75.9 million in 2006 for the expansion and improvement of our cable business; and U.S.\$57.6 million in 2004, U.S.\$109.2 million in 2005 and U.S.\$91.2 million in 2006 for the expansion and improvement of our SKY Mexico segment.
- (3) Includes investments made in the form of capital contributions and loans in all periods.
- (4) In 2005 we made capital contributions of approximately U.S.\$1.4 million (1.2 million Euros). During 2006, we made additional capital contributions related to our 40% interest in La Sexta in the amount of approximately U.S.\$132.4 million (104.6 million Euros). Our projected total investment in La Sexta for 2007 is approximately U.S.\$101.0 million (76.5 million Euros).