OFFERING CIRCULAR

TV AZTECA, S.A.B. DE C.V.

Medium Term Note Programme
Due from Three Hundred and Sixty Days to Ten Years from the Date of Issue

TV Azteca, S.A.B. de C.V. ("Azteca" or the "Issuer") may from time to time issue medium term notes (the "Notes") under the programme (the "Programme") described in this Offering Circular. All Notes having the same interest payment dates, issue price and maturity date, bearing interest at the same rate and the terms of which are otherwise identical constitute a "Series."

The Notes will have the following characteristics:

- The Notes may be issued in any currency.
- The Notes will have maturities of not less than 360 days nor more than ten years.
- The maximum principal amount of all Notes from time to time outstanding under the Programme will not exceed US$500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement).
- The Notes may be issued at their nominal amount or at a premium over or discount to their nominal amount and/or may bear interest at a fixed rate or floating rate.
- The Notes will be issued in either registered or bearer form.
- The Notes will be jointly and severally guaranteed by Azteca International Corporation, Azteca Novelas, S.A. de C.V., Estudios Azteca, S.A. de C.V., Inversora Mexicana de Producción, S.A. de C.V., Operadora Mexicana de Televisión, S.A. de C.V. and Televisión Azteca, S.A. de C.V. (the "Guarantors" and each a "Guarantor").
- The Notes may be issued as unsecured Notes or as secured Notes.

Any terms and conditions that differ from those contained herein which are applicable to a particular Series of Notes, including the interest rate, if any, applicable to such Series, will be set forth in a Pricing Supplement relating to such Series (a "Pricing Supplement").

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List of the Irish Stock Exchange and trading on the Global Exchange Market. This Offering Circular constitutes "Base Listing Particulars" for the purpose of any such listing and trading.

THE NOTES MAY NOT BE PUBLICLY OFFERED OR TRADED IN MEXICO UNLESS THE SAME ARE OFFERED OR TRADED PURSUANT TO THE PROVISIONS OF ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (LEY DEL MERCADO DE VALORES) (THE "LMV") AND REGULATIONS ISSUED THEREUNDER. THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR IS SOLELY AZTECA'S RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORISED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (COMISIÓN NACIONAL BANCARIA Y DE VALORES) (THE "CNBV"). THE TERMS OF THE OFFERING HAVE BEEN NOTIFIED TO THE CNBV FOR INFORMATION PURPOSES ONLY WHICH DOES NOT CONSTITUTE A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES OR OF AZTECA'S SOLVENCY.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons pursuant to Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "*Selling Restrictions*."

Joint Book-Runners

Jefferies

The date of this Offering Circular is May 25, 2011

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IMPORTANT NOTICE

The information contained in this Offering Circular relating to the Issuer, the Guarantors and their subsidiaries and affiliates has been obtained from the Issuer and the Guarantors, which have confirmed to the Dealers (as defined herein) that this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading.

The Notes may not be publicly offered or traded in Mexico unless the same are offered or traded pursuant to the provisions of Article 8 of the LMV and regulations issued thereunder. The information contained in this Offering Circular is solely the responsibility of the Issuer and the Guarantors and has not been reviewed or authorised by the CNBV. The terms of the offering have been notified to the CNBV for information purposes only which does not constitute a certification as to the investment quality of the Notes or of Azteca's solvency.

The Issuer and the Guarantors have appointed BCP Securities, LLC and Jefferies & Company, Inc. (together with any other dealer appointed by the Issuer and the Guarantors under the Programme, the "Dealers") as the dealers for the Notes under the Programme, and has authorised and requested the Dealers to circulate this Offering Circular in connection therewith.

This Offering Circular contains summary information provided by the Issuer and the Guarantors in connection with a medium term note programme under which the Issuer may issue and have outstanding at any time notes (the "Notes") up to a maximum aggregate principal amount of US$500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). None of the Dealers has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of this Offering Circular or any supplement hereto.

This Offering Circular is not intended to provide the basis of any credit, taxation, legal, investment or other evaluation and should not be considered as a recommendation by the Issuer, any of the Guarantors or the Dealers that any recipient of this Offering Circular should purchase any of the Notes. Each recipient contemplating the purchase of any of the Notes is advised to consult its own tax adviser, attorney and business adviser as to tax, business and related matters concerning the purchase of Notes and to make, and shall be deemed to have made, its own independent investigation in relation to the Programme and the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer and each of the Guarantors. None of the Issuer, any of the Guarantors or the Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the Notes to or by a holder of Notes or the legality of the purchase of Notes by an investor under applicable investment or similar laws.

None of the Dealers accepts any responsibility, express or implied, for updating this Offering Circular. Neither the delivery of this Offering Circular by any Dealer nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that the information contained herein is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or any of the Guarantors since the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No person has been authorised to give any information or to make any representation not contained in this Offering Circular or any supplement hereto, and if given or made, such information or representation must not be relied upon as having been authorised.

This Offering Circular does not, and is not intended to, constitute or contain an offer or invitation to any person to subscribe for or purchase the Notes. This Offering Circular does not obligate the Issuer to accept any offer to subscribe for or purchase the Notes. The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions is restricted by law. Any persons into whose possession this Offering Circular or any Notes come are required by the Issuer, each of the Guarantors and the Dealers to inform themselves of, and to observe, any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Offering Circular and other information in relation to the Notes set out

under "*Selling Restrictions*" below. No person or entity shall have authority to make any offer or invitation to subscribe for or purchase Notes in any jurisdiction in which such offer or invitation is not authorised.

Unless otherwise noted, market data and other information used throughout this Offering Circular are based on Azteca's estimates, which are derived from its review of internal surveys and independent industry publications, government publications, and reports by market research firms or other published independent sources. Although Azteca believes its sources, including its estimates, are reliable, it has not independently verified the information and cannot guarantee its accuracy or completeness. Any information contained in this Offering Circular that has been sourced from a third party has been accurately reproduced and as far as Azteca or the Guarantors are aware or able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Any such third party information is identified in this Offering Circular with its source.

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of a placement contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The summary of the Programme which follows must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to the information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements. These forward-looking statements include, without limitation, those regarding Azteca's future financial position and results of operations, Azteca's strategy, plans, objectives, goals and targets, future developments in the markets in which Azteca participates or is seeking to participate or anticipated regulatory changes in the markets in which Azteca operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Azteca cautions potential investors that forward looking statements are not guarantees of future performance and are based on numerous assumptions and that Azteca's actual results of operations, including its financial condition and liquidity and the development of the Mexican media industry, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if Azteca's results of operations, including its financial condition and liquidity and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- risks related to Azteca's competitive position;
- risks related to Azteca's business, strategy, expectations about growth in demand for Azteca's products and services and business operations, financial condition and results of operations;
- Azteca's access to funding sources, and the cost of the funding;
- changes in regulatory, administrative or economic conditions affecting the media industry;
- risks associated with market demand for and liquidity of the notes;
- foreign currency exchange fluctuations relative to the US dollar against the peso; and
- risks related to Mexico's social, political or economic environment.

Potential investors should read the sections of this Offering Circular entitled "*Risk Factors*" and "*The Company*" for a more complete discussion of the factors that could affect Azteca's future performance and the markets in which Azteca operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Circular may not occur. Azteca undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

In this Offering Circular, all references to "US$" and "US dollars" refer to the lawful currency of the United States of America (the "United States" or the "U.S."). All references to "Ps." or "pesos" refer to the lawful currency of the United Mexican States ("Mexico").

This Offering Circular contains Azteca's audited consolidated financial statements for each of the years ended December 31, 2008, 2009 and 2010, including the notes thereto and Azteca's unaudited consolidated financial statements as of and for the three months ended March 31, 2010 and 2011. Azteca's consolidated financial statements as of and for such periods have been prepared in accordance with Mexican Financial Reporting Standards (*Normas de Información Financiera*) ("MFRS"), as issued by the Mexican Board for Research and Development of Financial Reporting Standards (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C.*) ("CINIF"), which differ in certain significant respects from accounting principles generally accepted in the United States, or U.S. GAAP, and International Financing Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board. Azteca's consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010 have been audited by Azteca's independent auditors, Salles, Sáinz-Grant Thornton, S.C., a member of Grant Thornton International ("Salles"). Salles is a member of the Association of Public Accountants of Mexico (*Colegio de Contadores Públicos de México, A.C.*).

See "*Summary of Certain Differences between MFRS and U.S. GAAP/IFRS*." Azteca is not providing any reconciliation to U.S. GAAP or IFRS of its consolidated financial statements or other financial information in this Offering Circular. Azteca cannot assure you that a reconciliation would not identify material quantitative differences between its consolidated financial statements and other financial information as prepared on the basis of MFRS if such information were to be prepared on the basis of U.S. GAAP or IFRS.

US dollar amounts presented in this Offering Circular have been translated from peso amounts solely for the convenience of the reader. No representation is being made that the peso or dollar amounts shown in this Offering Circular could have been or could be converted into US dollars or pesos at the rates shown in this Offering Circular or at any other rate.

NOTE REGARDING NON-GAAP FINANCIAL MEASURES

Azteca discloses in this Offering Circular certain non-GAAP financial measures, including EBITDA. Azteca believes that EBITDA is useful for the purpose of understanding its financial performance as well as its ability to satisfy principal and interest obligations under its indebtedness and to fund capital expenditures and operations requirements. Even though commonly used as a financial indicator in Mexico and abroad, EBITDA is not a measure of financial performance under MFRS.

Azteca calculates EBITDA by adding the depreciation and amortization to operating income. Azteca's calculation of EBITDA may include or exclude certain items that may be included or excluded in calculations of EBITDA provided by other companies.

Azteca's calculation of EBITDA does not include any adjustments to exclude the impact of unusual or non-recurring events, restructuring or other one-time charges or discontinued operations.

EBITDA is provided for information purposes only and should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain financial figures. EBITDA and other non-GAAP financial measures included in this offering are not a substitute for MFRS measures of financial performance.

SUMMARY OF THE PROGRAMME

Issuer	TV Azteca, S.A.B. de C.V.
Description	Medium Term Note Programme.
Guarantors	(1) Azteca International Corporation, (2) Azteca Novelas, S.A. de C.V., (3) Estudios Azteca, S.A. de C.V., (4) Inversora Mexicana de Producción, S.A. de C.V., (5) Operadora Mexicana de Televisión, S.A. de C.V. and (6) Televisión Azteca, S.A. de C.V.
Dealers	BCP Securities, LLC and Jefferies & Company, Inc.
Trustee	The Bank of New York Mellon.
Principal Paying Agent	The Bank of New York Mellon.
Amount of Programme	The aggregate principal amount of Notes outstanding at any time will not exceed US$500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement). The amount of the Programme may be increased from time to time.
Currency	Subject to any applicable or regulatory restrictions, Notes may be issued in any currency specified in the relevant Pricing Supplement (the "Specified Currency").
Form and Delivery	The Notes will be issued in registered or bearer form. Each Series of Notes will be offered and sold outside the United States to or for the benefit of non-U.S. persons will be represented by a note in either registered or bearer form without interest coupons (a "Global Note"), which will be deposited on or prior to the issue date of such Notes with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Account holders in Euroclear and Clearstream, Luxembourg must certify as to beneficial ownership as required by U.S. Treasury regulations in order to receive payments in respect of their interest in a Global Note. Interests in a Global Note may be exchanged for definitive Notes in registered or bearer form ("Definitive Notes") only on the terms and conditions specified or referenced in the Global Note.
Notes in Global Form	In considering the interests of Noteholders while any Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note.
Maturity of the Notes	The Notes will have maturities of not less than 360 days nor more than ten years.
Issue Price	The Notes may be issued (i) at a discount and not bear interest (zero coupon), (ii) at a discount and bear interest, payable on the interest payment dates specified in the relevant Pricing Supplement, (iii) at par and bear interest payable on the interest payment dates specified in the relevant

Pricing Supplement or (iv) at a premium and bear interest payable on the interest payment dates specified in the relevant Pricing Supplement.

Status of the Notes

If the Pricing Supplement specifies that the Notes are unsecured Notes, the Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory law. If the Pricing Supplement specifies that the Notes are secured Notes, the Notes will constitute direct and unsubordinated obligations of the Issuer that are secured by the collateral identified in the Pricing Supplement (the "Collateral").

Status of the Guarantee

The Notes will benefit from the guarantee of the Guarantors (the "Guarantee"), which will constitute a joint and several, direct, unsecured and unsubordinated obligation of the Guarantors and will rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantors, other than obligations preferred by mandatory law.

Redemption

Issuer Call. If the terms of a particular Note and the relevant Pricing Supplement so provide, such Note shall be redeemable at the option of the Issuer, on the date or dates, and on such terms, as are specified in such Note and in such Pricing Supplement.

Noteholder Put. If the terms of a particular Note and the relevant Pricing Supplement so provide, such Note shall be redeemable at the option of the holder of such Note, on the date or dates, and on such terms, as are specified in such Note and in such Pricing Supplement.

Denomination

Notes will be issued in such denominations as may be specified in the applicable Pricing Supplement save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Withholding Tax

All payments under the Notes and the Guarantee will be subject to Mexican withholding taxes, except as stated in the Notes.

Additional Amounts

The Issuer, or as the case may be, the Guarantors will pay such amounts as may be necessary in order to ensure that the net amounts received by the holders of Notes after any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by Mexico or any authority in Mexico shall equal the respective amounts of principal and interest which would have been received in respect of the Notes in the absence of such withholding or deduction, subject to certain exceptions.

Events of Default

The Notes contain certain events of default, including the failure by the Issuer to pay any principal of or interest on the Notes (which in the case of failure to pay any instalment of interest continues for a period of 3 days), see "*Description of the Notes*."

Listing

Notes issued under the Programme may, but are not required to be, listed on one or more stock exchanges. Except as stated in a Pricing Supplement, Notes issued under the Programme will not be listed.

Rating	The Notes issued under the Programme may, but are not required to be, rated. Except as stated in a Pricing Supplement, Notes issued under the Programme will not be rated.
Selling Restrictions	The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). In addition, the offer and sale of the Notes are subject to all applicable restrictions including, without limitation, restrictions in the United Kingdom and Mexico (see "*Selling Restrictions*" below). If a Note, Receipt or Coupon is held for the account or benefit of U.S. persons (as defined in Regulation S. under the U.S. Securities Act of 1933, as amended) or, for so long as any of the Notes are represented by a Global Note, any person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, holds such interest for the account or benefit of U.S. persons, the Issuer may give notice to the holder(s) of the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the holder of the relevant particular, nominal amount of Notes) that it requires the relevant Note, Receipt and/or Coupon (and/or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes), as the case may be, to be transferred provided however that the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes) may not be transferred to, or for the account or benefit of, U.S. persons. The relevant holder(s) of the Note, Receipt or Coupon (or, in the case of a Global Note, the relevant holder of the particular interest in the nominal amount of Notes) shall be obligated to make the transfer referred to in the notice referred to in this paragraph within 30 days after receipt of such notice if the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the relevant particular nominal amount of Notes) is held for the account or benefit of U.S. persons. The Notes may only be offered and sold by the Issuer through a Dealer pursuant to the Programme Agreement.
Governing Law	England.

FORM OF PRICING SUPPLEMENT

1.	Series Number:	
2.	Tranche Number:	
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)	
3.	Specified Currency or Currencies:	
4.	Principal Amount:	
5.	Form:	[Global Note in bearer form exchangeable for Definitive Notes in the limited circumstances specified in the Global Note] [Registered Notes]
6.	Issue Price:	% of the Principal Amount
7.	Interest Rate:	[If the Interest Rate is a Floating Rate, a Floating Rate Annex is to be attached to the Pricing Supplement setting forth the interest rate formula and other terms relating to such Floating Rate, and in such event, such Annex is to be referenced here with the notation "See attached Floating Rate Annex".]
7.	Day Count Fraction:	
8.	Floating Rate Interest calculation for a period of other than a full year:	For a period of other than a full year: [ ] In the case of an incomplete month: [ ]
9.	Interest Payment Dates:	
10.	Issue Date:	

The Issue Date must:

(a) be a day on which commercial banks and foreign exchange markets are open for business and carrying out transactions in London, any Additional Business Centre specified in the applicable Pricing Supplement and the city where each of the Agents is located;

(b) a day on which Euroclear and Clearstream, Luxembourg are open for business; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial

banks and foreign exchange markets are open for business and carrying out transactions in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

11. Additional Business Centres:

12. Net Proceeds:

13. Redemption/Payment Basis:

14. Maturity Date:

15. Time and Date of Delivery:

16. Name of Dealer or Dealers:

17. Name of Relevant Lead Dealer:

18. Denominations of Notes:

    Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 and which must be redeemed before the first anniversary of the date issue must have a minimum denomination of £100,000 (or its equivalent in other currencies).

19. Zero Coupon Notes: [Yes/No] — [If the Notes are Zero Coupon Notes, a Zero Coupon Annex is to be attached to the Pricing Supplement setting forth the terms applicable thereto, and in such event, such Annex is to be referenced here with the notation "See attached Zero Coupon Annex".]

20. Additional Selling Restrictions (if any):

21. Use of Proceeds:

22. Paying Agents:

23. Specified Principal Amount for the purposes of Condition 5(a):

24.	Euroclear/Clearstream, Luxembourg Common Code:	
25.	ISIN Number:	
26.	Issuer Call Applicable: [Yes/No] Noteholder Put Applicable: [Yes/No]	[If Issuer Call and/or Noteholder Put is applicable, an Optional Redemption Annex is to be attached to the Pricing Supplement setting forth the terms applicable thereto, and in such event, such Annex is to be referenced here with the notation "See attached Optional Redemption Annex".]
27.	Notes Secured: [Yes/No]	[If Notes are secured a Security Annex is to be attached to the Pricing Supplement setting forth the terms applicable thereto, and in such event, such Annex is to be referenced here with the notation "See attached Security Annex" and a description of the security documents referred to as "Security Documents" should be included.]
28.	Other Terms and Conditions: [Yes/No]	[If there are other terms and conditions, an Other Terms and Conditions of Notes—Annex to Pricing Supplement is to be attached to the Pricing Supplement setting forth such other terms and conditions, and in such event, such Annex is to be referenced here with the notation "See attached Other Terms and Conditions of Notes—Annex to Pricing Supplement".]
29.	Redenomination applicable:	Redenomination [not] applicable.
30.	Additional events (if any) in which the Global Note may be exchanged in whole for Definitive Notes and (if applicable) Coupons:	[If there are other additional exchange events, an Additional Exchange Events Annex is to be attached to the Pricing Supplement setting forth such other events, and in such event, such Annex is to be referenced here with the notation "See attached Additional Exchange Events Annex".]
31.	Additional Events of Default: [Yes/No]	[If there are additional Events of Default, an Additional Events of Default Annex is to be attached to the Pricing Supplement setting forth such additional Events of Default, and in such event, such Annex is to be referenced here with the notation "See attached Additional Events of Default Annex".]
32.	Delivery:	Delivery [against/free of] payment

RISK FACTORS

Following are certain risks associated with Azteca and the investment in Azteca's securities. The risks and uncertainties described below are not the only risks faced by Azteca but represent some of the risks that Azteca's management considers important. Some of the risks of investing in Azteca's securities are general risks relating to entering into transactions in Mexico. Other risks are specific to the operations of Azteca. The following discussion on general risks associated with operations in Mexico contains information on the Mexican government and the Mexican economy obtained from official publications of the Mexican government. Azteca has not verified this information independently. Should any of the following risks materialise, they may materially and adversely affect operations, the financial condition or operating results of Azteca. Should the foregoing happen, the trading price of the securities may diminish and investors may lose their investment in whole or in part.

Risks Related to the Operations of Azteca

Possible conflicts of interest could adversely affect Azteca's business, results of operations and financial condition.

Azteca is 56.1% owned by Azteca Holdings S.A. de C.V. ("Azteca Holdings"), which is part of the Salinas Group and is controlled by Ricardo B. Salinas Pliego and his family. Consequently, Mr. Salinas Pliego has the power to elect a majority of Azteca's directors and determine the outcome of actions that require stockholder approval.

Azteca has engaged in a variety of transactions with Grupo Elektra, S.A. de C.V. (hereinafter "Grupo Elektra"), Banco Azteca, S.A., Institución de Banca Múltiple (hereinafter "Banco Azteca"), Grupo Iusacell, S.A. de C.V. (hereinafter, "Iusacell"), Arrendadora Internacional Azteca, S.A. de C.V. (hereinafter "Arrendadora Internacional Azteca") and other entities it controls or in which Ricardo B. Salinas Pliego and other shareholders who control Azteca holds shares.

At a general extraordinary shareholders' meeting held on August 19, 2010, Azteca's shareholders approved changes to the Issuer's by-laws to incorporate provisions required under newly adopted LMV. In the present by-laws, the Audit Committee is charged with reviewing and making recommendations to the Board of Directors on transactions with related parties that have a value equal to or greater than five percent of Azteca's consolidated assets, based on figures for the immediately preceding quarter. Although it is not required by the LMV or Azteca's by-laws, Azteca's management annually reports to the Audit Committee all related party transactions, whether or not they have a value equal to or greater than five percent of Azteca's consolidated assets. However, there is no requirement under Mexican law, listing rules or Azteca's governing documents that the Audit Committee or the Board of Directors review and approve non-material transactions with related parties (defined in Azteca's by-laws as having a value equal to or less than five percent of Azteca's consolidated assets). The LMV requires the Audit Committee to report all related party transactions to the Board of Directors and requires that a company obtain a fairness opinion from an independent advisor with regard to certain related party transactions (i.e., purchases or sales of assets, granting of guaranties or incurrence of debt) having a value that is equal to or greater than 10 percent of a company's consolidated assets prior to board approval of such transaction. In addition, under the LMV, if the board of directors of a company does not follow the recommendations of the audit committee with regard to a related transaction, disclosure must be made to the public through the Mexican Stock Exchange.

Although the LMV and Azteca's by-laws provide the foregoing protections, there can be no assurance that Azteca will not be adversely affected by any related party transactions it may enter into.

Television broadcasting in Mexico is highly competitive.

Television broadcasting in Mexico is highly competitive and the popularity of television shows, an important factor in advertising sales, is readily susceptible to change. Azteca faces competition from other sources of television programming. Televisa, Azteca's principal competitor, generated the majority of the Mexican television advertising sales in each of the last three years. Since it has more experience in the television industry and more resources than Azteca, Televisa is one of the leading producers of Spanish-language television programming in the world and has over 20 years of experience producing soap operas ("*telenovelas*") and entertainment shows. Televisa also has significant interests in other media, including pay television, publishing, radio, movies, soccer, music,

Internet, lotteries and gaming, which enable Televisa to offer its customers attractive rates for packages combining advertising in various media.

Azteca cannot assure you that it will be able to maintain or improve its share of the Mexican television advertising or viewing market in the future, nor can Azteca assure you that its costs of obtaining programming and hiring production and creative staff, or the prices at which Azteca sells advertising time, will not be adversely affected by competition. In addition to competing with conventional, over-the-air television stations, including certain government-run stations as well as those owned by or affiliated with Televisa, Azteca also competes for Mexican television viewers with pay television providers. Cable television, multi-channel multipoint distribution systems ("MMDS") and direct-to-home ("DTH") satellite services represent a potential source of competition for Azteca's advertising sales, audiences and program rights. According to data from the Federal Telecommunications Commission (*Comisión Federal de Telecomunicaciones*) ("COFETEL") and the census's projected population from the National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*) ("INEGI"), the penetration of pay television as of December 31, 2010 was approximately 32.6% of all television households in Mexico, but COFETEL does not distinguish between residential and commercial customers.

In November 1996, the U.S. and Mexico signed an agreement regarding cross-border satellite television transmissions. Under the agreement, the Mexican government allows U.S. satellite transmission companies to provide DTH satellite services to Mexican households. Azteca cannot assure you that pay television services will not secure a more significant share of the Mexican television audience and television advertising market in the future.

In addition, Azteca also competes for advertising revenues with other forms of advertising media, such as radio, billboards, newspapers, magazines and the Internet.

The seasonal nature of Azteca's business affects Azteca's revenue and low fourth quarter revenues could impact Azteca's results of operations.

Azteca's business reflects seasonal patterns of advertising expenditures, which is common in the television broadcast industry. Azteca's revenue from advertising sales, which is recognised when the advertising is aired, is generally highest in the fourth quarter because of the high level of advertising during the holiday season. Accordingly, Azteca's results of operations depend disproportionately on revenue recognised in the fourth quarter and a low level of fourth quarter advertising revenue could negatively affect Azteca's results of operations for the year.

Azteca's revenue and profitability are affected by major broadcast events.

In the past, Azteca has generated substantial advertising revenue from broadcasting infrequently recurring major broadcast events. Azteca's broadcast of the Olympic Games, the World Cup Soccer Championship, the UEFA Champions League, the CART Series Championships and *La Academia* (a reality musical television show) substantially increased net sales during the periods of time shown. The absence or cancellation of major broadcast events in some years may negatively affect Azteca's financial condition and results of operations. Similarly, Azteca's results of operations may be affected in years in which a major broadcast event that is expected to draw a large viewing audience in Mexico is held but Azteca is unable to obtain the broadcast rights to such event.

If Azteca loses one or more of its key advertisers, it could lose a significant amount of its revenues.

In 2010, Azteca's ten largest advertisers, together with their subsidiaries, accounted for 24% of Azteca's net sales. The termination of Azteca's relationship with any one of its principal advertisers could negatively affect its operating results.

Azteca's costs of producing and acquiring programming may increase.

Azteca's most significant variable operating costs relate to its internally produced programming and its purchased programming. The cost of internally produced programming varies considerably depending on the type of programming, and is generally more expensive than purchased programming. In addition, the production of *telenovelas* is more expensive relative to the production of other types of programming.

If Azteca fails to manage effectively the costs of its internally produced programming or of acquiring exhibition rights for purchased programming, it is possible that its programming costs will increase at a rate higher than advertising revenue. If programming costs do not correlate with audience ratings and advertising revenues, Azteca's results of operations may be negatively affected.

Azteca is dependent on key personnel.

Azteca has no direct employees; all personnel in the administration and operations of the Concessions are supplied by Azteca's subsidiaries. Azteca's success depends in large part upon the abilities and efforts of the senior management and key employees of the subsidiaries. The loss of services provided by any of these personnel could have significant negative effects on Azteca's operations.

In addition, the future success of Azteca depends on its continuing ability to identify, train and retain qualified management personnel. The competition to obtain such qualified personnel is intense and Azteca may not be able to attract, integrate or retain them.

Azteca may experience liquidity difficulties.

Azteca may experience liquidity difficulties as a result of future economic crises in Mexico or internationally. In addition, any significant decline in Azteca's advertising revenue or significant increase in Azteca's operating costs could cause Azteca to experience further liquidity difficulties. The same would be true of any significant increase in the peso cost of debt service on Azteca's US dollar-denominated indebtedness.

Azteca's business is regulated by the Mexican government and its business would be harmed if its broadcast concessions were not renewed or were taken away or applicable regulations are changed.

To broadcast commercial television in Mexico, a broadcaster must have a license from the Ministry of Communications and Transportations (*Secretaría de Comunicaciones y Transportes*) ("SCT"). The SCT grants concessions comprised of one or more transmission channels. These concessions may be revoked in very limited circumstances. Azteca does not expect any of its concessions to be revoked. Azteca's concessions must be renewed upon expiration. All of Azteca's concessions expire on December 31, 2021, as such concessions were renewed by the Mexican government based on the Agreement published in the Official Gazette of the Federation (*Diario Oficial de la Federación*) (the "Official Gazette") on July 2, 2004, under which ATSC technical standard A/53 was adopted for the transition to digital television (*Televisión Digital Terrestre*), which will also expire on December 31, 2021. However, if the SCT fails to renew one or more of Azteca's concessions when they expire in 2021, Azteca will not be able to operate the channels covered by the unrenewed concessions.

On April 11, 2006, a decree was published in the Official Gazette that reformed both the Federal Telecommunications Law (*Ley Federal de Telecomunicaciones*) and the Mexican Federal Law on Radio and Television (*Ley Federal de Radio y Televisión*). On May 4, 2006, certain senators in the Fifty-Ninth Legislature of the Congress of the Union brought before the Supreme Court of Mexico a petition to declare such decree unconstitutional, requesting such decree to be declared invalid. The Supreme Court nullified some of the articles that had been reformed by the decree, relating to the term for concessions, the form of renewal and additional services above and beyond radio broadcasting. Until the Legislature enacts a new decree, there is no further information available about the concession renewal procedure that Azteca will face in 2021. If Azteca's concessions were not renewed, Azteca's business could be materially adversely affected.

To make the transition to digital television, the SCT, through COFETEL, grants an additional channel to each concessionaire to make digital transmissions simultaneously with the analogue transmissions. After implementation, the concessionaires will return a channel to the Mexican government. Azteca will have the right to 179 additional main channels with their respective complementary channels to make digital transmissions. The main channels have been applied for from COFETEL in three-year periods and in some cases they were applied for prior to the three-year period scheduled. Some additional channels were also applied for. The installation of the main and complementary stations is expected to be completed by December 31, 2021.

On September 2, 2010, in the Official Gazette the "Decree establishing actions to be taken by the Federal Public Administration to complete the transition to digital television" was published. In substance the decree moved

the date for concluding the transition to digital television forward to December 31, 2015. The decree was suspended by the Supreme Court of Justice of the Nation while the federal court system reviews the objections made by the Federal Chamber of Deputies and the Federal Chamber of Senators. If the decree requiring transition to digital television by December 31, 2015 is allowed to become effective, Azteca would be required to make substantial capital expenditures on an accelerated timetable to complete the transition to digital television. Similarly, other changes in regulations applicable to the media industry in Mexico could have a material adverse effect on Azteca.

Risks Related to Doing Business in Mexico

If the peso devalues in the future against the US dollar, it will be more difficult for Azteca to repay debt and other obligations.

Declines in the value of the peso relative to the US dollar increase the interest costs in pesos of Azteca's non-peso-denominated indebtedness and increase the cost in pesos of Azteca's other dollar-denominated expenditures. A significant portion of Azteca's operating costs and other expenditures are dollar-denominated. These costs include the payments Azteca makes for the broadcast rights for purchased programming, for the leasing of satellite transponders and for purchases of capital equipment. As of March 31, 2011, approximately 16.67% of Azteca's indebtedness was denominated in US dollars, and that percentage will increase upon the issuance of dollar-denominated indebtedness under the Programme. Since substantially all of Azteca's revenue is denominated in pesos, the increased costs are not offset by any exchange-related increase in revenue.

Due to the significant economic relationship between Mexico and the U.S., the value of the peso has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future. Any future devaluations of the peso could adversely affect Azteca's results of operations.

Azteca's financial results are dependent on the Mexican economy.

Declines in growth, high rates of inflation and high interest rates in Mexico have a generally adverse effect on Azteca's operations. The slower the growth of the Mexican economy, the slower the growth of advertising spending. In the event that inflation in Mexico returns to high levels while economic growth slows, Azteca's results of operations, its financial condition and the market price of its securities will all be affected. In addition, high interest rates and economic instability could increase Azteca's costs of financing.

Fluctuations in the U.S. economy or the global economy in general may adversely affect Mexico's economy and Azteca's business.

Mexico's economy is vulnerable to market downturns and economic slowdowns in the U.S. and elsewhere in the world. Financial problems or an increase in risk related to investment in emerging economies could limit foreign investment in Mexico and adversely affect the Mexican economy. Mexico has historically experienced uneven periods of economic growth and has recently been adversely affected by the recent global economic crisis that started in the late-2000s. 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 lead to sustained growth of the overall business environment in which Azteca operates and Azteca cannot predict the impact any future economic downturn could have on Azteca's results of operations and financial condition. For example, demand for advertising may decrease both because consumers may reduce expenditures for Azteca's advertisers' products and because advertisers may reduce advertising expenditures. Additionally, demand by consumers generally decreases during economic downturns.

The Mexican government exercises significant influence over the economy.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Economic plans of the Mexican government in the past often have not fully achieved their objectives, and Azteca cannot assure you that current and future economic plans of the Mexican government will achieve their stated goals. Similarly, Azteca cannot determine what effect these plans or their implementation will have on the Mexican economy or on Azteca's businesses. Future Mexican governmental actions could have a significant effect on Mexican companies, including Azteca, and market conditions.

Fluctuations in interest rates and inflation may adversely affect Azteca's business.

In Mexico, inflation has been high in recent years compared to more developed economies. Any negative fluctuation in interest rates might have an adverse effect on Azteca because the amount of interest owed may increase with regard to its present liabilities and indebtedness or other liabilities and indebtedness incurred in the future. Annual inflation was 6.5%, 3.6% and 4.4% for the years ended December 31, 2008, 2009 and 2010, respectively. Any significant increase in the inflation rate in Mexico could adversely affect Azteca's financial condition and results of operations as inflation can adversely affect consumer purchasing power, which affects the ability of Azteca's advertisers to purchase advertising time on its networks. Currently, Azteca has interest-rate hedging arrangements extending through December 2014.

Terrorist attacks, such as the attacks in New York and Washington, D.C. on September 11, 2001, and other attacks or acts of war may adversely affect the markets in which Azteca operates, Azteca operations and Azteca's profitability.

On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scope, which caused major instability in the U.S. and other financial markets. Leaders of the U.S. government have announced their intention to actively pursue those behind the attacks and to continue broader action against global terrorism. The attacks and the responses by the United States in Afghanistan and Iraq may lead to further armed hostilities or to further acts of terrorism in the United States or elsewhere, and such developments would likely cause further instability in financial markets. In addition, armed hostilities and further acts of terrorism may directly impact Azteca's physical facilities and operations, or those of Azteca's clients. Future developments may result in reduced demand from Azteca's clients for Azteca's products or may negatively impact Azteca's ability to outsource. These developments will subject Azteca's worldwide operations to increased risks and, depending on their magnitude, could have a material adverse effect on Azteca's business and the investment of holders of the Notes.

The political situation in Mexico could negatively affect Azteca's operating results.

In Mexico, political instability has been a determining factor in business investment. In recent years the political situation has changed significantly; however, political stability is not assured. As a Mexican company with most of its assets and operations in Mexico, the political environment in Mexico has a significant impact on Azteca's financial condition and results of operations.

In Mexico, presidential elections are held every six years. The next election will be in 2012, and the presidential race and political campaigns will begin in 2011.

Presidential elections are associated with intrinsic risk since, given the diversity of candidates and movements involved, there are usually differences that can result in actions that change productivity and stability in the country. For example, campaigning for the 2006 elections and the electoral process itself caused party differences that generated substantial losses for Mexico City industry.

In the specific case of the media (including Azteca), the election campaign involved an increase in the transmission of political advertising. Since the enactment of the Radio and Television Regulations on Electoral Matters (*Reglamento de Radio y Televisión en Materia Electoral*), political advertising must be transmitted on government-owned time, which can generate losses for television stations that have to dedicate commercial time to the political campaigns without receiving payment. Additionally, the ability of legislators to make changes to the media act in order to give additional time to the government for election campaigns presents an added risk to the Issuer.

If the Mexican government imposes exchange controls and restrictions, Azteca may not be able to service its debt in US dollars.

In the past, the Mexican economy has experienced balance of payment deficits and shortages in foreign exchange reserves. There can be no assurance that the Mexican government will not institute a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict access to US dollars and limit Azteca's ability to service its debt. Moreover, Azteca cannot predict what impact a restrictive exchange control policy would have on the Mexican economy generally.

Risks Related to the Media Industry in Mexico

An increase in the popularity of media alternatives to broadcast television may adversely affect Azteca's business.

Azteca believes there could be growth in the popularity of media that are alternatives to broadcast television, such as radio, pay television systems (such as cable and DTH), the Internet, billboards or newspapers.

According to outside sources, approximately two thirds of the total advertising spending in Mexico is allocated to broadcast television, a large proportion compared with other countries. Azteca believes that, should audiences have increasing interest in other media, as has been the case in other countries, the broadcast television business in Mexico may be affected. Azteca believes that positioning itself as a competitive player in those markets can translate into substantial investments that may hinder its liquidity.

Mergers within various economic sectors may result in a more concentrated advertising market.

Many companies in Mexico are subject to a worldwide trend of mergers and acquisitions, which can result in a lower number of firms competing in the market and, therefore, fewer firms advertising on broadcast television.

In recent years, this trend has been particularly significant in the banking, pharmaceutical and telecommunications sectors in Mexico, resulting in more concentrated industries.

Content production costs could increase as artistic talent migrates to the U.S.

In recent years there has been a migration of talented screen personalities to the U.S. to produce programming for broadcasters focused on U.S. Hispanic audiences. Should this trend increase, Azteca believes that there could be a resulting scarcity of artists and programming hosts. A possible consequence of this may be higher compensation for such personalities and, therefore, greater overall production costs, reducing Azteca's profitability.

There is a risk that reduced profitability margins may result from programming production for U.S. Hispanic audiences.

In past years, Azteca has been producing certain content for its Azteca America Network and for the Los Angeles station KAZA-TV to improve loyalty from target audiences and obtain increased revenue. Should this objective not be met and revenue does not approach the expected amount, Azteca believes the cost increase will reduce overall profitability.

Risks Related to the Notes

Payment of the Notes may not be made or may be limited if the Issuer or one or more of the Guarantors is declared bankrupt.

If the Issuer or any of the Guarantors is declared bankrupt by a Mexican Court or if it is subject to a reorganisation or *concurso mercantil* proceeding in a Mexican court, the Issuer's or the relevant Guarantor's, as the case may be, obligations under the Notes:

except in the case of secured Notes, would be converted into pesos at the exchange rate prevailing at the time of a declaration of bankruptcy or reorganisation or *concurso mercantil* and from pesos into inflation indexed units at the exchange rate prevailing at that time and would not be adjusted to take into account any devaluation of the peso to the US dollar after such conversion;

would be dependent upon the outcome of the bankruptcy or reorganisation proceedings and payment, if any, would occur at the time claims of all of the Issuer's or the relevant Guarantor's, as the case may be, unsecured creditors are satisfied and to the extent funds are sufficient;

would cease to accrue interest against the Issuer or the relevant Guarantor, as the case may be, except that in the case of secured Notes, interest may accrue up to the value of the collateral; and

would be subject to certain statutory preferences including tax, social security and labour claims and, except that in the case of secured Notes, claims of secured creditors.

There is a limited market for the Notes.

There is currently no active secondary market for the Notes and such a market may not develop once the offer has been made. The price at which the Notes are traded may be subject to various factors, such as interest rates, market conditions for similar instruments, macroeconomic conditions in Mexico and abroad and the Issuer's or any of the Guarantors' financial situation. If this secondary market does not develop, the liquidity of the Notes may be negatively affected, the holders of the Notes may not be able to sell the Notes in the market and either (i) may be unable to recover all or part of the price initially paid for the Notes or (ii) may have to sell the Notes at prices far below the price initially paid.

Azteca is leveraged and its leverage and debt service obligations could adversely affect its business.

Azteca refinanced most of its debt by issuing *certificados bursátiles fiduciarios* (Mexican debt securities issued in a securitisation) at the end of 2006. As of March 31, 2011, Azteca had Ps.9,251 million (US$772.9 million) of indebtedness. Azteca may not be able to generate enough cash to pay the principal, interest and other amounts due under its new indebtedness, and there is no assurance that market conditions will permit Azteca to refinance its new existing indebtedness at maturity. Azteca's leverage could have negative consequences, including:

- requiring the dedication of a substantial portion of its cash flow from operations to service indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures, marketing efforts, future growth plans and distributions payable to its shareholders;
- limiting its ability to obtain additional financing or to refinance its existing indebtedness;
- placing it at a possible competitive disadvantage relative to less leveraged competitors and competitors with greater access to capital resources;
- increasing its vulnerability to downturns in its business or the Mexican economy generally; and
- limiting its ability to make cash distributions to its shareholders.

Service of process must be effected in person.

In connection with the Notes to be issued by the Issuer, Law Debenture Corporate Services Limited has been appointed, designated and empowered as agent for service of process to be notified of any legal action related to the issuance of the Notes. This type of notification must be made in person to be valid under Mexican law. Notice of legal action by mail does not constitute personal notification under Mexican law. Therefore, if any notification of legal action is made by mail or other means, other than in person, a final judgment rendered in the legal action may not be enforced in the courts of Mexico.

Payment of judgments may be made in Pesos.

Under the Mexican Monetary Law (*Ley Monetaria de los Estados Unidos Mexicanos)*, in the event that any proceedings are brought in Mexico seeking performance of the Issuer's obligations under the Notes the Issuer may discharge its obligations denominated in any currency, other than pesos, by paying pesos converted at the prevailing exchange rate on the date payment is made. This rate is currently determined by *Banco de México* and published in the Official Gazette. If payment is made in Mexico and the Issuer elects to make payments due on the Notes in pesos in accordance with the Mexican Monetary Law, the amounts paid may be converted by the payee into the US dollars or any other currency and, if converted, such amounts may not be sufficient at such time to purchase US dollars or any other currency equal to the amount of the principal, interest or additional amounts due on the Notes. As a result, there may be a shortfall for judgments obtained in Mexico. No separate action exists or is enforceable in Mexico for compensation of any shortfall.

It may be difficult to enforce civil liabilities against the Issuer, each Guarantor or the Issuer's or each Guarantor's directors, officers and controlling persons.

The Issuer and each Guarantor other than Azteca International Corporation (a wholly owned Delaware subsidiary of the Issuer) ("Azteca International") is organised under the laws of Mexico, and most of the Issuer's and each Guarantor's directors, officers and controlling persons reside in Mexico. In addition, a substantial portion of the Issuer's, each Guarantor's and the directors, officers and controlling persons of the Issuer and/or each Guarantor, assets are located outside of the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United Kingdom on such persons or to enforce any judgments rendered against them. There is doubt as to the enforceability against such persons in original actions in Mexican courts, of liabilities predicated solely on English law and as to the enforceability in Mexican courts of judgments obtained in courts of England.

Azteca may not be able to pay its indebtedness payable upon change of control.

Upon the occurrence of a change of control as set forth in the "*Description of the Notes,"* Azteca will be required to offer to repurchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any. A change of control could result in non-compliance under existing or future debt of Azteca or its subsidiaries, if the debt matured and were payable. The source of funds for any payment will be Azteca's available cash or cash generated from other sources, including borrowings, sales of assets or sales of equity. However, Azteca cannot guarantee that it will have sufficient funds to pay all of the debts that may be due and payable at that time. Azteca may not be able to repurchase the Notes upon a change of control because it may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. Azteca's failure to repurchase the Notes upon a change of control would cause a default under the indenture governing the Notes.

The Notes and the guarantees by the Guarantors will be effectively subordinated to Azteca's secured debt and to certain claims preferred by statute.

Azteca's obligations under the Notes and the obligations of the Guarantors under the guarantees are unsecured. As a result, the Notes and the guarantees will be effectively subordinated to all of Azteca's and the Guarantors' secured debt to the extent of the value of the collateral securing such debt. Further, the terms of the Programme permit us to incur additional secured debt in the future. In the event that Azteca or the Guarantors are not able to repay amounts due under any existing or future secured debt obligations, creditors could proceed against the collateral guaranteeing such indebtedness. In that event, any proceeds upon a realisation of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the Notes. If there is a default, the value of this collateral may not be sufficient to repay both Azteca's secured creditors and the holders of the Notes.

To the extent that certain of Azteca's subsidiaries are not Guarantors, Azteca's obligations with respect to the Notes will be effectively subordinated to all liabilities of these non-guarantor subsidiaries.

Currently, not all of Azteca's subsidiaries are Guarantors. To the extent Azteca acquires other subsidiaries that are not Guarantors or Azteca's current Guarantors are released from their guarantees, any right that Azteca or the Guarantors have to receive assets of any of the non-guarantor subsidiaries upon the liquidation or reorganisation of those subsidiaries, and the consequent rights of holders of notes to realise proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

The guarantees may not be enforceable.

The guarantees provide a basis for a direct claim against the Guarantors; however, it is possible that the guarantees may not be enforceable against the Mexican Guarantors under Mexican law or against Azteca International under U.S. federal and state laws. While Mexican law does not prohibit the giving of guarantees and, as a result, does not prevent the guarantees of the Notes from being valid, binding and enforceable against the Guarantors, in the event that a Guarantor becomes subject to a reorganisation or *concurso mercantil* proceeding or to bankruptcy, the relevant guarantee may be deemed to have been a fraudulent transfer and declared void, based upon

the Guarantor being deemed not to have received fair consideration or a direct benefit in exchange for such guarantee. Similarly the guarantee of Azteca International could be voided, or claims in respect of its guarantee could be subordinated to other of its indebtedness under U.S. federal and state fraudulent transfer laws.

USE OF PROCEEDS

Azteca expects to use the net proceeds from the sale of Notes to repay existing indebtedness and for general corporate purposes.

THE ISSUER

General

Azteca is a publicly held corporation with variable capital (*sociedad anónima bursátil de capital variable*) organised under the laws of Mexico. Azteca is the second largest producer of Spanish-language television programming in the world and is the second largest television broadcasting company in Mexico based on audience and market share. Azteca currently owns and operates two national television networks in Mexico, Azteca 7 and Azteca 13, which have programming that reaches over 95% of the Mexican population. These networks are comprised of 344 television transmission sites located throughout Mexico that broadcast programming at least 23.5 hours per day, seven days per week. Two hundred and eighty-four of the networks' stations are repeater stations that solely rebroadcast programming and advertisements received from the Mexico City anchor stations. The remaining 44 network stations broadcast local programming and advertisements in addition to the programming and advertisements supplied by the anchor stations.

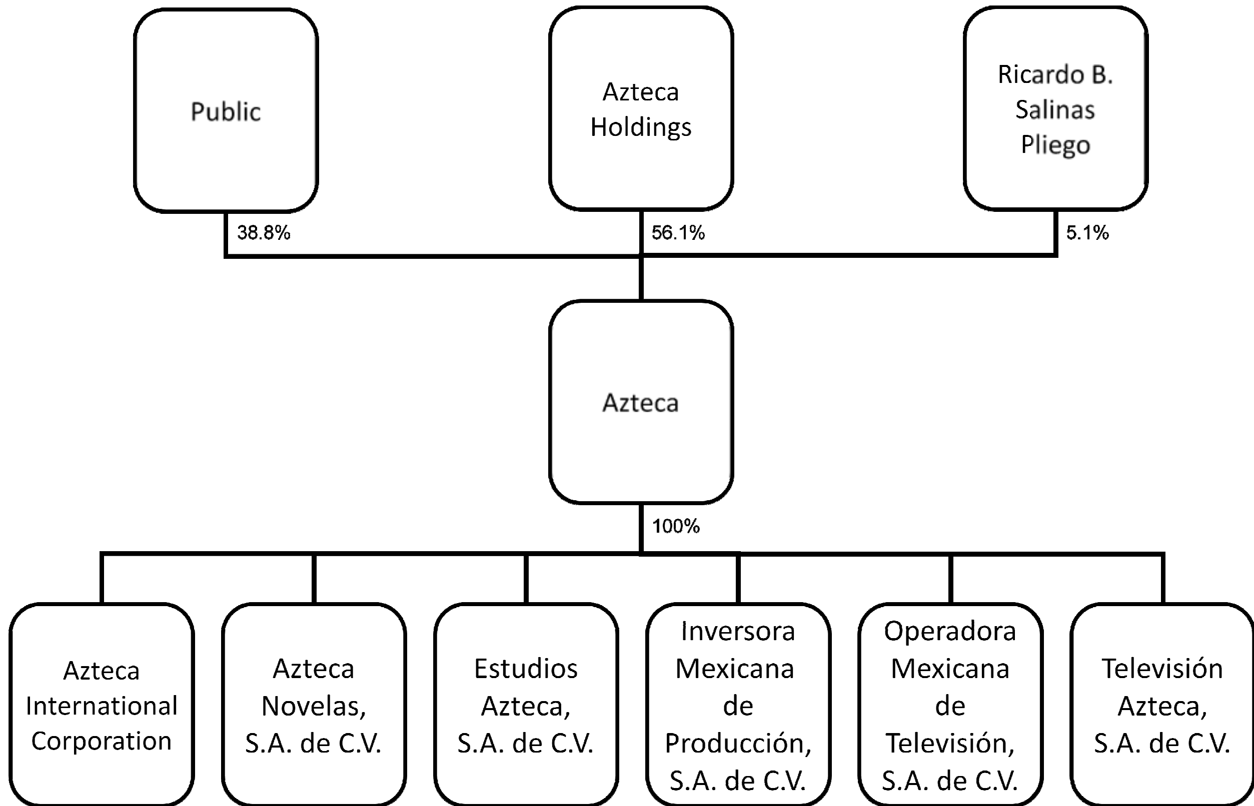
Through Azteca International, Azteca operates Azteca America, a Spanish-language television broadcasting network focused on the rapidly growing U.S. Hispanic market, and Azteca affiliates with television broadcast stations and cable and satellite television distributors in U.S. markets have a significant Hispanic audience.

In addition to its television broadcast operations, through its subsidiaries Azteca operates a Spanish-language Internet connection service and e-commerce marketplace, a musical production company and a soccer team. Azteca is also engaged in other businesses through joint ventures or strategic partnerships, including operation of Canal 40, a television channel that broadcasts in the Mexican metropolitan area on ultra high frequency Channel 40.

Azteca's other principal subsidiaries include: Televisión Azteca, S.A. de C.V. ("Televisión Azteca"), Azteca Novelas, S.A. de C.V. ("Azteca Novelas"), TV Azteca Comercializadora, S.A. de C.V. ("Azteca Comercializadora"), Red Azteca Internacional, S.A. de C.V. ("Red Azteca Internacional"), Estudios Azteca, S.A. de C.V. ("Estudios Azteca") and Operadora Mexicana de Televisión S.A. de C.V. ("OMT"). Azteca also has a subsidiary in Guatemala named TVA Guatemala. Televisión Azteca (owner of the open television concessions assigned by the SCT) and Azteca Novelas own and operate all of Azteca's broadcast assets, including the licenses to operate television transmitters, Azteca's transmission equipment and Azteca's headquarters and production studios in Mexico City. Payments for advertising on the Azteca 7 network and the Azteca 13 network are made through Azteca Comercializadora and Estudios Azteca, as well to Azteca itself. The marketing for the Azteca 7 network is made through Red Azteca Internacional, and the marketing for the Azteca 13 network is made through Azteca. Marketing for Canal 40 television channel (Channel 40) is made through OMT.

As of December 31, 2010, Azteca is 56.1% owned by Azteca Holdings, which is part of the Salinas Group and is controlled by Ricardo B. Salinas Pliego, who also directly owns 5.1% of Azteca shares. The remaining 38.8% of the shares of Azteca are publicly traded and listed on the Mexican Stock Exchange (*Bolsa Mexican de Valores*). The Issuer and the Guarantors each comply with the corporate regime applicable under the laws of their respective jurisdictions of incorporation.

Set forth below is a simplified structure chart:



The public deed containing Azteca's deed of incorporation was executed on June 2, 1993 and the same was registered in the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on July 13, 1993 under the commercial file 167346. The term of Azteca's incorporation is 99 years beginning on the date that Azteca's deed of incorporation was executed. Azteca's principal executive offices are located at Av. Periférico Sur 4121, Col. Fuentes del Pedregal, Mexico D.F. 14141. Azteca's telephone number at that location is +5255-3099-1313. Azteca's Internet addresses are www.irtvazteca.com and www.tvazteca.com. Information available on Azteca's websites is not a part of, nor is it incorporated by reference into, this Offering Circular.

Azteca's Mexican Television Networks

Azteca 7 Network

The Azteca 7 network primarily targets middle and upper income adults between the ages of 18 and 44. In 2010, Azteca produced 38.5% of the Azteca 7 network's weekday primetime programming hours and 16.3% of its total programming hours. The network's programming consists primarily of news programs, entertainment programs, sports broadcasts and *telenovelas*. The Azteca 7 network provides national coverage.

Azteca 13 Network

The Azteca 13 network primarily targets middle income family viewers of all ages. In 2010, Azteca produced 99.9% of the Azteca 13 network's weekday primetime programming hours and 67.7% of its total programming hours. The network's programming consists primarily of *telenovelas*, reality shows, news programs, talk shows, musical variety programs and sports broadcasts, principally soccer.

Canal 40

Azteca operates the Canal 40 television channel which covers the Mexico City metropolitan area and produces substantially all of its programming consisting primarily of education, culture, news, documentaries and interviews.

Local Stations

Forty-four of Azteca's television stations broadcast local programming and advertisements in addition to programming and advertisements provided by the anchor stations. As of December 31, 2010, Azteca had entered into contracts with local business partners with respect to 11 of its local stations under which the local partners may sell advertising time on such stations to local advertisers. In each case, the local partners are required to provide their own office facilities and to purchase the necessary equipment to block the national signal and insert a local signal. Azteca controls the time periods during which the national signals may be blocked and also restricts the sale of local air time to its national advertisers. Azteca permits insertion of local advertising only during periods when Azteca has scheduled local advertisements on its Mexico City anchor stations. During those periods, Azteca broadcasts a separate advertisement on its repeater stations. Azteca operates the remaining 33 local stations without local partners.

In addition to the insertion of local advertisements, some of Azteca's local stations broadcast programs that are produced and financed by local partners. Locally produced programs include news programs, game shows, sports events and other entertainment programs. In 2008, 2009 and 2010, Azteca's local television stations produced approximately 8% of the local programming broadcast on such stations.

Description of the Business

Principal Business, Distribution Channels

Programs

Azteca is one of the largest producers of Spanish-language television programming in the world. Azteca believes that its ability to provide a diverse mixture of quality programs has been and will continue to be one of the principal factors in maintaining and increasing its global ratings and the participation of Mexican television viewers. Azteca focuses on producing and acquiring programs that appeal to its different target audiences. Azteca also believes that developing separate identities for its networks has helped it capture a growing share of Mexican television viewers and has provided its advertisers with the opportunity to tailor their advertising to specific demographic groups.

To maintain the high quality of its programs, Azteca convenes focus groups and conducts surveys to assess the expected popularity of new program ideas. Azteca also uses portions of its unsold advertising time to aggressively market programs produced in-house, and uses purchased programs to create and sustain viewer interest.

Programs Produced by Azteca

Azteca produces a variety of programs, including *telenovelas*, reality shows, news, sports, music, contests, talk shows and variety programs. In 2008, 2009 and 2010, Azteca produced approximately 65%, 63% and 64%, respectively, of the weekday primetime program hours aired on its networks (excluding programs produced for its local stations), including the 10 most highly rated, regularly scheduled weekday programs, shown in primetime on each of its networks in 2008, 2009 and 2010.

On average, programs produced in-house by Azteca cost more per program than its purchased programs. Azteca seeks to offset its production costs by selling its programs produced in-house outside of Mexico. In 2008, 2009 and 2010, Azteca sold approximately 19,507, 21,736 and 16,295 hours, respectively, of programs produced in-house, generating sales of Ps.48 million (US$4.3 million), Ps.68 million (US$5.0 million) and Ps.40 million (US$3.2 million), respectively.

Azteca and its subsidiaries are the sole owners of all copyrights and trademarks for the television programs that it produces. However, there are some programs for which Azteca acquires a license with broadcast and/or

production rights. In cases where broadcast and/or production rights are licensed, Azteca, under the Federal Copyrights Law and international treaties, owns the television program scripts, design or format and retains the intellectual property rights.

Azteca has been producing *telenovelas* since 1996. This program genre is the most popular in Mexico and in all of Latin America. In 2008, 2009 and 2010, Azteca invested approximately Ps.100.3 million (US$8.1 million) in production equipment that was mainly for producing *telenovelas*. Azteca produced six *telenovelas* in 2008, representing 626 hours of programming, six *telenovelas* in 2009, representing 810 hours of programming and five *telenovelas* in 2010, representing 685 hours of programming. Three of the *telenovelas* that Azteca produced in 2008, 2009 and 2010 were among the top ten programs in rating and were regularly scheduled in Azteca's primetime in those years.

In 2002, Azteca launched its first reality show, "*La Academia*" or "The Academy", a musical reality television show. This television show featured Mexican and Mexican-American contestants who were trained by a professional team of music producers and based on their performance, were gradually eliminated from the show by the public. During the show's run, live concerts were aired every Sunday. The final concert, broadcast on December 1, 2002, marking the conclusion of the first season of The Academy, received a 68% share of the commercial audience. Immediately after the finale of the first season of The Academy and through 2003 Azteca broadcast the second season of The Academy, with new contestants. The third season of The Academy ended on July 4, 2004, and the fourth season ended on July 3, 2005. The fifth season of The Academy premiered on July 9, 2005 and ended on December 17, 2006 with a special event transmitted from the port of Veracruz. "Challenge of the Stars", which brought together great voices from previous episodes of The Academy to compete against each other, aired from January 8 to June 25, 2006. "Gold Disc" was an additional reality show musical in which renowned artists competed. The program began on February 11, 2007 and ended on April 15, 2007. The season finale of "The Academy—The Last Generation" was on December 14, 2008 with a special event transmitted from the state of Chiapas. "The Big Challenge" premiered on April 19, 2009 with famous figures from different professions competing; it ended on July 26, 2009 with a special event transmitted from the state of Guanajuato. "The Academy—The New Generation" premiered on October 4, 2009 and concluded on December 20, 2009 with a special event transmitted from the state of Chiapas. "Second Opportunity" premiered on March 21, 2010 and ended on June 6, 2010. "The Bicentennial Academy" premiered on September 12, 2010 and ended on December 19, 2010. Aztec's news programming includes news during the evening primetime schedule for its television network target audiences. The news program "News at Seven" on the Azteca 7 network includes a dynamic summary of national and international news in a format that is attractive for its viewers, who are primarily young adults. The Azteca 7 network also transmits an interview program with questions for important political figures, businessmen and journalists about issues that affect Mexico. The program "Events in the News" on Azteca 13 presents a more in-depth analysis of daily national and international news.

Sports programming produced in-house by Azteca consists mainly of broadcasts of league games of the First Division of Mexican professional soccer, as well as sports commentary programs and programs of different sporting events such as the Mexican Tennis Open, International Soccer games and the Olympics, among others. Soccer is the most popular sport in Mexico and the broadcasts of First Division games generate ratings at a level comparable with Aztec's highest ratings. During both the 2008 opening and closing seasons, Azteca had broadcast rights for the home games of eight teams in the First Division, including Monarcas Morelia. During the 2009 closing season, Azteca had broadcast rights for the home games of eight teams in the First Division, including Monarcas Morelia. For the 2009 opening season, Azteca had broadcast rights for the local games of eight teams in the First Division, including Monarcas Morelia. During both the 2010 opening and closing seasons, Azteca had the broadcast rights for the home games of eight teams in the First Division, including Monarcas Morelia.

Purchased Programs

Azteca obtains programs from approximately 80 different distributors; however, a substantial part of its purchased programming comes from the major studios, such as Buena Vista International (Disney), 20th Century Fox, Sony Pictures, and various independent suppliers, such as Gussi, Telemovies, Morgan Creek, among others. Azteca's purchased programs mainly constitute world-famous films and series. Programs not in the Spanish language purchased for Azteca's networks are dubbed in Spanish before delivery to Azteca. Azteca pays the distributor an additional fee for this service. Purchased programs account for approximately 35%, 37% and 36% of combined weekday primetime hours of programming aired on Azteca's two networks in 2008, 2009 and 2010,

respectively. Since 2009 Azteca has purchased programs through its distributor, which contracts with different studios such as Gussi, Telemovies, Morgan Creek, among others.

Purchased programming is licensed through the distributors' license under separately negotiated contracts with varying terms. In October 1998, Azteca entered into an exclusive three-year license agreement with Buena Vista International, Inc., an affiliate of the Walt Disney Company, to broadcast programming from Buena Vista International, Inc. on the Azteca 7 and 13 networks. This agreement was renewed on October 1, 2001 for an additional three years by Red Azteca Internacional and Buena Vista International, Inc. In October 2004, Red Azteca Internacional renewed the contract with Buena Vista International, Inc. through its distributor for five more years. In 2009, through its content distributor, Red Azteca Internacional renewed the contract for an additional five years.

Azteca also entered into agreements to broadcast sports programming, including the Olympic Games, the Paralympics, the World Cup, National Football League ("NFL") games, Championship Auto Racing Teams events, golf tournaments, boxing matches and wrestling (Smackdown). Azteca generally uses its own commentators for broadcasts of international sports events.

Both Azteca and Televisa obtained broadcast rights to the 1998 World Cup and the Olympic games through the Organisation of Spanish American Television (*Organización de Televisión Iberoamericana*) ("OTI"), a Latin American cooperative organisation that bids for broadcast rights to international sports and cultural events. OTI International obtained the broadcast rights to the 2008 Summer Olympic Games. Both Azteca and Televisa had Mexican broadcast rights to the 2008 Summer Olympics. OTI obtained the broadcast rights to the 2006 World Cup, which then licensed them to Televisa and Televisa sublicensed the rights to Azteca. Tarrague, a Swiss company, obtained the rights from OTI to broadcast the World Cups in 2010 and 2014, and then Tarrague licensed them to Televisa and Azteca. In 2008 OTI sublicensed broadcast rights to the Eurocup 2008 to Azteca and Televisa, and this was played in Switzerland and Austria.

Audience and Ratings Share

Azteca focuses its efforts on increasing its audience share of weekday, primetime viewers. Although weekday primetime represents only approximately 20% of the broadcasting hours on Azteca's networks, the total number of television viewers is highest during that period. As a result, advertising time during weekday primetime is preferred by most advertisers and Azteca charges higher rates for advertising during those hours. As a result of its efforts Azteca has increased its audience share of weekday primetime viewers. Advertising revenue earned during weekday primetime constituted approximately 53%, 56% and 52% of Azteca's net advertising revenue in 2008, 2009 and 2010, respectively.

In 2008, 2009 and 2010, demographics and national coverage on both of its two networks allowed Azteca to capture approximately 37%, 39% and 39%, respectively, of the Mexican commercial audience of people of 19 years and more in weekday primetime, compared to 23%, 24% and 25%, respectively, of the weekday primetime Mexican audience share.

Television Advertising

General

For the year ended December 31, 2010, approximately 77% of Azteca's net sales was derived from the sale of national advertising in Mexico, approximately 11% from the sale of local advertising in Mexico, approximately 8% from the sale of advertising in the US and approximately 3% from barter arrangements. Azteca offers two basic advertising payment plans: the "Azteca Plan" and the "Mexican Plan." Azteca sells advertising slots under these plans throughout the year. In setting advertising rates, Azteca considers, among other factors, the rates offered by its competition and the likely effect of rate increases on advertising volume.

Azteca sold an aggregate of 80%, 97% and 94% of the total available advertising time on its networks during primetime in 2008, 2009 and 2010, respectively. Azteca utilises unsold advertising time in a variety of ways. Azteca has entered into advertising contracts with some of its affiliates under which Azteca agreed to make a certain amount of otherwise unsold advertising time available to these affiliates each year. In addition, in order to improve its operating results and cash flow, Azteca sells a portion of otherwise unsold advertising time to shared-risk

advertisers and to companies that produce infomercials. Azteca also uses the unsold advertising time to broadcast promotional spots for its programming and to broadcast government and public service announcements.

Azteca's 10 largest clients represent approximately 24% of net sales in 2010. Information related to the largest advertisers by industry is as set forth in the chart below

Industry	2007	2008	2009	2010
Commercial - Consumption	36.3%	35.0%	35.0%	32.0%
Food	13.8%	14.8%	13.0%	13.0%
Chemical - Pharmaceutical	7.3%	8.5%	11.0%	12.0%
Telecommunications	12.3%	10.0%	9.0%	11.0%
Beverages	8.8%	9.8%	9.0%	11.0%
Government	6.8%	7.8%	10.0%	9.0%

Advertising Advances and Spot Sales

A significant component of Azteca's advertising advances consists of pre-sales in the fourth quarter of a calendar year for advertising slots in the following calendar year. As of December 31, 2008, Azteca's balance of advertising advances was Ps.3,971 million (US$293.3 million), which represents 41% of its net advertising revenue in 2009. As of December 31, 2009, Azteca's balance of advertising advances was Ps.4,605 million (US$352.6 million), which represents 42% of its net advertising revenue in 2010. As of December 31, 2010, Azteca's balance of advertising advances was Ps.4,401 million (US$356.1 million), substantially all of which is to be aired in 2011. Spot sales are all other contracts for advertising time (other than contracts entered into with respect to shared-risk advertisements and infomercials).

Payment Plans

Under the Azteca Plan, advertisers generally are required to pay in full within four months of the date they sign an advertising contract. Alternatively, the Mexican Plan offers flexibility by allowing advertisers to pay for advertising by making a cash deposit ranging from 10% to 20% of the advertising commitment, with the balance payable in instalments over the term of the advertising contract, typically a one-year term. Advertising rates offered to advertisers are lower under the Azteca Plan than under the Mexican Plan. No adjustments are made for inflation during the term of a contract.

Once deposited, Azteca has full use of funds advanced under the Mexican Plan and the Azteca Plan. At or about the date of the contract, Azteca generally requires advertisers paying under the Mexican Plan to deliver non-interest bearing, short-term notes in respect of each instalment payment. An advertiser that participates in either the Azteca Plan or the Mexican Plan is able to choose during which television programs and at what times, based on availability, its advertisements will appear. Any unused commitments are carried forward until fully utilised by the advertiser, although, with the exception of infomercial contracts, no amounts are carried beyond the expiration of the period covered by the contract.

The following tables set forth the percentage of Azteca's advertising sales and pre-sales under the Azteca Plan and the Mexican Plan for the years ended December 31, 2008, 2009 and 2010.

Percentage of Total Advertising Sales Year Ended December 31			
	2008	2009	2010
Azteca Plan	59%	59%	58%
Mexican Plan	41%	41%	42%

Percentage of Total Pre-Sales Year Ended December 31			
	2008	2009	2010
Azteca Plan	69%	70%	53%
Mexican Plan	31%	30%	47%

Pricing Plans

To offer additional flexibility to advertisers, Azteca offers "cost-per-rating-point" and "cost per thousand" pricing to the Mexican television advertising market. Cost-per-rating-point pricing, one of the most widespread methods of pricing electronic media advertising outside Mexico, despite cost-per-thousand pricing, is a standard method in all communications media worldwide that allows an advertiser to purchase advertising time based on the audience of the television programs during which its advertisements are aired. Also, cost-per-thousand pricing offers advertisers the opportunity to make comparative studies of their investment in television and other media where cost-per-rating-point pricing is not standard.

Local Sales

Azteca has entered into agreements with local businesses pursuant to which local advertising spots are inserted in the local broadcasts of 11 of its 44 local stations in place of the national advertising spots broadcast by the Mexico City anchor stations. These agreements entitle Azteca to receive a majority of the revenue from any local advertising on these local stations. Azteca permits insertion of local advertising only during periods when Azteca has scheduled local advertisements on its Mexico City anchor stations. During those periods, Azteca broadcasts a separate advertisement on its repeater stations. Azteca operates the remaining 33 local stations without local partners.

Infomercials, Shared-Risk Advertisements and Integrated Advertising

Azteca sells a portion of otherwise unsold advertising time to shared-risk advertisers and to producers of infomercials. With respect to infomercials, Azteca charges a fee for the time slot in which the advertisement runs. Azteca does not, however, receive any proceeds from the sale of the products shown during the infomercial. Alternatively, with shared-risk advertisements Azteca does not receive any advertising fees during the time slot that the advertisement runs. Instead, Azteca receives a percentage of the gross sales of the offered product or products for a negotiated period of time. For example, Azteca airs advertisements for music recordings at little or no up-front charge, under agreements that entitle Azteca to receive a share of the sales of the recordings for a number of months following the airing of the advertisements.

Azteca also receives revenue from "integrated advertising" in the form of product placements during the broadcast of Azteca's internally produced programming.

Revenue from Shared-Risk Advertisements, Infomercials and Integrated Advertising for the Year Ended December 31 (in millions)

	2008		2009		2010	
	(Ps.)	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**
Shared Risk	17	1.5	0	0	1	0.1
Infomercials	154	13.8	144	10.7	128	10.1
Integrated Advertising	1,897	170.3	1,709	126.5	2,282	180.6
Total	**2,068**	**185.6**	**1,853**	**137.2**	**2,411**	**190.8**

Total advertising revenues for this type of advertising accounted for approximately 21% of Azteca's net sales in 2008, approximately 19% in 2009 and approximately 21% in 2010.

Advertising Barter Arrangements

From time to time, Azteca enters into transactions with third parties pursuant to which it exchanges advertising time for goods and services, a substantial portion of which it uses in its operations. These types of advertising sales accounted for approximately 3% of Azteca's net sales for the years ended December 31, 2008, 2009 and 2010, respectively. Azteca has engaged in advertising exchanges, particularly with some of its affiliates, in order to realise value from otherwise unsold advertising time.

Program Sales

Azteca generates revenue through the sale of the rights to broadcast its internally produced programming abroad. In 2008, 2009 and 2010, Azteca exported 13,040, 15,269 and 9,828 hours of programming (excluding in each year an estimated 6,467 hours for sales to EchoStar), respectively, generating sales of US$6.9 million, US$7.5 million and US$8.1 million, respectively. The sale of the rights to broadcast its internally produced programming allows Azteca to leverage its programming library that has already been broadcast in Mexico. Azteca has exported its internally generated content to more than 100 countries. Azteca has provided Azteca International with the right to broadcast certain of its programming in the United States.

Channels for Broadcast on Cable Networks

Azteca currently has two channels broadcasting on cable networks.

Azteca has a channel called Azteca Internacional, which is broadcast on more than 750 cable networks, reaching nine million subscribers.

Additionally, on July 1, 2007 Azteca launched the channel called Azteca Novelas, with twenty-four-hour programming seven days a week, reaching four and a half million subscribers over more than 400 cable networks in Latin America. This channel exclusively broadcasts *telenovelas* produced by Azteca.

Advertising Sales on Cable Channels

Azteca consolidated the sale of advertising spots on the Azteca Internacional and Azteca Novelas cable channels, with sales growth in 2009 of approximately 92% and sales growth of approximately 25% in 2010. More than seventy local brands advertised their products to Central American, Puerto Rican and South American markets.

Other Operations

Azteca has invested in the internet market through Azteca Web. Azteca also owns Azteca Records. S.A. de C.V. ("Azteca Records"), a company that sponsors events. Furthermore, Azteca holds an investment in Monarcas Morelia, a Mexican professional soccer team.

Azteca International Corporation

Through its subsidiary Azteca International, Azteca launched the Azteca America network, a Spanish-language television broadcasting station in the United States. Azteca International works with television broadcast stations and cable and satellite television distributors in U.S. markets that have a significant Hispanic audience. Azteca International affiliates also enter into distribution contracts with other cable and satellite operators. Through the Azteca America network the Issuer distributes much of its United States programming, including Spanish language *telenovelas*, reality programs, sports and news broadcasts, and other entertainment programming.

Pursuant to an Option Agreement dated December 27, 2007, Azteca International acquired HP's and Pappas Telecasting Companies' ("PTC") membership interests in Pappas Telecasting of Southern California ("PTSC") for a purchase price of US$154.0 million.

The FCC approved the transfer of the membership interests of PTSC to SCTV.

In addition, on December 31,2010, on December 31, 2009, and December 31, 2008, Azteca International signed several affiliation contracts with other telecasting companies covering 70, 69, and 67 markets, respectively, where approximately 91% of the U.S. Hispanic population lives.

Under the affiliation agreements with other telecasting companies, Azteca International has granted exclusive licenses to air Azteca International programming in their respective markets. These agreements will be in effect for 2 to 10 years and are automatically renewable for additional terms of 2 to 10 years. In exchange for its programming, Azteca International receives 50% of available advertising time.

In the years ending December 31, 2010 and 2009, net advertising sales generated through Azteca International increased to US$69.8 million and US$58.9 million, respectively.

Internet business

Azteca Web is a business that operates through a web portal. Income reported by Azteca Web as of December 31, 2010, 2009 and 2008 was Ps.17 million (US$1.3 million), Ps.13 million (US$1.0 million) and Ps.14 million (US$1.3 million), respectively. Azteca also operates a corporate website and this is used to promote Azteca artists and programs.

Music

From December 2003, Azteca's strategy through its subsidiary Azteca Records focused on promoting new artistic talent. Azteca focused on planning, coordinating and holding concerts, and producing and marketing music recorded during the television program The Academy. In each of the years ended December 31, 2008, 2009 and 2010, Azteca's music business represented less than 1% of Azteca's net income.

The Soccer Team

In May 1996, Azteca acquired a majority shareholding in Monarcas Morelia, a soccer team in the first division of the professional league in Mexico. In ten of the last twenty Monarcas Morelia tournaments the team reached the final round; it won the league championship for the first time in its history in the "Winter 2000" tournament. Monarcas Morelia played two further finals, the "Opening 2002" and the "Closing 2003". It was the runner-up in the "CONCACAF champions' cup" in 2002 and 2003. In 2002 it reached the quarter-finals in the "Libertadores de América Cup". In April 2002 the FIFA Statistical and Historical Institute named it the "Best Team in the World". In April 2004 it achieved ISO 9001:2000 certification for the fields of Administration and Finance, the Morelos Stadium, Basic Strengths, Marketing and Communication and First Team, achieving re-certification in September 2009. The most recent achievement of this team was the super league championship (*campeonato de superliga*) of 2010.

Hi-Tv

Hi-Tv is a broadcasting system complying with the Federal Radio and Television Law and its regulations, with the Concession Rights authorisation, and with the official provisions set out in the agreement by which the

digital terrestrial technology standard ATSC-A/53 was adopted, together with the parameters set out in the Digital Terrestrial Television Policy for transition thereto in Mexico.

As a result of the ATSC-A/53 digital technological standard, Hi-Tv provides new program options, using part of the capacity of the channels to transmit Digital Terrestrial Television, while still transmitting the high-definition digital equivalent of Analogue Television. By doing so, the most efficient use was made of the electromagnetic spectrum making simultaneous additional digital program transmission possible through a digital mirror channel.

Finally, turning to the transmission of digital information, it gave the opportunity of great flexibility in the content broadcast, since it was possible to mix a number of audio, video and data signals (multiplexing), which:

accelerated the process of transition to DTT in Mexico;

provided an incentive for the use and exploitation of new technologies through Broadcasting Systems which provided for migration from analogue television to digital television;

this has a major social impact, putting a high-quality, cutting-edge technology service within the reach of the general population, increasing the range of programs on offer;

it generates conditions by which current digital television receivers and decoders are ever more accessible to consumers, such that society in general can benefit from the advantages that this technology offers; and

affords society with a better television alternative, with higher quality sound and images than that which analogue television currently provides.

Azteca established a reserve for the impairment of assets of this project. Azteca is analyzing the future of its participation in this project.

Strategic Partnerships

Contract with Buena Vista

In October 1998, Azteca entered into an exclusive three-year license agreement with Buena Vista International, Inc., an affiliate of the Walt Disney Company, to broadcast programming from Buena Vista International, Inc. on the Azteca 7 and 13 networks. This agreement was renewed on October 1, 2001 for an additional three years by Red Azteca Internacional and Buena Vista International, Inc. In October 2004, Red Azteca Internacional renewed the contract with Buena Vista International, Inc. through its distributor for five more years. In 2009, through its content distributor, Red Azteca Internacional renewed the contract for an additional five years.

Contract with Fox

In December 2009, through its content distributor, Azteca entered into an exclusive five-year license contract with Twentieth Century Fox International Television, Inc. (Fox), for broadcasting a wide range of programs, including films and television series, over the Azteca 7 and 13 and Proyecto 40 networks.

Contract with Sony

In December 2009, through its content distributor, Azteca entered into a four-year exclusive license contract with CPT Holdings, Inc. (Sony), for broadcasting a wide range of programs, including films and television series, over the Azteca 7 and 13 networks.

Competition

General Information

Broadcast television stations compete for advertising revenue and viewers with other television stations in their markets and other advertising media, such as radio, newspapers, magazines, outdoor advertising, transit

advertising, yellow page directories, direct mail, the Internet and home entertainment systems (including videocassette recorders, DVDs and television game devices). Broadcast television stations also face competition from cable television, MMDS and DTH satellite services. These other programming, entertainment and video distribution systems can increase competition for broadcast television stations by bringing into their market distant broadcast signals not otherwise available to a station's audience.

Televisa

Azteca's principal competitor in Mexico is Televisa. Televisa owns and operates Channels 2, 4, 5 and 9 in Mexico City, each of which, to varying degrees of coverage, is broadcast throughout Mexico. Televisa generated a substantial majority of Mexican television advertising sales in each of the last three years.

DTH Providers

Pay television services generally require an initial connection fee, as well as a periodic subscription fee, but offer both a higher quality picture than traditional, over-the-air television broadcasts and a larger number of channels to choose from. Under current Mexican law, cable television services, but not DTH satellite services or MMDS, are required to include over-the-air television channels in a basic package of channels offered to subscribers. SKY, a DTH service provider, carries the signals of the Azteca 7 and Azteca 13 networks throughout Mexico pursuant to an arrangement with Azteca. Many pay television services are offered by companies that are backed by large multinational media conglomerates with substantial resources. Televisa is a partner in a multinational company to provide DTH services in Mexico and elsewhere. According to data provided by COFETEL and INEGI, the penetration of pay television as of June 30, 2010 was approximately 32.6% of all television households in Mexico, but COFETEL does not distinguish between residential and commercial customers. According to COFETEL, 23.8% of the total customers are in the Mexico City metropolitan area, 19.0% are in Jalisco, Nuevo León y Santa Cruz and 17.2% are in the states located in the border between Mexico and U.S. Baja California, Sonora, Coahuila y Tamaulipas.

Univision y Telemundo

Univision and Telemundo are the main competitors of Azteca International in the U.S. Spanish-language television market. Both Univision and Telemundo have already established networks in the U.S. television markets that Azteca International targets or intends to target. In addition, in January 2002, Univision launched the Telefutura network, a Spanish-language network which can be seen on many over-the-air television broadcast stations in addition to cable systems nationwide.

Telemundo and Univision both have a larger network of affiliates and greater financial resources than Azteca International. In addition, each of these competitors has certain programming advantages over Azteca International. In 2002, NBC acquired Telemundo. As part of the acquisition, NBC provides Telemundo with the rights to broadcast certain NBC programming in the U.S. Spanish-language television market. Moreover, Univision has long-term program license agreements with Televisa and Corporación Venezolana de Televisión, C.A., another prominent producer of Spanish-language programming. These agreements provide Univision with a significant amount of quality programming that can be used to attract and retain U.S. Hispanic viewers.

Azteca International also competes with some English-language networks that broadcast in Spanish and simulcast certain programming in English and Spanish for their U.S. Hispanic viewers.

Regulation

Mexico

Concessions

In accordance with the Mexican Federal Law on Radio and Television (*Ley Federal de Radio y Televisión*) ("LFRT"), a television broadcaster must have a television broadcaster's license (concession) granted by the Federal Telecommunications Commission (*Comisión Federal de Telecomunicaciones*) ("COFETEL"), an independent agency of the SCT, to broadcast on a particular frequency. A concession is made up of one or more channels for

broadcasting, each of which gives the licensee the right to operate television transmitters in a particular place. Each concession specifies, among other things, the assigned channel, the power of the broadcasting signal authorised and the main areas covered by broadcasting signal. Furthermore, the COFETEL may grant to the licensee, additional separate authorisations to operate transmitters within areas covered by the assigned channels in the concession. These additional authorisations allow the licensee to broadcast its signal to areas that may not be reached by transmitters located where the channels assigned in the concession require them. Additional authorisation is also granted upon a request from local residents in an area within the concession area.

Azteca has 11 concessions for 179 channels. Nine of these concessions are part of the Azteca 7 network and consist of a set of 88 channels for primary broadcasting locations throughout Mexico. Azteca has also obtained 125 additional authorisations related to the Azteca 7 network. For the Azteca 13 network, Azteca has a single concession comprised of 90 licenses for primary broadcasting locations throughout Mexico and has 171 additional related licenses. Azteca also has one separate concession for a single primary broadcasting location in the state of Chihuahua.

The SCT granted Azteca authorisations to set up and install secondary digital broadcasting channels, as ancillary to the primary concessions, to comply with the policy for implementing Terrestrial Digital Television in Mexico, which are Channels 24 and 25 in Mexico City; Channels 31 and 33 in the city of Guadalajara, Jalisco; Channels 39 and 43 in Monterrey, Nuevo León and ten additional channels to be in the northern border of the country: Channels 28 and 20 in Tijuana, Baja California; Channels 34 and 36 in Ciudad Juárez, Chihuahua; Channels 51 and 50 in Nuevo Laredo, Tamaulipas; Channels 28 and 25 in Baja California, B.C.; Channel 36 in Reynosa, Tamaulipas and Channel 33 in Matamoros, Tamaulipas.

Also, in order to comply with the policy for implementing Terrestrial Digital Television in Mexico, the SCT granted certain authorisations to Azteca in 2008 to set up and operate secondary digital broadcasting channels for the following channels: 12 in Matamoros, Tamaulipas; 41 and 43 in Celaya, Guanajuato; 27 and 35 in Toluca, Mexico state; 33 and 31 in Perote, Veracruz; 27 and 24 in Puebla, Puebla; 26 and 43 de Querétaro, Querétaro.

In 2009, COFETEL granted Azteca digital channels for simultaneous broadcasts with their respective analogue channels in the states of Mexico (7 channels), Guanajuato (2 channels), Hidalgo (1 channel), Puebla (2 channels) and Veracruz (2 channels); and in 2010, it granted digital channels in Coahuila (1 channel), Jalisco (1 channel), Michoacán (1 channel), Morelos (2 channels) and Nuevo León (10 channels), all of which is part of the process of transitioning to Terrestrial Digital Television.

Pursuant to the amendments to the LFRT published in the Official Gazette on April 11, 2006, the television channel concessions are granted on the basis of public bidding, with the Federal Government retaining the right to receive economic consideration in exchange for granting the concession. In granting concessions, COFETEL takes into account the Program for granting frequencies and the purposes expressed by the interested party to use the frequency to provide radio broadcasting service, as well as the result of the bidding via public auction. Within thirty days following notification of the decision on the winning bidder, the bidder must make payment of the consideration to the Federal Government, and once cleared, the decision is presented to the SCT for the concession license to be issued. The term of a concession may be up to twenty years and may be given to the same licensee which is ranked preferentially over third parties.

The Supreme Court of Justice in Mexico published, in the Official Gazette of August 20, 2007, a ruling invalidating that part of Article 16 of the LFRT that provides that the procedure of Article 17 of the same law that regulates bidding will not apply to the renewal of concessions, other than those waived by the holder of the applicable concession. Nevertheless, this ruling did not establish the procedure for a renewal. To the extent the Legislative Branch does not issue a new decree, there is no way to obtain information on the renewal procedure that Azteca must follow in 2021.

COFETEL may revoke a concession if the grantee engages in any of the following activities:

transfers, pledges or assigns to the benefit of any foreign person in any manner, in full or in part, the concession or any rights arising thereunder or any broadcasting equipment relating thereto;

provides goods or services related to the concession to enemies in time of war;

changes its jurisdiction to a foreign jurisdiction, or solicits the protection of a government or foreign individual or legal entity;

changes the location of its equipment without COFETEL's approval;

broadcasts on a frequency other than the one assigned to it, without COFETEL's approval;

transfers or assigns the concession or rights arising thereunder or any broadcasting equipment relating thereto without COFETEL's approval;

suspends broadcasting from its principal station for a period greater than 60 days;

changes its by-laws with COFETEL's approval and breaches LFRT;

does not regularly provide the service for which the concession was granted;

- transfers shares of its capital stock and enters into contracts that affect or encumber the concession, without prior approval from COFETEL;

- unjustifiably refuses to effectuate broadcasts of the Mexican government's allocated airtime;

- denies without justifiable cause to allow access to its facilities by COFETEL inspectors and the Department of the Interior (*Secretaría de Gobernación*) ("SEGOB");

- is sanctioned three times for failure to: (i) cover social matters pursuant to condition Three of the Legal Instrument of Concession; (ii) implement Terrestrial Digital Television using ATSC standard A/53; (iii) contribute to research and development work in the country; (iv) give the SCT and SEGOB within the time limits specified under law, all data, reports and documents that are requested by the SCT and SEGOB; (v) maintain in good condition the equipment needed to run the stations or abide by SCT arrangements for the elimination of interference with other systems or (vi) use signal carrier systems authorised by the SCT for sending and receiving radio broadcasting signals;

- is sanctioned three times in one year for breaches of the same obligation, in the following cases: (i) failure to facilitate station inspection by SEGOB and COFETEL inspectors; (ii) failure to transmit official government broadcasts using its allotted time with the same quality as that of its normal broadcasts; (iii) selling/marketing in any way the government's broadcasting time, or in the election area, failure to abide by the provisions of the Federal Code on Electoral Institutions and Procedures (*Código Federal de Instituciones y Procedimientos Electorales*) ("COFIPE"); (iv) failure to broadcast government announcements during its "fiscal airtime" ("tiempo fiscal") or pay the 12.5% tax on revenues; (v) in the event of a disaster, failure to coordinate broadcasts with the competent authorities for the purpose of preventing greater damage or remedying what has already been caused; (vi) broadcasting of programs or advertising inappropriate for children or young people without announcing them as such when broadcasted; (vii) broadcasting publicity regulated by the General Health Law without prior authorisation from the Department of Health; (viii) broadcasting religious advertising or programs without authorisation from SEGOB; (ix) broadcasting advertising or programs constituting discrimination that violates human dignity and the purpose of which is to do away with or diminish personal rights and liberties or (x) failure to grant a right to respond.

If a concession is revoked on the grounds of the first three reasons mentioned above, the grantee legally loses all of its assets to the Mexican government. If a concession is revoked for any other reason, the grantee must remove all of its transmission assets from locations granted on the basis of authorisation. Nevertheless, should the foregoing occur, the Mexican government is entitled to purchase such assets at a fair value determined by an independent appraiser. None of Azteca's concessions has ever been revoked.

Concessions may be renewed by the grantee upon expiration for a period of up to twenty years. COFETEL generally renews concessions upon their expiration, on the condition that they have been operated substantially in compliance with applicable law. All of Azteca's concessions expire on December 31, 2021, as they were renewed by

the Mexican Government on the basis of an Agreement published in the Official Gazette on July 2, 2004, in which the ATSC A/53 technology standard for transitioning to Terrestrial Digital Television was adopted, and which shall also terminate on December 31, 2021.

For this transition to digital television, the SCT, through COFETEL, has established that each grantee shall be granted an additional channel for digital broadcasts simultaneously with analogue ones, and at the end of implementation, the grantees shall return the channel to the Mexican Government. Azteca shall be entitled to 179 additional anchor channels with their additional respective channels for areas with poor reception, to carry out the aforementioned digital broadcasts, for which anchor channels have been requested from COFETEL for three-year periods and in some cases, they have been requested prior to the programmed three years, and likewise, some additional digital channels to cover poor reception areas have been requested.

Operations Oversight

COFETEL and the SEGOB may perform inspections for broadcasting operations of a grantee.

Television programming is not subject to judicial or administrative censorship in Mexico. Nevertheless, Mexican law and regulations prohibit programs that:

- are offensive to civic life;
- are discriminatory on the basis of race;
- cause corruption of language;
- are contrary to civility;
- constitute an apology for violence or crime; or
- threaten national security or public order, or cause an audience to panic or be alarmed.

According to Mexican regulations, the Office for Radio, Television and Cinematography (*Dirección General de Radio, Televisión y Cinematografía*), a department of SEGOB, reviews all television programming (except live broadcasts) prior to broadcast and classifies the programs by age group appropriateness. Unless otherwise authorised by SEGOB, programs classified as adult programs may only be broadcast after 10:00 p.m.; programs classified as teen and adult programs may only be broadcast after 9:00 p.m.; programs classified as programs for teens over the age of fifteen may be broadcast after 8:00 pm; and programs classified as appropriate for all audiences (including children) may be broadcast at any time. Breaches of these regulations are punishable by fines that vary from 20 to 5,000 days-worth of minimum wage in force in Mexico City on the day of the violation. Mexican regulations also require that broadcasts in foreign languages be approved in advance by SEGOB.

Every grantee must broadcast up to 30 minutes of government programming per day and that contains educational, cultural, social and socially-oriented subjects. During political campaigns, under the administration of the Federal Electoral Institute (*Instituto Federal Electoral*) ("IFE"), all registered political parties are entitled to use the government's allotted time to broadcast political messages.

Restrictions on Advertising

Mexican law regulates the type and quantity of advertising that may be broadcast on television. The grantees are prohibited from broadcasting commercials that are deceptive. Commercials for alcoholic beverages (except beer) may only be broadcast after 10:00 p.m. and commercials for tobacco products are forbidden by the General Law on Health. The advertising of alcoholic beverages must not be excessive in amount, submit to minors or present real or apparent consumption of alcoholic beverages, and must be balanced by public service announcements that promote good nutrition and hygiene. Commercials for certain products and services, including medications, medical equipment and services, foodstuffs, food supplements, and personal hygiene and beauty products, require the approval of the Mexican government prior to being broadcast, and when broadcast, must include captions indicating the federal authority. Furthermore, the Mexican government must approve all contests,

drawings and other games-of-chance programs. Religious programs also require approval. The COFIPE prohibits (i) the contracting of radio and television advertising for the purpose of influencing the electoral preference of citizens, (ii) the contracting of radio and television advertising from political parties, candidates, pre-candidates and others who aspire to political office through elections and (iii) the promotion of public servants in institutional advertising for the bodies of government. The COFIPE also provides that, during election times, the IFE has thirty minutes per day of government airtime and 18 minutes of government fiscal time ("tiempo fiscal") for political announcement, which gives 41 minutes of time to political parties and reserves the rest for its own use and that of other electoral institutions. During pre-election campaigns, the air time available to the IFE is 12.5% of official airtimes.

Mexican law also regulates the quantity of advertising that a grantee may broadcast. No more than 18% of broadcast time may be used for commercials on any one day, there being a stimulus that makes it possible to increase this advertising broadcasting time by 5% if domestic production accounts for 20% of what is broadcast. Station identification lasts a maximum of two minutes and may only appear every half hour, except during events interruption of which would inconvenience television viewers. The SEGOB is entitled to authorise a grantee to temporarily increase the duration of commercial breaks. In the past, Azteca has obtained this authorisation for broadcasts during the Christmas season. COFETEL establishes minimum advertising rates. There are no restrictions on maximum advertising rates.

There is an obligation to comply with information requests from the IFE.

All radio and television stations in the country are obligated to acquiesce when transmitting information that is important for the country in the judgment of SEGOB.

Applicable law prohibits broadcasts that lead to corruption of language and are contrary to civility, whether through the use of malicious expressions, words or shameless images, phrases or scenes with two meanings, apologies for violence or crimes. Also prohibited is anything that denigrates or is offensive to civic admiration of heroes and religious beliefs or is racially discriminatory. The use of resources of low comic level and offensive sound are also prohibited. In addition, news, messages or propaganda of any type that are contrary to the security of the state or public order are prohibited.

The rebroadcast of programs developed abroad and received by any means by the broadcasting stations, or the broadcast of programs that sponsor a foreign government or international body, may only occur with prior authorisation from the SEGOB.

With respect to commercial advertising, applicable law prohibits advertising of vice centres of any nature; advertising or commercials about industrial or commercial products or activities that deceive the public or cause it harm through exaggeration or falsehood regarding the indication of their uses, application or properties. Additionally, programs that incite violence, as well as programs relating to food products that distort good nutritional habits, should not be broadcast during children's programming times.

Even where the law establishes that broadcasting stations must make use of the national language, SEGOB may authorise, in special cases, the use of other languages, so long as a long or short Spanish version is shown, as the department may decide.

Broadcasting Tax

In addition to paying income tax, all grantees are subject to a tax that is payable by giving the Mexican government the right to use up to 18 minutes daily of the grantee's broadcast time. This government airtime is not cumulative; any time not used by the Mexican government on any one day is lost. In any event, the use of this time must be distributed proportionately and fairly throughout the daily programming of the grantee, but it shall not have a significantly adverse effect on the grantee's operations.

Foreign Property

There are certain restrictions on ownership of shares of Mexican companies by foreigners in certain sectors of the economy, including television broadcasting. In accordance with Mexico's Law on Foreign Investment and Federal Law on Radio and Television, foreign investors (including Mexican companies with foreign shareholders)

may not own capital stock of Mexican television grantees (except through "investment neutral" shares and instruments, such as CPO's).

Stations on the Border

Broadcasts from television stations located on the Mexican-United States border are governed by a bilateral treaty signed by the governments of both countries. The Agreement Relating to Assignments and Usage of Television Broadcasting Channels in the Frequency Range 470-806 MHz Along the United States-Mexico Border established criteria that all stations on the border must comply with regarding broadcasting power, antenna height and the allowable distance from the border. Azteca believes that it is in compliance with all aspects of the treaty.

United States

The U.S. communications industry, including the operation of broadcast television networks and stations, is subject to federal regulation, particularly pursuant to the Communications Act of 1934, as amended, and the rules and regulations promulgated thereunder by the FCC (the "Communications Act"). This Communications Act empowers the FCC to, among other things, regulate certain aspects of broadcast programming and the relationship between broadcast television networks and their affiliated broadcast television stations.

Foreign Ownership of Broadcast Television Stations in the United States

The Communications Act prohibits the issuance of a broadcast license to, or the holding of a broadcast license by, a foreign corporation, which is any corporation of which more than 20% of the capital stock is beneficially or nominally owned or voted by non-U.S. citizens or their representatives or by a foreign government or a representative thereof, or by any corporation organised under the laws of a foreign country. The Communications Act also authorises the FCC, if the FCC determines that it would be in the public interest, to prohibit the issuance of a broadcast license to, or the holding of a broadcast license by, any corporation directly or indirectly controlled by any other corporation of which more than 25% of the capital stock is beneficially or nominally owned or voted by foreign entities. The FCC has issued interpretations of existing law under which these restrictions in modified form apply to other forms of business organisations, including partnerships.

Other Broadcast Television Regulation in the United States

The FCC regulates television broadcast stations, which generally must apply to the FCC for renewal of their licenses every eight years. Renewal will be granted to the extent that the FCC finds that (i) the station has served the public interest; (ii) there have been no serious violations by the licensee under the Communications Act described above or the FCC rules; and (iii) there have been no other violations by the licensee of the Communications Act or the FCC rules which, taken together, indicate a pattern of abuse. The FCC also administers other aspects of broadcast television regulation, including the following: restrictions on the ownership of multiple media outlets in one market, or on a national basis; limits on the amount of commercial advertising during children's programming; requirements that stations air a certain amount of informational or educational programming directed at children; restrictions on "indecent" programming; and requirements affecting the availability and cost of political advertising time. In addition, FCC rules governing network affiliation agreements mandate that a television broadcast station licensee retain the right to reject or refuse network programming under certain circumstances, or substitute programming that the licensee reasonably believes to be of greater local or national importance. Violations of FCC rules and regulations can result in substantial monetary forfeitures, periodic reporting conditions, short-term license renewal and, in egregious cases, denial of license renewal or revocation of license.

Other Regulatory Considerations in the United States

The foregoing does not purport to be a complete discussion of all provisions of the Communications Act referenced or other acts of the U.S. Congress or of the rules, regulations and policies of the FCC. For further information, reference should be made to the Communications Act itself, to other congressional acts, and rules, regulations and public notices promulgated periodically by the FCC. There are additional regulations and policies of the FCC and other federal agencies that govern political broadcasts, public affairs programming, broadcast advertising and other matters affecting Azteca's U.S. business and operations.

Property

Broadcasting, Production and Office Facilities

Azteca's properties consist primarily of broadcasting, production and office facilities. Azteca's principal offices, comprised of 41,092 square meters of land and 62,172 square meters of constructed space (which includes covered parking facilities), all of which it owns, are located in Mexico City.

Azteca owns and operates all of its 344 broadcast facilities (buildings and transmission towers) and all of the transmission equipment located at those facilities. Approximately 28% of the sites upon which these broadcast facilities are located are owned by Azteca and the remainder are leased.

In February 2000, Azteca, together with Televisión Azteca, signed a tower project contract with a Mexican subsidiary company of ATC with a term of 70 years providing for Azteca to rent broadcasting towers that are not in use, up to a maximum 190 broadcasting towers. Under the ATC Long-Term Loan, ATC agreed to pay US$1.5 million a year in rent and to loan Azteca US$119.8 million in exchange for the right to market and lease the unused space in Azteca's broadcasting towers to third parties, as well as to Azteca's affiliated companies, and Azteca will collect all the related revenues from such parties for the account of ATC. Azteca has the title deeds of the towers and is responsible for its operation and maintenance. The SCT approved this contract on February 10, 2000. After the expiration of the initial 20 year term of the ATC Long-Term Loan, Azteca has the right to purchase from ATC any or a portion of the revenues and assets related to the marketing rights at fair market value with the proportionate amount of the remaining principal of the ATC Long-Term Loan.

Azteca's television production operations are concentrated in two production studio facilities comprising 14 studios owned by Azteca and located in Mexico City: the Ajusco Studios facility and the Azteca Novelas facility.

Azteca owns two office buildings (Torre A and Torre B) in Mexico City located adjacent to its principal offices.

Azteca owns additional real estate in Mexico City, located adjacent to its principal offices, used as a parking lot for its employees and for the La Academia reality show.

In December 2008, Azteca Novelas purchased two properties, both adjacent to the complex it already owns, and which is known as Azteca Novelas. The first property acquired consists of a two-level building, with approximately 2,650 square meters of floor space on a 1,473 square meter lot, four lots with a surface area of 576 square meters. The second building has 3,675 square meters of floor space.

This innovative development contemplates the creation of seven new and improved multilevel sound stages occupying 5,700 square meters, which will be unique in all of Latin America. There will be a 1,150 square meter sound stage for musical events such as *La Academia*. The new sound stages will be a custom-designed space for young television production, in high definition, burgeoning with excellence and quality, where the best possible use will be made of each square meter.

Satellites

Azteca and Panamsat de México, S. de R.L., de C.V. executed on October 15, 2002 a master service agreement. At the present, Azteca has two satellites in operation under this agreement: the operation of the first satellite with a 27MHZ satellite transponder is valid until the December 31, 2012 at which time Azteca will either negotiate a renewal or seek another provider, and the second satellite with a 36 MHZ satellite transponder expires on June 30, 2016. In 2010, Azteca paid approximately US$972,000 for this service.

In July 2005, Azteca changed satellite transponder providers, entering into a satellite capacity leasing contract with a new provider, Telecomunicaciones de México (a decentralized entity of Mexico's Federal Government). Pursuant to such contract, Telecomunicaciones de México agreed to provide satellite piping services (fixed and cellular), so that Azteca could continue transmitting its telecommunications signals nationwide.

The contract with Telecomunicaciones de México expires in June, 21, 2011. Azteca and Telecomunicaciones de México have agreed in principal to renew the contract, which contract is subject to execution.

Insurance

Azteca maintains a risk management scheme that guarantees extensive coverage of its contingencies and the continuity of its operations, protecting its human, technological, material and financial resources, as well as the responsibility derived from its lines of business, including other assets related to its activities, subject to standard deductibles, coinsurance and limits.

Patents, Licenses, Brands and Other Contracts

Azteca owns a large number of brands. Among those that Azteca considers the most important are the institutional brands such as AZTECA, AZTECA NOVELAS, AZTECA TRECE, AZTECA SIETE, FUNDACION AZTECA, AZTECA INTERNET, PROYECTO 40, GRUPO SALINAS and MONARCAS MORELIA.

Likewise, Azteca owns diverse rights of exclusive use of television program titles and fictional characters, as well as musical works and television programs. Additionally, all the programs and *telenovelas* produced by Azteca have their own brands and music.

Pursuant to Mexico's Industrial Property Law (*Ley de Propiedad Industrial*), brands do not expire if they are renewed every 10 years, counted from the date of the submission of the brand application. In Azteca's case, Azteca's brands have been renewed continuously since 2004. The brands owned by Azteca are considered important by the Issuer because they are highly valuable intangible assets. Moreover, the rights of exclusive use of television program titles have a validity period of one year from the date of their issuance and are renewable annually after verification of their use. Azteca's intangible assets also include certain copyrights, the rights to which extend to the maximum term permitted by law and/or international treaties to which Mexico is a party.

The contracts entered into by Azteca with related parties are described in the section entitled "*Transactions with Related Parties and Conflicts of Interest*" in the chapter entitled "*Administration*". Azteca International has entered into a transaction agreement and related contracts with subsidiaries of Pappas.

Employees

As of December 31, 2010, 5,655 persons provided services to Azteca. Of this amount, 2,029 worked in production; 2,219 performed administrative duties; 263 were managers or executive managers; 408 worked in sales and 736 were part of a union.

Approximately 13% of the personnel that provides services on a permanent basis to Azteca is represented by a television union, with a smaller number represented by the actors' guild or musicians' union. According to Mexican law, the terms of compensation for contracts entered into by Azteca and its unionised employees are subject to annual renegotiation. All other contract terms are renegotiated every two years.

Azteca has not experienced any labour strikes and it maintains good relationships with the unions representing its employees.

Environmental Performance

Azteca's business operations and activities are not subject to any type of environmental regulation.

Legal Proceedings

Canal 40

Azteca is engaged in litigation with CNI, TVM and Mr. Javier Moreno Valle Suarez relating to ownership and control of Canal 40.

On December 10, 1998, Azteca and its subsidiary OMT signed a strategic partnership agreement with CNI and TVM agreeing, among other things, to the following:

(a) Azteca shall advise TVM and CNI on the operations of the Canal 40 television channel for a period of ten years, or for the term of TVM's existing concession, whichever is shorter.

(b) Azteca shall enter into an assignment contract with CNI (the "Assignment Contract") pursuant to which CNI will grant Azteca its rights and obligations relating to a programming, promotion and sales/marketing contract with TVM. In exchange, Azteca will pay CNI 50% of EBITDA on a quarterly basis, and US$15 million as an advance payment during the first three years; such amount to be modified according to the results of Azteca's subsidiary operating the business. On December 31, 1999, Azteca paid the US$15 million.

(c) Azteca shall grant CNI a US$10 million loan, with a ten-year term and 3-year grace period. 51% of TVM's shares of capital stock owned by Mr. Javier Moreno Valle Suárez shall be pledged as security for the loan until such time as the loan and related amounts are paid in full.

(d) Azteca shall have an option to purchase up to 51% of TVM's shares of capital stock as of the fourth anniversary of the contract's effective date. The purchase price of the shares would be US$100 million or 10 times EBITDA of the last twelve months, whichever is greater, subject to certain modifications. In addition, Azteca agreed to purchase shares owned by Mr. Javier Moreno Valle Suárez and Engineer Hernán Cabalceta Vara under certain circumstances.

In July 2000, CNI stopped broadcasting Azteca's signal in violation of its obligations under the strategic partnership agreement. Azteca's broadcasts were off air until December 2002.

In response to this and other actions, Azteca brought several lawsuits against CNI, TVM and Mr. Moreno Valle. Azteca claimed damages caused by interference with Azteca's broadcast signal and specific performance of the Assignment Contract, including the assignment of programming, promotion and sales/marketing rights and the option to purchase up to 51% of TVM's capital stock.

In December 2002, a Court of Arbitration of the International Chamber of Commerce issued an arbitration decision ruling that the strategic partnership agreement and the purchase option contract signed by Azteca, Mr. Moreno Valle and CNI were valid, in force and the amounts thereunder payable.

In December 2002, broadcast of Azteca's signal on Canal 40 was reinstated. The SCT subsequently took sole control of the Canal 40's broadcasting facilities and the signal. In January 2003, CNI filed a petition with an administrative law court in Mexico City requesting the removal of SCT's sole control over Canal 40's broadcasting facilities and Azteca's signal. On January 27, 2003, CNI regained control of these facilities and the signal. That same day, Azteca filed a petition against the decision.

In March 2004, the Fourth Civil Court ruled that the lawsuit brought by Azteca against Mr. Moreno Valle, seeking to enforce the security pledge on 51% of TVM's capital share was correct and appropriate, and it authorised Azteca to sell the shares pledged by TVM to it in a foreclosure sale. Mr. Moreno Valle filed a petition to nullify the sale and succeeded.

In September 2005, the Seventh Civil Court (a) ruled that TVM and CNI were in breach of the Assignment Contract, (b) ordered TVM and CNI to comply with the Assignment Contract and (c) ordered TVM and CNI to pay legal damages as well as legal fees and court costs to Azteca. TVM and CNI appealed this ruling before the Fourth Civil Court which confirmed the prior ruling in favour of Azteca.

Pursuant to a February 22, 2006 final order of the Seventh Civil Court, Canal 40 again broadcasts Azteca's programming pursuant to the 1998 contracts between TVM and Azteca. These contracts were re-instated and acknowledged by the sole administrator of TVM on December 8, 2005.

On May 30, 2001, the Eighth Collegial Civil Court ruled that Azteca shall have the right to vote the shares pledged by TVM representing 51% of TVM's shares at a shareholders meeting of TVM.

Azteca has continued to exercise ownership and control of TVM since the final order of the Seventh Civil Court in 2006. However, since such date Mr. Moreno Valle has initiated numerous legal proceedings challenging Azteca's actions related to Azteca's voting of the pledged shares. Notwithstanding these proceedings which remain pending, Azteca will continue to operate Canal 40 as it has in the past.

CNBV

On January 25, 2005, CNBV notified Azteca and Messrs. Ricardo B. Salinas Pliego and Pedro Padilla Longoria of the commencement of proceedings to impose sanctions with regard to a related party transaction involving Unefon, which was then a subsidiary of Azteca, and Nortel and Codisco.

CNBV instituted an administrative proceeding against Azteca, three administrative proceedings against Mr. Salinas Pliego individually and in his capacities as a director of Azteca and a director of Unefon, and three administrative proceedings against Mr. Padilla Longoria, individually and in his capacities as CEO of Azteca and a director of Unefon. CNBV alleged that Azteca and Messrs. Salinas Pliego and Padilla Longoria violated the LMV with respect to disclosures and corporate governance practices. In addition, CNBV argued that Messrs. Salinas Pliego and Padilla Longoria were possibly responsible for the violation of some of the provisions of the LMV regarding the use of privileged information in the abovementioned transactions.

On February 8, 2005, Azteca and Messrs. Salinas Pliego and Padilla Longoria presented their rebuttal.

On April 28, 2005, CNBV notified Messrs. Salinas Pliego and Padilla Longoria that it was imposing sanctions totalling approximately Ps.28 million (US$2.3 million), and sanctions on Azteca of approximately Ps.0.6 million (US$50,000).

On July 19, 2005, CNBV confirmed these sanctions.

On October 3, 2005, Azteca and Messrs. Salinas Pliego and Padilla Longoria filed counter briefs before the Federal Tax and Administrative Law Court *(Tribunal Federal de Justicia Fiscal y Administrativa).*

The case is currently pending. Azteca cannot predict the result of the administrative proceeding instituted by CNBV.

Lawsuits and legal proceedings brought against the Federal Code of Institutions and Electoral Procedures

Beginning in March 9, 2008, Azteca was ordered to pay an aggregate of Ps.164.7 million (US$13.3 million) in fines and penalties for failing to transmit commercials from political parties in specified broadcasts. Azteca continues to challenge the constitutionality of the regulations that require such transmissions, as well as the impositions of the fines and penalties. Azteca is unable to predict the outcome of these proceedings, and it has not established a reserve therefor.

Hi-Tv

On May 25 and 27, 2009, the SCT and the COFETEL notified Azteca of the commencement of two administrative law proceedings against Azteca alleging violations with the service Hi-Tv under the LFT and the LFRT. The claim was that the service was telecommunications and not broadcasting.

On December 14, 2009 COFETEL concluded one of the above proceedings and decided not to sanction Azteca.

On February 23, 2010, SCT established that the Hi-Tv service is a telecommunications service that is different from broadcasting, and requires an additional telecommunications concession; therefore, the SCT imposed various sanctions and a penalty on Azteca.

Azteca disputed this decision. On November 18, 2010, the Federal Court ruled in favour of Azteca and reversed all the sanctions imposed by the SCT. On December 3, 2010, the SCT appealed the Federal Court's decision to the highest court.

EXCHANGE RATES

Mexico has a free market for foreign exchange, and the Mexican government allows the Mexican peso to float freely against the US dollar. There can be no assurance that the Mexican government will maintain its current policies with regard to the Mexican peso or that the Mexican peso will not depreciate or appreciate significantly in the future.

The following table sets forth, for the periods indicated, the period-end and average exchange rate published by Banco de México expressed in pesos per US dollar. The rates shown below are in nominal pesos that have not been restated in constant currency units. No representation is made that the peso amounts referred to in this Offering Circular could have been or could be converted into US dollars at any particular rate or at all.

	Exchange Rate[1]	
	Period End	**Average**[2]
Year Ended December 31		
2006	10.8755	10.9010
2007	10.8662	10.9269
2008	13.5383	11.1383
2009	13.0587	13.5095
2010	12.3571	12.6367
Three Months Ended		
March 31, 2010	12.4640	12.7943
March 31, 2011	11.9678	12.0834

(1) The exchange rates are the exchange rates published by the Banco de México in the Official Gazette as the rate for the payment of obligations denominated in non-Mexican currency payable in Mexico.

(2) The average rate means the daily average of the exchange rates on each day during the relevant period.

FINANCIAL INFORMATION

Selected Financial Data

The following tables present Azteca's selected consolidated financial information as of the dates and for each of the periods indicated. The consolidated financial information for the years ended December 31, 2008, 2009 and 2010 has been derived from Azteca's audited consolidated financial statements. The consolidated financial information as of and for the three months ended March 31, 2010 and 2011 has been derived from Azteca's unaudited consolidated financial statements. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of the results to be expected for the year ending December 31, 2011 or for any other period. Azteca's audited and unaudited consolidated financial statements have been prepared in accordance with MFRS as issued by the CINIF and its audited consolidated financial statements have been audited in accordance with auditing standards generally accepted in Mexico. Azteca is not providing any reconciliation to U.S. GAAP or IFRS of its consolidated financial statements or other financial information in this Offering Circular. Azteca cannot make assurances that a reconciliation would not identify material quantitative differences between its consolidated financial statements and other financial information as prepared on the basis of MFRS if such information were to be prepared on the basis of U.S. GAAP or IFRS. See "*Summary of Certain Differences between MFRS and US. GAAP/IFRS*".

The consolidated financial statements are stated in pesos. Certain financial information concerning Azteca as of and for the year ended December 31, 2010 and the three months ended March 31, 2011 included in this Offering Circular is presented in US dollars for the convenience of the reader. Unless otherwise indicated, the exchange rate used in converting pesos into US dollars for amounts derived from the balance sheet and cash flow statement as of and for the years ended December 31, 2008, 2009 and 2010 and as of and for the three months ended March 31, 2010 and 2011 was determined by reference to the exchange rate of Ps.13.5383 per US dollar, Ps.13.0587 per US dollar, Ps.12.3571 per US dollar, Ps.12.4640 per US dollar and Ps.11.9678 per US dollar, respectively. Unless otherwise indicated, the exchange rate used in converting pesos into US dollars for amounts derived from the income statement as of and for the years ended December 31, 2008, 2009 and 2010 and as of and for the three months ended March 31, 2010 and 2011 was determined by reference to the exchange rate of Ps.11.1383 per US dollar, Ps.13.5095 per US dollar, Ps.12.6367 per US dollar, Ps.12.7943 per US dollar and Ps.12.0834 per US dollar, respectively. For additional information regarding financial information presented in this Offering Circular, see "*Presentation of Certain Financial and Other Information*."

	Year ended December 31				Three months ended March 31		
	2008	2009	2010	2010	2010	2011	2011
	(Ps.)	(Ps.)	(Ps.)	(US$)	(Ps.)	(Ps.) (Unaudited)	(US$)
	(in millions, except as otherwise indicated)						
Income Statement:							
Net sales	9,815	9,968	11,554	914.3	2,221	2,327	192.6
Costs of programming, production and broadcasting	4,767	4,761	5,646	446.8	1,191	1,268	104.9
Selling and administrative expenses	1,156	1,084	1,185	93.8	269	282	23.3
Depreciation and amortization	479	509	528	41.8	129	124	10.3
Operating income	3,414	3,613	4,195	332.0	632	654	54.1
Other expenses - net (1)	(867)	(1,222)	(621)	(49.1)	(114)	(106)	(8.8)
Comprehensive (loss) gain on financing (2)	(816)	(849)	(768)	(60.8)	(181)	(162)	(13.4)
Income before tax on earnings	1,731	1,542	2,807	222.1	338	385	31.9
Tax on earnings	(676)	(140)	(489)	(38.7)	(206)	(223)	(18.5)
Net Income	1,055	1,402	2,318	183.4	132	162	13.4
Balance Sheet:							
Current Assets:							
Cash and cash equivalents	3,250	3,886	5,002	404.8	4,289	5,658	472.8
Accounts receivables	4,547	4,636	4,866	393.8	5,091	6,929	579.0
Performance rights	1,087	1,833	1,405	113.7	1,928	1,614	134.9
Other current assets	554	898	423	34.2	639	507	42.4
Non-current Assets:							
Note receivable	2,039	1,577	1,927	155.9	1,505	1,867	156.0
Property and equipment - net	3,242	3,049	3,123	252.7	2,996	3,030	253.2
Television concessions - net	4,650	4,648	4,756	384.9	4,648	4,756	397.4
Deferred income tax	259	3,806	4,429	358.4	4,058	4,429	370.1
Other non-current assets	2,223	1,766	1,967	159.2	2,774	2,299	192.1
Total assets	21,851	26,099	27,898	2,257.6	27,928	31,089	2,597.7
Short-term liabilities							
Bank loans	1,984	1,607	1,769	143.2	1,602	1,916	160.1
Accounts payable and accrued expenses	2,721	2,384	2,132	172.5	2,276	2,142	179.0
Other short-term liabilities	504	431	337	27.3	316	283	23.6
Long-term liabilities							
Stock exchange certificates	6,060	6,000	5,944	481.0	6,000	5,778	482.8
Loans from American Tower Corporation	1,621	1,564	1,480	119.8	1,493	1,433	119.7
Advances from advertisers (3)	3,971	4,605	4,401	356.2	6,572	7,748	647.4
Deferred income tax	0	3,378	3,550	287.3	3,378	3,550	296.6
Other long-term liabilities	0	0	267	21.6	5	124	10.4
Total liabilities	16,861	19,969	19,880	1,608.8	21,642	22,974	1,919.7
Total stockholders' equity	4,990	6,130	8,018	648.9	6,286	8,115	678.1
Cash Flow:							
Net cash from/used in (4):							
Operating activities	2,022	2,652	2,687	217.4	706	1,071	89.5
Investing activities	(504)	(257)	(593)	(48.0)	(118)	(28)	(2.3)
Financing activities	53	(1,759)	(977)	(79.1)	(185)	(388)	(32.4)
Acquisition of property, furniture and equipment	560	372	643	52.0	134	73	6.1
Other Data:							
EBITDA (5)	3,892	4,123	4,723	373.8	761	777	64.3
Total debt	9,665	9,171	9,460	765.6	9,100	9,251	773.0
Net debt	6,415	5,285	4,458	360.8	4,811	3,593	300.2
Interest expense	868	876	866	68.5	211	195	16.1
Total debt / EBITDA	2.5x	2.2x	2.0x	2.0x			
Net debt / EBITDA	1.6x	1.3x	0.9x	0.9x			
EBITDA / interest expense	4.5x	4.7x	5.5x	5.5x			

Notes to the financial statements:

(1) In accordance with MFRS Guidelines NIF A-6 "Recognition and Valuation" and Bulletin C-15 "Deterioration in the Value of Long-Term Assets and their Disposal", for the year ending December 31, 2010, based on the capacity to generate future cash flows, Azteca funded a reserve for deterioration in the

value of assets as a deduction from net income for the fiscal year under other expenses in the financial statements.

(2) In 2008, interest income was generated from a combination of higher rate of yield compared to interest income for 2009 and the net foreign currency position of major interest expenses. This resulted in a rise in Azteca's total interest income in 2009, but a decline in 2010 due to the net effects of the rise in exchange rate income, an increase in other interest expenses and interest earned and lower interest payments.

(3) Advances from advertisers are considered long-term liabilities.

(4) As of January 1, 2008, the Financial Data Standard B-2 "Statement of Cash Flows" (NIF B-2) was in effect, replacing B-12 "Statement of Changes in Financial Position", which was in effect through December 31, 2007; and therefore, the 2008, 2009 and 2010 derives from the Statement of Cash Flows.

(5) EBITDA is not a measure of financial performance under MFRS and should not be considered as an alternative to net income as a measure of operating performance or to cash flow from operations as a measure of liquidity. Azteca calculates EBITDA by adding depreciation and amortization to operating income.

Management's Overview

Results of Operations

The following table sets forth, for the periods indicated, results of operations data for Azteca as a percentage of Azteca's net sales.

	Year ended December 31			**Three months ended March 31**	
	2008	**2009**	**2010**	**2010**	**2011**
Net sales	100%	100%	100%	100%	100%
Costs of programming, production and broadcasting	(49)%	(48)%	(49)%	(54)%	(55)%
Selling and administrative expenses	(12)%	(11)%	(10)%	(12)%	(12)%
Depreciation and amortization	(5)%	(5)%	(5)%	(6)%	(5)%
Operating income	35 %	36 %	36 %	28 %	28 %

Three Months Ended March 31, 2011 Compared to Three Months Ended March 31, 2010

Net sales for the three months ended March 31, 2011 increased by 5% or Ps.106 million (US$8.8 million) to Ps.2,327 million (US$192.6 million) from Ps.2,221 million (US$173.6 million) for the three months ended March 31, 2010. The increase in net sales was due to increased commercial audience participation and higher advertising sales, primarily Ps.57 million (US$4.7 million) for entertainment, Ps.30 million (US$2.5 million) for *espectáculos* and Ps.13 million (US$1.1 million) for Azteca America.

Costs of programming, production and broadcasting for the three months ended March 31, 2011 increased by 6% or Ps.77 million (US$6.4 million) to Ps.1,268 million (US$104.9 million) from Ps.1,191 million (US$93.1 million) for the three months ended March 31, 2010. The increase in costs reflected initiatives to increase programming content to attract higher commercial audience participation, primarily Ps.33 million (US$2.7 million) for *telenovelas* and Ps.10 million (US$0.8 million) for broadcast rights.

Selling and administrative expenses for the three months ended March 31, 2011 increased by 5% or Ps.13 million (US$1.1 million) to Ps.282 million (US$23.3 million) from Ps.269 million (US$21.0 million) for the three months ended March 31, 2010. This increase is due primarily to increased operating costs, for services and of personnel costs in the context of growing operations in the Issuer.

Depreciation and amortization for the three months ended March 31, 2011 decreased by 4% or Ps.5 million (US$0.4 million) to Ps.124 million (US$10.3 million) from Ps.129 million (US$10.1 million)) for the three months ended March 31, 2010.

As a result of these factors, operating income for the three months ended March 31, 2011 increased by 3% or Ps.22 million (US$1.8 million) to Ps.654 million (US$54.1 million) from Ps.632 million (US$49.4 million) for the three months ended March 31, 2010.

For the three months ended March 31, 2011, Azteca received 86.39% of its net sales proceeds from the Mexican market and 12.28% from the United States market. The remaining 1.33% was generated by programming sales in other countries around the world.

Other expenses, net for the three months ended March 31, 2011, decreased by 7% or Ps.8 million (US$0.7 million) to Ps.106 million (US$8.8 million) from Ps.114 million (US$8.9 million) for the three months ended March 31, 2010. This decrease is primarily due to a decrease in donations.

Comprehensive loss on financing for the three months ended March 31, 2011 decreased by 10% or Ps.19 million (US$1.6 million) to Ps.162 million (US$13.4 million) from a loss of Ps.181 million (US$14.1 million) for the three months ended March 31, 2010. Comprehensive loss on financing includes interest income and expense, net exchange gains or losses, gain on monetary position and other financing expense as described below. This increase is due to the net effect of: (i) a decrease of interest paid in 2011 of Ps.16 million (US$1.3 million) due to lower levels of rates of interest charges during 2011; (ii) an increase in the interest income of Ps.12 million (US$1.0 million) due to higher levels of yield in rates during 2011; (iii) an exchange loss in 2011 of Ps.11 million (US$0.9 million), as a result of a net passive position in dollars and a minor appreciation of the peso to the dollar at the close of March 31, 2011 and (iv) a decrease in other financial costs of Ps.2 million (US$0.2 million) due to lower commissions for bank financings during 2011.

Pre-tax income was Ps.385 million (US$31.9 million) for the quarter year ended March 31, 2011, compared to the Ps.338 million (US$26.4 million) for the three months ended March the 31, 2010.

Income tax for the three months ended March 31, 2011 increased by 8% or Ps.17 million (US$1.4 million) to Ps.223 million (US$18.5 million) from Ps.206 million (US$16.1 million) for the three months ended March 31, 2010.

As a result of the foregoing, Azteca had net income of Ps.162 million (US$13.4 million) for the three months ended March 31, 2011.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Net sales for the year ended December 31, 2010 increased by 2% or Ps.1,586 million (US$125.5 million) to Ps.11,554 million (US$914.3 million) from Ps.9,968 million (US$737.9 million) for the year ended December 31, 2009. Such increase was mainly due to solid demand for advertising due to Azteca's successful content complemented by revenues related to the transmission of the World Cup games in South Africa. Azteca's net sales proceeds from sports programs was Ps.740 million (US$58.6 million). Net sales from entertainment programs increased Ps.355 million (US$28.1 million). Net sales from broadcast performance rights was Ps.190 million (US$15 million).

Costs of programming, production and broadcasting for the year ended December 31, 2010 increased by 19% or Ps.885 million (US$70.0 million) to Ps.5,646 million (US$446.8 million) from Ps.4,761 million (US$352.4 million) for the year ended December 31, 2009. The increase in costs is mainly due to the World Cup games in 2010. Azteca's programming, production and broadcasting costs for sports programs was Ps.495 million (US$39.2 million), *telenovelas* was Ps.186 million (US$14.7 million) and entertainment programs was Ps.113 million (US$8.9 million).

Selling and administrative expenses for the year ended December 31, 2010 increased by 9% or Ps.101 million (US$8.0 million) to Ps.1,185 million (US$93.8 million) from Ps.1,084 million (US$80.2 million) for the year ended December 31, 2009. The increase is mainly due to personnel costs, operating costs and travel costs.

Depreciation and amortization for the year ended December 31, 2010 increased by 4% or Ps.19 million (US$1.5 million) to Ps.528 million (US$41.8 million) from Ps.509 million (US$37.7 million) for the year ended December 31, 2009, due mainly to the installation of High Definition equipment in 2010.

As a result of these factors, operating income for the year ended December 31, 2010 increased by 16% or Ps.582 million (US$46.1 million) to Ps.4,195 million (US$332.0 million) from Ps.3,613 million (US$267.4 million) for the year ended December 31, 2009.

For the year ended December 31, 2010, Azteca received 89.48% of its revenues from the Mexican market and 9.06% from the United States market. The remaining 1.46% is generated by programming sales in other countries around the world.

Other expenses, net for the year ended December 31, 2010, decreased by 49% or Ps.601 million (US$47.6 million) to Ps.621 million (US$49.1 million) from Ps.1,222 million (US$90.5 million) for the year ended December 31, 2009. This decrease is primarily due to lower expenses caused by a reserve for impaired assets and a decrease in pre-operating expenses.

Comprehensive loss on financing for the year ended December 31, 2010 decreased by 10% or Ps.81 million (US$6.4 million) to Ps.768 million (US$60.8 million) from a loss of Ps.849 million (US$62.8 million) for the year ended December 31, 2009. Comprehensive loss on financing includes interest income and expense, net exchange gains or losses, gain on monetary position and other financing expense as described below. This decrease is due to the net effect of (i) a decrease in interest paid in 2010 by Ps.10 million (US$0.8 million) due to lower levels of rates on interest charges during 2010; (ii) an increase in interest income by Ps.41 million (US$3.2 million) due to higher levels of yield in rates in 2010; (iii) increase in exchange gain in 2010 of Ps.81 million (US$6.4 million) as a result of a net passive position in dollars and an appreciation of the peso against the dollar; and (iv) an increase in other financial costs by Ps.50 million (US$4.0 million) due to commissions for bank financings and a decrease in stock prices and Azteca's portfolio investments during 2010.

Pre-tax income was Ps.2,807 million (US$222.1 million) for the year ended December 31, 2010, compared to the Ps.1,542 million (US$114.1) for the year ended December 31, 2009.

Income tax for the year ended December the 31, 2010 increased by 249% or Ps.349 million (US$27.6 million) to Ps.489 million (US$38.7 million) from Ps.140 million (US$10.4 million) for the fiscal year ended December the 31, 2009.

As a result of the foregoing, Azteca had net income of Ps.2,318 million (US$183.4 million) for the year ended December 31, 2010.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net sales for the year ended December 31, 2009 increased by 2% or Ps.153 million (US$11.3 million) to Ps.9,968 million (US$737.9 million) from Ps.9,815 million (US$881.2 million) for the year ended December 31, 2008. Such increase is mainly due to increased revenues from *telenovelas* and from Azteca America.

Costs of programming, production and broadcasting for the year ended December 31, 2009 decreased by 0.13% or Ps.6 million (US$0.4 million) to Ps.4,761 million (US$352.4 million) from Ps.4,767 million (US$428 million) for the year ended December 31, 2008. The relative stability in costs is due to strategies to increase the efficiency and the production content.

Selling and administrative expenses for the year ended December 31, 2009 decreased by 6.2% or Ps.72 million (US$5.3 million) to Ps.1,084 million (US$80.2 million) from Ps.1,156 million (US$103.8 million) for the year ended December 31, 2008. The decrease is mainly due to reduced personal travel expenses and fees resulting from strategies to control disbursements.

Depreciation and amortization for the year ended December 31, 2009 increased by 6% or Ps.30 million (US$2.2 million) to Ps.509 million (US$37.7 million) from Ps.479 million (US$43 million) for the year ended December 31, 2008, due mainly to the purchase of High Definition Equipment.

As a result of these factors, operating income for the year ended December 31, 2009 increased by 6% or Ps.199 million (US$14.7 million) to Ps.3,613 million (US$267.4 million) from Ps.3,414 million (US$306.5 million) for the year ended December 31, 2008.

For the year ended December 31, 2009, Azteca received approximately 89% of its revenues from the Mexican market and approximately 10% from the United States market. The remaining approximately 1% is generated by programming sales in other countries around the world.

Other expenses, net for the year ended December 31, 2009, increased by 41% or Ps.355 million (US$26.3 million) to Ps.1,222 million (US$90.5 million) from Ps.867 million (US$77.8 million) for the year ended December 31, 2008. This increase is primarily due to: (i) higher expenses caused by a reserve for impaired assets of Ps.434 million (US$32.1 million), (ii) a decrease in donations of Ps.53 million (US$3.9 million), and (iii) a decrease in expenses due to downsizing of Ps.26 million (US$1.9 million).

Comprehensive loss on financing for the year ended December 31, 2009 increased by 4% or Ps.33 million (US$2.4 million) to Ps.849 million (US$62.8 million) from a loss of Ps.816 million (US$73.3 million) for the year ended December 31, 2008. Comprehensive loss on financing includes interest income and expense, net exchange gains or losses, gain or loss on monetary position and other financing expense as described below. This increase is due to the net effect of: (i) an increase of Ps.8 million (US$0.6 million) on the interests paid in 2009 due to changes in balances during the year; (ii) a decrease of Ps.25 million (US$1.9 million) on the interest gained due to lower levels of yield in rates during 2009; (iii) an exchange gain in 2009 of Ps.25 million (US$1.9 million), compared to an exchange gain in 2008 of Ps.79 million (US$7.1 million), as a result of a net passive position in dollars and a depreciation of the peso to the dollar at 2009 closing price and; (iv) a decrease of Ps.50 million (US$4.0 million) in other financial expenditures due to lower commissions for bank financings during 2009.

Pre-tax income was Ps.1,542 million (US$114.1 million) for the year ended December the 31, 2009, compared to the Ps.1,731 million (US$155.4 million) for the year ended December the 31, 2008.

Income tax for the year ended December the 31, 2009, experienced a drop of 79% or from Ps.536 million (US$39.7 million) to Ps.140 million (US$10.4 million), from a gain of Ps.676 million (US$60.7 million) for the year ended December the 31, 2008.

Liquidity and Capital Resources

Factors that may influence Azteca's liquidity and capital resources as discussed below include:

- Azteca's ability to generate sufficient free cash flow;
- The ability of Azteca's subsidiaries to make distributions;
- Factors that affect the results of operations of Azteca, including general economic conditions, demand for commercial advertising, the competitive environment, the relative popularity of Azteca's programs, demographic changes in Azteca's market areas and regulation; and
- Factors that affect Azteca's access to bank financing and the capital markets, including interest rate fluctuations, availability of credit and operational risks of Azteca.

Liquidity

Azteca's principal sources of liquidity include cash and marketable securities on hand, advance sales of advertising time and uncommitted sources of short-term financing. Azteca's short term and medium term financing sources include a credit line with Banco Inbursa, S.A. of Ps.1,508 million (US$126.0 million), an Euro-commercial paper program (the "ECP Program") of US$130.0 million and this medium term note programme of US$500.0 million pursuant to which the Notes are being offered. According to the medium term note programme, Azteca can issue periodically promissory notes with due dates from 360 days to 10 years.

The following chart sets forth Azteca's generation and application of cash for the periods indicated:

	Year ended December 31				Three months ended March 31			
	2009	**2009**	**2010**	**2010**	**2010**	**2010**	**2011**	**2011**
	(Ps.)	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**
				(in millions)				
Net cash provided by operating activities	2,652	203.1	2,687	217.4	706	56.6	1,071	89.5
Net cash used in investing activities	(257)	(19.7)	(593)	(48.0)	(118)	(9.5)	(28)	(2.3)
Net cash used in financing activities............	(1,759)	(134.7)	(977)	(79.1)	(185)	(14.8)	(388)	(32.4)
Cash and cash equivalents at period end......	3,886	297.6	5,002	404.8	4,289	344.1	5,658	472.8

Net cash provided by operating activities for the year ended December 31, 2010 increased by 1% or Ps.35 million (US$2.8 million) to Ps.2,687 million (US$217.4 million) from Ps.2,652 million (US$203.1 million) for the year ended December 31, 2009. The net cash generated in 2010 remained virtually unchanged from amounts in 2009.

Net cash used in investing activities for the year ended December 31, 2010 increased by 131% or Ps.336 million (US$27.2 million) to Ps.593 million (US$48.0 million) from Ps.257 million (US$19.7 million) for the year ended December 31, 2009. This increase is mainly due to the acquisition of real estate and high definition operation equipment.

Net cash used in financing activities for the year ended December 31, 2010 decreased by 44% or Ps.782 million (US$63.3 million) to Ps.977 million (US$79.1 million) from Ps.1,759 million (US$134.7 million) for the year ended December 31, 2009. This decrease is mainly due to (i) the availability of a new loan (ii) a decrease in the payment of interest and; (iii) a decrease in annual preferred dividends.

Net cash provided by operating activities for the quarter ended March 31, 2011 increased by 52% or Ps.365 million (US$30.5 million) to Ps.1,071 million (US$89.5 million) from Ps.706 million (US$56.6 million) for the quarter ended March 31, 2010. This increase is mainly due to: (i) a decrease in purchases of long term broadcast rights and (ii) a decrease in tax payments attributable to net operating losses.

Net cash used in investing activities for the quarter ended March 31, 2011 decreased by 76% or Ps.90 million (US$7.5 million) to Ps.28 million (US$2.3 million) from Ps.118 million (US$9.5 million) for the quarter ended March 31, 2010. This decrease is mainly due to decreased expenditures for operating equipment.

Net cash used in financing activities for the quarter ended March 31, 2011 increased by 110% or Ps.203 million (US$17.0 million) to Ps.388 million (US$32.4 million) from Ps.185 million (US$14.8 million) for the quarter ended March 31, 2010. This increase is mainly due to increased repayment of bank loans.

For more detail, see "*Consolidated Statements of Cash Flows*" set forth in Azteca's consolidated financial statements.

Advertising Advances

Under Azteca's Azteca Plan, advertisers generally are required to pay their advertising commitment in full within four months of the date they sign an advertising contract. Azteca's Mexican Plan, on the other hand, generally allows advertisers to pay for advertising by making a cash deposit ranging from 10% to 20% of their advertising commitment, with the balance payable in instalments over the term of the advertising contract, typically one year. Advertising rates are generally lower under the Azteca Plan than under the Mexican Plan.

Since pre-sales of advertising time are generally made in the last quarter of the year, Azteca's cash and marketable securities are normally at their highest level in December, and at their lowest level in the third quarter. Generally, as the proceeds generated from pre-sales of advertising time are depleted (together with other sources of cash flow), Azteca relies upon sources of short-term financing, which are subsequently repaid, typically in the fourth quarter of a calendar year with the proceeds from the pre-sales of advertising time for the following year. As of

December 31, 2010, Azteca had generated Ps.4,401 million (US$356.1 million) in pre-sales of advertising time to be aired in 2011, of which 53% were made under the Azteca Plan, and the remainder 47% under the Mexican Plan.

Indebtedness

The following chart sets forth Azteca's indebtedness as of March 31, 2011:

Azteca Indebtedness
As of March 31, 2011

Description	(Ps.)	(US$)	Rate	Maturity
	(in millions)			
Inbursa	1,399	116.9	TIIE + 400 bps[1]	Jul-20-2011
Inbursa	109	9.1	10.25%	Jun-21-2011
Banco del Bajío	150	12.5	TIIE + 300 bps	Sep-02-2011
Ve por Mas	160	13.4	TIIE + 300 bps	Oct-28-2015
Certificados Bursátiles	6,000	501.4	TIIE + 143 bps	Nov-16-2020
American Tower Corp	1,433	119.7	13.1 US%	Feb-11-2069
Total Indebtedness	**9,251**	**773.0**		

(1) TIIE is the 28-day Mexican interbank rate, or *Tasa de Interés Interbancario.*

Azteca total debt as of March 31, 2011 matures on the dates set forth below:

Total Azteca Indebtedness
As of March 31, 2011

Date Due	(Ps.)	(US$)
	(in millions)	
2011	1,740	145.4
2012	701	58.6
2013	701	58.6
2014	701	58.6
2015	696	58.2
2016	667	55.7
2017-2020	2,612	218.2
2069	1,433	119.7
Total	**9,251**	**773.0**

In May 1999, Azteca entered into a Euro-Commercial Paper Program ("ECP Program") in the amount of US$75.0 million with ABN-AMRO Bank, N.V., as lead arranger and book-runner. The ECP Program was increased to US$130 million in July 1999 and Geronimo Capital Markets was selected as book-runner. The debt paper issued under the ECP Program is issued at a discount and does not accrue interest. There is no commitment to buy debt to be issued under the ECP Program and the maturity dates for debt issued pursuant to the program may not exceed 365 days. The ECP Program enables Azteca to issue and have on its books debt of up to US$130.0 million at any time. As of March 31, 2010, it had no debt securities on its books.

In February 2000, Azteca entered into a long-term line of credit agreement in the amount of US$119.8 million with a Mexican subsidiary of ATC (the "ATC Long-Term Credit Facility"). The ATC Long-Term Credit Facility consists of an unsecured loan in the amount of US$91.8 million and a loan for US$28 million secured by certain Azteca property assets. The rate of interest on each of the loans is 13.109% per annum. The initial due date on the long-term unsecured loan in the amount of US$91.8 million is 20 years and will automatically renew for 50 additional years, as long as the Torres Contract remains in effect. The fixed-term loan in the amount of US$28

million came due in February 2005, but it has been renewed annually for successive one-year terms insofar as the Torres Contract remains in effect.

Capital Expenditures

Net capital expenditures for the year ended December 31, 2010 was Ps.734 million (US$59.4 million) and for the three months ended March 31, 2011 was Ps.74 million (US$6.2 million).

Budgeted Capital Expenditures for 2011

Azteca has an aggregate of approximately Ps.219 million (US$18.3 million) budgeted for capital expenditures as of March 31, 2011, of which Ps.74 million (US$6.2 million) has been expended through March 31, 2011, primarily for Azteca's television production and broadcasting facilities and the acquisition of equipment and expansion. Azteca expects to use cash from its operations to fund these capital expenditures. As a result of Azteca's operating strategy, Azteca will not, for the foreseeable future, make major capital expenditures outside the scope of its core television broadcasting business, which would include loans, credit support and capital investments in its affiliates.

Contractual and Other Obligations

The following summarises Azteca's contractual obligations as of March 31, 2011, and the effect such obligations are expected to have on its liquidity and cash flows in future periods (dollars in millions):

Contractual Obligations

	Payments due by year									
Description	**Total**		**2011**		**2012**		**2013**		**2014**	
	(Ps.)	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**
					(in millions)					
Principal amount of indebtedness	3,854	322.0	1,735	145.0	706	59.0	706	59.0	706	59.0
Interest payable	4,363	364.6	590	49.3	926	77.4	1,464	122.3	1,383	115.6
Satellite transponders	85	7.1	34	2.8	26	2.2	14	1.2	11	0.9
Equipment lease	41	3.4	28	2.3	11	0.9	2	0.2	0	0.0
Exhibition rights	475	39.7	145	12.1	144	12.0	144	12.0	43	3.6
Total of Contractual Obligations	**8,818**	**736.8**	**2,531**	**211.5**	**1,813**	**151.5**	**2,330**	**194.7**	**2,143**	**179.1**

GOVERNANCE

Corporate Officers and Shareholders

Directors

Azteca's by-laws provide that the board of directors of Azteca (the "Board of Directors" or the "Board") will be elected by holders of Azteca's shares as follows: holders of the A Shares will be entitled to elect at least 70% of Azteca's directors and each holder or group of holders of 10% of Azteca's limited vote capital stock ("D-A" Shares and "D-L" Shares, and after conversion, the "L" Shares) is entitled to elect one of Azteca's directors. All directors serve a term of one year. The current term of office of each director will expire on April 29, 2012. The address of each director is Periférico Sur 4121, Col. Fuentes del Pedregal, Tlalpan, 14141, México, D.F., México.

The following table lists each director of Azteca, his age as of December 31, 2010, his positions with Azteca and the year of appointment to the Board of Directors.

Name	Age	Position	Director Since
Ricardo B. Salinas Pliego (1)(2)	55	Chairman of the Board/Non-independent Director/Significant Shareholder	1993
Pedro Padilla Longoria (1)	45	Non-independent Director	1993
Guillermo E. Salinas Pliego (2)	50	Non-independent Director	1998
Mario San Román Flores (1)	52	Non-independent Director/Director General	2004
Luis Jorge Echarte Fernández (1)	65	Non-independent Director	1999
Joaquín Arrangoiz Orvañanos (1)	54	Non-independent Director	1998
Francisco X. Borrego Hinojosa Linage (1)	45	Non-independent Director	2004
Francisco Murguía Díaz	71	Independent Director	2004
Ignacio Cobián Villegas	46	Independent Director	2006
Luis Francisco Arteaga González de la Vega	49	Independent Director	2006
Sergio Gutiérrez Muguerza	59	Independent Director	2000
José Ignacio Sánchez Conde	56	Independent Director	2010

(1) Alternate directors for these persons are: Carlos Díaz Alonso and Rodrigo Fernández Capdevielle.

(2) Ricardo B. Salinas Pliego and Guillermo E. Salinas Pliego are brothers.

The following provides biographical information about the directors of Azteca.

Ricardo B. Salinas Pliego. Mr. Salinas Pliego has been Chairman of the Board of Azteca since 1993 and Chairman of the Board of Grupo Elektra since 1993. Mr. Salinas Pliego also serves on the Board of Directors of numerous other Mexican companies including Iusacell, Azteca Holdings, Universidad CNCI (formerly Grupo Dataflux, a Mexican public company), Grupo Móvil Access, and Salinas y Rocha. Mr. Salinas Pliego received a degree in accounting from the Instituto Tecnológico de Estudios Superiores de Monterrey and received an MBA from the Freeman School of Business at Tulane University.

Pedro Padilla Longoria. Mr. Padilla has served as a director of Azteca since 1993 and was the Chief Executive Officer of Grupo Elektra between 1993 and 2000. Mr. Padilla served as General Director of Azteca from October 2001 to July 2004, and from July 14, 2004 as General Director of Grupo Salinas. Mr. Padilla also serves on

the Board of Directors of Azteca Holdings, Grupo Elektra, Grupo Móvil Access and Iusacell. Mr. Padilla received a degree in law from the Universidad Nacional Autónoma de Mexico.

Guillermo E. Salinas Pliego. Mr. Salinas has served as director of Azteca since 1998. He also co-founded the Universidad CNCI (formerly Grupo Dataflux, a Mexican public company) and has been its President since 1982. He also sits on the Board of Directors of Grupo Elektra. Mr. Salinas is a Certified Public Accountant, holding an undergraduate degree in accounting from the Instituto Tecnológico de Estudios Superiores de Monterrey in Monterrey, Mexico.

Mario San Román Flores. Mr. San Román has been the Chief Executive Officer of Azteca since July 14, 2004. Mr. San Román previously served as Operations Director of Azteca from 2002 to July 2004, as Marketing Vice President from August 1998 to March 1999, as Director of Azteca 13 from March 1999 to June 2000 and as General Director of Channels from June 2000 to 2002. Mr. San Román received a bachelor's degree in communication sciences from the Universidad Iberoamericana.

Luis Jorge Echarte Fernández. Mr. Echarte has served as a director of Azteca since November 1999. Prior to joining Azteca as Chief Financial Officer, he was Vice President of Finance and Administration at Grupo Elektra, which he joined in 1994. He is General Director of International Relations for Grupo Salinas, Chairman of the Board of Azteca International and General Director of the Fundación Azteca America. Mr. Echarte holds undergraduate degrees from Memphis State University and the University of Florida and has completed the Executive Management Program at Stanford University.

Joaquín Arrangoiz Orvañanos. Mr. Arrangoiz has served as a director of Azteca since 1998 and as Azteca's Co-General Director of Sales since 1993. Mr. Arrangoiz received a degree in administration from Anáhuac University.

Francisco X. Borrego Hinojosa Linage. Mr. Borrego has served as the General Counsel and Legal Director of Azteca since August 1993. Mr. Borrego also serves on the Board of Directors of Azteca Holdings. Mr. Borrego received a degree in law from the Escuela Libre de Derecho.

Francisco Murguía Díaz. Mr. Murguía has served as a director of Azteca since April 2004. Mr. Murguía is a leading producer of commercial and short-length films in Latin America, and has served as President of the Mexican Association of Film Makers, the National Council of Advertising and the Mexican Association of Advertising.

Luis Francisco Arteaga González de la Vega. Mr. Vega has served as an independent consultant from 1999 to date. Mr. Arteaga formerly served as Deputy General Director at Bancrecer from 1996 until 1999, as Managing Partner at Somoza, Cortina y Asociados, S.A. de C.V., a securities company, from 1995 until June 1996 and as Deputy Director General of the Banco de México from 1992 until 1995. Mr. Arteaga received a degree in Industrial Engineering from the Universidad Anáhuac and studied for a Diploma in Finance at the Instituto Tecnológico Autónomo de México.

Ignacio Cobián Villegas. Mr. Villegas is the founding member and has been General Director of TIMBERMART, S.A., a company specialising in marketing timber products, from 1999 to the present. Mr. Cobián formerly served as founding member and General Director of CORTEZA, S.A. de C.V., a company specialising in producing and marketing timber furniture and sundry timber products from 1998 to 1999. Mr. Cobián received a bachelor's degree in Business Administration from the Universidad de las Américas and obtained a professional certificate in Business Administration from the University of California in San Diego.

Sergio Gutiérrez Muguerza. Mr. Gutiérrez has served as a director of Azteca since April 2000. He has served as General Director of Deacero, S.A., a steel and wire company, since 1981. Mr. Gutiérrez has also served as a director of Alpek, S.A. de C.V., a petrochemical company, and ING Comercial América, an insurance company, since 1997. Mr. Gutiérrez received a degree in Industrial Engineer from Purdue University.

José Ignacio Sánchez Conde. Mr. Sánchez Conde is General Director of the lighting company Sánchez Conde Iluminación; he formerly served as General Director of Advertising and Marketing for the Grupo CIFRA (Aurrera) from 1979 to 1982, as General Director General of LSI de Mexico, a lighting company, from 1982 to 1991

and as Finance Officer for Grupo ARSACO from 1992 to 2001. He is currently a member of the Board of Grupo Iusacell, GMD Resorts and the Grupo Mexicano de Desarrollo and was an independent director at Grupo Móvil Access. Mr. Sánchez Conde has a bachelor's degree in Communication Sciences from the Universidad Anáhuac, with Advertising and Television as his special subject.

Board Practices

The Azteca general extraordinary shareholders' meeting of November 3, 1999 resolved to amend Azteca's by-laws, to reflect sweeping changes in Azteca's corporate governance procedures. Among other things, these amendments authorised the Board to set up committees to be comprised of at least three Directors, a majority of whom must be independent. In February 2000, the Board of Directors formed committees covering each of the following matters: related party transactions, capital transactions, audit and compensation.

On September 4, 2001 the Azteca general extraordinary shareholders' meeting amended the Issuer's by-laws to incorporate changes mandated by Mexico's then new LMV. Among other things, these amendments entitle holders of ten percent of Azteca's limited vote capital stock to designate one director.

These amendments also provide that at least 25% of Azteca's Board of Directors should be independent. Mr. Sergio Gutiérrez Muguerza, Francisco Murguía Díaz, Ignacio Cobián Villegas, Luis Francisco Arteaga González de la Vega and José Ignacio Sánchez Conde are Azteca's current independent directors.

On November 24, 2004 a shareholders' ordinary and extraordinary general meeting resolved, amongst other things, to amend the provisions of Azteca's by-laws relating to governance, corporate officers and governance bodies in order to incorporate a number of measures for improving Azteca's governance procedures.

On December 30, 2005 the Congress of Mexico published the new LMV, which came into effect on June 28, 2006. The LMV includes provisions on the regulation of the disclosure of information, the rights of minority shareholders and corporate practices, and also appending the word "Bursátil" or an abbreviated "B" to the Issuer's name (to indicate listing on the Mexican Stock Exchange). Similarly, the LMV imposes additional duties and greater responsibilities on members of the Board of Directors and the Audit Committee and also on the relevant corporate officers (such as the duty of diligence and the duty of fairness). It abolishes the office of Commissioner, whose oversight responsibilities will henceforth fall upon the external auditor and the Board of Directors through the Audit Committee. On August 19, 2010 the Azteca general extraordinary shareholders' meeting amended the Issuer's by-laws to incorporate, amongst other changes, those required by Mexico's current LMV.

The Board of Directors' committees are to be made up of that number of serving members decided upon by the Board of Directors. They are to act as a collegiate body, on the understanding that all members of the Audit Committee should be independent directors, satisfying the criteria of independence set forth in Azteca's by-laws and in the LMV. The Audit Committee can carry out the work on Issuer practices and audit to which the LMV and the Issuer by-laws relate. It must be made up of a minimum of three members appointed by the Board of Directors, at the proposal of the Chairman of the Board.

The committees shall meet at a frequency to be set by the general ordinary shareholders' meeting or by the Board of Directors. They shall also meet when called by the Board of Directors, by the Secretary to the Board of Directors, by the Chairman of the Committee or by two of its members. All proceedings reviewed by any committee must, in accordance with Mexican law, be put before the Board of Directors for approval. At the date of this Offering Circular, to comply with the obligations of the Issuer and the audit practices set forth in Azteca's by-laws and in the LMV, the Issuer has an Audit Committee and the Issuer is in the process of forming its Corporate Practices Committee. The Audit Committee operates independently from any other committee that the Board of Directors may decide to form. In addition to any functions granted to it by the Board of Directors, the Issuer's by-laws and the LMV, it has, among others, the following functions:

(a) Opining on all transactions that require Board of Directors approval, provided that the value of each transaction under review is equal to or greater than five percent of Azteca's consolidated assets, as reported in the immediately previous quarter.

(b) Recommending the appointment of independent experts as and when it is considered appropriate, for their opinion on transactions that require Board of Directors approval, provided that the value of each transaction under review is equal to or greater than five percent of Azteca's consolidated assets.

(c) Reviewing the financial statements and the internal control and internal audit systems, as well as the work and independence of the external auditors and the work of the Committee itself.

(d) Referring to Azteca's Legal Director any legal proceedings of which they have knowledge that may have been initiated against Azteca's employees.

(e) Recommending to the Board of Directors the appointment, compensation and maintenance of an accounts department, supervising such accounts department and establishing procedures to resolve any disputes between Azteca's Board of Directors and its external auditors about the preparation of the Issuer's financial statements.

(f) Notifying the Board of Directors of material irregularities detected relating to the exercise of their functions and, if applicable, of the appropriate corrective action, or recommending the action to be taken.

(g) Ensuring that the General Director carries out the resolutions passed at the shareholders' meetings and the Board of Directors meetings, in accordance with any instructions provided by such resolutions.

(h) Preparing an annual report on its work, to be submitted to the Board of Directors and circulated to the Azteca shareholders at the general ordinary shareholders' meeting.

The members of the Audit Committee are Mr. Luis Francisco Arteaga González de la Vega, Ignacio Cobián Villegas and Francisco Murguía Díaz.

General Director

Azteca's by-laws provide that the management, conduct and performance of Azteca's business should be entrusted to a General Director, appointed by the Board of Directors. He holds the powers conferred upon him by the Board of Directors within the limits of the authority set out in the Issuer by-laws. He will also have the broadest powers to represent the Issuer in management, legal and collection procedures, including special powers that require special authorisation to comply with the law.

The General Director may, or may not, be a shareholder or a member of the Board of Directors, and shall hold office for an indefinite term until the Board of Directors appoints a person to take his place and until that person takes up his duties.

The General Director, without prejudice to the foregoing, must:

(a) Submit the Issuer's business strategies to the Board of Directors.

(b) Ensure that the resolutions of the shareholders' meetings and those of the Board of Directors are enforced in accordance with any instructions that the relevant shareholders or Board meetings may have issued.

(c) Recommend guidelines for the Issuer's internal control and internal audit system to the Audit Committee, and also implement the guidelines approved by the Board of Directors for this purpose.

(d) Together with the main corporate officers responsible for preparing it, sign off on the Issuer information that falls within its remit.

(e) Distribute significant information and events that must be made public, as modified for the provisions of the LMV.

(f) Ensure compliance with the provisions on procedures for acquisition and disposal of the Issuer's own shares.

(g) Carry out, personally or through a properly authorised intermediary, within the limits of his powers or by the order of the Board of Directors, those liability or corrective actions that may be necessary.

(h) Check, if applicable, that contributions of capital by shareholders have actually been made.

(i) Ensure compliance with the requirements of the law and the by-laws on dividends payable to shareholders.

(j) Ensure that the Issuer's systems of accounting, recording, archiving and information are maintained.

(k) Prepare and present to the Board of Directors the report to which Article 172 of the General Law of Business Organisations (*Ley General de Sociedades Mercantiles*) ("LGSM") refers, except for what is provided in subsection (b) of that provision.

(l) Establish and maintain internal controls and mechanisms for ensuring that the actions and transactions of the Issuer and the legal entities that it controls adhere to applicable regulations. Monitor the results of these internal controls and mechanisms and take any appropriate action.

(m) Take the liability actions referred to by the LMV against any related parties or third parties for any loss they may have caused to the Issuer or to the entities that it controls or in which it has a significant influence, unless it is decided by the Issuer's Board of Directors, based on an opinion from the Audit Committee, that the loss is not material.

(n) Comply with all other obligations and responsibilities set forth in the Issuer's by-laws and the LMV.

Oversight

Oversight of management and the conduct and performance of Azteca's business is the responsibility of the Board of Directors through the Audit Committee, and the legal entity that carries out the Issuer's external audit, each within their respective scope of authority.

Executive Officers

The following table lists each Azteca executive officer, his age as of December 31, 2010, his current position and year of appointment as an executive officer (with Azteca or its predecessor entities).

Name	Age	Position	Executive Officer Since
Mario San Román Flores	52	General Director	2004
Carlos Hesles Flores	44	Chief Finance Officer	2002
Francisco X. Borrego	45	General Council and Legal Director	1993
Joaquín Arrangoiz Orvañanos	54	Co-Director of sales	1997
Carlos Díaz Alonso	44	General Director of Sales	2004
Ricardo B. Salinas Pliego	55	Chairman	1993

The following provides biographical information about Azteca's executive officers. See "*Governance – Directors*" for biographical information on Ricardo B. Salinas Pliego, Joaquín Arrangoiz, Francisco X. Borrego and Mario San Román.

Carlos Hesles Flores. Mr. Hesles has served as Azteca's Chief Financial Officer since 2002. Mr. Hesles received a bachelor's degree in public accounting with a specialisation in finance from the Instituto Tecnológico Autónomo de Mexico.

Carlos Díaz Alonso. Mr. Díaz has served as Azteca's General Director of Sales since 2004. Mr. Díaz received a bachelor's degree in business administration from the Universidad Anáhuac.

Capital Stock

The Issuer's capital stock is comprised of Series "A" shares, Series "D-A" shares, and Series "D-L" shares. Holders of Series "A" shares have voting rights at the Issuer's general shareholders' meetings. Holders of Series "D-A" and "D-L" have voting rights only in limited circumstances, and have a preferential dividend right. The rights of all holders of all series of capital stock are identical, except for the limitations with respect to Series "A" and "D-A" shares held by persons other than eligible Mexican holders. Series "A" shares cannot be exchanged for any other type of securities of the Issuer. Series "D-A" shares may be exchanged for Series "A" shares on the tenth anniversary of their original issue, and will have the same characteristics of current Series "A" shares outstanding. Series "D-L" shares may be exchanged for Series "L" shares on the tenth anniversary of their original issue. Series "L" shares, which will be exchanged for Series "D-L" shares, will grant voting rights to their holders, only in limited circumstances.

The tenth anniversary for the exchange or swap of Series "D-A" and "D-L" shares for Series "A" and "L" shares, respectively, was in August 2007. However, on April 30, 2007, at the general extraordinary shareholders' meeting, the stockholders resolved to extend the term referred to above to 20 years, as of their issuance date. Consequently, the date for the exchange or swap of stock will be in August 2017. This extension was authorised by the CNBV on November 9, 2007, subject to meeting all the pertinent requirements.

Authorised, issued, and paid-in capital stock of the Issuer as of December 31, 2010 is summarised as follows:

	Authorised Shares (thousands)	**Shares Paid (thousands)**	**Total US$**
Series "A"	5,318,079	4,646,820	398,462
Series "D-A"	2,613,878	2,176,938	185,062
Series "D-L"	2,613,878	2,176,938	185,062
	10,545,835	**9,000,696**	**768,586**

As of December 31, 2010, the Issuer's shares are listed on the following securities exchanges:

Characteristics of the securities	**Country of Stock Exchange**	**Ticker symbol**	**Stock Exchange**
Series "A", Series "D-A", Series "D-L" and Certificates of common participation (CPOs), each one represents one A Share, one D-A Share, and one D-L Share	Mexico	TVAZTCA	Mexican Stock Exchange
Series "A", Series "D-A", Series "D-L", CPOs and 10 CPO Units	Spain	XTZA	Latin American Securities Market

Dividends

The declaration, amount and payment of dividends are approved by shareholders at the Issuer's general shareholders' meeting. Resolutions shall be valid only if adopted by the affirmative vote of the majority of the Series "A" shares. Resolutions are generally, but not necessarily, proposed based on the recommendation of the Board of Directors. Dividends are declared in the second quarter of each fiscal year based on the audited financial statements of Azteca for the preceding fiscal year. The amount of any such dividend would depend on, among other things, Azteca's operating results, financial condition and capital requirements, and on general business conditions. Under Azteca's by-laws and the LGSM, the gross profits of Azteca are applied as described below.

At the annual general ordinary shareholders' meeting of Azteca, the Board of Directors submits the financial statements of Azteca for the previous fiscal year, together with the report thereon by the Board, to the holders of the Series "A" shares that are represented at the annual general ordinary shareholders' meeting for approval. The annual general ordinary shareholders meeting, once the financial statements have been approved, determines the allocation of Azteca's net profits for the preceding year. Azteca is required by law to allocate at least 5% of such net profits to a legal reserve, which is not thereafter available for distribution except as a stock dividend, until the amount of the legal reserve equals 20% of Azteca's historical capital stock (before the effect of restatement). Thereafter, the annual general ordinary shareholders' meeting may determine and allocate a certain percentage of net profits to any general or special reserve, including a reserve for open-market purchases of Azteca's shares. The remainder of net profits is available for distribution in the form of dividends to all the shareholders. Holders of Series "D-A" shares and Series "D-L" shares (through CPOs) are entitled to receive an annual, cumulative preferential dividend. Following payment in full of this preferential dividend, dividends may be paid with respect to Series "A" shares, the holders of which will share equally with the Series "D-A" shares and Series "D-L" shares, on a per share basis, in such dividends. After the tenth anniversary of the creation of the Mexican trust for the CPOs (the "CPO Trust"), and after the conversion of the Series "D-A" shares into Series "A" shares and the Series "D-L" shares into Series "L" shares, all shares of Azteca will have equal rights, on a per share basis, to dividends, and will share equally, on a per share basis, in such dividends. The CPO Trust Agreement was entered into on August 11, 1997.

Related Party Transactions and Conflicts of Interest

On November 24, 2004, Azteca shareholders agreed to establish, as one of the measures to improve corporate governance, a new audit committee consisting entirely of independent directors whose mandate would include the review of transactions with related parties.

At a general extraordinary shareholders' meeting held on August 19, 2010, Azteca's shareholders approved changes to the Issuer's by-laws to incorporate provisions required under newly adopted LMV. In the present by-laws, the Audit Committee is charged with reviewing and making recommendations to the Board of Directors on transactions with related parties that have a value equal to or greater than five percent of Azteca's consolidated assets, based on figures for the immediately preceding quarter. Although it is not required by the LMV or Azteca's by-laws, Azteca's management annually reports to the Audit Committee all related party transactions, whether or not they have a value equal to or greater than five percent of Azteca's consolidated assets. The LMV requires the Audit Committee to report all related party transactions to the Board of Directors and also requires that a company obtain a fairness opinion from an independent advisor with regard to certain related party transactions (i.e., purchases or sales of assets, granting of guaranties or incurrence of debt) having a value that is equal to or greater than 10 percent of a company's consolidated assets prior to board approval of such transaction. In addition, under the LMV, if the board of directors of a company does not follow the recommendations of the audit committee with regard to a related transaction, disclosure must be made to the public through the Mexican Stock Exchange.

In 2005, Azteca, Azteca Holdings (the parent corporation of Azteca), Ricardo B. Salinas Pliego (the ultimate controlling stockholder of Azteca) and Pedro Padilla Longoria (the chief executive officer of Azteca) were named as defendants in an action brought by the U.S. Securities and Exchange Commission (the "SEC") alleging that the defendants failed to disclose the related party nature of a transaction involving Unefon, S.A. de C.V., then an Azteca subsidiary, and an entity in which Mr. Salinas Pliego held a beneficial interest. In 2006, all defendants consented, without admitting or denying the allegations of the SEC, to a final judgment that imposed a permanent injunction prohibiting future specified securities law violations. Each of the individual defendants consented to payment of fines and agreed, as an undertaking, not to serve as an officer or director of a U.S. public company for a period of five years, except under limited circumstances. In connection with the settlement, the Issuer also consented, without admitting or denying the SEC's findings, to the entry of an order terminating the registration of its securities with the U.S. Securities and Exchange Commission. As a result, the Issuer is no longer subject to the reporting requirements, including disclosure requirements with respect to related party transactions, applicable to issuers that have a class of securities registered with the SEC. The Mexican regulatory authorities also investigated this series of transactions and imposed fines of Ps.28 million (US$2.3 million) on Messrs. Salinas Pliego and Padilla Longoria and Ps.0.6 million (US$50,000) on Azteca. Messrs. Salinas Pleigo, Padilla Longoria and Azteca are challenging these fines. For more information see "*Legal Proceedings -- CNBV*."

Azteca has outstanding receivables and payables, and undertook transactions with related parties as described below:

	Year Ended December 31					
	2008		**2009**		**2010**	
	(Ps.)	**(US$)**	**(Ps.)**	**(US$)**	**(Ps.)**	**(US$)**
			(in millions)			
Accounts Receivable:						
Azteca Holdings, S.A. de C.V. (Holding Company) (1)	77	5.7	420	32.2	141	11.4
Fórum Per Terra, S.A. de C.V. and Subsidiary (2)	66	4.9	66	5.1	60	4.9
Grupo Elektra and Subsidiaries (3)	57	4.2	48	3.7	-	-
Atlético Morelia, S.A. de C.V. (4)	21	1.6	27	2.1	37	3.0
Grupo Iusacell and Subsidiaries	118	8.7	18	1.4	3	0.2
Comunicaciones Avanzadas, S.A. de C.V.	2	0.1	2	0.2	2	0.2
Others	7	0.5	11	0.8	9	0.7
Total	**348**	**25.7**	**592**	**45.5**	**253**	**20.4**
Accounts Payable:						
Grupo Elektra (3)	-	-	-	-	121	9.8
Arrendadora Internacional Azteca, S.A. de C.V.	126	9.3	132	10.1	37	3.0
Globo Re, S.A. (5)	-	-	59	4.5	54	4.4
Other related parties	-	-	-	-	2	0.2
Total	**126**	**9.3**	**191**	**14.6**	**214**	**17.4**

(1) During 2010, 2009 and 2008 Azteca advanced certain amounts for the purchase of financial assets (*activos financieros*). These amounts as of December 31 were Ps.102 million (US$8.2 million), Ps.380 million (US$29.1 million) and Ps.40 million (US$2.9 million), respectively. Additionally, loans were made to it in the amounts of Ps.40 million (US$3.2 million), Ps.39 million (US$2.9 million) and Ps.36 million (US$2.7 million), respectively.

(2) These amounts correspond to loans granted as of December 31, 2010, 2009 and 2008 in amounts of Ps.25 million (US$2.0 million), Ps31 million (US$2.4 million) and Ps.31 million (US$2.2 million), respectively. In addition, there is a dividend to be received of Ps.35 million (US$2.8 million) in each year.

(3) As of December 31, 2010 the payable balance is comprised mainly of a loan of Ps.142 million (US$11.5 million) which was paid on January 4, 2011, through a set-off of administrative services provided by the Issuer. In 2009 and 2008 the balance corresponded mainly to administrative services.

(4) As of December 31, 2010, 2009 and 2008 these amounts are comprised mainly of administrative services, use of exchange agreements and loans

(5) As of December 31, 2010, 2009 and 2008 these amounts are comprised mainly of received loans.

The largest transactions entered into by Azteca with related parties are described below:

Advertising revenue

Revenue from advertising broadcast, contracted with related parties, amounted to Ps.473 million (US$37.4 million), Ps.349 million (US$25.9 million) and Ps.394 million (US$35.4 million) for the years ending December 31, 2010, 2009 and 2008, respectively.

Advertising Contracts

Grupo Elektra

Azteca and Grupo Elektra have annual advertising contracts; the rights under these contracts may not be assigned by Grupo Elektra to third parties. As of December 31, 2010, 2009 and 2008 revenue from Grupo Elektra amounted to Ps.358 million (US$28.3 million), Ps.293 million (US$21.7 million) and Ps.258 million (US$23.1 million), respectively.

Universidad CNCI

Advertising sales are made through annual contracts with terms similar to those in agreements with unrelated advertisers. As of December 31, 2010, 2009 and 2008, Azteca generated revenue from CNCI in the amounts of Ps.1 million (US$0.1 million), Ps.7 million (US$0.5 million) and Ps.7 million (US$0.6 million), respectively.

Iusacell

Azteca and Iusacell have annual advertising contracts, most of which had annual terms and terms similar to those contained in contracts with unrelated customers. As of December 31, 2010, 2009 and 2008, Azteca generated revenue from Iusacell in the amounts of Ps.113 million, (US$9.0 million), Ps.50 million (US$3.7 million) and Ps.100 million (US$9.0 million), respectively.

Financing Contracts

Azteca entered into financing contracts with Banco Azteca, as described below:

Line of Credit

In March and April 2010, Azteca made draw downs to its line of credit with Banco Azteca in the amounts of Ps.5 million (US$0.4 million) and Ps.100 million (US$8.1 million), respectively. The maturity of each line of credit is greater than one year and they each have a non-compound interest rate of 28-day Interbank Interest Equilibrium Rate plus two percentage points, payable quarterly.

Trust Certificates

In August 2010, Azteca issued a Subordinated Trust Certificated under the scope of Fideicomiso 97 in the amount of Ps.50 million (US$4.0 million) maturing in three years. The certificate has a non-compound interest rate on outstanding balances based on the 28-day Interbank Interest Equilibrium Rate plus 4.5 percentage points, and is payable monthly. At year end 2010, the balance on the certificates was Ps.44 million (US$3.5 million).

Service 01900 Revenue

Azteca and Teleactivos, S.A. de C.V. ("Teleactivos"), an affiliated company, provides the service of controlling and identifying telephone calls by means of the 01900 service for viewers taking part in the contests arranged by Azteca. Azteca generated revenues of from these services in the amounts of Ps.15 million (US$1.1 million), Ps.11 million (US$0.8 million) and Ps.5 million (US$0.4 million), during 2010, 2009 and 2008, respectively.

Production and Promotion Revenue

Banco Azteca

Azteca and Banco Azteca signed various production and promotion contracts for products and services last year for television channels 7 and 13. As of December 31, 2010, 2009 and 2008 revenue from these contracts was Ps.10 million (US$0.8 million), Ps.5 million (US$0.3 million) and Ps.10 million (US$0.9 million), respectively.

Interest Income

For the years ended December 31, 2010, 2009 and 2008, Azteca made short-term loans to related parties. At year end, interest income for these loans amounted to Ps.15 million (US$1.2 million), Ps.11 million (US$0.8 million) and Ps.13 million (US$1.2 million), respectively.

Income on Property Leasing

Azteca signed a property leasing contract Operadora Unefon (arrendataria) that expires in 2018. As of December 31, 2010, 2009 and 2008, income from leased property amounted to Ps.16 million (US$1.3 million), Ps.16 million (US$1.2 million) and Ps.17 million (US$1.5 million), respectively.

Broadcasting Rights Contracts

Azteca entered into a contract with Atlético Morelia, a subsidiary company, pursuant to which Atlético licenses broadcast rights to soccer matches of the Monarcas Morelia team. For the years ended December 31, 2010, 2009 and 2008, the revenue generated from these contracts amounted to Ps.56 million (US$4.4 million), Ps.53 million (US$3.9 million) and Ps.24 million (US$2.1 million), respectively.

Equipment Leasing Contracts

Azteca entered into leasing contracts with an option to buy with Arrendadora Internacional Azteca, an affiliate company, with Azteca as lessee and Arrendadora Internacional Azteca as lessor. To date, appendices regarding the leasing of transportation and computing equipment has been signed. These contracts run for the terms set out in each appendix for leased equipment, and generally run three to four years. The terms calculated in these appendices will be compulsory for both parties except in the event that the lessor accepts early payment thereof based on the terms set forth therein. At the end of the term of each appendix, Azteca may opt to acquire the leased goods, extend the leasing term or return the leased goods, by notification at least 90 days prior to the expiration. The leases may be capitalised given their aforementioned characteristics and pursuant to laws in force. The monthly leasing fee under the terms of the contract is set as shown in each appendices.

For the years ended December 31, 2010, 2009 and 2008, assets acquired under these contracts amounted to Ps.1 million (US$0.1 million), Ps.6 million (US$0.4 million) and Ps.47 million (US$4.3 million), respectively.

Property Sales

For the year ended December 31, 2010, Azteca made no property sales to unconsolidated related parties.

For the years ended December 31, 2009 and 2008, Azteca sold properties to Banco Azteca and Elektra del Milenio, S.A. de C.V. in the amount of Ps.14 million (US$1.1 million) and Ps.14 million (US$1.3 million), respectively and in 2008, it sold another property for US$50,218.

Gifts

For the years ended December 31, 2010, 2009 and 2008, Azteca donated funds to the Fundación TV Azteca, A. C., a related party, in the amount of Ps.105 million (US$8.3 million), Ps.124 million (US$9.2 million) and Ps.102 million (US$9.2 million), respectively. This related party has permission from the tax authorities to receive gifts and issue documents proving receipt of these gifts.

THE GUARANTORS

Guarantors

The Notes will be jointly and severally guaranteed by Televisión Azteca, Azteca International, Inversora Mexicana de Producción, Estudios Azteca, Azteca Novelas and Operadora Mexicana de Televisión. As of December 31, 2010, and for the twelve months ended December 31, 2010, Azteca, together with the six Guarantors, accounted for approximately 89% of Azteca's total consolidated assets of Ps.27,898 million and 99% of its total consolidated net sales of Ps.11,554 million (US$914.3 million), as indicated in the table below (Ps. in millions).

	Azteca	**Televisión Azteca**	**Azteca International**	**Inversora Mexicana de Producción**	**Estudios Azteca**	**Azteca Novelas**	**Operadora Mexicana de Televisión**	**Total**
Assets	**12,143**	**4,972**	**2,525**	**1,945**	**1,876**	**1,032**	**411**	**24,904**
% of Consolidated Assets	44%	18%	9%	7%	7%	4%	1%	89%
Net Sales	**3,701**	**0**	**983**	**0**	**6,486**	**0**	**245**	**11,415**
% of Consolidated Net Sales	32%	0%	9%	0%	56%	0%	2%	99%

Televisión Azteca

Televisión Azteca is a corporation with variable capital (*sociedad anónima de capital variable*) organised under the laws of Mexico. The public deed Televisión Azteca's deed of incorporation was executed on September 7, 1992, and was registered with the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on September 24, 1992 under the commercial file 165577. Televisión Azteca has a duration of ninety-nine years beginning as of the date on the legal instrument creating it. The headquarters (main offices) of Televisión Azteca are located at Periférico Sur 4121, Colonia Fuentes del Pedregal, Delegación Tlalpan, C.P. 14141, México, D.F. The telephone number of Televisión Azteca is (5255) 1720-1313.

Televisión Azteca is a 99.99% owned subsidiary of Azteca.

Televisión Azteca's main activities involve the installing, operating and exploiting, as licensee, of radio stations and television channels.

Azteca International

Azteca International is a corporation organised under the laws of Delaware, U.S. The certificate of incorporation of Azteca International is dated June 21, 2001, and was registered with the Secretary of the State of Delaware on June 22, 2001. Azteca International's identification number is 3406565. Azteca International has an indefinite duration as of the date on the legal instrument creating it. The headquarters (main offices) of Azteca International are located at 1139 Grand Central Ave., Glendale, CA 91201. The telephone number of Azteca International is (818) 241-5400.

Azteca International is a wholly-owned (100%) subsidiary of Azteca.

Azteca International's main activity is the operation of the Azteca America channel.

Inversora Mexicana de Producción

Inversora Mexicana de Producción is a corporation with variable capital (*sociedad anónima de capital variable*) organised under the laws of Mexico. The public deed containing Inversora Mexicana de Producción's deed of incorporation was executed on February 25, 1997, and was registered with the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on March 17, 1997 under the commercial file 219244. Inversora Mexicana de Producción has a duration of ninety-nine years beginning as of the date on the legal instrument creating it. The headquarters (main offices) of Inversora Mexicana de Producción are located at Periférico Sur 4121, Colonia

Fuentes del Pedregal, Delegación Tlalpan, C.P. 14141, México, D.F. The telephone number of Inversora Mexicana de Producción is (5255) 1720-1313.

Inversora Mexicana de Producción is a 99.99% directly or indirectly owned subsidiary of Azteca.

Inversora Mexicana de Producción's main activities involve the provision of technical, legal, administrative, financial and treasury services.

Estudios Azteca

Estudios Azteca is a corporation with variable capital (*sociedad anónima de capital variable*) organised under the laws of Mexico. The public deed containing Estudios Azteca's deed of incorporation was executed on November 3, 2003, and was registered with the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on March 24, 2004 under the commercial file 316090. Estudios Azteca is an ongoing concern (indefinite duration) beginning as of the date on the legal instrument creating it. The headquarters (main offices) of Estudios Azteca are located at Calz. de Tlalpan No. 2818, Col. San Pablo Tepetlapa, C.P. 04840, Distrito Federal, Mexico. The telephone number of Estudios Azteca is (5255) 1720-1313.

Estudios Azteca is a 99.99% directly or indirectly owned subsidiary of Azteca. Pursuant to certain concessions granted and the Federal Law on Radio and Television and enacted regulations, Azteca is entitled to commercially operate the channels that are the purpose of the concessions granted on the basis of broadcasting commercials and to charge a fee in exchange for broadcasting such commercials.

Estudios Azteca is the principal advertising sales agent for the Azteca 7 network and the Azteca 13 network.

Azteca Novelas

Azteca Novelas is a corporation with variable capital (*sociedad anónima de capital variable*) organised under the laws of Mexico. The public deed containing Azteca Novelas' deed of incorporation was executed on January 18, 1996, and was registered with the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on February 4, 1997 under the commercial file 218450. Azteca Novelas has a duration of ninety-nine years beginning as of the date on the legal instrument creating it. The headquarters (main offices) of Azteca Novelas are located at Calz. de Tlalpan No. 2818, Col. San Pablo Tepetlapa, C.P. 04840, Distrito Federal, Mexico. The telephone number of Azteca Novelas is (5255) 1720-1313.

Azteca Novelas is a 99.99% directly or indirectly owned subsidiary of Azteca.

Azteca Novelas provides various services, such as leasing of facilities and equipment, for the production of films and television programs.

Operadora Mexicana de Televisión

Operadora Mexicana de Televisión is a corporation with variable capital (*sociedad anónima de capital variable*) organised under the laws of Mexico. The public deed containing Operadora Mexicana de Televisión's deed of incorporation was executed on June 2, 1993, and was registered with the Public Registry of Commerce (*Registro Público de Comercio*) of Mexico City on July 13, 1993 under the commercial file 167344. Operadora Mexicana de Televisión has a duration of ninety-nine years beginning as of the date on the legal instrument creating it. The headquarters (main offices) of Operadora Mexicana de Televisión are located at Periférico Sur 4121, Colonia Fuentes del Pedregal, Delegación Tlalpan, C.P. 14141, México, D.F. The telephone number of Operadora Mexicana de Televisión is (5255) 1720-1313.

Operadora Mexicana de Televisión is a 99.99% owned subsidiary of Azteca.

Operadora Mexicana de Televisión's main activities involve the creating and operating of radio and television stations, including the formalities and arrangements necessary for obtaining licenses for such radio and television stations.

Additional Information

Prospective investors in the Notes may obtain additional information regarding the Guarantors by contacting:

Periférico Sur 4121
Col. Fuentes del Pedregal
México, D.F. 14141
México
Attention: Luis Ontiveros Sandoval
(52) 55 1720-9122

DESCRIPTION OF THE NOTES

The following are the terms and conditions (the "Conditions") of the Notes which (subject to completion and amendment) will be attached to or incorporated by reference into each of the Notes, provided that the relevant Pricing Supplement (the "Pricing Supplement") in relation to a particular Series of Notes may specify other terms and conditions which shall, to the extent so specified, replace or modify the following Conditions for the purpose of such Series of Notes.

The Notes to which these Conditions pertain are issued and will be issued in one or more Series with the benefit of an amended and restated trust deed dated 25 May 2011 (such trust deed as amended and/or supplemented and/or restated from time to time the "Trust Deed"), by and among the Issuer, the Guarantors and The Bank of New York Mellon, as trustee (the "Trustee" which term includes any additional or successor trustee under the Trust Deed). The Notes are constituted by, and in accordance with, the Trust Deed and have the benefit of an amended and restated agency agreement dated 25 May 2011 (such agency agreement as amended and/or supplemented and/or restated from time to time the "Agency Agreement") by and among the Issuer, the Guarantors, the Trustee and The Bank of New York Mellon as issuing and principal paying agent (the "Principal Paying Agent" which term includes any additional or successor principal paying agent appointed under the Agency Agreement) and as calculation agent and, where applicable, registrar. Notes having the same Interest Payment Dates, Issue Price and Maturity Date, bearing interest at the same rate and the terms of which are otherwise identical, are hereinafter together referred to as a "Series" of Notes, and the particular Note to which these Conditions are attached or incorporated by reference is referred to herein as this "Note", and this Note, together with the other Notes of the same Series, are hereinafter together referred to as "this Series" or the "Notes of this Series".

The Pricing Supplement applicable to a Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, amend, vary, replace, add to or modify these Conditions for the purposes of such Series of Notes, in which event, these Conditions as so amended, varied, replaced, added to or modified by such Pricing Supplement shall be referred to herein as the or these "Conditions" with respect to such Series of Notes.

Copies of the Trust Deed, the Agency Agreement and the Pricing Supplement are on file and available for inspection at the offices of the Trustee and the Principal Paying Agent, being as of the date hereof One Canada Square, London E14 5AL, England. The holders of the Notes and the holders of any Coupons (if any) appertaining to the Notes and the holders of any Receipts (if any) appertaining to the Notes (the "Noteholders") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

1. Form and Title of Notes

The Notes are issuable in bearer or fully registered form ("Notes") as a global note, without coupons or receipts ("Global Note"), or as definitive notes ("Definitive Notes"), with Coupons (if in bearer form) at the time of issue attached thereto (except in the case of Zero Coupon Notes (as defined below)) and, in the case of bearer Definitive Notes repayable in instalments, with Receipts at the time of issue attached thereto, in the denominations specified in the applicable Pricing Supplement (the "Authorised Denominations"). The Definitive Notes will be serially numbered. The Notes may be issued (a) to bear interest on a fixed rate basis ("Fixed Rate Notes"), (b) to bear interest on a floating rate basis ("Floating Rate Notes"), or (c) on a non-interest bearing basis ("Zero Coupon Notes") or any combination, in each case as specified in the applicable Pricing Supplement.

Each Definitive Note in bearer form will be issued with Coupons attached unless it is a Zero Coupon Note, in which case reference to interest (other than in relation to interest due after the Maturity Date) and Coupons in these Conditions are not applicable.

Title to Notes, Receipts, Talons and Coupons in bearer form shall pass by delivery. The Issuer, the Trustee, the Principal Paying Agent and any agent of the Issuer or the Trustee or the Principal Paying Agent except as required by law shall deem and treat the bearer of a Note, Receipt, Talon or Coupon in bearer form as the owner thereof for all purposes, whether or not such Note or, in the case of a Definitive Note, such Receipt, Talon or

Coupon, be overdue, and neither the Issuer nor the Trustee nor the Principal Paying Agent nor any such agent shall be affected by notice to the contrary, any writing on it, or its theft or loss and shall incur no liability for so doing.

Title to Notes in registered form passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes in registered form will be transferable only on the books of the Issuer and the Agents. The registered holder of any Note in registered form will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

If a Note, Receipt, Talon or Coupon is held for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) or, for so long as any of the Notes are represented by a Global Note, any person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, holds such interest for the account or benefit of U.S. persons, the Issuer may give notice to the holder(s) of the relevant Note, Receipt, Talon or Coupon (or, in the case of a Global Note, the holder of the relevant particular, nominal amount of Notes) that it requires the relevant Note, Receipt, Talon, and/or Coupon (and/or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes), as the case may be, to be transferred provided however that the relevant Note, Receipt, Talon or Coupon (or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes) may not be transferred to, or for the account or benefit of, U.S. persons. The relevant holder(s) of the Note, Receipt, Talon or Coupon (or, in the case of a Global Note, the relevant holder of the particular interest in the nominal amount of Notes) shall be obligated to make the transfer referred to in the notice referred to in this paragraph within 30 days after receipt of such notice if the relevant Note, Receipt, Talon or Coupon (or, in the case of a Global Note, the relevant particular nominal amount of Notes) is held for the account or benefit of U.S. persons.

2. Status of Notes and Guarantee

(a) Status of Notes

If the Pricing Supplement specifies that the Notes are unsecured Notes, the Notes and the relevant Receipts (if any) and the relevant Coupons (if any) are unsecured, unsubordinated and unconditional obligations of the Issuer ranking *pari passu* with all other outstanding unsubordinated and unsecured obligations of the Issuer, and constitute valid and legally binding obligations of the Issuer, enforceable in accordance with their respective terms (subject to general equitable principles and bankruptcy, *concurso mercantil* and insolvency laws and other similar laws affecting creditors' rights generally), and are entitled to the benefits provided by the Trust Deed and the Agency Agreement. If the Pricing Supplement specifies that the Notes are secured Notes, the Notes will constitute direct and unsubordinated obligations of the Issuer that are secured by the collateral identified in the Pricing Supplement.

(b) Status of the Guarantee

The payment of principal and interest in respect of the Notes, the Receipts and the Coupons and all other monies payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantors in the Trust Deed (the "Guarantee"). The obligations of the Guarantors under the Guarantee are unsecured, unsubordinated and unconditional obligations of the Guarantors ranking *pari passu* with all other outstanding unsubordinated and unsecured obligations of the Guarantors, and constitute valid and legally binding obligations of the Guarantors, enforceable in accordance with their respective terms (subject to general equitable principles and bankruptcy, *concurso mercantil* and insolvency laws and other similar laws affecting creditors' rights generally).

3. Interest

(a) Interest on Fixed Rate Notes

(i) Each Fixed Rate Note bears interest from and including the Issue Date, at the Interest Rate(s) per annum specified in the applicable Pricing Supplement payable in arrears on the Interest Payment Date(s) in each year and on the Maturity Date so specified if such Maturity Date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date.

(ii) Interest will be paid, in respect of Fixed Rate Notes subject to and in accordance with the provisions of Condition 5 of these Conditions.

(iii) If Interest is required to be computed for a period of other than a full year, such interest shall be computed on the basis specified in the applicable Pricing Supplement.

(iv) Interest will cease to accrue on each Fixed Rate Note on the due date for payment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) as provided in the Trust Deed.

(b) Interest on Floating Rate Notes

Interest on each Floating Rate Note will be determined by such interest rate formula as may be agreed to by the Relevant Lead Dealer for the relevant Series and the Issuer and specified in the applicable Pricing Supplement.

The amount of interest payable in respect of any Floating Rate Note for any period shall be calculated by multiplying the product of the Interest Rate(s) per annum as specified in the applicable Pricing Supplement and the outstanding principal amount thereof by the Day Count Fraction. "Day Count Fraction" means, in respect of the calculation of an amount for any period of time ("Calculation Period"), such day count fraction as may be specified in the Pricing Supplement and:

(i) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;

(ii) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;

(iii) if "Actual/365" or "Actual/Actual" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iv) if "Actual/365 (Sterling)" is so specified, means the actual number of days in the Calculation Period divided by 365, or in the case of a Calculation Period falling in a leap year, 366.

4. Redemption And Purchase

The Notes shall not be subject to redemption by the Issuer or the holder of a Note except as specified in the Pricing Supplement and as provided in this Condition 4.

(a) At Maturity

Unless otherwise specifically specified in the applicable Pricing Supplement and unless previously redeemed or purchased and cancelled, each Note will be redeemed by the Issuer at its final redemption amount on the Maturity Date specified in the applicable Pricing Supplement (which final redemption amount shall, if not otherwise specified in the Pricing Supplement, be the nominal amount of such Note).

(b) Redemption for Tax Reasons

Unless otherwise specifically indicated in the applicable Pricing Supplement, if as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Mexico or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the relevant Issue Date, the Issuer has or will become obligated to pay additional amounts as described under Condition 6 of these Conditions in excess of the additional amounts the Issuer would be obligated to pay if payments made on the Notes were subject to withholding or deduction at a rate of 4.9 per cent. as a result of the taxes, duties, assessments and other governmental charges described under Condition 6 of these Conditions or if a Guarantor would be unable for reasons outside of its control

to procure payment by the Issuer and in making payment itself would be obligated to pay additional amounts as described under Condition 6 of these Conditions in excess of the additional amounts that Guarantor would be obligated to pay if payments made on the Notes were subject to withholding or deduction at a rate of 4.9 per cent. as a result of the taxes, duties, assessments and other governmental charges described under Condition 6 of these Conditions, such Note will be subject to a one-time redemption by the Issuer, in whole but not in part, at any time thereafter, upon giving of irrevocable notice in accordance with Condition 13 of these Conditions, on such redemption date as the Issuer shall select but which shall in the case of Floating Rate Notes be an Interest Payment Date, at a redemption price equal to 100 per cent. of the outstanding principal amount thereof together with accrued and unpaid interest. Moreover, the Issuer shall not have the right to redeem the Notes pursuant to the provisions set forth in this Condition 4(b) unless the Issuer or, as the case may be, the relevant Guarantor has taken all reasonable measures (to the extent permitted by applicable law) to avoid the obligation to pay additional amounts described under Condition 6 of these Conditions. In the event that the Issuer elects to redeem Notes pursuant to the provisions set forth in this Condition 4(b), the Issuer will deliver to the Trustee and the Principal Paying Agent (i) a certificate, signed by an authorised representative, stating that the Issuer is entitled to redeem such Notes pursuant to their terms in accordance with the terms of the Agency Agreement and specifying the date of redemption and the principal amount of Notes to be redeemed (and the Trustee shall be entitled to accept such certificate delivered with an opinion as referred to in (ii) below as sufficient evidence of the satisfaction of the conditions precedent set out above (without liability to any person) in which event it shall be conclusive and binding on the Trustee, Noteholders, Receiptholders and the Couponholders that the Issuer is entitled to effect such redemption) and (ii) an opinion of independent legal advisors of recognised standing to the effect that the Issuer or, as the case may be, the relevant Guarantor has or will become obligated to pay any amounts as described under Condition 6 of these Conditions such that the Issuer has the right to redeem such Notes. In rendering such opinion, such independent legal advisors shall be entitled to rely on certificates of the Issuer, the relevant Guarantor, the Issuer's independent accountants and the relevant Guarantors' independent accountants as to factual matters and as to calculations relating to such additional amounts. The foregoing provisions in this paragraph are applicable regardless of whether "Issuer Call" is indicated as being applicable in the Note or the relevant Pricing Supplement.

(c) Redemption at the Option of Issuer (Issuer Call)

If Redemption at the Option of the Issuer (i.e., Issuer Call) is specified in the applicable Pricing Supplement, the Issuer may, having given not more than 60 nor less than 30 days notice (or such other notice period as may be specified in the applicable Pricing Supplement) to the Trustee and the Principal Paying Agent, and, in accordance with Condition 13 of these Conditions, to the holders of the Notes of the Series to be redeemed, redeem all or some only of the Notes of such Series then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes of a Series, the Notes of the Series to be redeemed ("Redeemed Notes") will be selected by the Issuer individually by lot, in the case of Redeemed Notes represented by definitive Notes of the Series, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

(d) Notices to Redeem

Notices to redeem Notes pursuant to Condition 4(b) or 4(c) of these Conditions shall be published in accordance with the provisions of Condition 13 of these Conditions and shall specify the date fixed for redemption, which shall be not less than 30 nor more than 60 days after such notification, the applicable redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Notes to be redeemed in the case of bearer Notes, that interest accrued to the date fixed for redemption will be paid as specified in such notice, and that on and after such date interest thereon will cease to accrue. With respect to notices relating to redemption pursuant to Condition 4(b), such notice shall also state that the conditions precedent to such redemption have occurred and state that the Issuer has elected to redeem all the Notes in accordance with Condition 4(b) of these Conditions.

(e) Redemption at the Option of the Noteholders (Noteholder Put)

If Redemption at the Option of the Noteholder (i.e., Noteholder Put) is specified in the applicable Pricing Supplement, upon a Noteholder giving to the Issuer not more than 60 nor less than 30 days' notice (or as otherwise specified in the Pricing Supplement) (which notice shall be irrevocable) the Issuer will redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole, but not in part, a Definitive Note or Global Note on an Optional Redemption Date at the Optional Redemption Amount each specified and defined in the applicable Pricing Supplement with respect to such a redemption, together with any accrued interest.

(f) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) Purchase of Notes by the Issuer and the Guarantors

The Issuer, any of the Guarantors, any of the Issuer's Subsidiaries and any of the Guarantors' Subsidiaries may, directly or indirectly, to the extent permitted by applicable law, purchase Notes (provided that, in the case of Definitive Notes in bearer form, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in the open market or by tender at any price and at any time. Any Note purchased by the Issuer, any Guarantor, any of the Issuer's Subsidiaries or any of the Guarantors' Subsidiaries, directly or indirectly, shall be surrendered to the Principal Paying Agent for cancellation. Any Notes surrendered as aforesaid may not be reissued or resold and will be cancelled promptly. "Issuer's Subsidiaries" means any corporation or other entity of which at least a majority of the outstanding securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation or other entity (irrespective of whether or not at the time securities or the ownership interests of any other class or classes of such corporation or entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Issuer and/or one or more of the Issuer's Subsidiaries. "Guarantors' Subsidiaries" means any corporation or other entity of which at least a majority of the outstanding securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation or other entity (irrespective of whether or not at the time securities or the ownership interests of any other class or classes of such corporation or entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by a Guarantor and/or one or more of the Guarantors' Subsidiaries.

5. Payments

(a) Method of Payment

Subject as provided below, payments in respect of the Notes will be made in the Specified Currency by cheque. Holders of at least the Specified Principal Amount of Notes, upon receipt by the Paying Agent of appropriate wiring instructions at least 10 days prior to the relevant payment date, may receive payment by wire transfer to a Specified Currency account located outside of the United States and its possessions specified by the holder. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 of these Conditions.

(b) Payments

(i) Payments of principal and interest (if any) in respect of the Definitive Notes in bearer form (if issued) will (subject as provided below) be made against presentation or surrender of such Notes, Receipts or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States and its possessions. If any Definitive Notes in bearer form are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Coupons appertaining thereto. All payments of interest and principal with respect to Definitive Notes in bearer form will be made to accounts located outside the United States and its possessions except as otherwise provided below.

Payments of instalments of principal (if any) in respect of Definitive Notes in bearer form, other than the final instalment, will (subject as provided below) be made in the manner provided in accordance with this paragraph against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with this paragraph. Payment of the final instalment will be made in the manner provided in this paragraph only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Note in bearer form in accordance with this paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note in bearer form to which it appertains. Receipts presented without the Definitive Note in bearer form to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note in bearer form becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

(ii) Payments of principal and interest (if any) in respect of the Definitive Notes in registered form (if issued) will (subject as provided below) be made by cheque in the Specified Currency and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Definitive Note in registered form appearing on the Register at the close of business on the Business Day prior to the relevant date for the payment of principal and interest (the "Record Date") at his address shown on the Register on the Record Date.

(iii) Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above and otherwise in the manner specified in the relevant Global Note. A record of each payment made on such Global Note distinguishing between any payment of principal and any payment of interest, will be made, or caused to be made, on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment or on the Register applicable to such Global Note, and such record shall be prima facie evidence that payment in question has been made.

(iv) No payment of principal or interest in respect of Global Notes and Definitive Notes shall be made at an office or agency of the Issuer in the United States or its possessions and no cheque in payment thereof which is mailed shall be mailed to an address in the United States or its possessions, nor shall any transfer made in lieu of payment by cheque be made to an account maintained by the payee with a bank in the United States or its possessions. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States or its possessions (a) if such payments are to be made in US dollars and if payment of the full amount so payable at the office of any Paying Agent outside the United States and its possessions appointed and maintained pursuant to the Agency Agreement is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amount in US dollars, and (b) at the option of the relevant holder, if such payments are then permitted under United States law without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.

(v) The bearer or registered holder of the relevant Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer, or as the case may be, the Guarantors will be discharged by payment to, or to the order of, the bearer or registered holder of such Global Note in respect of each amount so paid. No person, other than the bearer or registered holder of the relevant Global Note, shall have any claim against the Issuer in respect of any payments due on that Global Note.

(vi) If notice of redemption has been given in accordance with Condition 13 of these Conditions, the Notes shall be paid and redeemed by the Issuer at the places and in the manner herein specified, together with accrued interest on the Notes to the redemption date; *provided, however*, that interest due on or prior to the redemption date on Definitive Notes in bearer form shall be payable only upon the presentment and surrender of Coupons for such interest. If any Definitive Note in bearer form surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the redemption date, such Note may be paid after deducting from the amount otherwise payable an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Issuer if they are furnished with such security or indemnity as they may require. From and after the redemption date, if monies for the redemption of Notes called for redemption shall have been made available at the main office of the Principal Paying Agent for redemption on the redemption date, the Notes called for redemption shall cease to bear interest, the Coupons appertaining to the Definitive Notes in bearer form maturing subsequent to the redemption date shall be void, and the only right of the holders of such Notes shall be to receive payment of the appropriate redemption amount, together with accrued

interest on the Notes to the redemption date as aforesaid. If monies for the redemption of the Notes are not made available for payment until after the redemption date, the Notes called for redemption shall not cease to bear interest until such monies have been so made available.

(c) Payment Business Day

If the date for payment on any amount in respect of any Note is not a Payment Business Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Business Day and shall not be entitled to further interest or other payment in respect of such delay if such payment is made on such next succeeding Payment Business Day. For these purposes unless otherwise specified in the applicable Pricing Supplement, "Payment Business Day" means any day which is a day on which banks and foreign exchange markets are open for business in London and any Additional Business Centre specified in the applicable Pricing Supplement, and on which Euroclear and Clearstream, Luxembourg are open for business.

(d) Applicable Laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 6 of these Conditions. No commissions or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

6. Taxation

(a) The Issuer, or as the case may be, the Guarantors will pay such amounts ("Additional Amounts") as may be necessary in order to ensure that the net amounts received by the holders of Notes, Receipts and Coupons after any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by Mexico or any authority in Mexico shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts and Coupons in the absence of such withholding or deduction, and the delivery by the Issuer or, as the case may be, the Guarantors of any such Additional Amounts to the appropriate Mexican authorities shall constitute receipt by the relevant Noteholders of such Additional Amounts so delivered; except that no such Additional Amounts shall be payable with respect to:

(i) taxes or duties with respect to any Note, Receipt or Coupon presented for payment by or on behalf of a holder who is liable for such taxes or duties by reason of such holder having some connection with Mexico other than the mere holding of such Note, Receipt or Coupon;

(ii) any Note, Receipt or Coupon presented for payment more than 15 days after the Relevant Date (as defined herein) except to the extent that the holder would have been entitled to such Additional Amounts on presenting such Note for payment on the last day of such 15-day period (as used in this Condition 6 "Relevant Date" in respect of any payment means the date on which such payment first becomes due except that, if the full amount of the monies payable has not been received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13);

(iii) any tax or duty required to be deducted or withheld by any Paying Agent from a payment on a Note, Receipt or Coupon if such payment can be made without such deduction or withholding by any other Paying Agent who can make such payment in accordance with the terms of the Agency Agreement and these Conditions;

(iv) any tax, assessment or other governmental charge which is payable otherwise than by withholding from payments on or in respect of any Note, Receipt or Coupon (other than stamp, transfer or other similar taxes);

(v) any estate, inheritance, gift, sales, stamp, transfer or personal property tax;

(vi) 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 per cent. rate of tax in effect on the date hereof and uniformly applicable in respect of payments made by the Issuer 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 change 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 changed rate shall be substituted for the 4.9 per cent. rate for purpose of this clause (vi)), 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 Issuer or, as the case may be, the relevant Guarantor (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 of 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 payment date with respect to which the Issuer or, as the case may be, the relevant Guarantor shall make such reasonable request, the Issuer or, as the case may be, the relevant Guarantor 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;

(vii) 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 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 such holder or beneficial owner 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 Issuer or a Guarantor shall apply this clause, the Issuer or, as the case may be, the relevant Guarantor shall have notified the holder of such Note, in writing, that such holder or beneficial owner will be required to provide such information or documentation;

(viii) any taxes that are payable otherwise than by deduction or withholding from a payment on a Note;

(ix) any payment on a Note to any holder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Note; or

(x) any combination of the aforementioned.

(b) Any reference in the Notes to principal and/or interest shall be deemed also to refer to any Additional Amounts which may be payable under the undertakings referred to in this Condition 6.

(c) The Issuer shall pay all stamp and other duties, if any, which may be imposed by Mexico or any political subdivision thereof or taxing authority of or in the foregoing with respect to the execution and delivery of the Trust Deed, the Agency Agreement or the issuance of this Note.

(d) Any reference in these Conditions to principal, premium and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under these presents.

7. Events of Default

If any of the following events shall occur while any Notes of this Series issued pursuant to the Programme are outstanding:

(i) default by the Issuer in the payment of any principal due on any Note of this Series on the due date for payment thereof; or

(ii) default by the Issuer in the payment of any interest due on any Note of this Series for a period of more than three (3) days after the due date for payment thereof; or

(iii) default in the performance of any other covenant of the Issuer or any of the Guarantors in the Trust Deed, the Agency Agreement or in the Notes, which, if (in the opinion of the Trustee) capable of being remedied,

continues for 45 days after written notice of such default has been given, by the Trustee, to the Issuer or the relevant Guarantor (as the case may be); or

(iv) the validity of the Notes of any Series or the Trust Deed or the Agency Agreement is contested by the Issuer or any of the Guarantors, or any final decision by any court having jurisdiction from which no appeal (which term "appeal" shall include the bringing of an action in the form of a *juicio de amparo* with respect to such final decision) may be or is taken shall purport to render any material (in the opinion of the Trustee) provision of the Notes of any Series or any material (in the opinion of the Trustee) provision of the Trust Deed or the Agency Agreement invalid or unenforceable or purport to prevent or materially (in the opinion of the Trustee) delay the performance or observance by the Issuer or any of the Guarantors of any of its obligations under such Notes or any of its material (in the opinion of the Trustee) obligations under the Trust Deed or the Agency Agreement; or

(v) a decree or order by a court having jurisdiction shall have been entered adjudging the Issuer or any of the Guarantors as bankrupt, or in *concurso mercantil* or otherwise insolvent, or approving as properly filed a petition seeking reorganisation or *concurso mercantil* of the Issuer or any of the Guarantors and such decree or order shall have continued unanswered by the Issuer or the relevant Guarantor (as the case may be) for a period of nine (9) days after notice is delivered to the Issuer or the relevant Guarantor (as the case may be) or undischarged for a period of 120 days from the date of such decree or order; or a decree or order of a court having jurisdiction for the appointment of a receiver, liquidator, *síndico*, *interventor* or trustee or assignee in bankruptcy, *concurso mercantil* or insolvency of the Issuer or any of the Guarantors or in relation to the property of the Issuer or any of the Guarantors or for the winding up or liquidation of the affairs of the Issuer or any of the Guarantors shall have been entered, and such decree or order shall have continued unanswered by the Issuer or the relevant Guarantor (as the case may be) for a period of nine (9) days after notice is delivered to the Issuer or the relevant Guarantor (as the case may be) or undischarged for a period of 120 days from the date of such decree or order; or

(vi) the Issuer or any of the Guarantors shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganisation or *concurso mercantil*, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator, *síndico*, *interventor* or trustee or assignee in bankruptcy, *concurso mercantil* or insolvency of it or its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(vii) all or a substantial (in the opinion of the Trustee) part of the assets of the Issuer and the Issuer's Subsidiaries taken as a whole or any of the Guarantors and the relevant Guarantors' Subsidiaries taken as a whole or substantially all of the shares of the Issuer or any of the Guarantors shall be nationalised or expropriated by any governmental authority, or any license, permit or other authorisation material (in the opinion of the Trustee) to the conduct of the business of the Issuer or any of the Issuer's Subsidiaries or any of the Guarantors or any of the Guarantors' Subsidiaries shall have been revoked and not reinstated within 120 days; or

(viii) any other event specified as an "Additional Event of Default" in the applicable Pricing Supplement;

then the Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in aggregate principal amount of the Outstanding Notes of the relevant Series or if so directed by an Extraordinary Resolution of the Noteholders of such Series shall (subject in any such case to being secured and/or indemnified and/or prefunded to its satisfaction), give notice to the Issuer that the Notes of such Series are, and they shall accordingly immediately become, due and payable at 100 per cent. of the outstanding principal amount thereof together with accrued and unpaid interest thereon.

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer and/or the Guarantors as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in aggregate principal amount of the Outstanding Notes of the relevant Series and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee shall not be obliged to take any action in relation to the enforcement or realisation of any security or collateral or security or collateral document unless an Event of Default or Potential Event of Default has occurred and directed to do so by the holders of at least one quarter in aggregate principal amount of the Outstanding Notes and indemnified and/or secured and/or prefunded to its satisfaction.

8. Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or other provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 75 per cent. in principal amount of the Outstanding Notes of the relevant Series, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes of the relevant Series so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and, if applicable, on all Receiptholders and Couponholders. The Trust Deed provides that meetings of more than one Series may be held where in the opinion of the Trustee there is no conflict of interests between the holders of the Notes of such Series.

Except as may be provided in the Conditions of a particular Series of Notes in respect of such Series of Notes and subject always to such Conditions in respect of such Series of Notes, in relation to each Series, the Trustee may agree, without the consent of the Noteholders to (i) any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any provision of the Trust Deed or, in the case of modification, the Agency Agreement which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, or (ii) any modification to any of the same which is of a formal, minor or technical nature or to correct a manifest error. Any such modification, waiver, authorisation or substitution shall be binding on all Noteholders and, if applicable, all Receiptholders and all Couponholders and any such modification or substitution shall be notified to the Noteholders by the Issuer in accordance with Condition 13 as soon as practicable thereafter unless, in the case of modification, the Trustee agrees otherwise.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders of the relevant Series whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders of the relevant Series (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder of the relevant Series be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders of the relevant Series.

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of any collateral and for the validity, sufficiency and enforceability (which the Trustee has not investigated) of any security which may be granted in respect of any Series. The Trustee is exempted from liability with respect to any loss or theft or reduction in value of any collateral, from any obligation to insure or to procure the insuring of any collateral and from any claim arising from the fact that any collateral will be held in safe custody by any custodian selected by the Trustee. The Trustee is not responsible for supervising the performance by any other person of its obligations to the Issuer or any of the Guarantors.

9. Covenants of the Issuer

The Issuer agrees to comply with the following covenants for so long as any Note issued under the Programme remains outstanding:

(i) Payment of Principal and Interest. It will duly and punctually pay or cause to be paid the principal of and interest (and any Additional Amounts) on each of the Notes and any other payments to be made by the Issuer under the Notes, the Trust Deed and the Agency Agreement, at the place or places, at the respective times and in the manner provided in the Notes, the Trust Deed and the Agency Agreement.

(ii) Authorisation and Consents. It will forthwith take, fulfil or do any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording, registration or translation) at any time required to be taken, fulfilled or done in order (1) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Trust Deed, the Agency Agreement or the Programme Agreement, (2) to ensure that those obligations are legally binding and enforceable and (3) to enable a Spanish translation, prepared by a court approved translator, of the Trust Deed, the Agency Agreement, the Programme Agreement and the Notes to be admissible in evidence in the courts of Mexico.

(iii) Payment of Taxes. It will pay all stamp and other duties, if any, which may be imposed by Mexico, the United States, Luxembourg, Belgium or any political subdivision thereof or taxing authority of or in the foregoing with respect to the execution and delivery of the Trust Deed or the Agency Agreement or the issuance of the Notes (other than taxes on income imposed in the jurisdiction where the relevant taxpayer is incorporated or qualified to do business).

(iv) Continued Existence of the Issuer. It shall not dissolve or liquidate in whole or in part, except as permitted under the Trust Deed.

10. Replacement of Notes, Exchange and Transfer

Subject to the succeeding paragraph, if any mutilated Note is surrendered to the Principal Paying Agent, the Issuer shall execute, and the Principal Paying Agent shall authenticate and deliver in exchange therefor, a new Note of like tenor and principal amount, bearing (with respect to Definitive Notes) a serial number not contemporaneously outstanding.

If there be delivered to the Issuer and the Principal Paying Agent (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Note, and (ii) such security or indemnity as may be reasonably required by them, then, in the absence of notice to the Issuer or the Principal Paying Agent (with respect to Notes) that such Note has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Principal Paying Agent shall authenticate and deliver in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a serial number not contemporaneously outstanding.

Upon the issuance of any new Note under this Condition 10, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and the expenses of the Trustee or the Principal Paying Agent, as the case may be) connected therewith.

Every new Note issued pursuant to this Condition 10 in lieu of any destroyed, lost or stolen Note shall constitute an original contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone. Any new Note delivered pursuant to the provisions of this Condition 10 shall be so dated that neither gain nor loss of interest shall result from such exchange. The provisions of this Condition 10 and the provisions of the Agency Agreement regarding the replacement or payment of mutilated, destroyed, lost or stolen Notes are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes, and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

11. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

The Issuer and the Guarantors (acting together) are entitled, with the prior written consent of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or

approve any change in the specified office through which any Paying Agent acts, provided that the Issuer and the Guarantors will at all times appoint at least one Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive. In addition, the Issuer and the Guarantors (acting together) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(b)(iii). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantors and, in certain circumstances specified therein, the Trustee, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. Prescription

The Notes, Receipts and Coupons shall be prescribed and become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

"**Relevant Date**" means the date on which payment of principal and interest first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

13. Notices

All notices regarding the Notes shall be given to holders of Definitive Notes and interests in a Global Note by publication at least once in a leading daily newspaper in the English language of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. Neither the failure to give notice nor any defect in any notice to any particular Noteholder shall affect the sufficiency of any notice with respect to other Notes. Such notices will be deemed to have been given on the date of such publication or, if published in such newspapers on different dates, on the date of the first such publication.

Notice to be given by any Noteholder shall be in writing and given by forwarding the same, together (in the case of Definitive Notes) with the relative Note or Notes, to the Principal Paying Agent. While any Notes are represented by a Global Note, such notice may be given by any holder of an interest in such Global Note to the Principal Paying Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Currency Indemnity

The relevant Specified Currency is the sole currency of account and payment for all sums payable by the Issuer or the Guarantors under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than in the relevant Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or the Guarantors or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantors shall only constitute a discharge of the Issuer or the Guarantors to the extent of the relevant Specified Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the first date on which it is practicable for such Noteholder to so purchase the relevant Specified Currency with the amount so received or recovered in that other currency (such date with respect to such a receipt or recovery by a Noteholder in a currency other than the relevant Specified Currency being referred to herein as the "First Practicable Conversion Date"). If that relevant Specified Currency amount is less than the relevant Specified Currency amount expressed to be due to the recipient under any Note, the Issuer or the Guarantors shall indemnify such recipient against any loss sustained by it as a result. In any event, the Issuer or the Guarantors shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 14, it will be sufficient for the

Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made on the First Practicable Conversion Date. These indemnities constitute a separate and independent obligation from the Issuer's and/or the Guarantors' other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order. If any amount is received or recovered by a Noteholder in a currency other than the relevant Specified Currency and if the actual conversion of such amount to the relevant Specified Currency by such Noteholder results in a net surplus (after deductions of all costs and expenses of such conversion), such surplus must be returned to the Issuer within 30 days of such conversion.

15. Governing Law

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

16. Jurisdiction

The Issuer irrevocably agrees for the benefit of the holders of the Notes that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

Nothing contained in this Condition 16 shall limit any right to take Proceedings against the Issuer in any court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints, designates and empowers Law Debenture Corporate Services Limited at its office at 100 Wood Street, Fifth Floor, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of such person ceasing so to act or ceasing to be domiciled in England, it will appoint, designate and empower another person domiciled in England as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve process in any other manner permitted by law.

17. Descriptive Headings

The descriptive headings appearing in these Conditions are for convenience of reference only and shall not alter, limit or define the provisions hereof.

18. Further Issues of Notes

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, bonds or Notes having the same terms and conditions as the Notes of a Series in all respects (or in all respects except for the payment of interest on the Notes (i) scheduled and paid prior to the date of issuance of such notes, bonds or Notes or (ii) payable on the first Interest Payment Date following such date of issuance) so that such further issue shall be consolidated and form a single Series with the outstanding Notes of such Series; *provided* that nothing in this Condition shall prevent the Issuer from creating and issuing further notes, bonds or Notes that do not have the same terms and conditions as the Notes and which are not consolidated with any of the Notes to form a single Series. Any further notes, bonds or Notes forming a single Series with the outstanding Notes of any Series constituted by the Trust Deed shall, and any other notes, bonds or Notes may (with the consent of the Trustee), be constituted by the Trust Deed.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

20. Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving at least 30 days' prior notice to the Principal Paying Agent, the Trustee, Euroclear and Clearstream, Luxembourg and to the Noteholders in accordance with Condition 13 elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of EUR 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify to the Noteholders, the Trustee and the Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference; (x) in the case of Notes in bearer form, to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder; or (y) in the case of Notes in registered form, the Outstanding Notes, and the amount of any such payment shall be rounded down to the nearest EUR 0.01;

(iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Noteholders in the denominations of EUR 1,000, EUR 10,000, EUR 100,000 and (but only to the extent of any remaining amounts less than EUR 1,000 or such smaller denominations as the Principal Paying Agent may approve) EUR 0.01 and such other denominations as the Principal Paying Agent shall determine after consultation with Euroclear and Clearstream, Luxembourg and notify the Noteholders but subject to any requirement for minimum denomination under applicable law;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Interest Rate to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market conventions;

(vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these Conditions as the Issuer may decide, with the consent of the Trustee and the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

In this Condition 20, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"euro" and "EUR" mean the currency introduced at the start of the third stage of economic and monetary union pursuant to the Treaty;

"Redenomination Date" means (in the case of interest-bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (i) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union or otherwise participates in European economic and monetary union in a manner with similar effect to such third stage; and

"Treaty" means the Treaty establishing the European Community, as amended.

SELLING RESTRICTIONS

General

In the programme agreement for the Programme (the "Programme Agreement"), the Dealers have represented, warranted and agreed that they will comply with all laws applicable to offers and sales of Notes and for distribution of this Offering Circular or any other offering material by the Dealers, and they will not directly or indirectly offer, sell, or deliver Notes or distribute or publish this Offering Circular or any other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. The Notes may only be offered or sold by the Issuer through the Dealers pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). The Dealers have represented that neither they nor any of their affiliates and representatives have engaged or will engage in any directed selling efforts in the United States with respect to the Notes, and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the Unites States or to, or for the account or benefit of, U.S. persons as part of their distribution at any time. Terms used above have the meanings given to them by Regulation S under the Securities Act."

If a Note, Receipt or Coupon is held for the account or benefit of U.S. persons (as defined in Regulation S. under the U.S. Securities Act of 1933, as amended) or, for so long as any of the Notes are represented by a Global Note, any person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of Notes, holds such interest for the account or benefit of U.S. persons, the Issuer may give notice to the holder(s) of the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the holder of the relevant particular, nominal amount of Notes) that it requires the relevant Note, Receipt and/or Coupon (and/or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes), as the case may be, to be transferred provided however that the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the relevant particular interest in the nominal amount of Notes) may not be transferred to, or for the account or benefit of, U.S. persons. The relevant holder(s) of the Note, Receipt or Coupon (or, in the case of a Global Note, the relevant holder of the particular interest in the nominal amount of Notes) shall be obligated to make the transfer referred to in the notice referred to in this paragraph within 30 days after receipt of such notice if the relevant Note, Receipt or Coupon (or, in the case of a Global Note, the relevant particular nominal amount of Notes) is held for the account or benefit of U.S. persons.

Mexico

The Notes may not be publicly offered or traded in Mexico unless the same are offered or traded pursuant to the provisions of Article 8 of the LMV and regulations issued thereunder. The information contained in this Offering Circular is solely Azteca's responsibility and has not been reviewed or authorised by the CNBV. The terms of the offering have been notified to the CNBV for information purposes only which does not constitute a certification as to the investment quality of the Notes or of Azteca's solvency.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(iv) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(v) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (v) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on

the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

This Offering Circular has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this Offering Circular may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that he is aware of the restriction on offers of the securities described in this Offering Circular and the relevant offering documents and that he is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

Singapore

This Offering Circular has not been and will not be lodged or registered with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase of the securities may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person as defined under Section 275(2), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor as defined under Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Offer Shares under Section 275 of the SFA except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units

of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

(ii) where no consideration is given for the transfer; or

(iii) where the transfer is by operation of law.

Switzerland

This Offering Circular as well as any other material relating to the securities which are the subject of the offering contemplated by this Offering Circular (the "Securities") does not constitute an issue prospectus pursuant to Articles 652a and/or 1156 of the Swiss Code of Obligations. The Securities will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the Securities, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The Securities are being offered in Switzerland by way of a private placement, i.e. to a small number of selected investors only, without any public offer and only to investors who do not purchase the Securities with the intention to distribute them to the public. The investors will be individually approached by the Issuer from time to time. This Offering Circular as well as any other material relating to the Securities is personal and confidential and does not constitute an offer to any other person. This Offering Circular may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without express consent of the Issuer. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

TAXATION

This summary is general information only. Prospective purchasers of Notes should consult their tax advisors as to the Mexican or other tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any foreign, state or local tax laws to which they are subject.

Mexican Taxation

This summary of certain Mexican tax considerations deals only with holders of the Notes that are not residents of Mexico for Mexican tax purposes and that do not conduct a trade or business through a permanent establishment in Mexico (a "Foreign Holder"). For purposes of Mexican taxation, an individual is a resident of Mexico if he has established his domicile in Mexico, unless he has another domicile in a foreign country and his personal and economic relations (centre of vital interest) are not in Mexico (except for Mexican public officers or governmental employees). Under the Mexican Tax Code (*Código Fiscal de la Federación*) (the "MTC"), the centre of vital interest of an individual is deemed to be located in Mexico if: (i) the source of wealth of more than 50% of the total income obtained by the individual in a calendar year comes from Mexico, or (ii) the individual's principal place of business is located within Mexican territory. An individual of Mexican nationality is presumed to be a resident of Mexico for tax purposes unless such person demonstrates otherwise. A legal entity is a resident of Mexico if its main administration or effective management is located in Mexico. If a non- Mexican tax resident has a permanent establishment (*i.e.*, a place of business) in Mexico, such permanent establishment shall be required to pay taxes in Mexico on taxable income attributable to such permanent establishment in accordance with relevant Mexican tax provisions.

Taxation of Interest and Principal

Under the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*) (the "MITL"), payments of interest made by the Issuer or any Guarantor in respect of the Notes (including payments of principal in excess of the issue price of such Notes, which, under Mexican law, are deemed to be interest) to a Foreign Holder will generally be subject to Mexican Income Tax (the "Withholding Tax") assessed at a rate of 4.9% if (i) the relevant Notes are placed among the public-at-large or (ii) the Notes are placed, through banks or brokerage houses, in a country which has entered into a treaty to avoid double taxation with Mexico and provided that (x) the notice set forth in Article 7, paragraph two, of the LMV has been filed with the CNBV describing the most relevant terms and conditions of the offer of the Notes (the "CNBV Notice") and (y) the relevant requirements set forth by the Mexican Tax Administration Service (*Servicio de Administración Tributaria)* (the "SAT") through general rules (the "Rules") are complied with.

The requirements established by the SAT are as follows: (i) the Issuer must file before the SAT a copy of the CNBV Notice, (ii) the Issuer must file before the SAT within the first 15 business days after the placement date of the Notes, a tax notice describing certain tax information relating to the Issuer and financial information relating to the Notes; (iii) the Issuer must file before the SAT within the first 15 business days of each July, October, January and April of the following year, information regarding the amount of interest paid on the Notes and the date of such payment, and a statement representing that the persons or entities referred to in sections (x) and (y) below are not the effective beneficiaries of 5.0% or more of the aggregate amount of each such interest payment, and (iv) the Issuer maintains such notices and records required by the Rules. The Issuer and each Guarantor expects that such requirements will be met. If the requirements under such Rules are not complied with, withholding tax on the payment of interest on the Notes will be assessed at a rate of 10% for holders other than parties related to the Issuer or the relevant Guarantor, as the case may be, as defined above, in which case payments of interest will be assessed at a rate of 30%. The Rules, together with other tax regulations, are enacted on an annual basis, and therefore, no assurances can be given that the Rules will be extended or that equivalent Rules will be enacted.

The withholding tax rates of 4.9% and 10% above mentioned will not be applicable if the effective beneficiaries receive, either directly or indirectly, individually or in conjunction with related parties, more than 5% of the interest derived from the Notes and such beneficiaries are: (x) shareholders of the Issuer or the relevant Guarantor, as the case may be, that own, directly or indirectly, individually or collectively, with related persons more than ten percent (10%) of the Issuer's or the relevant Guarantor's, as the case may be, voting stock or (y) corporations more than twenty percent (20%) of the stock of which is owned, directly or indirectly, individually or collectively, with related persons of the Issuer or the relevant Guarantor, as the case may be. For such purposes,

parties are considered to be related parties when one of them holds interest in the business of the other, when they have common interests, or when a third person has an interest in their business or assets. In this case, the interest will be subject to Withholding Tax at a general tax rate of 30%.

Payments of interest made by the Issuer or any Guarantor with respect to the Notes to non-Mexican pension or retirement funds will be exempt from Mexican withholding taxes, *provided* that any such fund (i) is the effective beneficiary of the interest, (ii) is duly incorporated pursuant to the laws of its country of origin (regardless of the type of organisation), (iii) is exempt from income tax in such country, and (iv) is registered at the Registry of Foreign Banks, Financing Entities, Pension, Retirement Funds and Investment Funds in accordance with the Rules issued by the SAT.

The Issuer and the Guarantors have agreed, subject to specified exceptions and limitations, to pay additional amounts to the holders of the Notes in respect of the Withholding Tax mentioned above.

Under existing Mexican law and regulations, a Foreign Holder will not be subject to any Mexican taxes in respect of payments of principal made by the Issuer or any Guarantor with respect to the Notes (except to the extent such payments of principal are in excess of the issue price of the Notes).

Taxation of Dispositions of Notes

Payments in excess of the issue price of the Notes resulting from the sale made by Foreign Holders of the Notes, are deemed to be interest for Mexican tax purposes to the extent the purchaser of the Notes is a Mexican resident or a foreign resident with a permanent establishment in Mexico. The corresponding withholding tax rate would depend on the beneficial owner of the gain. In addition, purchases of the Notes by a non-Mexican tax resident below par value may be subject to Withholding Tax if the seller of the Notes is either a Mexican individual or a Mexican company.

Transfer and Other Taxes

There are no Mexican stamp, registration of similar taxes payable by a Foreign Holder in connection with the purchase, ownership or disposition of any Notes. A Foreign Holder of Notes will not be liable for Mexican estate, gift, inheritance or similar tax with respect to the Notes.

Payments of Interest

The European Union has adopted an EC Council Directive 2003/48/EC (the "Directive") regarding the taxation of savings income. The Directive requires member states of the European Union ("Member States") to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person to or collected for an individual or to certain other persons in another Member State, except that Luxembourg and Austria are instead required to impose a withholding system for a transitional period unless during such period they elect otherwise. A number of third countries and territories including Switzerland have adopted similar measures to those required by the Directive. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain dependent or associated territories in relation to payments made by a person in a Member State to or collected for an individual or certain other persons in such a territory.

On November 13, 2008, the European Commission published a proposal for amendments to the Directive, which included a number of changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved a version of this proposal on April 24, 2009. Investors who are in any doubt as to their position should contact their professional advisers.

SUBSCRIPTION AND SALE

Pursuant to the Programme Agreement, the Dealers have established with the Issuer a basis upon which they may, from time to time, agree to purchase the Notes for an indefinite period of time under the Programme. Certain additional dealers may, from time to time, enter into a dealer accession agreement with the Issuer in order to become a Dealer and purchase Notes, from time to time, in accordance with the terms and conditions of the Programme Agreement. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain expenses in connection with the establishment of the Programme, and the issuance of each Series of Notes under the Programme. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes, including liabilities under the Securities Act.

The Notes have not been, and will not be, registered under the Securities Act and may not be offered or sold to U.S persons (as defined in Regulation S). If the Issuer becomes aware that any Notes are held by U.S persons it shall require such U.S. persons to immediately transfer such Notes to non-U.S. persons.

The Notes may not be publicly offered or traded in Mexico unless the same are offered or traded pursuant to the provisions of Article 8 of the LMV and regulations issued thereunder. The information contained in this Offering Circular is solely Azteca's responsibility and has not been reviewed or authorised by the CNBV. The terms of the offering have been notified to the CNBV for information purposes only which does not constitute a certification as to the investment quality of the Notes or of Azteca's solvency.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular, nor any other offering material or advertisement in connection with the Notes, may be distributed or published in, or from, any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

AVAILABLE INFORMATION

For so long as Notes are listed on the Global Exchange Market of the Irish Stock Exchange, copies of the following items will be available in physical form at TV Azteca, S.A.B. de C.V., Periférico Sur 4121, Col. Fuentes del Pedregal Mexico, DF 14141:

- this Offering Circular and each supplemental offering circular;
- the constitutional documents of the Issuer;
- consolidated audited financial statements of the Issuer and its subsidiaries in respect of the financial periods ended December 31, 2008, December 31, 2009 and December 31, 2010, in each case together with the audit reports prepared in connection therewith;
- consolidated unaudited interim financial statements of the Issuer and its subsidiaries in respect of the financial periods ended March 31, 2010 and March 31, 2011;
- the most recently published audited consolidated financial statements (if any) of the Issuer and its subsidiaries, in each case together with any audit reports prepared in connection therewith;
- the most recently published unaudited interim financial statements (if any) of the Issuer and its subsidiaries, in each case together with any review reports prepared in connection therewith;
- a copy of the trust deed and agency agreement governing Notes; and
- any other documents relating to the offering of Notes referred to herein.

LISTING AND GENERAL INFORMATION

The Issuer and the Guarantors, having made all reasonable inquiries, confirm that the information contained in this Offering Circular which is material in the context of the offering of Notes is true and accurate in all material respects and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

Since December 31, 2010, there has been no significant change in the financial or trading position of the Issuer or the Issuer and its consolidated subsidiaries (including each of the Guarantors) (the "Issuer's Group") and there has been no material adverse change in the financial position or prospects of the Issuer or the Issuer's Group which is not otherwise disclosed in this Offering Circular or any supplemental offering circular.

Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable supplemental offering circular. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms. The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B–1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L–1855 Luxembourg.

Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List of the Irish Stock Exchange and trading on the Global Exchange Market.

Azteca estimates that it will incur approximately 5,000 euros in costs related to the admission to trading of Notes on the Irish Stock Exchange.

Except as disclosed in this Offering Circular, on the date of this Offering Circular neither the Issuer, the Guarantors nor their respective subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Guarantors or their respective subsidiaries.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer or Dealers at the time of issue in accordance with prevailing market conditions.

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issuance of Notes.

Azteca's consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010 were audited by Salles, whose address is Periférico Sur 4348, Colonia Jardines del Pedregal, C.P. 04500, Mexico, D.F.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN MEXICAN FINANCIAL REPORTING STANDARDS ("MFRS") AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Azteca's financial statements are prepared and presented in accordance with MFRS issued by the Mexican Board for Research and Development of Financial Reporting Standards, or CINIF for its acronym in Spanish. Certain differences exist between MFRS and IFRS, which might be material to the financial information contained herein. The following summarizes certain differences between MFRS and IFRS that may be material. Azteca has not prepared a reconciliation of Azteca's consolidated financial statements and related footnote disclosures appearing in this offering memorandum, from MFRS to IFRS, nor has Azteca quantified any of the differences mentioned below or any others that may exist. Accordingly, Azteca provides no assurance that the following summary of differences between MFRS and IFRS is complete. If Azteca was to prepare a quantitative reconciliation, additional differences could arise. In making an investment decision, investors must rely upon their own examination of Azteca, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between MFRS and IFRS, and how those differences might affect the financial information herein.

Accounting for the effects of inflation

MFRS

Through December 31, 2007, MFRS required that the effects of inflation be recorded in financial information and that financial statements be restated to constant Mexican pesos as of the latest balance sheet date presented. Beginning January 1, 2008, MFRS modified the accounting for the recognition of the effects of inflation and defines two economic environments: (i) an "inflationary environment," where the cumulative inflation of the three preceding years is 26.0% or more, in which case the effects of inflation should be

recognized using the comprehensive method; and (ii) a "non-inflationary environment," where the cumulative inflation of the three preceding years is less than 26.0%, in which case no inflationary effects should be recognized in the financial statements.

IFRS

Under IFRS, companies are generally required to prepare financial statements using historical cost, whereby amounts are not subsequently adjusted for inflation except when the entity operates in a hyperinflationary environment, generally defined under IFRS as comprehensive inflation over the three-preceding years of greater than 100%.

Additionally, IFRS 1, First-time Adoption of International Financial Reporting Standards, is the standard applied by entities adopting IFRS for the first time, and allows for certain optional exemptions from retrospective application of its standards, for instance, with respect to the measurement of items of property, plant and equipment and the possible consideration of indexation previously included in the value of such assets or the fair value of the asset at a specified date.

Inventories

MFRS

MFRS allows for the use of the direct inventory costing method, which excludes fixed overhead costs from the value of inventory. Additionally, inventories are measured at the lower of cost or market (i.e., current replacement cost) except that market should not exceed net realizable value (defined as the estimated selling price in the ordinary course of business less costs of disposal) or be less than net realizable value reduced by an allowance for a normal profit margin. Finally, MFRS permits the use of the last-in-first-out method to assign costs to inventory. Effective January 1, 2011, these differences as discussed below have been eliminated.

IFRS

IFRS requires the use of the full absorption inventory costing method, which requires the inclusion of all fixed overhead costs in the value of inventory. Additionally, inventories are measured at the lower of cost or net

realizable value (defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs). IFRS does not contemplate the concept of reducing net realizable value to allow for a normal profit margin. Finally, use of the last-in-first-out method to assign costs to inventory is prohibited.

Depreciation of Property, Plant and Equipment

MFRS

MFRS requires the depreciation of property, plant and equipment using a systematic allocation of the cost of the asset, excluding its residual value, if any, over its useful life. No explicit requirement exists to use a component approach with respect to determining the useful lives of fixed assets or to review residual values, useful lives, or depreciation method at each balance sheet date. Effective January 1, 2011 MFRS have converged with IFRS on property, plant and equipment, except for the component approach discussed below, whose effective date is January 1, 2012.

IFRS

IFRS explicitly requires entities to follow a component approach with respect to property, plant and equipment, when the cost of a separate component of the asset has is significant in relation to the cost of the asset as a whole and when such component has a useful life different from the other components of that asset. IFRS also requires that the residual value, useful life and depreciation method of fixed assets be reviewed at least at each financial year-end. Additionally, IFRS 1 allows for certain optional exemptions from retrospective application of other IFRS, for instance, as it relates to the measurement of an item of property, plant and equipment at the date of transition to IFRS at its fair value.

Valuation of Property, Plant and Equipment

MFRS

MFRS require that investments in property, plant and equipment shall be valued at historical cost.

IFRS

IFRS contains an accounting policy choice, permitting property, plant and equipment to be recognized at either historical cost or fair value (cost model or revaluation model).

Capitalization of comprehensive financing cost

MFRS

MFRS requires comprehensive financing cost to be capitalized on qualifying assets, which are assets that require a period of time to be ready for their intended use. Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses and monetary gain or loss related to financial liabilities stemming from inflationary effects.

IFRS

Under IFRS, borrowing costs must be capitalized for qualifying assets. Borrowing costs may include interest on bank overdrafts and short-term and long-term borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings, finance charges in respect of finance leases recognized, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest costs (i.e. the foreign exchange difference capitalized should not exceed the difference between the interest rates on local and outside-market borrowings).

Business Acquisitions

MFRS

MFRS requires that when consideration paid in a business acquisition is lower than the fair value of the identifiable assets acquired and liabilities assumed, a subsequent review must be performed of the values assigned to such assets and liabilities. If after such review, an excess persists, the acquired long-term non- monetary assets should be reduced by such excess, until they reach a value of zero, at which such point, any remaining excess shall be recognized as a gain within results as a non-ordinary item.

In addition, MRFS do not permit the recognition of a contingent liability acquired in a business acquisition when an outflow of resources is not likely to occur.

IFRS

IFRS also require the acquirer to reassess the value of acquired assets and assumed liabilities when consideration paid in a business combination is lower than the fair value of such assets and liabilities. While the entity shall recognize at fair value, any additional assets or liabilities identified in such review, it shall not decrease the value of any non-monetary assets, assuming the original estimate of their fair value was accurate. Any existing excess shall be recognized as a gain in the statement of income as of the acquisition date.

IFRS states that contingent liabilities acquired in a business acquisition shall be recognized if present obligation arising from past events exists and the fair value of the contingency can be measured reliably, even though an outflow of resources reporting economic benefits is not probable.

Consolidation criteria

MFRS and IFRS

Under IFRS and MFRS, an entity is required to consolidate subsidiaries over which it has established control, which is defined as the ability to govern the operating and financial policies so as to obtain benefits from the entity's activities. Thus, the basis for consolidating an entity depends on governance and risks and rewards. Control is presumed to exist when an entity directly or indirectly holds more than half of the voting common stock of the subsidiary, considering currently exercisable or convertible potential voting rights. However, control can also exist despite not holding more than half of voting stock when other factors are present that demonstrate the entity's ability to control based on an assessment of corporate governance and economic risk and benefits.

Under MFRS, the term "minority interest" was changed to "non-controlling interest" in 2009.

Associated companies

MFRS

MFRS requires entities to apply the equity method of accounting over investments in which the investor is able to exercise significant influence. Significant influence is presumed to occur when the investor holds between

10% and 50% of the investee, unless the contrary is demonstrated. Significant influence can also be demonstrated with a holding of less than 10% if a specific set of requirements is fulfilled.

IFRS

IFRS as well establishes that investments in associates should be accounted for using the equity method of accounting when significant influence exists. However, significant influence is presumed to exist when the entity hold 20% - 50% of the investee, unless it can be clearly demonstrated that such investment does not constitute significant influence. As well, investments of less than 20% can be accounted for using the equity method of accounting if the ability to exercise significant influence can be clearly demonstrated.

Under IFRS, entities must consider both shares held as well as potential voting rights that are currently exercisable.

Fair value of financial instruments

MFRS

MFRS defines fair value as the amount an interested and informed market participant would be willing to exchange for the purchase or sale of an asset or to assume or settle a liability in a free market. As such, this definition can result in the use of either an entry or an exit price. An entity's own credit risk is not considered in the valuation of financial instruments.

IFRS

Under IFRS, the objective of determining fair value for a financial instrument that is traded in an active market is to arrive at the price at which a transaction would occur at the balance sheet date in that instrument (i.e., without modifying or repackaging the instrument) in the most advantageous active market to which the entity has immediate access. As such, assets are valued on the basis of an "in exchange" valuation premise; the fair value of a liability is determined on the basis of settlement of the liability. As well, fair value measurements should incorporate the bid price for assets and the asking price for liabilities and the midpoint of the bid-ask spread for offsetting market risk positions.

Labor obligations

MFRS

Liabilities and costs related to pension plans, seniority premiums and severance payments are accounted in a similar manner under IFRS. The primary difference is that MFRS does not require recognition of the over-or under-funded status of a defined postretirement plan for which reason unrecognized items do not form part of the labor obligation liability until the amounts are amortized to such liability over future years.

IFRS

IFRS requires the recognition of a provision only when an entity has a present obligation as a result of a past event and certain other conditions are met. Accordingly, while IFRS contemplates recognition of liabilities and costs related to pension plans and seniority premiums in a manner similar to that of MFRS, that the obligation for employee termination liabilities (severance payments) occurs on the date on which the labor relationship with the employee is terminated, for which reason, employee termination liabilities are generally not accrued over the service period of the employee, but rather recognized on the date of termination.

Deferred income tax and statutory employee profit sharing

MFRS

MFRS is similar to IFRS and U.S. GAAP with respect to accounting for deferred income taxes in that an asset and liability approach is required. Under this approach, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as the recognition of operating loss and tax credit carryforwards. These temporary differences are measured using enacted tax rates expected to apply to taxable income in the years in which such temporary differences are expected to be recovered or settled. Under MFRS, (i) any deferred tax assets recorded must be reduced by a valuation allowance if it is "highly probable" that all or a portion of the deferred tax asset will not be realized and (ii) the net deferred income tax asset or liability is presented as a long-term asset or liability.

In addition, during 2007, the Mexican tax authorities issued a new Business Flat Tax or IETU. For MFRS purposes, companies must determine whether they will be subject to regular income tax or IETU in the future and recognize the deferred income tax accordingly. Therefore, deferred taxes are calculated by scheduling the

reversal of temporary differences under each tax regime and applying either the income tax or IETU rate to such temporary differences, based on what the entity expects to pay in each period. If, based on its projections, a company determines that it will be subject to both IETU and ISR in the future, it is required to schedule out the reversal of temporary differences under each tax regime and record the amount that represents the larger liability or the smaller benefit.

Under MFRS, through 2007, deferred employee profit sharing was recognized based on timing differences arising from the reconciliation between accounting and taxable income for employee profit sharing purposes.

Effective January 1, 2008, MFRS was modified such that it now requires a balance sheet methodology for determining deferred employee profit sharing, similar to that used for deferred income taxes.

Finally, during 2009, the Mexican tax authorities enacted various tax reforms that included, among other changes, changes in tax rates and other changes with respect to the consolidation tax regime, such changes to become effective in 2010. MFRS issued an interpretation specifically addressing the accounting for these tax changes enacted in 2009, indicating that certain effects could be recognized directly through retained earnings, as opposed to affecting results of 2009.

MFRS allows the recognition of a net statutory employee profit sharing asset.

IFRS

While the accounting for deferred income taxes is similar under MFRS, IFRS includes certain exceptions to the recognition of a deferred tax asset or liability for taxable or deductible temporary differences. One such exception includes the first-time recognition of an asset or liability in a transaction not deemed as a business combination and for which at the time of the transaction, recognition of the asset or liability does not affect either accounting or tax profit or loss. In such situations, the related deferred tax asset or liability must not be recognized for financial reporting purposes.

Additionally, with respect to goodwill, IFRS do not permit the recognition of a deferred tax liability related to goodwill even though a taxable temporary difference exists. IFRS considers that goodwill is

not frequently deductible in determining the entity's taxable income, whether by impairment of the goodwill carrying value or when goodwill is cancelled upon the sale of business originating such goodwill.

In addition, with respect to IETU, similar to MFRS, companies must determine whether they will be subject to regular income tax or IETU in the future based on company projections, and accordingly recognize deferred taxes based on the tax they expect to pay in each period. However, if a company's projections indicate that it will be subject to both IETU and ISR in the future, IFRS require the entity to schedule out the reversal of temporary differences for both ISR and IETU, by year, and recognize a corresponding deferred tax asset or liability accordingly. This approach results in the recognition of a deferred tax asset or liability that includes both income tax and IETU effects.

With respect to the Mexican income tax reforms enacted in 2009, IFRS would require that any and all changes resulting from application of the tax reforms be recorded through income tax expense in profit or loss of 2009, rather than the special treatment through retained earnings as permitted by MFRS.

Both MFRS and IFRS require deferred income taxes to be classified as long-term.

Finally, IFRS does not contemplate the recognition of deferred statutory employee profit sharing.

Impairment of long-lived assets other than goodwill

MFRS

MFRS requires long-lived assets with definite lives, such as property, machinery and equipment, including certain intangible assets, be evaluated periodically in order to determine whether there is an indication of potential impairment. When impairment indicators exist, an impairment loss is recognized based on the recoverable amount

of the asset. The recoverable amount of the asset is the greater of the net selling price of the asset and its value in use, which such value is determined based on recognized valuation techniques, such as discounted future net cash flows.

In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

IFRS

Under IFRS an impairment loss is measured as the excess of an asset's carrying amount over its recoverable amount. Recoverable amount is defined as the higher of an asset's fair value less costs to sell (i.e. net sale proceeds) and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The value in use involves discounting the expected future cash flows to be generated by the asset to their net present value.

Impairment of goodwill

MFRS

The determination of impairment of goodwill under MFRS is a one-step test which compares the carrying value of goodwill to its recoverable value. Recoverable value is the greater of net selling price of the asset, if obtainable, and its value in use. Value in use is determined based on recognized valuation techniques, including discounted future net cash flows. Goodwill impairments can be reversed under certain circumstances.

IFRS

Under IFRS, impairment of goodwill is measured at the cash-generating unit level, or the smallest group of assets that includes the asset and that generates cash inflows from continuing use that are largely independent of the cash inflows from other asset groups or groups of assets. The carrying value of the cash-generating unit is compared to its recoverable amount to determine an impairment loss, if one exists. Goodwill impairments may not be reversed.

Statement of changes in financial position

MFRS

Through December 31, 2007, MFRS required the presentation of a statement of changes in financial position, which presented sources and uses of resources, determined based on the change in assets and liabilities in the balance sheet in constant pesos, regardless of whether such changes stemmed from cash or non-cash transactions.

Beginning January 1, 2008, new MFRS standards require the presentation of a cash flow statement, using either the direct or indirect method, presented in nominal pesos. A statement of cash flows presents cash inflows and outflows stemming from operating, investing and financing activities of a company on a gross basis.

IFRS

IFRS require a statement of cash flows describing the cash flows provided by or used in operating, investing and financing activities, similar to that presented under MFRS beginning January 1, 2008. Non-cash transactions are excluded from the statement of cash flows. Under IFRS, the statement of cash flows generally begins with pre-tax net income; optional presentations of interest exist under IFRS.

Other income and expense

Under MFRS, other income (expense) includes items which have been excluded from the determination of operating income under MFRS. Certain items included therein, such as employee profit sharing and other labor costs and gains and losses on the sale of fixed assets, must be included as part of operating income (loss) for IFRS purposes.

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Consolidated Financial Statements and Independent Auditor’s Report

TV Azteca, S.A.B. de C.V. and subsidiaries (Subsidiary of Azteca Holdings, S.A. de C.V.)

December 31, 2010 and 2009

(Translation of the independent auditors’ report and the financial statements originally issued in Spanish)

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Salles Sainz

Grant Thornton

Independent auditors' report

(Translation of the independent auditors' report originally issued in Spanish)

(See note 1 to the consolidated financial statements)

The stockholders of
TV Azteca, S.A.B. de C.V. and subsidiaries
(Subsidiary of Azteca Holdings, S.A. de C.V.)

We have audited the consolidated balance sheets of TV Azteca, S.A.B. de C.V. and subsidiaries (a Subsidiary of Azteca Holdings, S.A. de C.V.) as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements as of and for the years ended December 31, 2010 and 2009 of some foreign subsidiaries, whose assets, liabilities, and income represent 0.57%, 0.29%, 2.84% and 0.50%, 0.38% and 1.33%, respectively, of the total consolidated amounts, were audited by other independent auditors. In connection with the amounts included from those consolidated amounts, our opinion is based only on the opinion of those independent auditors.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and that they are prepared in accordance with financial reporting standards applicable in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the opinion of the other auditors discussed in the first paragraph above, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TV Azteca, S.A.B. de C.V. and subsidiaries (a Subsidiary of Azteca Holdings, S.A. de C.V.) as of December 31, 2010 and 2009, and the results of their operations, changes in stockholders' equity and cash flows, for the years then ended, in conformity with financial reporting standards applicable in Mexico.

SALLES, SAINZ – GRANT THORNTON, S.C.

C.P.C. Enrique Andrade Gutierrez

Mexico City, Mexico
February 24, 2011

ESR EMPRESA SOCIALMENTE RESPONSABLE

Contadores y Consultores de Negocios
Miembro de Grant Thornton International Ltd

Consolidated Balance Sheets

As of December 31, 2010 and 2009
(Stated in thousands of Mexican pesos)

		2010		2009
Assets				
Current				
Cash and cash equivalents (Notes 5f and 6)	$	**5,002,401**	$	3,885,919
Accounts receivables (Notes 5g, 5y and 7)		**4,866,388**		4,636,264
Related parties (Note 12)		**252,854**		592,437
Performance rights (Note 5h)		**1,404,532**		1,833,152
Inventories (Note 5i)		**170,371**		305,187
Total current assets		**11,696,546**		11,252,959
Non-current				
Note receivable from Southern California TV LLC (before Pappas Telecasting Companies) (Note 10)		**1,927,283**		1,576,851
Performance rights (Note 5h)		**865,093**		203,684
Property and equipment, net (Notes 5j, 5q and 8)		**3,122,922**		3,049,432
Television Concessions, net (Notes 5k and 5q)		**4,756,091**		4,648,476
Other assets (Note 10)		**587,760**		753,595
Investments in stock (Notes 4n and 8)		**493,809**		648,134
Goodwill, net (Notes 5p and 5q)		**19,397**		159,062
Deferred income tax (Notes 5t, 19 and 20)		**4,428,888**		3,806,369
Total assets	$	**27,897,789**	$	26,098,562
Liabilities				
Short-term				
Bank loans (Note 13)	$	**1,769,201**	$	1,607,261
Performance rights (Note 5h)		**124,278**		239,753
Accounts payable and accrued expenses.		**2,131,530**		2,383,891
Related parties (Note 12)		**213,714**		191,152
Total short-term liabilities		**4,238,723**		4,422,057
Long-term:				
Stock exchange certificates (Note 13)		**5,944,446**		6,000,000
Loans from American Tower Corporation -ATC- (Note13)		**1,479,785**		1,563,803
Bank loans (Note 13)		**266,331**		-
Advances from advertisers (Nota 5s)		**4,400,646**		4,604,817
Deferred income tax (Notes 5t, 19 and 20)		**3,549,837**		3,378,333
Total long-term liabilities		**15,641,045**		15,546,953
Stockholders' equity (Note 15)				
Controlling interest				
Capital stock		**768,586**		761,083
Premium on stock issued		**148,651**		3,901
Legal reserve		**169,571**		169,571
Reserve for stock repurchases		**1,443,828**		1,581,380
Retained earnings		**5,623,483**		3,633,707
Cumulative translation effect		**(236,167)**		(23,337)
Controlling interest		**7,917,952**		6,126,305
Non-controlling interest		**100,069**		3,247
Total stockholders' equity		**8,018,021**		6,129,552
Total liabilities and stockholders' equity	$	**27,897,789**	$	26,098,562

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

Consolidated statements of income

For the years ended December 31, 2010 and 2009
(Stated in thousands of Mexican pesos)

	2010	2009
Net sales (Note 5y)	**$ 11,553,905**	$ 9,967,881
Cost of programming, production, and broadcasting	**5,645,575**	4,760,976
Selling and administrative expenses	**1,184,934**	1,084,455
Total costs and expenses	**6,830,509**	5,845,431
Operating income before depreciation and amortization	**4,723,396**	4,122,450
Depreciation and amortization (Notes 5j and 8)	**527,789**	509,049
Operating income	**4,195,607**	3,613,401
Other expenses, net (Nota 23)	**(620,859)**	(1,222,312)
Comprehensive gain or loss on financing:		
Interest paid	**(866,217)**	(876,004)
Other financial expenses	**(115,588)**	(65,171)
Interest earned	**108,519**	67,745
Exchange gain, net (Notes 5r and 14)	**105,722**	24,632
	(767,564)	(848,798)
Income before taxes on earnings	**2,807,184**	1,542,291
Taxes on earnings (Notes 5t, 17, 18 and 20)	**(488,886)**	(140,279)
Net income for the year	**$ 2,318,298**	$ 1,402,012
Income attributable to non-controlling interest	**$ 876**	$ 1,410
Income applicable to holding company equity	**2,317,422**	1,400,602
	$ 2,318,298	$ 1,402,012
Net earnings per common share (Nota 5aa)	**$ 0.2570**	$ 0.1604
Diluted net earnings per common share (Nota 5aa)	**$ 0.2197**	$ 0.1328

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

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2010 and 2009

(Stated in thousands of Mexican pesos)

	Number of shares paid (thousands)	Capital stock	Premium on stock issued	Legal reserve	Reserve for stock repurchases	Retained earnings	Cumulative translation effect	Controlling interest	Non-controlling interest	Total
Balances as of December 31, 2008	8,749,495	759,841	3,901	169,571	1,529,268	2,497,218	28,247	4,988,046	1,837	4,989,883
Net income for the year	-	-	-	-	-	1,400,602	-	1,400,602	1,410	1,402,012
2010 Tax Reform (Deferred Income Tax) (Note 19)	-	-	-	-	-	(248,560)	-	(248,560)	-	(248,560)
Cumulative translation effect (Note 5b)	-	-	-	-	-	-	(51,584)	(51,584)	-	(51,584)
Comprehensive income (Note 5bb)	-	-	-	-	-	1,152,042	(51,584)	1,100,458	1,410	1,101,868
Preferred dividends paid (Note 15b)	-	-	-	-	-	(15,553)	-	(15,553)	-	(15,553)
Sale of treasury stock (Note 15c)	101,043	7,508	-	-	200,732	-	-	208,240	-	208,240
Stock repurchase (Nota 15c)	(84,347)	(6,266)	-	-	(148,620)	-	-	(154,886)	-	(154,886)
Balances as of December 31, 2009	8,766,191	$ 761,083	$ 3,901	$ 169,571	$ 1,581,380	$ 3,633,707	$ (23,337)	$ 6,126,305	$ 3,247	$ 6,129,552
Net income for the year						**2,317,422**		2,317,422	**876**	**2,318,298**
2010 Tax Reform (Deferred Income Tax) (Note 19)								-		**-**
Cumulative translation effect (Note 5b)							**(212,830)**	(212,830)		**(212,830)**
Comprehensive income (Note 5bb)	**-**	**-**	**-**	**-**	**-**	**2,317,422**	**(212,830)**	**2,104,592**	**876**	**2,105,468**
Preferred dividends paid (Note 15b)						**(15,590)**		(15,590)		**(15,590)**
Capital repayments (Notas 15b)		**(9,944)**				**(312,056)**		(322,000)		**(322,000)**
Sale of treasury stock (Note 15c)	**14,940**	**1,109**			**36,254**			37,363		**37,363**
Stock repurchase (Note 15c)	**(72,839)**	**(5,388)**			**(173,806)**			(179,194)		**(179,194)**
Stock options exercised	**292,404**	**21,726**	**144,750**					166,476		**166,476**
Non-controlling interest									95,946	**95,946**
Balances as of December 31, 2010	**9,000,696**	**$ 768,586**	**$ 148,651**	**$ 169,571**	**$ 1,443,828**	**$ 5,623,483**	**$ (236,167)**	**$ 7,917,952**	**$ 100,069**	**$ 8,018,021**

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

Consolidated statements of cash flows

For the years ended December 31, 2010 and 2009
(Stated in thousands of Mexican pesos)

	2010	2009
Operating activities:		
Income before taxes on earnings	**$ 2,807,184**	$ 1,542,291
Related parties with investing activities:		
Depreciation and amortization	**527,789**	509,049
Equity in unconsolidated subsidiaries and associates	**38,074**	(13,677)
Provisions and estimates	**176,908**	870,863
Loss on sale of property, furniture and equipment	**127,824**	40,470
Net unrealized foreign exchange gain	**(547,876)**	(22,349)
Goodwill	**139,665**	-
Related parties with financing activities:		
Interest payable	**866,217**	876,004
	4,135,785	3,802,651
Accounts receivable	**(458,662)**	(205,509)
Related parties	**362,145**	(310,346)
Inventories	**134,816**	(99,332)
Performance rights	**(348,264)**	(563,896)
Accounts payable and accrued expenses.	**(527,099)**	(228,218)
Advances from advertisers	**(204,171)**	634,056
Taxes on earnings	**(688,479)**	(338,662)
Other assets	**280,671**	(39,128)
Net cash flows from operating activities	**2,686,742**	2,651,616
Investing activities:		
Acquisitions of property, furniture and equipment	**(643,469)**	(371,627)
Investment in stock of subsidiaries and associates	**(15,000)**	(19,598)
Proceeds from sale of property, furniture and equipment	**65,199**	133,943
Net cash flows from investing activities	**(593,270)**	(257,282)
Financing activities:		
Bank borrowings	**903,393**	-
Bank loans paid, net	**(856,257)**	(436,158)
Interest paid	**(743,791)**	(924,145)
Cumulative translation effect	**(212,830)**	(51,584)
Stock repurchases	**(179,194)**	(154,886)
Sale of treasury stock	**37,363**	208,240
Stock options exercised	**133,180**	-
Capital reimbursements paid	**(139,210)**	(384,446)
Preferred dividends paid	**(15,590)**	(15,553)
Incorporation of the consolidation effect Televisora del Valle de México, S.A. de C.V. (Non-controlling interest)	**95,946**	-
Net cash flows from financing activities	**(976,990)**	(1,758,532)
Increase in cash and cash equivalents	**1,116,482**	635,802
Cash and cash equivalents at beginning of year	**3,885,919**	3,250,117
Cash and cash equivalents at end of year	**$ 5,002,401**	$ 3,885,919

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

(Translation of the notes to the consolidated financial statements originally issued in Spanish)

Notes to the consolidated financial statements

As of December 31, 2010 and 2009

(Stated in thousands of Mexican pesos and thousands of U.S. dollars, except where stated otherwise, as well as values per share and exchange rates)

1 Method of presentation and translation into English:

The accompanying consolidated financial statements were originally issued in Spanish for use in Mexico. They have been translated into English for convenience of users in certain other countries. As indicated in note 3 below, these financial statements have been prepared in accordance with financial reporting standards applicable in Mexico, and certain accounting practices do not conform with generally accepted accounting principles in the United States or other countries.

2 Organization and business:

TV Azteca, S.A.B. de C.V. (the Company) was acquired by its present stockholders in July 1993, upon the executive order of the Mexican Government for the privatization of certain television stations and their respective assets.

The Company and its subsidiary companies mainly broadcast and produce television programs and sell advertising time.

Pursuant to the extraordinary stockholders meeting held on August 19, 2010, the Company's bylaws were amended to conform them to the enacted Securities Market Act. The most relevant amendments are as follows: a) the change of initials Sociedad Anonima de Capital Variable, (S.A. de C. V.) to Sociedad Anónima Bursátil de Capital Variable (S.A.B. de C.V.); b) removal of the concept of statutory auditor; c) exchange of certificates of shares representing the Company's capital stock for final certificates of shares that reflect the amendment made to the Company's bylaws. (See Note 14)

3 Financial Reporting Standards:

The accompanying financial statements that are presented on a consolidated basis have been prepared in accordance with the Financial Reporting Standards (NIF for its Acronym in Spanish) as issued by the Mexican Board for Research and Development of Financial Reporting Standards (CINIF *for its Acronym in Spanish*).

The NIF is comprised of: a) NIF, NIF improvements, NIF interpretations (INIF) and NIF Orientations (ONIF); b) Accounting Principles Bulletins issued by the Mexican Institute of Public Accountants (IMCP for its acronym in Spanish) that have not been modified, replaced or repealed by the NIF; and c) by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that are applicable on a supplementary basis.

Companies issuing securities at the Mexican Stock Exchange must adopt IFRS in 2012. The Company and subsidiaries will adopt the IFRS accordingly.

4 Changes in accounting policies:

The Company has adopted the following NIF and INIF that are applicable from January 1, 2010.

- NIF C-1 “Cash and cash equivalents”
- Improvements to NIF 2010

The significant effects arising from the application of these new pronouncements in 2010, with respect to the valuation, presentation and disclosure are described in note 5 f. An overview of the NIF and INIF issued but which are effective in subsequent years to 2011 are shown in note 26.

5 Significant accounting policies:

The accompanying consolidated financial statements and their notes were authorized to be issued on February 24, 2011, by the Board of Directors. Consequently, they do not reflect events beyond that date.

The General Corporate Law and the bylaws of the Company, grant stockholders the possibility to amend the financial statements after they have been issued. The accompanying financial statements will be submitted to the Ordinary Stockholders’ meeting.

The significant accounting policies adopted by the Company, which comply with Financial Reporting Standards applicable in Mexico, are summarized below:

a Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of TV Azteca, S.A.B. de C.V., and those subsidiaries in which control is exercised by more than 50% of the voting power in such subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

All subsidiaries present their financial information for purposes of consolidation as of December 31, 2010 and 2009.

The assets, liabilities, and income (loss) of the subsidiary Companies are included in or excluded from consolidation as of the date on which those Companies are acquired or up to the date on which the formal plan of their sale was approved.

The main subsidiary companies are itemized below :

Television Azteca, S.A. de C.V.
TV Azteca Comercializadora, S.A. de C.V.
Red Azteca Internacional, S.A. de C.V.
Estudios Azteca, S.A. de C.V.
Comerciacom, S.A. de C.V. (acquired in 2010)
Comercializadora en Medios de Comunicación de TV Azteca, S. A. de C. V. (acquired in 2010)
Azteca Novelas, S.A. de C.V.
Servicios Especializados TAZ, S.A. de C.V.
Producciones Especializadas, S.A. de C.V.
Corporación de Asesoría Técnica y de Producción, S.A. de C.V.
Operadora Mexicana de Television, S.A. de C.V.
Comercialización y Desarrollo Azteca, S.A. de C.V.
Inversora Mexicana de Producción, S.A. de C.V.
Servicios Aéreos Noticiosos, S.A. de C.V.
SCI de México, S.A. de C.V.
Servicios Locales de Producción, S.A. de C.V.
Servicios Foráneos de Administración, S.A. de C.V.
Servicios y Mantenimiento del Futuro en Television, S.A. de C.V.
Lasimex, S.A. de C.V.
Azteca International Corporation (foreign subsidiary)
KAZA Azteca America, Inc. (foreign subsidiary)
TVA Guatemala (foreign subsidiary)
Incotel (foreign subsidiary)
TV Azteca Global, S. L. U. (foreign subsidiary)
Servicios y Mantenimiento del Futuro en Television, S.A. de C.V.
Televisora del Valle de México, S.A. de C.V.

b Translation of financial statements of foreign subsidiary Companies

The Company (reporting entity) and its subsidiaries (foreign operations) originally record their transactions in Mexican pesos, as well as in Guatemalan quetzales and US dollars, respectively.

The functional currency of the reporting entity is the Mexican peso, since sales, costs, and expenses are carried out mainly in that currency. The functional currency of foreign operations the Guatemalan quetzal and the US dollar, since the Company's transactions and financing obtained are carried out and contracted in those currencies.

Foreign operations are carried out in a non-inflationary environment; therefore, the amounts of foreign entities were translated as follow:

- Assets and liabilities were translated at the 2010 and 2009 year-end exchange rate. Balances that comprise stockholders' equity were translated at the historical exchange rates.
- Revenues and expenses were translated at the historical exchange rates.
- The translation effect was recognized as an item of comprehensive income of 2010 and 2009 denominated "cumulative translation effect", and is presented in the statement of changes in stockholders' equity.

c Consolidated statements of income.

The consolidated statements of income of 2010 and 2009 present costs and expenses based on their function, which allows for knowing their gross profit margin. Moreover, depreciation and amortization are presented separately to know operating income before taxes, interest, depreciation, and amortization. Such information is relevant for measuring their profitability.

d Consolidated. statements of cash flows

The Company has decided to present the statement of cash flows using the indirect method, which consists of presenting income or loss before taxes first, and then changes in working capital, investing activities, and finally, financing activities.

e Impact of inflation

Up to December 31, 2007, the Company recognized the impact of inflation comprehensively in the financial information, in accordance with the regulatory provisions of Bulletin B-10 and its Amendments to that date. Effective 2008, recognition of the impact of inflation is suspended based on the fact that the Company is now operating in a non -inflationary environment, in view that the accumulated inflation is less than 26% in the three years prior to the date of the financial statements.

Accumulated annual inflation for the three years prior to 2010 and 2009 was 14.4825% and 15.0127%, respectively.

f Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits in checking accounts and investments available, highly liquid that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

g Barter transactions

Barter operations represent transactions that do not imply any cash flow in which the Company sells advertising time to third or related parties, in exchange for certain assets or services. These transactions are originally recorded at the market value of the assets or services agreed upon in barter contracts in the caption of receivables from advertisers. In the years ended December 31, 2010 and 2009, net income derived from barter transactions amounted to $349,552 and $334,271, respectively.

h Performance rigths

Performance rights represent the right acquired for broadcasting programs and events under license agreements, as well as the cost of internal productions.

Performance rights and obligations are originally recorded as an asset at their cost of acquisition when contracts are signed and the material is available. A liability is recognized on the unpaid part, if applicable. The cost of performance rights is amortized as programs and events are broadcasted.

As of December 31, 2009, the provision for performance rights that will not be used prior to their expiration amounts to $123,605 and was written off against performance rights that expired in 2010

During 2010, the Company wrote off expired performance rights applicable to that year in the amount of $84,430.

As of December 31, 2010 and 2009, the balances of performance rights include internal productions in the amount of $538,317 and $462,839, respectively, as well as advances for performance rights in the amount of $1,602,660 and $703,345, respectively. Effective December 2009, third party rights are amortized at the time they are used which normally occurs in the current month. Performance rights of internal productions are amortized as broadcasted for the first time, except in the case of soap operas, of which 70% are amortized as broadcasted in Mexico, 20% as broadcasted in the United States or over a maximum six-year term, and the remaining 10% as sold in other countries.

The maximum six year amortization period of 20% of the costs of soap operas channeled to the US market reflected the experience and future plans of the Company on that market.

i Inventories and costs

Inventories of merchandise and materials are originally valued at the lower of their acquisition cost or their net realization value. Their cost is determined using the average cost method, and that same method is used to make charges to costs and expenses. The values of these inventories do not exceed their market value.

j Property and equipment

Property and equipment are recorded at cost. Up to December 31, 1996, these assets were stated at their net replacement value, determined based on appraisals performed by independent expert appraisers authorized by the National Banking and Securities Commission. Assets of domestic origin, acquired from 1997 up to

2007, were restated by applying factors derived from the National Consumer Price Index (NCPI) thereto up to December 31, 2007. Up to December 31, 2007, the Company had valued assets of foreign origin by applying the rate of inflation of the country of origin and translated into Mexican pesos by using the market exchange rate published by the Bank of Mexico.

Depreciation is calculated based on the carrying value of fixed assets (at cost for investments made effective 2008, and at restated value for investments made up to December 31, 2007), and by using the straight-line method based on their estimated useful life, by applying the following rates:

- Buildings	3%
- Operating equipment	5% and 16%
- Furniture and office equipment	10%
- Transportation equipment	20%
- Other fixed assets	25%

k Television concessions

The value of television concessions, which are for exclusive use by the Company, was determined based on the excess of the purchase price paid for the Company's assets over their carrying value at the date of privatization.

As a result of the analyses performed, the Company, in conformity with Bulletin C-8 "Intangible Assets", determined that television concessions qualify as indefinite-lived intangible assets; therefore, effective January 1, 2002, amortization of those concessions was suspended.

In complying with the provisions set forth in the Mexican Federal Radio and Television Law and through the Ministry of Communications and Transportation (SCT), on August 25, 2004, all television concessions were extended through certificates of concession renewal for transmission of frequencies, which expire on December 31, 2021.

These certificates of renewal set forth the obligation of implementing land digital technology at television stations in an equal number to analogical stations, in conformity with the standards and policies set forth by the SCT, and in the period, terms and conditions set forth in those certificates of renewal, as part of the transition process of analogous transmissions to those of high definition. That term expires on December 31, 2021. The certificates of renewal include calendars for the implementation described above, which have been complied with by the Company as of December 31, 2010.

l Financial instruments

Bulletin C-2 "Financial Instruments", sets forth the treatment of temporary investments and other contracts that result in a financial asset or liability, in order for all these financial instruments, including derivatives, to be recognized in the balance sheet. Likewise, financial instruments should be recognized in accordance with the substance of the respective contract, by using three classifications (i) trading securities, (ii) available-for-sale securities, and (iii) held-to-maturity securities.

The valuation of trading and available-for-sale securities is determined in accordance with the fair value of the instruments, whereas the valuation of held-to-maturity securities is determined pursuant to their acquisition cost. The effects of changes in valuation at fair value, as well as the amortization of held-to-maturity securities are included in income for the year, within the integral cost of financing.

Derivative financial instruments agreed upon for hedging purposes are valued in accordance with the valuation criterion of the type of asset or liability being hedged, and the changes in valuation are recognized in income for the year, net of costs, expenses or revenue from the assets or liabilities whose risks are being hedged.

m Derivative financial instruments and hedging transactions.

Derivative financial instruments for purpose of trading or hedging exposure to adverse changes in interest rates, are recognized as assets and liabilities at their fair value.

The valuation of trading instruments is recognized in the income statement in the line item of comprehensive gain or loss on financing in the period in which it occurs. Valuation of fair value hedging instruments is recognized immediately in income, netting costs, expenses or income from assets and liabilities whose exposure is being hedged. In cash flow hedge transactions, the ineffective part of changes in fair value of the hedge is recognized immediately in income, whereas the effective part is recognized in equity as part of comprehensive income. Subsequently, it is recycled into the income statement in the period in which the asset, liability or forecasted transaction (hedged primary position) affects income of the period.

Certain derivative financial instruments have not been designated as hedges for accounting purposes, although they are contracted for hedging purposes from an economic perspective. Changes in fair value of those derivatives are recognized in income in comprehensive gain or loss on financing.

The Company has entered into interest rate hedge contracts, which have a one year duration, and are valued at fair value, due to the duration thereof.

n Investments in associated companies

The investment in stock of associated Companies in which significant influence is exercised through voting power of more than 25% in such Associates, are initially valued at the net fair value of assets and liabilities of the Associate at the date of acquisition, and it is changed at every year end by applying the equity method. The equity method consists of adjusting the investment value by applying the proportionate part of the changes in stockholders' equity of those Companies. Equity in earnings (losses) of associated Companies is presented separately in the accompanying consolidated statements of income under Other expenses, net.

All associated Companies have prepared their financial information as the basis to account for the equity method as of December 31, 2010 and 2009 (See Note 9).

o Business acquisitions

Business acquisitions are recognized by using the purchase method. The purchase method requires evaluating that a business is being acquired, identifying the acquirer, determining the date of acquisition, valuing the identifiable assets and liabilities assumed of the acquire business in the initial recognition, as well as non-controlling interest, valuing the consideration at its fair value, and recognizing goodwill acquired or unusually recognizing a purchase at a bargain price.

Goodwill represents the excess of the consideration paid in the acquisition over the amount of the net assets of the business acquired.

When the net assets of the business acquired exceed the value of the consideration paid, those net assets of the business acquired are adjusted in the following order: a) the values of intangible assets; b) the value of property, machinery and equipment by applying the prorated adjustment to assigned values, except for assets available for sale; and c) the value of permanent investments. Once the above assets have been exhausted, the remaining balance, if any, is recognized as a gain on the purchase, as an unordinary item in the statement of income.

The Company acquired two businesses during 2010. The Company did not generate goodwill on these acquisitions.

p Intangible assets, disbursements in preoperating stages and goodwill

Intangible assets relative to deferred costs applicable to the issue of stock exchange certificates, unamortized expenses, preoperating expenses, and goodwill are recognized at cost when acquired. Up to December 31, 2007, those assets were restated by using factors derived from the NCPI. Net values as of December 31, 2010 and 2009 do not exceed their recovery value or value in use.

Intangible assets acquired as well as costs incurred in developing intangible assets are capitalized when future economic benefits are identified and there is evidence that control over such assets is maintained. Expenditures not meeting these requirements are charged to income for the period in which incurred.

Intangible assets with a defined life span are amortized over the period in which future economic benefits are expect to be obtained, by using the straight-line method. Residual value and estimated useful life are reviewed annually.

As of December 31, 2010, goodwill, which consisted of tax benefits not used at that date, was reclassified as part of deferred taxes, where the evaluation of the likelihood of using those benefits is made.

q Long-lived assets impairment assessment

The values of long-lived assets, whether tangible or intangible, including goodwill, are assessed at least once a year or more frequent when certain events or changes in the circumstances indicate that such values may not be recovered. In order to compute the impairment loss, the recoverable value must be determined which is

defined as the greater of the net selling price of a cash generating unit and its value in use, that is determined by the sum of discounted cash flows such unit can generate in the future, at an adequate rate of discount.

As of December 31, 2010 the Company recognized the amount of $ 86,663 for long-lived asset impairment.

r Foreign currency transactions

Foreign currency transactions are accounted for at the prevailing exchange rate at the time they are carried out. Foreign currency assets and liabilities are restated at the applicable year/period end exchange rates. Exchange gains or losses are considered as part of the integral result of financing, within the consolidated statement of income.

s Advances from advertisers

The Company essentially handles two types of advertising advance contracts with its customers. The Plan Azteca (Aztec Plan) generally requires payment in full within four months following the date on which the contract is signed. The Plan Mexicano (Mexican Plan) permits customers to make payments in installments, which are generally supported by notes over the period in which advertising is broadcasted. In both plans, the Company enters into some contracts with its customers at terms exceeding one year.

The Company records cash or other assets received and the balance due from customers, as well as the obligation to provide advertising under either of the two types of contracts referred to above, when those contracts are signed or the customer has tacitly accepted. Advertising advances are credited to net sales when the advertising contracted is broadcasted. Those obligations are considered long-term nonmonetary liabilities.

Advances from advertisers are valued at selling prices of services. Company Management estimates that approximately 54% of those obligations represent the cost of the service to be rendered.

t Income tax, corporate flat tax, and employee profit sharing, prepaid and deferred.

Provisions for income tax (ISR for its Spanish acronym), corporate flat tax (IETU for its Spanish acronym)and employee profit sharing (PTU for its Spanish acronym) are recorded in income for the year they are due. Deferred tax effect of temporary differences resulting from comparing book and tax values of assets and liabilities, including the benefit of tax loss carryforwards and credit tax, are recorded in income for the year they are due. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated will be effective on the dates temporary items shall be recovered or realized.

Employee Profit Sharing due and deferred is considered as an ordinary expense associated with employee benefits.

IETU is a tax that co-exists with Income Tax, therefore, the Company has drawn up projections based on reasonable, reliable assumptions properly supported, which represent Management's best estimate where it

has identified that the expected trend is essentially that Income Tax will be paid in future years. Accordingly, only deferred Income Tax has been recognized.

u Employee stock option plan (ESOP)

Options granted to employees are recorded with an appropriation to paid-in capital stock until those options are exercised and computed at their assigned or allocated value.

v Reserve for stock repurchases

In accordance with the Securities Market Law, the Company created a capital reserve by appropriating a Reserve for stock repurchases from retained earnings, in order to strengthen the offer and demand for its shares on the Securities Market. Shares acquired and temporarily withdrawn from the market are considered as treasury shares that are presented as a capital stock decrease, until placed again on the market.

w Net Sales

Revenues on advertising contracts are recognized as the advertising contracted is broadcasted. Net sales consist of revenues obtained from advertisers less sales commissions. In the years ended December 31, 2010 and 2009, sales commissions amounted to $741,538 and $698,575 respectively

x Income from unsold advertising time

The Company recurrently markets unsold advertising time to infomercials, shared risk advertisers, and through integrated advertising. Infomercials are charged at a fee contracted for the time that the advertisement lasts. For shared risk advertisements, a percentage is received of gross sales of the products offered during the period of time negotiated after the advertisement is broadcasted. Integrated advertising revenue applies to the presentation and use of products during the broadcasting of internal programming. Revenue for these items accounted for 20.87% and 18.59% of net sales as of December 31, 2010 and 2009, respectively.

y Estimate for uncollectible accounts

The recoverability of trade accounts receivable and other receivables is evaluated periodically. When these accounts are determined to be unrecoverable, the pertinent estimate of balances of customers is applied to net sales and the estimate of other receivables is applied to Other expenses. The corresponding estimate charged to sales amounted to $63,873 in 2010.

z Use of estimates

In preparing the financial statements, Company's Management has used various estimates and assumptions . related to the presentation of assets and liabilities, and disclosure of contingent assets and liabilities, such as the estimate for uncollectible accounts, labor obligations, future cash flows, discount rates, and others, in order to present its financial information in conformity with financial reporting standards applicable in Mexico. The actual outcome can differ from these estimates and assumptions.

aa Earnings per share

Earnings per share applicable to the controlling interest is calculated based on the weighted average of shares outstanding during the years ended December 31, 2010 and 2009, respectively. The weighted average number of shares during the years ended December 31, 2010 and 2009 was 9,017 billion. and 8,732 billion, respectively. Based on the foregoing information, net earnings per share amounts to:

	2010	2009
Net earnings per common share	$ 0.2570	$ 0.1604
Diluted net earnings per share	$ 0.2197	$ 0.1328
Net earnings per preferential share	$ 0.2589	$ 0.1623

bb Comprehensive income

The amount of comprehensive income presented in the statement of changes in stockholders' equity is the result of the total performance of the Company during the years ended December 31, 2010 and 2009. The cumulative translation effect and the foregoing is basically represented by net income, and deferred income tax derived from the Tax Reform of 2010, the latter only applying to 2009.

6 Cash and cash equivalents:

	2010	2009
Cash in hand and in banks	$ 1,079,089	$ 254,995
Short-term investments	3,923,312	3,630,924
	$ 5,002,401	$ 3,885,919

As of December 31, 2010 and 2009, due to the stock exchange certificate issue program discussed in Note 13, the cash subject to restrictive covenants and applicable to that program amounts to $628,622 and $330,370, respectively.

7 Accounts receivables:

	2010	2009
Trade receivables	$ 4,529,569	$ 4,375,610
Taxes recoverable	100,750	89,070
Prepaid expenses	114,342	184,552
Other receivables	441,095	261,140
	5,185,756	4,910,372
Estimate for uncollectible accounts	(319,368)	(274,108)
	$ 4,866,388	$ 4,636,264

Trade accounts receivable include barter transactions in the amounts of $273,099 and $225,651 as of December 31, 2010 and 2009, respectively.

As of December 31, 2010, future flows of advertising sales are secured by the stock exchange certificates issued by the Company (See note 13).

8 Property and equipment:

	2010	2009
Buildings	$ 1,950,284	$ 1,903,852
Operating equipment	4,847,326	4,773,451
Furniture and office equipment	333,423	327,333
Transportation equipment	909,629	649,782
Other fixed assets	907,986	825,507
	8,948,648	8,479,925
Accumulated depreciation	(6,621,502)	(6,402,888)
	2,327,146	2,077,037
Land	648,386	648,385
Construction-in-progress	147,390	324,010
	$ 3,122,922	$ 3,049,432

As of December 31, 2010, part of the transportation equipment with a carrying value of $181,251 is secured as a guarantee on the bank loan that the Company has with Banco Ve Por Mas, Institucion de Banca Multiple, S.A.B. de C.V. In addition, at the issue date of these financial statements, part of the buildings are secured as guarantees of tax liabilities.

In December 2007, the Company, as Trustor, and Banco Azteca, S.A., Institucion de Banca Multiple . Direccion Fiduciaria (a related party) as Trustee entered into a Trust agreement, whereby the real property owned by the Company would be placed in the trust agreement under the terms established. The fundamental purpose of the Trust would be the acquisition or construction of real property that for the purpose of leasing, as well as granting mortgage-backed financing on those assets for such purposes. The Company plans to have the Trust issue authorized securities to be placed with the investment public. On June 23, 2010, the Company and Banco Azteca, Institucion de Banca Multiple through its Trust Department extinguished the Trust in full. As a result of that extinction, the Trustee restored the ownership of the assets that formed part of the trust patrimony to the Company.

9 Investments in stock:

	2010	2009
Atlético Morelia	$ 311,198	$ 374,448
Televisora del Valle de México, S. A. de C. V.	-	118,750
Súper Espectáculos, S. A. de C. V. (Arena Monterrey)	74,874	75,618
Centro de Capacitación de Alto Rendimiento Azteca, S.C.	29,280	40,057
Globo Re, S.A. (foreign subsidiary)	57,234	27,167
Other investments	21,223	12,094
	$ 493,809	$ 648,134

Atlético Morelia-

The Company holds 100% of the shares of capital stock of Atlético Morelia, S. A. de C. V. and Promotora de Futbol Morelia, S. A. de C. V., whose income are immaterial in consolidated income. There is no consolidation insofar as no influence or control is exercised in managing and operating those subsidiaries, therefore, the income is recognized by using the equity method.

Televisora del Valle de México (TVM)-

In February 2006, the Company acquired 118,750,000 shares with a par value of $1, representative of 51% of the capital stock of TVM.

As of December 31, 2010, this investment was included in the Company's consolidated financial statements and it is estimated that the carrying value of this investment does not exceed its recoverable value.

TVM is part of the litigation discussed in note 10 below.

Globo Re, S.A. (Associated Company)-

As of December 31, 2010, the Company holds the 27% interest in Globo Re, S. A. de C. V. The income or loss thereof is recognized by using the equity method.

10 Other assets:

		2010		2009
Payments to Corporación de Noticias e Información, S.A. de C.V.	$	417,266	$	423,683
Deferred costs relative to the issue of Stock Exchange Certificates – net		74,482		131,782
Other assets, net		96,012		198,130
	$	587,760	$	753,595

Note receivable from Southern California TV LLC (before Pappas Telecasting Companies refer to comment on Azteca America herein below)	$	1,927,283	$	2,011,040
Valuation allowance		-		(434,189)
Promissory note receivable, net	$	1,927,283	$	1,576,851

Corporación de Noticias e Información, S. A. de C. V. (CNI)

On December 10, 1998, the Company and its subsidiary Operadora Mexicana de Television, S. A. de C. V. (OMT) signed a Strategic Partnership Agreement with CNI and Televisora del Valle de Mexico, S. A. de C. V. (TVM), agreeing to the following:

a The Company will directly or indirectly advise TVM and CNI on the operations of the Channel 40 (Canal 40) for a period of 10 years, or for the term of TVM's existing operating concession (that TVM has), whichever is shorter.

b The Company entered into an assignment contract (the "Assignment Agreement) with CNI pursuant to which CNI, after obtaining the express consent of TVM, assigns the rights and obligations to the Company, originally set forth in favor of CNI, through a programming, promotion, and marketing contract with TVM (whereby the programming rights and operative handling of television Channel 40 in UHF were acquired). In exchange the Company will pay 50% of the Earnings Before Financing, Taxes, Depreciation, and Amortization (UAFIDA) on a quarter basis and 15,000 dollars as an advance payment during the first 3 years on account of this agreement, such amount to be modified according to the results of the subsidiary that will operate the concession. On December 31, 1999, the Company paid the 15,000 dollars, to be offset against UAFIDA generated from operating Channel 40 over a maximum period of 10 years.

c The Company granted a loan in favor of CNI in the amount of 10,000 dollars over a ten year term, with a 3-year grace period as of the availability of the funds. Interest generated would be the highest rate paid by the Company plus 0.25 points. 51% of TVM's shares of capital stock owned by Mr. Javier Moreno Valle Suarez shall be pledged as security for the loan until such time as the loan and related amounts are paid in full. As of July 2000, CNI had drawn down 10,000 dollars of this loan.

d The Company, through a purchase option contract, will purchase up to 51% of the shares representative of the capital stock of TVM, as of the fourth anniversary of the contract's effective date. The purchase price of the shares will be the higher of 100,000 dollars or 10 times the UAFIDA of the last 12 months, and that amount will represent the number of shares to be acquired. The price will be modified based on the payment date that will be given as of November 30, 2002. This agreement also sets forth the option to sell the shares held by Mr. Javier Moreno Valle Suarez and Mr. Hernan Cabalceta Vara, whereby the Company is bound to buy the total shares held by these persons, under certain circumstances. The Company is entitled to transfer the shares to any of its subsidiary companies.

e The Company entered into a production and programming contract with CNI, where it is bound to include in the Channel 40 programming sixteen and a half hours per week of CNI newscasts and informative programs produced by third parties. In exchange of the broadcasting rights over Channel 40, the Company will pay CNI 5.0 dollars for each 60-minute program in the first year or its equivalent. Effective the second year, it will pay 1.65 dollars for each point of rating.

In order to operate Channel 40 efficiently, the Company binds itself to rendering accounting, administrative, informatics, technical or any other advisory services that help TVM and CNI to improve the operation and management of the Channel.

In July 2000, CNI suspended the broadcasting Company's signal in violation of its obligations under the strategic partnership agreement. The Company's signal was suspended from that date up to December 2002, as described hereinbelow. As an answer to this and other actions, the Company has filed various lawsuits against CNI, TVM, and Mr. Moreno Valle. The Company claims damages and lost profits due to the

interference of the signal (that litigation to date has been concluded) and specific performance of the agreements, based on the strategic partership agreement and the purchase option contract, the exercise of the purchase option to acquire up to 51% of the capital stock of TVM.

As of July 2000, the Company made payments to CNI amounting to 26,059 dollars, with respect to the strategic partership that could be recovered by the future earnings from the strategic partership or, if applicable, the purchase option contract of the shares as discussed in paragraph d.

In December 2002, a Court of Arbitration of the International Chamber of Commerce issued an arbitration decision which sets forth that the strategic partership agreement and purchase option contract signed by the Company, Mr. Moreno Valle and CNI were valid, in effect, and enforceable. The Company considers that the arbitration decision confirms the Company's right to program, market, and operate Channel 40, as set forth in the strategic partnership agreement, and exercise its right to purchase up to 51% of the capital stock of TVM.

In December 2002, the Company's signal was reestablished at Channel 40. After this event, the Department of Communications and Transportation (SCT) took exclusive control over the transmission facilities and signal of Channel 40. In January 2003, CNI filed an appeal for constitutional relief with the First District Court in Administrative Matters requesting the removal of the SCT exclusive control over the transmission facilities and signal of Channel 40. On January 27, 2003, CNI took back control of the facilites and signal referred to above. On that same day, the Company filed a constitutional claim against that decision. In March 2004, the Fourth Civil Court ruled that the lawsuit against Mr. Moreno Valle, which sought to enforce the pledge on 51% of the capital stock of TVM, was correct and adequate, thereby authorizing the Company to sell the pledged shares of TVM. Mr. Moreno Valle filed counterclaim, thereby granting the suspension of the sale of pledged shares, and provided other minor protections. In May 2004, both parties filed an appeal for review against that decision. The appeal was decided for purposes of filing a new lawsuit whereby CNI is the defendant.

In July 2005, the Company filed another arbitration claim before the Court of Arbitration of the International Chamber of Commerce for, among other claims, specific performance of the Strategic Partership Agreement and the option to purchase 51% of the stock of TVM. These proceedings have concluded due to a lack of payment by the defending party. This payment was ordered by that Court as part of the legal process.

In September 2005, the Seventh Civil Court : a) ruled that TVM and CNI were in breach of the Assignment Contract; b) ordered TVM and CNI to comply the Assignment Contract; and c) ordered TVM and CNI to pay damages and harm, as well as legal fees and costs. The Fourth Civil Court confirmed the decision made by the court of original jurisdiction, TVM and CNI filed appeals for constitutional relief against the rulings of the Fourth Civil Court, on which the First Collegial Civil Court confirmed the judgment for the plaintiff.

On September 27, 2005, the Company took legal actions against the resolutions passed at an Ordinary Meeting of Shareholders of TVM held in September 2005. In October 2005, the 44th Civil Court judge granted a leave to proceed with the lawsuit and required the Company to furnish a bond in the amount of $500 and the judge ordered that the resolutions adopted at that meeting not to be executed. As a result of the appeal filed by TVM, the Sixth Civil Court amended the ruling handed down by the judge in December

2005, which determined the inadmissibility of the suspended execution of the resolutions adopted at the meeting. The Company filed an appeal for constitutional relief against that ruling handed down in December 2005. The Ninth Civil Court in the Federal District granted a provisional suspension of the act challenged, subject to a bond in the amount of $10,000 that was furnished by the Company. At December 2005 month-end, the Company filed another bond in the amount of $60,000 for the final suspension to go into effect. In October 2006, the Ninth Court of the District handed down a ruling on the appeal for constitutional relief in favor of the Company, thereby confirming the suspension of resolutions adopted at the challenged Meeting. In November 2006, TVM resorted to filing an appeal for review of that ruling, and the First Collegial Civil Civil Court of the First Circuit confirmed the appeal for constitutional relief granted to the Company on May 4, 2007. Pursuant to that ruling handed down on January 8, 2008, the 45th Civil Court ruled that the resolutions of the aforementioned meeting were null and void. TVM and the Company filed separate appeals for constitutional relief against this last ruling, On February 25, 2009 the Tenth Collegial Civil Court on denied the Company's claim and an appeal for constitutional relief was granted to TVM for the purpose of resolving that TVA as a pledge does not have legal standing to file action to challenge, since the resolutions adopted at the shareholders' meeting do not affect the value of the shares. The Sixth Civil Court, in performance of the appeal for constitutional relief, through a ruling handed down on March 13, 2009, upheld the action to have the resolutions adopted by the meeting declared null and void, and that TVA does not have legal standing to action to challenge, due to the reasons discussed above. Pursuant to the ruling handed down on August 18, 2009, the Sixth Civil Court decided that TVA also lacks legal standing to file an appeal for annulment. TVA filed an appeal for constitutional relief against that ruling, and was denied through a ruling handed down on September 23, 2010.

On February 3, 2006, the Company took legal action against the resolutions passed at TVM ordinary and extraordinary shareholders' meetings held in February 2006. In that same month, the 44th Civil Court judge granted the claim and ordered the resolutions adopted at those meetings to be suspended, subject to a bond furnished by the Company in the amount of $500. TVM has filed a new appeal (to a higher court) against the interlocutory order that granted the suspension discussed above. Accordingly, pursuant to the ruling handed down on April 24, 2006, the Court decided to amend the interlocutory order, thereby denying the suspension. Subsequently, the Company filed an indirect appeal for constitutional relief that the Third Civil Court of the Federal District was to take cognizance of, whereby the definite suspension was granted. Pursuant to the judgment signed on May 29, 2007, the Company was granted constitutional relief whereby the suspension of the resolutions adopted at the challenged meetings was confirmed. TVM has resorted to that ruling and the Seventh Collegial Court confirmed the constitutional relief granted to the Company on August 15, 2007. The motion for reconsideration of the interlocutory order (post-trial motion) is in an discovery period.

In execution and performance of the final ruling handed down by the Seventh Civil Judge, on February 22, 2006, Canal 40 (Channel 40) again started to broadcast the programming furnished by the Company, in reliance on the contracts signed between TVM and the Company in 1998, which were reinstated and recognized by the person who acts as both sole director and C.E.O.

Despite the lack of certainty, the Company's Management considers that it will prevail in the various disputes it has with CNI, TVM, and Mr. Moreno Valle and, therefore, no provision has been made for this matter.

Azteca America

The Company, through Azteca International Corporation (Azteca America), a company residing in the United States, launched the Azteca America Network, a new Spanish language broadcasting network in the United States. Through Azteca America, its subsidiary, the Company establishes affiliate relationships with television broadcasting stations and television cable and satellite distributors on US markets that have a significant Hispanic audience. Furthermore, Azteca America affiliates can sign distribution contracts with other cable operators. Through the Azteca America network, the Company distributes part of its programming in the US, including soap operas, reality programs, sports, news, and other Spanish language general entertainment programming, referred to as a whole by the Company as Azteca America programming.

In 2002, the Company, Azteca America and Grupo Pappas Telecasting ("Grupo Pappas") were party to a series of lawsuits and disputes relative to certain agreements entered into between the parties. On February 13, 2003, the Company announced that a final agreement had been signed between the Company, Azteca America and Grupo Pappas to solve all existing lawsuits and disputes. As part of this agreement, Grupo Pappas issued a promissory note in favor of Azteca America in the amount of 128,000 US dollars secured, among other things, by the assets of Pappas Telecasting of Southern California ("PTSC") station in Los Angeles. However, since Grupo Pappas failed to liquidate the promissory note prior to its due date, the principal of this promissory note was increased to 129,000 dollars. The promissory note bears interest at an 11.6279% annual interest rate, initially due June 30, 2003.

Pursuant to the terms of the agreement, the parties agreed that if the promissory note was not paid prior to the initial due date, the Local Market Contract (CLM *for its Acronym in Spanish*) entered into for three years between Azteca America and PTSC. with respect to the Los Angeles station would go into effect. Furthermore, Azteca America would have the option to purchase all the assets of the Los Angeles station at a purchase price amounting to 250,000 dollars, effective January 1, 2006, subject to the pertinent regulatory limitations and obtaining all the necessary regulatory approvals. Since the promissory note was not paid on or prior to June 30, 2003, the Local Market Contract and purchase option went into effect. On July 1, 2006, the Company advised Grupo Pappas of its intention not to exercise the option to buy the Los Angeles Station, and the parties further agreed on July 1, 2008 as the new due date of the promissory note.

On December 27, 2007, the Company and Grupo Pappas agreed to increase the amount of the promissory note by 25,000 US dollars. Consequently, the total amount of the promissory note amounts to 154,000 US dollars as of December 31, 2007. Moreover, December 31, 2012 was agreed upon as the new due date of the promissory note. This agreement sets forth a new purchase option of 100% of the capital of Pappas Telecasting of Southern California, LLC, provided that they comply with all the pertinent regulations and purchase option terms. The acquisition value amounts to 11,025 US dollars.

In accordance with the option contract entered into between Azteca America, Dennis J. Davis (DD), LeBon G. Abercrombie (LA), Pappas and Harry J. Pappas (HP) on December 27, 2007, Azteca America exercised the option to purchase the shares of PTSC ("PTSC Option") on December 30, 2009.

For purposes of the exercise of the Option PTSC, Azteca America formed SCTV, Inc. (SCTV). The shareholders of SCTV are Azteca America and DD.

As a consideration for its equity in SCTV, DD will contribute its equity in PTSC to SCTV. In turn, Azteca America and DD will enter into an option contract whereby Azteca America will have an option to buy the DD's equity in SCTV in the amount of 5,000 US dollars (the "DD Option"). Azteca America will make monthly payments to DD over a 12 year period that will be applied to the Option price of DD. Azteca America will have the right to assign DD's Option to a third party of US nationality in order to comply with the rules of the United States Federal Communications Commission (FCC) with regard to foreign investments. LA will assign its equity in PTSC to SCTV, in exchange for a promissory note in the amount of 5,500 US dollars. SCTV will make quarterly payments to LA over a 5 year period that will be applicable to the value of the promissory note. In accordance with the PTSC Option Contract, Azteca America will obtain the equity of HP and Pappas Telecasting Companies ("PTC") in PTSC, and Azteca America will contribute that equity to SCTV in order for SCTV to have 100% of the shares of PTSC.

In October 2010, the date to enforce the PTSC's promissory note in favor of Azteca America in the amount of 155,970 US dollars was extended up to 2022.

The duration of the CLM between PTSC and Azteca America would be extended up to 2022.

On the other hand, the FCC approved the share transfer of PTSC in favor of Azteca America and the option was exercised within 2010.

In October 2010, Pappas Telecasting of Southern California, LLC ("PTSC") changed its corporate name to Southern California TV, LLC.

Azteca America retains all the advertising revenues generated by the programming provided to the station. Azteca America made an annual payment to Grupo Pappas for the CLM in the amount of 15,000 US dollars. Effective July 1, 2006, in accordance with the amended CLM, the annual rent of the station amounted to 24,500 US dollars. Finally, effective December 27, 2007, the annual rent will amount to 17,907 US dollars, which have been offset dollar for dollar by interest generated by the promissory note. Azteca America and Grupo Pappas have agreed on certain amendments to the Los Angeles, San Francisco, Houston, and Reno station affiliation agreements.

In addition to the agreements entered into between Azteca America and the affiliates of the Pappas Group, as of December 31, 2010 and 2009, Azteca America has entered into various affiliation contracts with other television companies that cover approximately 65 and 69 markets, respectively, where approximately 94% of the Hispanic population of the United States is located.

In accordance with the affiliation contracts with other television companies, Azteca America has granted exclusive licenses to stations to broadcast the programming of Azteca America on their respective markets. The term of these contracts is between 2 and 10 years, and they are automatically renewed for additional terms ranging from 2 to 10 years. Azteca America receives 50% of the time available for marketing in exchange for its programming.

In the years ended December 31, 2010 and 2009, net advertising sales generated through Azteca America amounted to $881,831 and $796,339, respectively. As of December 31, 2010, the valuation allowance was written off due to the restatement of the determination of the realization value.

11 Labor obligations:

Payments to employees and workers, who no longer render their services, as provided for in the Federal Labor Law and the union labor agreement in effect, are recorded as shown below:

Benefits upon termination-

Legal indemnification payable upon termination of the employment relationship set forth in the Federal Labor Law, which includes seniority bonuses prior to the date of retirement, is recognized as a cost in the years of service of personnel. Toward that end, a provision has been created that covers actuarial present value of benefit obligations, which was determined in accordance with the actuarial calculations performed with amounts as of December 31, 2010 and 2009.

Benefits upon retirement for seniority bonuses-

Retirement benefits and seniority bonuses payable to employees that have completed fifteen or more years of service, as provided for in the Federal Labor Law, are recognized as a cost during the years of service of personnel. Toward that end, there is a provision that covers the actuarial present value of benefit obligation, which was determined in accordance with actuarial calculations with amounts as of December 31, 2010 and 2009.

As of December 31, 2010, actuarial studies show the information presented below:

	Termination benefits	Retirement benefits
Vested benefit obligation (VBO)	$ 40,108	$ 114,362
Unrecognized prior service for nonvested benefits	(8,938)	(17,601)
Unrecognized actuarial gains or losses	-	(1,648)
Projected net liability recognized in the balance sheet	$ 31,170	$ 95,113
Current labor service cost	$ 7,676	$ 8,303
Financial cost	2,540	6,594
Actuarial gain or loss, net	(980)	226
Prior labor service cost	4,746	7,984
Net cost of the period	$ 13,982	$ 23,107
Actuarial hypotheses used in absolute terms		
Discount Rate	7.50%	7.50%
Expected rate of salary increase	5.90%	5.90%

As of December 31, 2009, actuarial studies show the information presented below:

	Termination Benefits	Retirement benefits
Vested benefit obligation (VBO)	$ 36,520	$ 88,827
Unrecognized prior service for nonvested benefits	(13,407)	(24,642)
Unrecognized actuarial gains or losses	-	9,855
Projected net liability recognized in the balance sheet	$ 23,113	$ 74,040

Current labor service cost	$ 9,503	$ 9,049
Financial cost	2,776	6,755
Actuarial gain or loss, net	(5,397)	(1,356)
Prior labor service cost	4,972	9,084
Net cost of the period	$ 11,854	$ 23,532
Actuarial hypotheses used in absolute terms		
Discount Rate	8%	8%
Expected rate of salary increase	5.90%	5.90%

The net projected liability forms part of the balance of the account of other payables and accrued expenses in the accompanying balance sheet.

Items not yet amortized:-

The unamortized balance of prior service of the initial transition asset will be amortized on a straight-line basis over five years, since the average remaining years of service exceed five years.

12 Related parties balances and transactions:

The Company has receivable balances from and payable balances to and carried out transactions with related parties as described below.

	2010	2009
Accounts receivable:		
Azteca Holdings, S.A. de C.V. (Holding Company)	$ 141,253	$ 419,563
Fórum Per Terra, S.A. de C.V. and subsidiaries	59,982	65,558
Grupo Elektra, S.A. de C.V. and subsidiaries	-	48,040
Atlético Morelia, S.A. de C.V.	37,176	27,277
Grupo Iusacell, S.A.B. de C.V. and subsidiaries	3,382	18,529
Comunicaciones Avanzadas, S.A. de C.V.	2,169	2,029
Others	8,892	11,441
	$ 252,854	$ 592,437
Accounts payable:		
Grupo Elektra	$ 120,721	$ -
Arrendadora Internacional Azteca, S.A. de C.V.	37,230	132,384
Globo Re, S.A.	54,250	58,768
Other related parties	1,513	-
	$ 213,714	$ 191,152

The most significant related party transactions carried out are described below:

Advertising income-

Income from advertising broadcasted contracted with related parties amounted to $472,746 and $349,405 for the years ended December 31, 2010 and 2009, respectively.

Advertising contracts

Grupo Elektra (Affiliated Company):

During 2010 and 2009, the Company and Grupo Elektra entered into annual advertising contracts. Pursuant to the terms of these contracts, TV Azteca agreed to put advertising spaces of Grupo Elektra on the air, at preferential air time rates selected by Grupo Elektra for every commercial advertisement. The rights under the terms of these contracts cannot be assigned by Elektra to third parties. As of December 31, 2010 and 2009, revenues from Grupo Elektra amounted to $358,303 and $292,527, respectively.

Universidad CNCI, S.A.B. de C.V. (CNCI), (Affiliated Company):

Advertising is sold through annual contracts in conditions similar to those of unrelated advertisers. As of December 31, 2010 and 2009, income from CNCI amounted to $1,186 and $6,908 respectively.

Iusacell (Affiliated Company):

The Company and Iusacell entered into annual advertising contracts in 2010 and 2009. The contracts generally have an annual duration, and they are signed in conditions similar to those of unrelated customers. As of December 31, 2010 and 2009, income from Iusacell amounted to $113,257 and $49,925, respectively.

In addition, the Company has entered into financing agreements with Banco Azteca, which are described in note 13 below.

Service income 01900

The Company and Teleactivos, S. A. de C. V. (Teleactivos), an affiliated company, offer services of controlling and identifying telephone calls through the 01 900 service of television viewers who participate in the contests conducted by the Company. Under the terms of the contracts for that service, net revenues amounted to $14,565 and $11,164, respectively.

Revenues on productions and promotions

Banco Azteca (Affiliated Company):

The Company and Banco Azteca have entered into various production and promotion contracts of the products and services of Banco Azteca on open television channels 7 and 13. As of December 31, 2010 and 2009, revenues from these contracts amounted to $10,141 and $4,553, respectively.

Interest earned

During the years ended December 31, 2010 and 2009, the Company granted short-term loans to related parties. In the years then ended, interest earned pursuant to these loans amounted to $15,097 and $ 11,343, respectively.

Income from leasing property

The Company entered into a real property lease agreement with Operadora Unefon (lessee), which has a duration of 10 mandatory years for both parties, effective June 1998. The contract can be renewed on one consecutive occasion for the same period. On September 1, 2008, that contract was renewed and the amount of the rent is increased based on inflation, every year. As of December 31, 2010 and 2009, the lease revenue set forth in this agreement amounted to $16,392 and $16,345, respectively.

Transmission rights contracts

The Company has entered into contracts with Atletico Morelia, a subsidiary company, whereby Atletico Morelia assigns the broadcasting rights of the soccer games of the Morelia Monarcas team. For the years ended December 31, 2010 and 2009, the fees paid under these contracts amount to $55,559 and $53,235, respectively.

Leased equipment under operating leases -

The Company has entered into true leasing agreements with an option to purchase with Arrendadora Internacional Azteca, S. A. de C. V. (AIA), an affiliated company. The Company is the lessee and AIA is the lessor. To date exhibits have been signed for leasing transportation equipment and computer equipment. Those agreements will be in effect over the terms set forth in each one of the exhibits of the equipment leased, which are generally from 3 to 4 years. The terms computed in those exhibits will be binding for both parties, except in the event that the lessor should terminate those agreements early if any of the assumptions set forth in the agreements should occur. At the end of the duration of every exhibit, the Company may choose to acquire the assets under lease agreements, extend the term or return the leased assets, with a notification of at least 90 calendar days prior to its expiration. The monthly rent under the terms of the agreement is fixed, in conformity with each one of the exhibits.

Pursuant to the characteristics of the lease agreements discussed above and in conformity with currently enacted standards, they may be capitalized. For the years ended December 31, 2010 and 2009, the assets acquired under these agreements amounted to $1,297 and $5,689 respectively. As of December 31, 2010 and 2009 the amount of the committed rents that form part of the net balance of $37,231 and $132,384, respectively, payable to AIA, amount to $41,574 and $108,331, of which $13,384 and $64,409, as well as $28,226 and $43,922, respectively, will be covered in the short and long-term.

Sales of real property

For the year ended December 31, 2010, the Company did not sell real property to non-consolidated related parties.

For the year ended December 31, 2009, the Company sold real property to Banco Azteca and Elektra del Milenio, S. A. de C. V. in the amount of $14,381 and $14,381, respectively.

Donations

In the years ended December 31, 2010 and 2009, the Company delivered donations to Fundacion TV Azteca, A. C., a related party, in the amounts of $104,939 and $123,923, respectively. This related party is authorized by the tax authorities to receive donations and issue the respective supporting documentation (receipts).

Recovery of other receivables from related parties

The Company periodically evaluates the recoverability of other receivables from related parties; when it is determined that these accounts which not derived from operation, are not recoverable they are charged to other expenses. As of December 31, 2010, it has not been necessary to create an allowance for this item.

At the issue date of the financial statements, the Company is in the process of preparing the pertinent analyses to confirm that the considerations paid to or collected from related parties are similar to those that would have been agreed upon with independent parties.

Employee benefits granted to key management personnel

The benefits granted to the Company's executive personnel amounted to $65,000 in 2010 and 2009.

13 Bank loans, Trust Certificates, and Loans from ATC:

As of December 31, 2010 and 2009, bank loans, trust certificates, and loans from American Tower Corporation (ATC) are summarized as follows:

	2010	2009
Short-term bank loans	$ 1,713,647	$ 1,607,261
Current portion of Securities Exchange Certificates	55,554	-
Long-term bank loans	266,331	-
Long-term trust certificates	5,944,446	6,000,000
Long-term line of credit with ATC	1,479,785	1,563,803
Total short and long-term loans	$ 9,459,763	$ 9,171,064

Short-term bank loans:

Credit line with Banco Inbursa-
The Company did not make any drawdowns on this credit in 2010. However, it made a payment in the amount of $100,000 applied to a drawdown made in 2009, as well as a restructuring of promissory notes contracted and renewed in the amount of $1,399,140 in 2009, which are due in less than a year. Those promissory notes bear ordinary interest at a 28 day Equilibrium Interbank Interest Rate (EIIR) plus 4 percentage points, due each month, as well as a promissory note amounting to 8,279 US dollars, which bears

ordinary interest at a 10.25 percentage fixed annual rate, payable at the due date thereof. On June 21, 2010, the promissory note was renewed and increased in the amount of 865 dollars applicable to past due interest.

In February and March 2009, the Company liquidated the debt contracted with Banco Azteca in the amounts of $102,700 and $804,041, respectively, during 2009 and 2008.

Line of credit with Banco del Bajio
On September 6, 2010, the Company contracted a credit line in current account with Banco del Bajio in the amount of $150,000, which was drawn down on September 9, 2010, and is due in less than one year. The credit bears ordinary interest at a 28 day Equilibrium Interbank Interest Rate, plus 3 percentage points, payable each month.

Long-term bank loans
Credit line with Banco Azteca-
The Company made drawdowns against the credit line with Banco Azteca in the amounts of $5,000 and $100,000, respectively, in March and April 2010. These drawdowns are due in a period exceeding one year and they bear ordinary interest at a 28 day Equilibrium Interbank Interest Rate (EIIR), plus 2 percentage points, due every semester.

In August 2010, the Company issued Subordinated Trust Security Exchange Certificates under the Trust 97 in the amount of $50,000, payable within 3 years. The issuance will be amortized in 36 monthly installments and it will bear ordinary interest on outstanding balances at a 28 day Equilibrium Interbank Interest Rate, plus 4.50 percentage points payable every month. The balance of the Certificates amounts to $44,444 at the 2010 year end.

Line of unsecured credit with Banco Ve Por Mas.
On October 25, 2010, the Company contracted a line of an unsecured credit with Banco Ve Por Mas in the amount of $175,000, of which the Company drew down $172,400 on October 26, 2010. This drawdown is due after one year and it will be amortized by 60 monthly installments. It will also bear ordinary interest on outstanding balances at a 28 day Equilibrium Interbank Rate (EIIR), plus 3 percentage points due on the last day of each month. The balance of the credit amounts to $168,393 at 2010 year end.

Credit line with Banco Multiva
On November 10, 2010, the Company entered into an unsecured credit agreement with Banco Multiva in the amount of $430,000, due in more than one year. It will further bear ordinary interest at an Interbank Interest Rate, plus 3.5 percentage points payable monthly. The total amount of this credit was paid on December 24, 2010.

Long-term trust certificates

During the third quarter of 2006, the Company established a structural Trust Stock Exchange Certificates (2006 Certificates) based on the collection rights of the Company and its subsidiaries, Red Azteca with Banco Invex, S.A. Institucion de Banca Multiple, Invex Grupo Financiero as a Trustee, in the amount of up to 6 billion pesos (nominal).

a) First 2006 tranche

On November 16, 2006, the Company realized the first tranche of 2006 Certificates up to the amount of $4 billion pesos (nominal), in reliance on the 2006 Certificate program. The effectiveness of the Certificates is 5,114 days, equivalent to approximately 14 years, counted as of the issuance date. The certificates will be redeemed every month starting on December 2011, by paying those instruments. Moreover, accrued interest will be liquidated every month.

b) Second 2006 tranche

On December 11, 2006, the Company realized the second tranche of 2006 Certificates through the Trustee up to the amount of $2 billion pesos (nominal), in reliance on the 2006 Certificate program. The effectiveness of the Certificates is 5,089 days, equivalent to approximately 14 years, counted as of the issue date. The certificates will be redeemed every month starting on December 2011, by paying those instruments. Moreover, accrued interest will be liquidated every month.

In accordance with this trust certificate program, the amounts generated on the assigned collection rights for the year should be deposited in the account of the Trust Issuer to make the payment on principal and interest of those certificates. As of December 31, 2010 and 2009, restricted cash applicable to this program amounts to $628,622 and $330,370, respectively.

Loans from ATC

On February 11, 2000, the Company entered into a long-term loan agreement up to 119,800 US dollars with a Mexican company, subsidiary of ATC (“ATC Long-Term Loan”). The loan is comprised of 91,752 US dollars with no guarantee, and 28,000 US dollars for working capital, secured by certain real property owned by the Company. In June 2003, the Company and the Mexican Subsidiary ATC amended the original agreement. Pursuant to the terms of the amended agreement, the annual interest rate of each of the loans is 13.109%. The Company’s payment obligations pursuant to the ATC Long-Term Loan are secured by three of the main subsidiaries of the Company. The initial maturity of the 91,752 US dollar loan, pursuant to the ATC Long-Term Loan is February 11, 2020, which can be extended while the contract of the overall tower project (which is described herein below) remains in effect. The maturity of the 28,000 US dollars is on February 11, 2069.

As of December 31, 2010 and 2009, the balance of the ATC Long-Term Loan amounts to 119,752 US dollars.

In February 2000, the Company, together with Television Azteca, S. A. de C. V., a subsidiary company, signed an overall tower project contract with a Mexican subsidiary company of ATC for duration of 70 years, for renting space not used by the Company in its operations up to 190 broadcasting towers of the Company. As a consideration of the payment of 1,500 dollars as an annual rent, and for the loan made to the Company in the amount of 119,752 US dollars, pursuant to the ATC Long-Term Loan, the Company granted ATC the right to market and lease the unused space in the Company’s broadcasting towers to third parties, as well as to the Company’s affiliated companies, and guaranteed the collection of all the relative revenues for account of ATC. The Company has the title deeds of the towers and is responsible for its

operation and maintenance. The SCT approved this contract on February 10, 2000. After the expiration of the 20 initial years of the ATC Long-Term Loan, the Company has the right to purchase the total or a portion of the revenues and assets relative to marketing the rights at any time from ATC at fair market value, with the proportionate amount of the remaining principal of the ATC Long-Term Loan.

Commercial Europaper Program:
In May 1999, TV Azteca entered into a Commercial Europaper Program (ECP) in the amount of $75 million US dollars with ABN-AMRO Bank, N.Y., as the arranger and main operator. The ECP Program was increased in the amount of $130 million US dollars in July 1999, and Geronimo Capital Markets was established as the operator. The promissory notes issued in accordance with the ECP Program will be issued with a discount and will not accrue interest. There is no commitment to purchase promissory notes to be issued in accordance with the ECP Program, and the promissory notes issued in accordance therewith may not have a due date that exceeds 365 days. The ECP Program will permit TV Azteca to issue and have unpaid balances up to $130 million US dollars in promissory notes at any date. At the. date of issuance of the external auditors' opinion, the Company has not issued promissory notes in accordance with the ECP Program.

MTN Program:
On June 1, 2005, TV Azteca established the Medium Term Notes Program (MTN) in the amount of $200 million US dollars with Geronimo Capital Markets Ltd. as the arranger and main operator. The MTN Program permits TV Azteca to issue and have unpaid balances up to $200 million US dollars in promissory notes at any date. There is no commitment to purchase promissory notes to be issued in accordance with the MTN Program, and they can have a duration from one to seven years at the time when the promissory note is issued. At the. date of issuance of the external auditors' opinion, the Company has not issued securities in accordance with the MTN Program.

14 Foreign currency position:

As of December 31, 2010 and 2009, and February 24, 2011, (date of issuance of the accompanying financial statements) the US dollar exchange rates were $ 12.3571, $13.0587 and $12.1730 respectively.

As of December 31, 2010 and 2009, the Company had US dollar denominated monetary assets and liabilities as shown below:

	2010	2009
Assets	284,087	191,109
Liabilities	(142,753)	(152,796)
Excess of assets over liabilities	141,334	38,313

As of December 31, 2010 and 2009, the Company had not contracted hedging instruments against foreign exchange risks. As of February 24, 2011, the unaudited foreign currency position is similar to the position as of December 31, 2010.

15 Stockholders' equity:

a Capital stock

The Company's capital stock is comprised of Series "A" shares, Series "D-A" shares, and Series "D-L" shares. Holders of Series "A" shares have voting rights at the Company's General Shareholders' Meetings. Holders of Series "D-A-" and "D-L" have voting rights only in limited circumstances, and have a preferential dividend right. The rights of all holders of all series of capital stock are identical, except for the limitations with respect to Series "A" and "D-A" shares held by persons other than eligible Mexican holders. Series "A" shares cannot be exchanged for any other type of securities of the Company. Series "D-A" shares may be exchanged for Series "A" shares on the tenth anniversary of their original issue, and will have the same characteristics of current Series "A" shares outstanding. Series "D- L" shares may be exchanged for Series "L" shares on the tenth anniversary of their original issue. Series "L" shares, which will be exchanged for Series "D-L" shares, will grant voting rights to their holders, only in limited circumstances.

The tenth anniversary for the exchange or swap of Series "D-A" and "D-L" shares for Series "A" and "L" shares, respectively, was completed in August 2007. However, on April 30, 2007, at the General Extraordinary Stockholders' Meeting, the stockholders resolved to extend the term referred to above to 20 years, as of their issuance date. Consequently, the date for the exchange or swap of stock will be in August 2017. This extension was authorized by the NBSC on November 9, 2007, subject to meeting all the pertinent requirements.

Authorized, issued, and paid-in capital stock of the Company as of December 31, 2010 is summarized as follows:

	Authorized shares (thousands)	Shares paid (thousands)		Total
Series "A"	5,318,079	4,646,820	$	398,462
Series "D-A"	2,613,878	2,176,938		185,062
Series "D-L"	2,613,878	2,176,938		185,062
	10,545,835	9,000,696	$	768,586

As of December 31, 2010, the Company's shares are listed on the following securities exchanges:

Characteristics of the securities	Country listed in	Ticker symbol	Stock Exchange
Certificates of common participation (CPOs), each one represents one A Share, one D-A Share, and one D-L Share	Mexico	TVAZTCA	Mexican Stock Exchange
10 CPO Units	Spain	XTZA	Latin American Securities Market

b Stockholders' resolutions

Resolutions adopted on the year ended December 31, 2010

At the Annual Ordinary Stockholders' Meeting held on April 30, 2010, the consolidated financial statements as of December 31, 2009 were approved. Moreover, a unit preferential dividend was declared for Series D-A shares and Series D-L shares. That dividend accounts for a total amount of $15,590, which was paid on May 28, 2009.

On April 30, 2010, a cash reimbursement was approved in proportion to the stockholdings of each stockholder at the General Extraordinary Stockholders' Meeting, up to the amount of $322,000, payable in the amounts and on the dates determined by Management, in accordance with the Company's economic capacity. This reimbursement implied a fixed minimum capital stock decrease of the Company in the amount of $9,944. As of December 31, 2010, this reimbursement has not been paid and it is presented in the consolidated balance sheet in the caption of accounts payable and accrued expenses.

On August 19, 2010, the Company's bylaws were amended at the General Extraordinary Stockholders' Meeting to adapt them to the Securities Market Act. Moreover, the exchange of certificates of shares representative of the Company's capital stock (outstanding at that date) for final shares of stock that reflect the change made to the Company's bylaws, was approved.

Resolutions adopted on the year ended December 31, 2009

At the Annual Ordinary Stockholders' Meeting held on April 29, 2009, the consolidated financial statements as of December 31, 2008 were approved. Moreover, a unit preferential dividend was declared for Series D-A shares and Series D-L shares. That dividend accounts for a total amount of $15,553, which was paid on May 28, 2009.

Resolutions adopted in the year ended December 31, 2007

At the General Extraordinary Stockholders' Meeting held on September 27, 2007, a cash reimbursement was approved proportionately on the shareholdings of every stockholder up to the amount of $761,325 ($750,000 at par value). This reimbursement implied a fixed minimum capital reduction of the Company in the amount of $61,743 ($60,825 at par value). As December 31, 2010, the unpaid balance of such repayment amounts to $ 226,344, and is presented in the consolidated balance sheet under the heading of accounts payable and accrued expenses.

c Stock repurchase

During the year ended December 31, 2010, the Company decreased its capital stock in the amount of $5,388 for the repurchase of 72,839 thousand shares. Shares were repurchased in the amount of $179,194. The value thereof was charged to capital stock, and the difference was charged to the reserve for stock repurchases.

As of December 31, 2010, the Company increased its capital stock in the amount of $1,109, pursuant to the sale of 14,940 thousand treasury shares, which had a selling value of $37,363. Capital stock was credited at original value, and the difference was restored to the reserve for stock repurchases.

During the year ended December 31, 2009, the Company decreased its capital stock in the amount of $6,266 for the repurchase of 84,347 thousand shares. Shares were repurchased in the amount of $154,886. The value thereof was charged to capital stock, and the difference was charged to the reserve for stock repurchases.

As of December 31, 2009, the Company increased its capital stock in the amount of $7,508, pursuant to the sale of 101,043 thousand treasury shares, which had a selling value of $208,240. Capital stock was credited at original value, and the difference was restored to the reserve for stock repurchases.

d Legal Reserve

Net income for the year is subject to the legal provision which requires that 5% of such income be appropriated to a legal reserve until that reserve equals 20% of the capital stock. As of December 31, 2010, the balance of the legal reserve accounts for 22% of capital stock. The balance of the legal reserve may not be distributed to the stockholders during the existence of the Company, except as stock dividends.

e Distribution of earnings

Net taxable income account (CUFIN):
As of December 31, 2010, the restated balance of the "consolidated net taxable income account" (CUFINCO) amounts to $2,443,313.

No income tax will be assessed in connection with the distribution of dividends or earnings to stockholders up to the CUFINCO amount. Legal entities that distribute dividends or earnings that are not paid out of the CUFIN should calculate and pay the applicable tax. Toward that end, the tax that should be paid on dividends or earnings distributed should be aggregated thereto.

The tax that should be aggregated in terms of the foregoing paragraph will be determined by multiplying the amount of the dividends or earnings by the 1.4286 factor, and a 30% tax rate will be applied to the result. The tax determined is considered final and it may be credited against income tax for the year in which such a tax is paid and in the two following fiscal years. This balance may be restated up to the date earnings are distributed by using the NCPI.

During 2010 and 2009, the Company declared annual preferential dividends in the amount of $15,590 and $15,553, respectively. Those dividends paid are tax free, since they are paid out of the CUFIN.

Individuals should accumulate dividends or earnings received into their other income. Individuals may credit the Income Tax paid by the company that paid dividends or earnings against the tax determined in their annual tax return, provided that they consider the amount of Income Tax paid by that company on the dividend or earning received as cumulative income, in addition to the dividends.

f Capital reductions

As of December 31, 2010, the restated balance of the "restated contributed capital account" (CUCA) amounts to $4,536,225. In the case of a reimbursement or capital decreases in favor of the stockholders, the excess of that reimbursement over this amount will be treated as a distributed earning for tax purposes.

Likewise, in the event that stockholders' equity should exceed the balance of the CUCA, the spread will be considered as a dividend or distributed earning subject to the payment of income tax. If the earnings referred to above are paid out of the CUFIN, there will be no corporate tax payable due to the capital decrease or reimbursement. Otherwise, it should be treated as dividends or earnings distributed, as set forth in the Income Tax Law.

g Employee stock option plan (ESOP)

Effective the fourth quarter of 1997, the Company adopted an employee stock option plan (ESOP) that was granted to employees who render their services to the Company and its subsidiaries, whereby options were granted to all employees contracted as of December 31, 1996. Prices set fluctuated from 0.29 dollars to 0.39 dollars per CPO, with a higher number of options for executive level employees, as well as the most creative actors, presenters, and creative personnel.

During the month of January 2010, 97,468 CPOs applicable to the option plan were applied.

16 Additional compensations granted to key directors:

During the year ended December 31, 2010 and 2009, the Company did not make additional payments to Directors for items other than the results of its operation.

17 Income tax:

Effective the year ended December 31, 2000, the Company consolidates with its controlled companies for tax purposes.

In the year ended December 31, 2010, the Company obtained taxable income in the amount of $1,628,809.

The Companies that are not consolidated for tax purposes were subject to taxes on earnings amounting to $16,622.

18 Corporate flat tax (IETU):

The Corporate Flat Tax (IETU _ *for its Spanish acronym*) for the period is calculated using the rate of 17.5% to income determined based on cash flows, which is calculated by reducing authorized deductions from the total revenue received from qualifying activities. The so-called IETU credits are reduced from the above income, as provided for in currently enacted legislation.

IETU credits are amounts that can be reduced from the IETU itself, which include, among other things, IETU loss carry forwards, credits on salaries, social security contributions, and deductions of some assets such as inventories and fixed assets, during the transition period as a result of the effectiveness of the IETU.

The IETU is a tax that co-exists with Income Tax; therefore, it will be subject to the following:

a If the IETU exceeds Income Tax of the same period, the Company will pay IETU. Pursuant to the foregoing, the Company will reduce Income Tax paid in the same period from the IETU of the period.

b If the IETU is less that Income Tax of the same period, the company will not pay IETU in the period.

c If the IETU base is negative due to deductions that exceed taxable income, there will be no IETU due. The amount of that base multiplied by the IETU rate will be the amount of the applicable tax credit, in terms of the Corporate Flat Tax Law. Effective fiscal 2010, the credit of the negative base can only be credited against IETU of the immediately subsequent ten fiscal years.

During the year ended December 31, 2010, the Company was subject to IETU in the amount of $309,205, which was lower than income tax for the year. Consequently, Income Tax was considered as the final tax.

Further, some subsidiary Companies paid IETU in the amount of $16,361

On February 11, 2008, the Company filed an appeal for constitutional applications with the proper authorities against the IETU Law. On October 22, 2008, the proper authorities, through a ruling, decided to deny the company the appeal for constitutional relief and protection of Federal Justice against that ruling. The Company filed an appeal for review which is in the process of being reviewed at the date of the external auditors' opinion.

19 Recognition of the effects of the Fiscal Reform in Taxes on earnings:

The executive order that amends, aggregates and repeals various tax provisions was published on December 7, 2009, and it went into effect on January 1, 2010.

The 2010 Fiscal Reform amends the tax consolidation scheme to set forth that the payment of Income Tax related to the benefits of tax consolidation gained effective 1999 should be paid in partial payments during the sixth to the tenth year, subsequent to the year in which those benefits were used.

The benefits of prior year consolidation are derived from:

- Tax losses used in tax consolidation.
- Losses on sales of shares not yet deducted individually by the entity that incurred them.
- Special consolidation items derived from transactions carried out between companies that consolidate.
- Dividends paid by the subsidiaries that consolidate that were not paid out of the CUFIN balance distributed effective 1999.

This provision should be applied to the benefits accumulated from the tax consolidations from 1999 to 2004 for the first time in 2010. The payment of the pertinent tax is required to be paid from 2010 up to 2015. As a consequence of the above, INIF 18 considers that the liabilities derived from the benefits of

consolidation gained should be recognized in the consolidated financial statements of an economic entity from 1999 up to 2009. Benefits from prior year consolidation for dividends paid by subsidiaries that consolidate that were not paid out of the CUFIN balance should be applied to retained earnings of 2009.

At 2009 year end, the Company has made estimated calculations of the Income Tax liability generated by the benefits of consolidation, thereby determining a net Income Tax liability as of December 31, 2009 in the amount of $248,560, out of which which a partial payment has been made applicable to fiscal 2010.

Consolidation of deferred income tax assets and liabilities due to the 2010 tax reform

	Balances prior to 2010 Tax Reform	Balances subsequent to 2010 Tax Reform as of December 31, 2009	Balances subsequent to 2010 Fiscal Reform as of December 31, 2010
Assets	$ 3,378,333	$ 3,378,333	$ 3,365,166
Liabilities	3,378,333	3,626,893	3,549,837
Net effect	$ -	$ (248,560)	$ (184,671)

20 Deferred income tax:

As of December 31, 2010 and 2009, the asset on the accrued deferred Income Tax effect is summarized as follows:

	2010	2009
Excess of tax over book value of assets and liabilities, net	$ 2,348,896	$ 3,060,869
Add - Tax loss carryforwards	3,687,147	388,275
	6,036,043	3,449,144
Income tax rate	30%	30%
Deferred income tax asset	$ 1,810,813	$ 1,034,743
Add – Effect from decrease in rate	-	7,880
Less - Valuation allowance	(747,091)	(366,037)
2010 Tax reform	-	(248,560)
Deferred income tax asset	$ 1,063,722	$ 428,036

This deferred Income Tax asset is due basically to accumulated tax loss carryforwards, the net effect of advances from advertisers, and the excess of tax over book value of property and equipment and the concession. Due to the uncertainty that part of the total of this deferred asset may not be recovered in its entirety, the Company has assumed a conservative position and has decided to create a valuation allowance of the deferred Income Tax asset, as shown in the above chart.

As of January 1 and December 31, 2010, there are not temporary items that generate deferred Employee Profit Sharing, in accordance with the guidelines of Financial Reporting Standard D-3, effective January 1, 2008.

As of December 31, 2010 and 2009, the line item of tax on earnings is summarized as follows:

	2010	2009
Income tax due	$ 505,265	$ 530,098
Deferred income tax	(32,740)	(417,701)
Deferred corporate flat tax	16,361	27,882
Taxes on earnings	$ 488,886	$ 140,279

21 Tax loss carryforwards for Income Tax purposes:

For income tax purposes, tax loss carryforwards can be offset in the following ten fiscal years against taxable income related to income tax. Those tax loss carryforwards may be restated by using the NCPI, as of the first month of the second half of the fiscal year in which the loss was incurred and up to the last month of the first half of the fiscal year in which the tax loss carryforward is realized.

The tax loss carryforwards of the controlled Companies obtained before being incorporated into the tax consolidated regime with TV Azteca as the holding company can be reduced from consolidated taxable income for the year, up to the amount of the taxable income obtained in the same controlled company involved.

As of December 31, 2010, the tax loss carryforwards that some controlled Companies have, restated at that date and obtained prior to being incorporated into the tax consolidation regime, are summarized as shown below:

Year incurred	Restated amount	Year of expiration
2001	$ 105,261	2011
2002	106,891	2012
2003	28,170	2013
2004	211,163	2014
2006	78,556	2016
2007	128,935	2017
2009	3,026,413	2019
2010	1,758	2020
	$ 3,687,147	

22 Assets tax:

Effective January 1, 2008, the assets tax was abrogated.

During 2007, the Company filed an appeal for constitutional relief with the authorities with competent jurisdiction, the Asset Tax Law discussed above. At the date of the external auditors' report, this litigation continues in process. Company's Management estimates that the result of this litigation will not have adverse effects thereon.

23 Other expenses, net:

This caption is summarized as shown below:

	2010	2009
Legal advisory services (lawsuit expenses)	$ 140,951	$ 98,030
Equity in earnings of subsidiary and associated companies	38,074	(13,677)
Donations	163,243	172,901
Write-off of other receivables	-	165,348
Amortization of disbursements in Project 40 preoperating stages	-	208,823
Reserve for impairment of assets	86,663	434,189
Other	191,928	156,698
	$ 620,859	$ 1,222,312

In the caption of others, the write-off of assets related to the project known as Hi TV was recorded since it was considered non-viable. The net effect in income amounted to $98,240.

24 Commitments:

a Leases

The Company rents the use of satellite transponders. The total rent expense of these satellites amounted to $68,298 and $75,013, included in operating costs and expenses for the years ended December 31, 2010 and 2009, respectively. Expenses include a fixed monthly payment and others based on the use thereof. The lease agreement has a one year mandatory duration, automatically and successively renewable for identical periods up to June 21, 2011.

b Performance rights

The Company has entered into license agreements with its performance rights suppliers for the long-term acquisition of materials of programs when such programs are available for their first broadcast. As of December 31, 2010, the commitments for the acquisition of materials amount to $54,152 US dollars, with due dates in 2018.

c Advertising rights

In June 2010, the Company entered into an advertising rights assignment contract with Super Publicidad, S. A. de C. V., which sets forth that effective fiscal 2012 and up to 2022, the rights of spaces are obtained for exhibiting advertising, as well as the use of part of the facilities of the Mexico City Arena. The total value of the consideration amounts to 3.500 US dollars, which have been paid in their entirety at the date of the opinion on the financial statements.

25 Contingencies:

a Servicio Hi-TV-

On May 25, 2009, the Ministry of Communications and Transportation (SCT) notified TV Azteca of the commencement of an administrative law proceeding, alleging that the service denominated Hi-Tv (understanding Hi-Tv as new programming options by using part of the capacity of channels for the transmission of Land Digital Television (hereinafter Hi-Tv)), is an unlicensed telecommunications service, which is rendered without having the pertinent concession, permit or authorization, in conformity with the provisions of the Federal Law on Telecommunications.

On February 23, 2010, the resolution issued by the SCT considered that the Hi-Tv service as a telecommunication service is different from broadcasting, and requires a telecommunications concession. Various sanctions and a penalty were imposed on TV Azteca.

TV Azteca filed an appeal for constitutional relief against that resolution, whereby TV Azteca asked to have the effects, consequences and/or execution of the resolution issued by the SCT suspended. On April 7, 2010, the final suspension was granted with respect to all the sanctions. In addition, on November 18, 2010, constitutional relief and protection were granted by the Federal Court to TV Azteca against each and every one of the acts claimed. On December 3, 2010, the SCT appealed the decision.

Due to the resolution issued by the Federal Commission of Telecommunications (COFETEL) on December 14, 2009, in the sense of considering Hi-Tv as a radio broadcasting service, and of the sense of the resolution in favor of the Company dated November 18, 2010, to date the Management of TV Azteca considers that there is a likelihood of obtaining a favorable final resolution for TV Azteca.

b Federal Electoral Institute (IFE)

In January 2008, a Decree was published in the Federation (*Diario Oficial de la Federación*) (the "Official Gazette") whereby the Federal Code of Electoral Institutions and Procedures (COFIPE) amended in 2007 was enacted.

The Company filed a series of appeals for constitutional relief against various provisions of that Code, for considering that it affected its legal jurisdiction by violating a series of individual guarantees, as well as imposing additional burdens on the Company as concessionaire of radio and television.

The Supreme Court of Justice resolved to dismiss those appeals for constitutional relief.

Subsequently, the IFE filed five special punishable proceedings against the Company for presumed nonperformances in the transmission of various promotional spots of political parties and Electoral Authorities that amount to a total of $35,493 at the issue date of these financial statements. These fines were confirmed by the Federal Electoral Court.

As of the date of the financial statements, there are fines against the Company amounting to $164,733. These fines are being dispute in the relevant venues This is why they are not final and binding.

Also, the IFE has imposed two sanctions on the Company in punishable special proceedings that amount to a total of $8,000, on the grounds that the Company had violated various provisions of the COFIPE by broadcasting political magazines that contained political campaign messages. These fines were confirmed by the Federal Electoral Court.

Further, the IFE imposed a sanction of $21,920 on the grounds that the COFIPE was being violated for not broadcasting commercials from political parties and electoral authorities in the restricted television broadcast of SKY and Cablevision. These fines were disputed in an appeal for constitutional relief and the claims were dismissed by the Court.

To date the Company has not been required to pay the abovementioned fines and sanctions; however, the Company shall undertake all legal actions that has to defend its rights against those sanctions.

Due to the nature of the matters that have been discussed, it is not possible to predict their outcomes. The Company's Management and its legal advisors estimate that they do not represent an adverse economic effect for the company with the legal elements and means of defense that the Company has for bringing action, hence no provision has been made for these items.

Finally, the Company has filed various appeals for constitutional relief that question the constitutionality of various acts issued by various authorities of the Federal Electoral Institute that violate the company's constitutional guarantees. These trials are in the process of being heard by the Supreme Court of Justice.

The appeals for constitutional relief referred to above do not lead to any economic application for the company.

c News and Information Cooperation.

As described in note 10, the Company has filed various lawsuits against CNI, TVM and Mr. Moreno Valle. In spite of a lack of certainty, Company's Management considers that it will prevail in the various disputes it has with CNI, TVM and Mr. Moreno Valle and, therefore, no provision has been made for this matter.

d Transition to Digital Television

In November 2010, both Television Azteca, S. A. de C. V. and Televisora del Valle de Mexico, S. A. De C. V. (Subsidiary Companies) filed Appeals for Annulment with the Federal Court of Tax and Administrative Justice against the Decree, which set forth the actions that should be carried out by the Federal Public Administration to complete the transition to Land Digital Television (2010 TDT Decree) published in the Official Daily Gazette on September 2, 2010.

At the date of the financial statements, these appeals do not represent a contingency for the Company, since the process for transition to Land Digital Television is in the process of being carried out at present, in compliance with the Agreement whereby the land digital television technological standard is adopted, and a policy is set forth for the transition to Land Digital Television in Mexico (2004 TDT Agreement).

At present, the 2010 TDT Decree is suspended by the Supreme Court, due to a constitutional issue filed by the Federal Legislative Branch.

e Other litigations and lawsuits

The Company and its subsidiaries are parties to various legal actions and lawsuits during the normal course of their operations. The Company's legal advisors indicate that there are various trials and contingent demands at the issue date of these financial statements, whose related amounts cannot be reasonable estimated to date.

These legal actions and lawsuits involve a quantified amount of $1,470,749. The Company's Management and its legal advisors consider that none of these legal actions against the Companies, including those not quantifiable individually or on a consolidated basis, will have any significant adverse impact on their businesses or financial position. Consequently, no provision has been made for these purposes.

26 Changes in Financial Reporting Standards, effective January 1, 2011:

As of February 24, 2011, date of the independent auditors' opinion, the CINIF has issued NIF and INIF.

The main changes and characteristics of the new NIF and INIF that will apply to the Company are the following:

- NIF B-5 "Financial Reporting for Segments" (Effective January 1, 2011)

FRS B-5 has a management approach and it requires information for the overall entity in connection with its products or services, its geographical areas, and its main customers and suppliers. Further, business areas in a preoperating stage can be classified as operating segments. On the other hand, the amounts of interest income and expenses are required to be disclosed by segments separately, as well as the other components of the Comprehensive Gain or Loss on Financing (RIF). Moreover, the amounts of liabilities are required to be disclosed, which are included in the usual information of the operating segment.

The effectiveness of this FRS generates accounting disclosure changes that will be recognized retrospectively, unless considered impractical to do so.

- NIF B-9 "Interim Financial Information" (Effective January 1, 2011)

Interim financial information should contain the following comparative financial statements for every interim period as a minimum: a) a condensed statement of financial position; b) a condensed statement of income or operations or, if applicable, statement of activities; c) if applicable, a condensed statement of changes in stockholders' equity; d) a condensed statement of cash flows; and e) notes to the financial statements with selected disclosures. FRS B-9 sets for the that the financial information presented at the end of an interim period should be compared with the information at the end of an equivalent interim period of the immediately foregoing year, except in the case of the statement of financial position, which is also

required to be compared with a statement of financial position at the year-end date of the immediately foregoing year.

The changes in the presentation of interim financial information that will be generated with the effectiveness of this FRS will be accounting changes recognized retrospectively.

- NIF C-4 “Inventories” (Effective January 1, 2011)

a) NIF C-4 eliminates direct costing as a valuation system, and eliminates the formula (formerly method) of allocating the cost of inventories known as last-in / first-out or LIFO.

b) Moreover, specific standards are incorporated for the valuation of inventories of service providers. In connection with acquisition of inventories through partial payments, the difference between the purchase price under normal credit conditions and the amount paid should e recognized as a financial cost during the period of financing, in accordance with the provisions of FRS D-6 “Capitalization of the comprehensive gain or loss on financing"; On the other hand, a procedure is set forth that allow provisions for inventory impairment losses that have been recorded in a prior period to be decreased or charged of against income of the period in which these changes occur. Finally, in connection with advances to suppliers, items whose risks and benefits have already been transferred to the company are required to be recognized as inventories, therefore, it should be understood that prepaid expenses do not form part of inventories.

- NIF C-5 “Prepaid expenses” (Effective January 1, 2011)

This FRS, among other matters, excludes prepaid expenses that are addressed in other FRS from its scope such as, for example, taxes on earnings, projected net asset derived from a pension play, and prepaid interest. Moreover, it sets forth that as a basic characteristic of prepaid expenses, the benefits and risks inherent to the goods that the Company is about to acquire or the services that it is about to receive are not transferred to the Company by virtue of such prepaid expenses.

Any accounting change derived from the initial application of this FRS should be recognized based on the retrospective method set forth in FRS B-1 “Accounting changes and error corrections”.

- NIF C-6 “Property, plant and equipment” (Effective January 1, 2011).

The main changes in this FRS are as follows:

a) it sets forth that property, plant and equipment used for developing or maintaining biological and extractive industry assets that for part of this FRS, except biological assets related to agricultural activity, assets for exploring and evaluating mineral resources, investments in mining funds, rights, and reserves on the exploration and extraction of minerals, oil, natural gas, and other similar non-renewable resources.

b) it incorporates the treatment of exchange of assets that should be taken care of based on economic substance. The bases are aggregated for determining the scrap value of a component, considering

current amounts that the Company could obtain for the disposal thereof, if they were in the final stage of their useful life.

c) the provision is eliminated that required that a value determined by an appraisal should be assigned to property, plant and equipment acquired at not cost or at a cost that is inadequate for skating their economic meaning, by recognizing a donated surplus;

d) companies are bound to depreciate components that are representative of an item of property, plant an d equipment, regardless of depreciating the rest of the item as if it were a single component; and

e) it sets forth that when a component is idle, it should continue to be depreciated, unless the depreciation method is used based on its activity.

The accounting changes generated by the application of this standard, if any, will be recognized as a change in accounting estimates with the prospective application method. The correction of any error should be made retrospectively. At the date of issue of the accompanying financial statements, the Company is in the process of determining the effects of the effectiveness of this FRS.

- NIF C-18 "Obligations associated with the retirement of property, plant and equipment"

The main characteristics for this NIF are:

a) the requirements to be considered in the valuation of an obligation associated with the retirement of a component;

b) the requirement of recognizing this type of obligations as a provision that increases the cost of acquisition of a component in terms of NIF C-6;

c) the manner how changes in valuation of these provisions will be recognized due to reviews of cash flows, the periodicity for their liquidation, and the appropriate discount rate to be used;

d) the use of an appropriate discount rate that incorporates the cost of money and credit risk of the entity.

e) the use of the expected present value technique to determine the best estimate for this type of provisions; and

f) the disclosures of an entity should be presented when there is an obligation associated with the retirement of a component.

At the date of issue of these financial statements, the Company is in the process of identifying the effects of the application of this FRS.

- Improvements to NIF 2011

Pursuant to the annual follow-up performed by the CINIF, based on comments by persons interested in financial reporting, as a result of the application of NIF and the review performed by the CINIF itself of such NIF after their effectiveness, these improvements are issued which are intended to improve certain aspects of NIF. Moreover, those changes eliminate some differences with International Financial Reporting Standards.

Improvements to NIF are presented as classified as follows:

a) those which, in accordance with NIF B-1, Accounting changes and error corrections generate accounting changes in valuation, presentation or disclosure in the financial statements of entities; and

b) which represent improvements to the NIF themselves and help to establish a clearer, more understandable presentation. Since they are more accurate, they do not generate accounting changes in the financial statements of entities.

Salles Sainz
Grant Thornton

Consolidated financial statements, statutory auditor's report and independent auditors' opinion

TV Azteca, S.A. de C.V. and subsidiaries

(Subsidiary of Azteca Holdings, S.A. de C.V.)

December 31, 2009 and 2008

(Translation of the statutory auditor's report, independent auditors' opinion and the financial statements originally issued in Spanish)

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JUAN C. SALLES M.
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COL. JARDINES DEL PEDREGAL
04500 MEXICO, D.F

Statutory Report

The Stockholders of

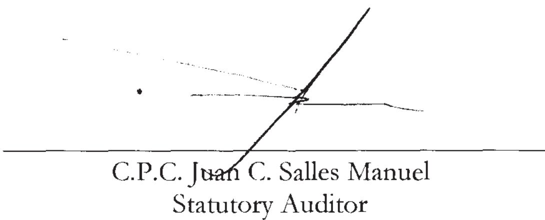
TV Azteca, S.A. de C.V. and subsidiaries
(Subsidiary of Azteca Holdings, S.A. de C.V.)

In my capacity as the Statutory Auditor and in compliance with Article 166 of the General Corporate Law and bylaws of TV Azteca, S.A. de C.V. (the Company), I hereby render my report on the veracity, sufficiency, and reasonableness of the financial information submitted to the stockholders by the Board of Directors, in connection with the operations of the Company and its subsidiaries, except for those subsidiaries incorporated abroad, for the year ended December 31, 2009,.

I have attended the Stockholders' Meetings and Board of Directors Meetings that I have been called to, and I have obtained the information on the transactions, documentation, and records from the directors and managers that I deemed necessary to examine. I have conducted my review in accordance with auditing standards generally accepted in Mexico.

The financial statements of certain foreign subsidiaries, whose assets, liabilities, and income represent 0.50%, 0.38%, and 1.33%, respectively, of the total consolidated amounts, were audited by other independent auditors. In connection with the amounts included from those consolidated amounts, my opinion is based only on the opinion of the other auditors.

In my opinion, based on my examination and the opinion of the other auditors referred to in the preceding paragraph. the criteria, accounting and reporting policies applied by the Company and its subsidiary Companies, and followed by the management in order to prepare the financial information submitted to the stockholders, are adequate, sufficient, and . consistent with the prior year; consequently, this information reflects truthfully, reasonably, and sufficiently the financial position of TV Azteca, S. A. de C. V. and subsidiary Companies as of December 31, 2009, and the results of their operations, changes in stockholders' equity, and cash flows for the year then ended, in conformity with financial reporting standards applicable in Mexico.



C.P.C. Juan C. Salles Manuel
Statutory Auditor

Mexico City, Mexico
February 25, 2010

Independent auditors' report

(Translation of the independent auditors' opinion originally issued in Spanish)
(See note 1 to the consolidated financial statements)

The stockholders of

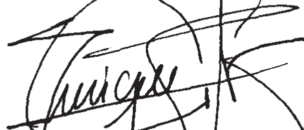
TV Azteca, S.A. de C.V. and subsidiaries
(Subsidiary of Azteca Holdings, S.A. de C.V.)

We have audited the consolidated balance sheets of TV Azteca, S.A. de C.V. and subsidiaries (a Subsidiary of Azteca Holdings, S.A. de C.V.) as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements as of and for the years ended December 31, 2009 and 2008 of some foreign subsidiaries, whose assets, liabilities, and income represent 0.50%, 0.38%, and 1.33%, respectively, of the total consolidated amounts, were audited by other independent auditors. In connection with the amounts included from those consolidated amounts, our opinion is based only on the opinion of those independent auditors.

We conducted our audits in accordance with generally accepted auditing standards in Mexico. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and that they are prepared in accordance with financial reporting standards applicable in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the opinion of the other auditors discussed in the first . paragraph above, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TV Azteca, S.A. de C.V. and subsidiaries (a Subsidiary of Azteca Holdings, S.A. de C.V.) as of December 31, 2009 and 2008, and the results of their operations, changes in stockholders' equity and cash flows, for the years then ended, in conformity with financial reporting standards applicable in Mexico.

SALLES, SAINZ – GRANT THORNTON, S.C.



C.P.C. Enrique Andrade Gutiérrez

Mexico City, Mexico
February 25, 2010

Consolidated Balance Sheets

As of December 31, 2009 and 2008
(Stated in thousands of Mexican pesos)

	2009	2008
Assets		
Current		
Cash and cash equivalents (Notes 5f and 6)	**$ 3,885,919**	$ 3,250,117
Accounts receivables (Notes 5g, 5aa and 7)	**4,636,264**	4,546,569
Related parties (Note 12)	**592,437**	347,912
Performance rights (Note 5h)	**1,833,152**	1,087,318
Inventories (Note 5 i)	**305,187**	205,855
Total current assets	**11,252,959**	9,437,771
Note receivable from Pappas Telecasting Companies (Note 10)	**1,576,851**	2,039,352
Performance rights (Note 5h)	**203,684**	524,282
Property and equipment, net (Notes 5j, 5q and 8)	**3,049,432**	3,241,978
Television Concessions, net (Notes 5k and 5q)	**4,648,476**	4,650,371
Other assets (Note 10)	**753,595**	924,041
Investments in stock (Notes 5n and 9)	**648,134**	614,859
Goodwill, net (Notes 5p and 5q)	**159,062**	159,062
Deferred income tax (Notes 5t, 19 and 20)	**3,806,369**	258,895
Total assets	**$ 26,098,562**	$ 21,850,611
Liabilities		
Short-term		
Bank loans (Note 13)	**$ 1,607,261**	$ 1,983,619
Performance rights (Note 5h)	**239,753**	378,413
Accounts payable and accrued expenses.	**2,383,891**	2,720,509
Related parties (Note 12)	**191,152**	126,390
Total long-term liabilities	**4,422,057**	5,208,931
Long-term:		
Stock exchange certificates (Note 13)	**6,000,000**	6,059,800
Loans from American Tower Corporation -ATC- (Note 13)	**1,563,803**	1,621,236
Advances from advertisers (Note 5s)	**4,604,817**	3,970,761
Deferred income tax (Notes 5t, 19 and 20)	**3,378,333**	-
Total long-term liabilities	**15,546,953**	11,651,797
Stockholders' equity (Note 15)		
Controlling interest		
Capital stock	**761,083**	759,841
Premium on stock issued	**3,901**	3,901
Legal reserve	**169,571**	169,571
Reserve for stock repurchases	**1,581,380**	1,529,268
Retained earnings	**3,633,707**	2,497,218
Cumulative translation effect	**(23,337)**	28,247
Controlling interest	**6,126,305**	4,988,046
Non-controlling interest	**3,247**	1,837
Total stockholders' equity	**6,129,552**	4,989,883
Total liabilities and stockholders' equity	**$ 26,098,562**	$ 21,850,611

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

Consolidated statements of income

For the years ended December 31, 2009 and 2008
(Stated in thousands of Mexican pesos)

		2009		2008
Net sales (Note 5y)	**$**	**9,967,881**	$	9,815,178
Cost of programming, production, and broadcasting		**4,760,976**		4,767,147
Selling and administrative expenses		**1,084,455**		1,155,531
Total costs and expenses		**5,845,431**		5,922,678
Operating income before depreciation and amortization		**4,122,450**		3,892,500
Depreciation and amortization (Notes 5j and 8)		**509,049**		478,818
Operating income		**3,613,401**		3,413,682
Other expenses, net (Note 23)		**(1,222,312)**		(866,931)
Comprehensive gain or loss on financing:				
Interest paid		**(876,004)**		(868,471)
Other financial expenses		**(65,171)**		(119,258)
Interest earned		**67,745**		92,561
Exchange gain, net (Notes 5r and 14)		**24,632**		79,224
		(848,798)		(815,944)
Income before taxes on earnings		1,542,291		1,730,807
Taxes on earnings (Notes 5t, 17, 18, 20 and 21)		**(140,279)**		(676,274)
Net income for the year	$	1,402,012	$	1,054,533
Income attributable to non-controlling interest	**$**	**1,410**	$	381
Income applicable to holding company equity		**1,400,602**		1,054,152
	$	**1,402,012**	$	1,054,533
Net earnings per common share (Note 5cc)	**$**	**0.1604**	$	0.1196
Diluted net earnings per common share (Note 5cc)	**$**	**0.1328**	$	0.1000

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

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2009 and 2008
(Stated in thousands of Mexican pesos)

	Number of shares paid (thousands)	Capital stock	Premium on stock issued	Legal reserve	Reserve for stock repurchases	Retained earnings	Insufficiency in the restatement of capital	Cumulative translation effect	Controlling interest	Non-controlling interest	Total
Balances as of December 31, 2007	8,971,018	$ 776,301	$ 3,607	$ 169,571	$ 2,029,666	$ 4,218,724	$ (2,759,693)	$ -	$ 4,438,176	$ (442)	$ 4,437,734
Net income of the year	-	-	-	-	-	1,054,152	-	-	1,054,152	381	1,054,533
Cumulative translation effect (Note 5b)	-	-	-	-	-	-	-	28,247	28,247	-	28,247
Non-controlling interest	-	-	-	-	-	-	-	-	-	1,898	1,898
Comprehensive income (Note 5dd)	-	-	-	-	-	1,054,152	-	28,247	1,082,399	2,279	1,084,678
Transfer of insufficiency in restatement of capital to retained earnings (Note 5x)	-	-	-	-	-	(2,759,693)	2,759,693	-	-	-	-
Preferred dividends paid (Note 15b)	-	-	-	-	-	(15,965)	-	-	(15,965)	-	(15,965)
Sale of treasury stock (Note 15c)	204,445	15,190	-	-	397,717	-	-	-	412,907	-	412,907
Stock repurchase (Note 15c)	(426,194)	(31,667)	-	-	(898,115)	-	-	-	(929,782)	-	(929,782)
Stock options exercised	226	17	294	-	-	-	-	-	311	-	311
Balances as of December 31, 2008	8,749,495	759,841	3,901	169,571	1,529,268	2,497,218	-	28,247	4,988,046	1,837	4,989,883
Net income for the year	**-**	**-**	**-**	**-**	**-**	**1,400,602**	**-**	**-**	**1,400,602**	**1,410**	**1,402,012**
2010 Tax Reform (Deferred Income Tax) (Note 19)	**-**	**-**	**-**	**-**	**-**	**(248,560)**	**-**	**-**	**(248,560)**	**-**	**(248,560)**
Cumulative translation effect (Note 5b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(51,584)**	**(51,584)**	**-**	**(51,584)**
Comprehensive income (Note 5dd)	**-**	**-**	**-**	**-**	**-**	**1,152,042**	**-**	**(51,584)**	**1,100,458**	**1,410**	**1,101,868**
Preferred dividends paid (Note 15b)	**-**	**-**	**-**	**-**	**-**	**(15,553)**	**-**	**-**	**(15,553)**	**-**	**(15,553)**
Sale of treasury stock (Note 15c)	**101,043**	**7,508**	**-**	**-**	**200,732**	**-**	**-**	**-**	**208,240**	**-**	**208,240**
Stock repurchase (Note 15c)	**(84,347)**	**(6,266)**	**-**	**-**	**(148,620)**	**-**	**-**	**-**	**(154,886)**	**-**	**(154,886)**
Balances as of December 31, 2009	**8,766,191**	**$ 761,083**	**$ 3,901**	**$ 169,571**	**$ 1,581,380**	**$ 3,633,707**	**$ -**	**$ (23,337)**	**$ 6,126,305**	**$ 3,247**	**$ 6,129,552**

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

Consolidated statements of cash flows

For the years ended December 31, 2009 and 2008
(Stated in thousands of Mexican pesos)

	2009	2008
Operating activities:		
Income before taxes on earnings	$ 1,542,291	$ 1,730,807
Related parties with investing activities:		
Depreciation and amortization	509,049	478,818
Equity in unconsolidated subsidiaries and associates	(13,677)	(12,868)
Provisions and estimates	870,863	820,667
Loss on sale of property, furniture and equipment	40,470	50,471
Cumulative translation effect	(51,584)	28,247
Net unrealized foreign exchange gain	(22,349)	(74,724)
Related parties with financing activities:		
Interest payable	876,004	868,471
	3,751,067	3,889,889
Accounts receivable	(205,509)	(424,438)
Related parties	(310,346)	(80,914)
Inventories	(99,332)	(181,527)
Performance rights	(563,896)	(342,582)
Accounts payable and accrued expenses.	(228,218)	(652,394)
Advances from advertisers	634,056	278,237
Taxes on earnings	(338,662)	(315,644)
Other assets	(39,128)	(148,128)
Net cash flows from operating activities	2,600,032	2,022,499
Investing activities:		
Acquisitions of property, furniture and equipment	(371,627)	(559,532)
Investment in stock of subsidiaries and associates	(19,598)	(43,733)
Concession of channels 31 and 35 in Guatemala	-	(14,802)
Proceeds from sale of property, furniture and equipment	133,943	112,608
Other items	-	1,908
Net cash flows from investing activities	(257,282)	(503,551)
Financing activities:		
Bank borrowings	-	2,043,419
Bank loans paid, net	(436,158)	-
Interest paid	(924,145)	(888,503)
Stock repurchases	(154,886)	(929,782)
Sale of treasury stock	208,240	412,907
Stock options exercised	-	311
Capital reimbursements paid	(384,446)	(569,687)
Preferred dividends paid	(15,553)	(15,965)
Net cash flows from financing activities	(1,706,948)	52,700
Increase in cash and cash equivalents	635,802	1,571,648
Cash and cash equivalents at beginning of year	3,250,117	1,678,469
Cash and cash equivalents at end of year	$ 3,885,919	$ 3,250,117

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

(Translation of the notes to the consolidated financial statements originally issued in Spanish)

Notes to the consolidated financial statements

As of December 31, 2009 and 2008

(Stated in thousands of Mexican pesos and thousands of U.S. dollars, except where stated otherwise, as well as values per share and exchange rates)

1 Method of presentation and translation into English:

The accompanying consolidated financial statements were originally issued in Spanish for use in Mexico. They have been translated into English for convenience of users in certain other countries. As indicated in note 4 below, these financial statements have been prepared in accordance with financial reporting standards applicable in Mexico, and certain accounting practices do not conform with generally accepted accounting principles in the United States or other countries.

2 Organization and business:

TV Azteca, S.A. de C.V. (the Company) was acquired by its present stockholders in July 1993, upon the executive order of the Mexican Government for the privatization of certain television stations and their respective assets.

The Company and its subsidiary companies mainly broadcast and produce television programs and sell advertising time.

3 Financial Reporting Standards:

The Mexican Board for Research and Development of Financial Reporting Standards (CINIF *for its Acronym in Spanish*) is the entity responsible for issuing in Mexico, the Financial Reporting Standards (NIF).

The NIF are comprised of the following: a) Financial Reporting Standards and its interpretations (INIF), b) Accounting Principles Bulletins issued by the Mexican Institute of Public Accountants (IMCP) that have not been modified, replaced or repealed by the NIF, and c) by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which are applicable supplementary.

At 2008 year-end, the National Banking and Securities Commission -NBSC- (CNBV *for its Acronym in Spanish*) issued a press release that reports the adoption process of IFRS for securities issuers in Mexico, which sets forth the possibility that issuers can adopt these standards early for fiscal years 2008, 2009, 2010, and 2011, provided that such issuers wish to do so and meet the requirements set forth by the NBSC. This way, the NBSC will make the necessary regulatory amendments that will set forth the requirement that issuers prepare and disclose their financial information based on IFRS, effective fiscal 2012. The Company, whose shares are listed in the Mexican Stock Exchange, and its subsidiary companies decided not to adopt IFRS for fiscal year 2009.

4 Changes in accounting policies:

The Company has adopted the following NIF and INIF that are applicable from January 1, 2009.

- NIF B-7 "Business Acquisitions"
- NIF B-8 "Consolidated or combined financial statements"
- NIF C-7 "Investments in associates and other permanent investment"
- NIF C-8 "Intangible Assets"
- NIF D-8 "Share-Based Payments"
- INIF 16 "Transfer primary category of financial instruments for trading purposes"
- INIF 18 "Recognition of the effects of the tax reform 2010 in income taxes"

The significant effects arising from the application of these new pronouncements in 2009, with respect to the valuation, presentation and disclosure are described in notes 5 a, 5 n, 5 o, 5 p and 19. An overview of the NIF and INIF issued but which are effective in subsequent years to 2010 are shown in note 27.

5 Significant accounting policies:

The accompanying consolidated financial statements and their notes were authorized to be issued on February 25, 2010, by the Board of Directors. Consequently, they do not reflect events beyond that date.

The General Corporate Law and the bylaws of the Company, grant stockholders the possibility to amend the financial statements after they have been issued. The accompanying financial statements will be submitted to the Ordinary Stockholders' meeting.

The significant accounting policies adopted by the Company, which comply with Financial Reporting Standards applicable in Mexico, are summarized below:

a Basis of consolidation

The consolidated financial statements include the assets, liabilities, and income (loss) of TV Azteca, S.A.de C.V., and those of its subsidiary Companies in which it holds practically 100% of their capital and exercises operating and financial control. All intercompany balances and transactions have been eliminated in consolidation.

All subsidiaries present their financial information for purposes of consolidation as of December 31, 2009 and 2008.

The assets, liabilities, and income (loss) of the subsidiary Companies are included in or excluded from consolidation as of the date on which those Companies are acquired or up to the date on which the formal plan of their sale was approved.

The main subsidiary companies are itemized below :

Televisión Azteca, S.A. de C.V.
TV Azteca Comercializadora, S.A. de C.V.
Red Azteca Internacional, S.A. de C.V.
Estudios Azteca, S.A. de C.V.
Azteca Novelas, S.A. de C.V.
Servicios Especializados TAZ, S.A. de C.V.
Producciones Especializadas, S.A. de C.V.
Corporación de Asesoría Técnica y de Producción, S.A. de C.V.
Operadora Mexicana de Televisión, S.A. de C.V.
Comercialización y Desarrollo Azteca, S.A. de C.V.
Inversora Mexicana de Producción, S.A. de C.V.
Servicios Aéreos Noticiosos, S.A. de C.V.
SCI de México, S.A. de C.V.
Servicios Locales de Producción, S.A. de C.V.
Servicios Foráneos de Administración, S.A. de C.V.
Lasimex, S.A. de C.V.
Azteca International Corporation (foreign subsidiary)
KAZA Azteca America, Inc. (.foreign subsidiary)
TVA Guatemala (foreign subsidiary)
Incotel (foreign subsidiary)
TV Azteca Global, S. L. U. (foreign subsidiary)
Servicios y Mantenimiento del Futuro en Televisión, S.A. de C.V.

b Translation of financial statements of foreign subsidiary Companies

The Company (reporting entity) and its subsidiaries (foreign operations) originally record their transactions in Mexican pesos, as well as in Guatemalan quetzales and US dollars, respectively.

The functional currency of the reporting entity is the Mexican peso, since sales, costs, and expenses are carried out mainly in that currency. The functional currency of foreign operations the Guatemalan quetzal and the US dollar, since the Company's transactions and financing obtained are carried out and contracted in those currencies.

Foreign operations are carried out in a non-inflationary environment; therefore, the amounts of foreign entities were translated as follow:

- Assets and liabilities were translated at the 2009 and 2008 year-end exchange rate. Balances that comprise stockholders' equity were translated at the historical exchange rates.

- Revenues and expenses were translated at the historical exchange rates.

- The translation effect was recognized as an item of comprehensive income of 2009 and 2008 denominated "cumulative translation effect", and is presented in the statement of changes in stockholders' equity.

c Consolidated statements of income.

The consolidated statements of income of 2009 and 2008 present costs and expenses based on their function, which allows for knowing their gross profit margin. Moreover, depreciation and amortization are presented separately to know operating income before taxes, interest, depreciation, and amortization. Such information is relevant for measuring their profitability.

d Consolidated. statements of cash flows

The Company has decided to present the statement of cash flows using the indirect method, which consists of presenting income or loss before taxes first, and then changes in working capital, investing activities, and finally, financing activities.

e Impact of inflation

Up to December 31, 2007, the Company recognized the impact of inflation comprehensively in the financial information, in accordance with the regulatory provisions of Bulletin B-10 and its Amendments to that date. Effective 2008, the impact of inflation has been disconnected since the Company operates in a non-inflationary environment.

Effective January 1, 2008, Financial Reporting Standard B-10 "Impact of inflation" defines two economic environments in which the Company and its subsidiaries can operate: a) inflationary, when inflation is equal

to or exceeds 26% accumulated in the three prior . years (8% annual average; and b) non-inflationary, when inflation is lower than the 26% accumulated as discussed above.

The impact of inflation on the financial information should be recognized in an inflationary environment, by applying the comprehensive method; .the impact of inflation for the period should be discontinued in a non-inflationary period.

Annual inflation of 2009, 2008, and 2007 was 3.5735%, 6.5281% and 3.7590%, respectively, thus the aggregate inflation for these three years was 14.485%.

f Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits in checking accounts and investments available, highly liquid that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

g Barter transactions

Barter operations represent transactions that do not imply any cash flow in which the Company sells advertising time to third or related parties, in exchange for certain assets or services. These transactions are originally recorded at the market value of the assets or services agreed upon in barter contracts in the caption of receivables from advertisers. In the years ended December 31, 2009 and 2008, net income derived from barter transactions amounted to $334,271 and $339,267, respectively.

h Performance rigths

Performance rights represent the right acquired for broadcasting programs and events under license agreements, as well as the cost of internal productions.

Performance rights and obligations are originally recorded as an asset at their cost of acquisition when contracts are signed and the material is available. A liability is recognized on the unpaid part, if applicable. The cost of performance rights is amortized as programs and events are broadcasted.

As of December 31, 2009 and 2008, the provision for performance rights that will not be used prior to their expiration amounts to $123,605 and $99,695, respectively.

As of December 31, 2009 and 2008, performance rights include internal productions in the amount of $462,839 and $463,480, respectively. Performance rights of internal productions are amortized as broadcasted for the first time, except in the case of soap operas, of which 70% are amortized as broadcasted in Mexico, 20% as broadcasted in the United States or over a maximum six-year term, and the remaining 10% as sold in other countries.

The maximum six year amortization period of 20% of the costs of soap operas channeled to the US market reflected the experience and future plans of the Company on that market.

i Inventories and costs

Inventories of merchandise and materials are originally valued at the lower of their acquisition cost or their net realization value. Their cost is determined using the average cost method, and that same method is used to make charges to costs and expenses. The values of these inventories do not exceed their market value.

j Property and equipment

Property and equipment are recorded at cost. Up to December 31, 1996, these assets were stated at their net replacement value, determined based on appraisals performed by independent expert appraisers authorized by the National Banking and Securities Commission. Assets of domestic origin, acquired from 1997 up to 2007, were restated by applying factors derived from the National Consumer Price Index (NCPI) thereto up to December 31, 2007. Up to December 31, 2007, the Company had valued assets of foreign origin by applying the rate of inflation of the country of origin and translated into Mexican pesos by using the market exchange rate published by the Bank of Mexico.

Depreciation is calculated based on the carrying value of fixed assets (at cost for investments made effective 2008, and at restated value for investments made up to December 31, 2007), and by using the straight-line method based on their estimated useful life, by applying the following rates:

- Buildings	3%
- Operating equipment	5% and 16%
- Furniture and office equipment	10%
- Transportation equipment	20%
- Other fixed assets	25%

k Television concessions

The value of television concessions, which are for exclusive use by the Company, was determined based on the excess of the purchase price paid for the Company's assets over their carrying value at the date of privatization.

As a result of the analyses performed, the Company, in conformity with Bulletin C-8 "Intangible Assets", determined that television concessions qualify as indefinite-lived intangible assets; therefore, effective January 1, 2002, amortization of those concessions was suspended.

In complying with the provisions set forth in the Mexican Federal Radio and Television Law and through the Ministry of Communications and Transportation (SCT), on August 25, 2004, all television concessions were extended through certificates of concession renewal for transmission of frequencies, which expire on December 31, 2021.

These certificates of renewal set forth the obligation of implementing land digital technology at television stations in an equal number to analogical stations, in conformity with the standards and policies set forth by the SCT, and in the period, terms and conditions set forth in those certificates of renewal, as part of the transition process of analogous transmissions to those of high definition. That term expires on December

31, 2021. The certificates of renewal include calendars for the implementation described above, which have been complied with by the Company as of December 31, 2009.

l Financial instruments

Bulletin C-2 "Financial Instruments", sets forth the treatment of temporary investments and other contracts that result in a financial asset or liability, in order for all these financial instruments, including derivatives, to be recognized in the balance sheet. Likewise, financial instruments should be recognized in accordance with the substance of the respective contract, by using three classifications (i) trading securities, (ii) available-for-sale securities, and (iii) held-to-maturity securities.

The valuation of trading and available-for-sale securities is determined in accordance with the fair value of the instruments, whereas the valuation of held-to-maturity securities is determined pursuant to their acquisition cost. The effects of changes in valuation at fair value, as well as the amortization of held-to-maturity securities are included in income for the year, within the integral cost of financing.

Derivative financial instruments agreed upon for hedging purposes are valued in accordance with the valuation criterion of the type of asset or liability being hedged, and the changes in valuation are recognized in income for the year, net of costs, expenses or revenue from the assets or liabilities whose risks are being hedged.

m Derivative financial instruments and hedging transactions.

Derivative financial instruments for purpose of trading or hedging exposure to adverse changes in interest rates, are recognized as assets and liabilities at their fair value.

The valuation of trading instruments is recognized in the income statement in the line item of comprehensive gain or loss on financing in the period in which it occurs. Valuation of fair value hedging instruments is recognized immediately in income, netting costs, expenses or income from assets and liabilities whose exposure is being hedged. In cash flow hedge transactions, the ineffective part of changes in fair value of the hedge is recognized immediately in income, whereas the effective part is recognized in equity as part of comprehensive income. Subsequently, it is recycled into the income statement in the period in which the asset, liability or forecasted transaction (hedged primary position) affects income of the period.

Certain derivative financial instruments have not been designated as hedges for accounting purposes, although they are contracted for hedging purposes from an economic perspective. Changes in fair value of those derivatives are recognized in income in comprehensive gain or loss on financing.

The Company has entered into interest rate hedge contracts, which have a one year duration, and are valued at fair value, due to the duration thereof.

n Investments in associated companies

The investment in stock of associated Companies in which significant influence is exercised through voting power of more than 25% in such Associates, are initially valued at the net fair value of assets and liabilities

of the Associate at the date of acquisition, and it is changed at every year end by applying the equity method. The equity method consists of adjusting the investment value by applying the proportionate part of the changes in stockholders' equity of those Companies. Equity in earnings (losses) of associated Companies is presented separately in the accompanying consolidated statements of income under Other expenses, net.

All associated Companies have prepared their financial information as the basis to account for the equity method as of December 31, 2009 and 2008 (See Note 9).

o Business acquisitions

Business acquisitions are recognized by using the purchase method. The purchase method requires evaluating that a business is being acquired, identifying the acquirer, determining the date of acquisition, valuing the identifiable assets and liabilities assumed of the acquire business in the initial recognition, as well as non-controlling interest, valuing the consideration at its fair value, and recognizing goodwill acquired or unusually recognizing a purchase at a bargain price.

Goodwill represents the excess of the consideration paid in the acquisition over the amount of the net assets of the business acquired.

When the net assets of the business acquired exceed the value of the consideration paid, those net assets of the business acquired are adjusted in the following order: a) the values of intangible assets; b) the value of property, machinery and equipment by applying the prorated adjustment to assigned values, except for assets available for sale; and c) the value of permanent investments. Once the above assets have been exhausted, the remaining balance, if any, is recognized as a gain on the purchase, as an unordinary item in the statement of income.

No businesses were acquired during the year.

p Intangible assets , disbursements in preoperating stages and goodwill

Intangible assets relative to deferred costs applicable to the issue of stock exchange certificates, unamortized expenses, preoperating expenses, and goodwill are recognized at cost when acquired. Up to December 31, 2007, those assets were restated by using factors derived from the NCPI. Net values as of December 31, 2009 and 2008 do not exceed their recovery value or value in use.

Intangible assets acquired as well as costs incurred in developing intangible assets are capitalized when future economic benefits are identified and there is evidence that control over such assets is maintained. Expenditures not meeting these requirements are charged to income for the period in which incurred.

Intangible assets with a defined life span are amortized over the period in which future economic benefits are expect to be obtained, by using the straight-line method. Residual value and estimated useful life are reviewed annually.

Intangible assets with an undefined life span including goodwill are not amortized due to the impossibility of defining the termination date of future economic benefits accurately. Those assets are subject to an annual evaluation for possible impairment or earlier if conditions merit.

q Long-lived assets impairment assessment

Long-lived assets are assessed in accordance with the provisions of Bulletin C-15 “Impairment of long-lived assets and their disposal”, which sets forth, among other aspects, rules for the calculation and recognition of impairment losses on these assets and their reversal. This Bulletin further presents examples of indicators of the existence of possible impairment of the value of long-lived assets in use, tangible and intangible assets, including goodwill. In order to calculate the impairment loss, the recovery value should be determined that is now defined as the higher between the net selling price of a cash generating unit, and its value in use, which is the present value of future net cash flows, by using the appropriate discount rate.

As of December 31, 2009, and 2008 the Company shows no indications of impairment as set forth in Bulletin C-15 referred to above.

r Foreign currency transactions

Foreign currency transactions are accounted for at the prevailing exchange rate at the time they are carried out. Foreign currency assets and liabilities are restated at the applicable year/period end exchange rates. Exchange gains or losses are considered as part of the integral result of financing, within the consolidated statement of income.

s Advances from advertisers

The Company essentially handles two types of advertising advance contracts with its customers. The Plan Azteca (Aztec Plan) generally requires payment in full within four months following the date on which the contract is signed. The Plan Mexicano (Mexican Plan) permits customers to make payments in installments, which are generally supported by notes over the period in which advertising is broadcasted. In both plans, the Company enters into some contracts with its customers at terms exceeding one year.

The Company records cash or other assets received and the balance due from customers, as well as the obligation to provide advertising under either of the two types of contracts referred to above, when those contracts are signed or the customer has tacitly accepted. Advertising advances are credited to net sales when the advertising contracted is broadcasted. Those obligations are considered long-term nonmonetary liabilities. Up to December 31, 2007, those assets are restated by applying factors derived from the NCPI. Advances from advertisers are valued at selling prices of services. Company Management estimates that approximately 53% of those obligations represent the cost of the service to be rendered.

t Income tax, corporate flat tax, and employee profit sharing, prepaid and deferred.

Provisions for income tax, corporate flat tax and employee profit sharing are recorded in income for the year they are due. Deferred income tax due to temporary differences resulting from comparing book and tax

values of assets and liabilities, including the benefit of tax loss carryforwards and credit tax, are recorded in income of the year they are due. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated will be effective on the dates temporary items shall be recovered or realized.

Deferred employee profit sharing due to temporary differences between book and taxable income is recognized only when it can be reasonably presumed that they are going to generate a liability or benefit, and there is no indication that this situation is going to change in such a way that those liabilities or benefits do not materialize.

Effective January 1, 2008, the Corporate Flat Tax law (IETU *for its Acronym in Spanish*) repealed the Asset Tax Law. IETU is a tax that co-exists with Income Tax, therefore, the Company has drawn up projections based on reasonable, reliable assumptions properly supported, which represent Management's best estimate where it has identified that the expected trend is essentially that Income Tax will be paid in future years. Accordingly, only deferred Income Tax has been recognized.

Employee Profit Sharing due and deferred is considered as an ordinary expense associated with employee benefits, effective 2008. It is further recognized in the statement of income or operations in the caption of Other expenses, net.

u Employee stock option plan (ESOP)

Options granted to employees are recorded with an appropriation to paid-in capital stock until those options are exercised and computed at their assigned or allocated value. As of December 31, 2009 and 2008, those options were totally exercised .

v Reserve for stock repurchases

In accordance with the Securities Market Law, the Company created a capital reserve by appropriating a Reserve for stock repurchases from retained earnings, in order to strengthen the offer and demand for its shares on the Securities Market. Shares acquired and temporarily withdrawn from the market are considered as treasury shares that are presented as a capital stock decrease, until placed again on the market.

w Restatement of stockholders' equity

Up to December 31, 2007, the restatement of capital stock, additional paid-in capital, legal reserve, reserve for stock repurchases, and retained earnings was determined by applying factors derived from the NCPI. It represented the amount necessary to convert stockholders' contributions, additional paid-in capital, legal reserve, reserve for stock repurchases, and retained earnings to pesos equivalent to pesos of 2007 year end.

The restatement of stockholders' equity was distributed among each and every one of the captions that gave rise thereto. Consequently, each one is comprised of the sum of its historical value and applicable restatement at that date.

x Insufficiency in stockholders' equity restatement

Up to December 31, 2007, the balance of this account mainly represented the difference resulting from the restatement of fixed assets that were restated by having appraisals performed (up to December 31, 1996), and through those specific indexes of foreign origin, against the restatement of stockholders' equity accounts and the gain or loss on monetary position in accordance with the NCPI.

Effective 2008, the insufficiency in stockholders' equity restatement is required to be: a) reclassified to retained earnings if identified as realized; and b) if unrealized, it is required to be maintained in stockholders' investment and recycled to net income or loss for the periods in which the item giving rise thereto is realized.

As of January 1, 2008, the excess in stockholders' equity restatement amounts to $2,759,693, which was applied to retained earnings as of that date, since it was impractical to identify what type of nonmonetary asset applies to that restatement of retained earnings.

y Net Sales

Revenues on advertising contracts are recognized as the advertising contracted is broadcasted. Net sales consist of revenues obtained from advertisers less sales commissions. In the years ended December 31, 2009 and 2008, sales commissions amounted to $698,575 and $701,693, respectively

z Income from unsold advertising time

The Company recurrently markets unsold advertising time to infomercials, shared risk advertisers, and through integrated advertising. Infomercials are charged at a fee contracted for the time that the advertisement lasts. For shared risk advertisements, a percentage is received of gross sales of the products offered during the period of time negotiated after the advertisement is broadcasted. Integrated advertising revenue applies to the presentation and use of products during the broadcasting of internal programming. Revenue for these items accounted for 18.59% and 21.1% of net sales as of December 31, 2009 and 2008, respectively.

aa Estimate for uncollectible accounts

The recoverability of trade accounts receivable and other receivables is evaluated periodically. When these accounts are determined to be unrecoverable, the pertinent estimate of balances of customers is applied to net sales and the estimate of other receivables is applied to Other expenses.

bb Use of estimates

In preparing the financial statements, Company's Management has used various estimates and assumptions . related to the presentation of assets and liabilities, and disclosure of contingent assets and liabilities, such as the estimate for uncollectible accounts, labor obligations, future cash flows, discount rates, and others, in order to present its financial information in conformity with financial reporting standards applicable in Mexico. The actual outcome can differ from these estimates and assumptions.

cc Earnings per share

Earnings per share applicable to the controlling interest is calculated based on the weighted average of shares outstanding during the years ended December 31, 2009 and 2008, respectively. The weighted average number of shares during the years ended December 31, 2009 and 2008 was 8.732 billion . and 8.813 billion, respectively. Based on the foregoing information, net earnings per share amounts to:

	2009		2008	
Net earnings per common share	$	0.1604	$	0.1196
Diluted net earnings per share	$	0.1328	$	0.1000
Net earnings per preferential share	$	0.1623	$	0.1216

dd Comprehensive income

The amount of comprehensive income presented in the statement of changes in stockholders' equity is the result of the total performance of the Company during the years ended December 31, 2009 and 2008. The foregoing is basically represented by net income, deferred income tax derived from the Tax Reform of 2010, and the cumulative translation effect.

6 Cash and cash equivalents:

	2009		2008	
Cash in hand and in banks	$	254,995	$	207,672
Short-term investments		3,630,924		3,042,445
	$	3,885,919	$	3,250,117

As of December 31, 2009 and 2008, due to the stock exchange certificate issue program discussed in Note 13, the cash subject to restrictive covenants and applicable to that program amounts to $330,370 and $368,779, respectively.

7 Accounts receivables:

	2009		2008	
Trade receivables	$	4,375,610	$	3,978,016
Taxes recoverable		89,070		87,676
Prepaid expenses		184,552		123,086
Other receivables		261,140		430,632
		4,910,372		4,619,410
Estimate for uncollectible accounts		(274,108)		(72,841)
	$	4,636,264	$	4,546,569

Trade accounts receivable include barter transactions in the amounts of $225,651 and $363,363 as of December 31, 2009 and 2008, respectively.

As of December 31, 2009, future flows of advertising sales are secured by the stock exchange certificates issued by the Company (refer to note 13).

8 Property and equipment:

	2009	2008
Buildings	$ 1,903,852	$ 1,890,941
Operating equipment	4,773,451	4,602,574
Furniture and office equipment	327,333	323,815
Transportation equipment	649,782	696,504
Other fixed assets	825,507	689,142
	8,479,925	8,202,976
Accumulated depreciation	(6,402,888)	(5,938,827)
	2,077,037	2,264,149
Land	648,385	603,134
Construction-in-progress	324,010	374,695
	$ 3,049,432	$ 3,241,978

As of December 31, 2009 and 2008, the company has no . property or equipment secured as collateral of bank loans.

In December 2007, the Company, as Ttrustor, and Banco Azteca, S.A., Institucion de Banca Multiple . Direccion Fiduciaria (a related party) as Trustee entered into a Trust agreement, whereby the real property owned by the Company would be placed in the trust agreement under the terms established. The fundamental purpose of the Trust would be the acquisition or construction of real property that for the purpose of leasing, as well as granting mortgage-backed financing on those assets for such purposes. The Company plans to have the Trust issue authorized securities to be placed with the investment public. As of December 31, 2007, the carrying value of the real property that will be placed in this Trust amounts to $345,393 (in accordance with the appraisal performed to enter into the trust agreement the property amounts to $481,350). At the date of the independent auditors' opinion, the trust has not commenced operations.

9 Investments in stock:

	2009	2008
Atlético Morelia	$ 374,448	$ 389,747
Televisora del Valle de México, S. A. de C. V.	118,750	118,750
Súper Espectáculos, S. A. de C. V. (Arena Monterrey)	75,618	55,002
Centro de Capacitación de Alto Rendimiento Azteca, A.C.	40,057	40,057
Globo Re, S.A. (foreign subsidiary)	27,167	-
Other investments	12,094	11,303
	$ 648,134	$ 614,859

Atlético Morelia-

The Company holds 100% of the shares of capital stock of Atlético Morelia, S. A. de C. V. and Promotora de Futbol Morelia, S. A. de C. V., whose income are immaterial in consolidated income. There is no

consolidation insofar as no influence or control is exercised in managing and operating those subsidiaries, therefore, the income . is recognized by using the equity method.

Televisora del Valle de México (TVM)-

In February 2006, the Company acquired 118,750,000 shares with a par value of $1, representative of 51% of the capital stock of TVM.

As of December 31, 2009 and 2008, the investment in the stock of TVM is valued at cost, since there is no financial information and TVM is part of the litigation discussed in note 10 below. As of December 31, 2009, it is estimated that the value of this investment does not exceed its recovery value.

Globo Re, S.A. (Associated Company)-

As of December 31, 2009, the Company holds a.27% interest in Globo Re, S. A. de C. V. The income or loss thereof is recognized by using the equity method.

10 Other assets:

	2009	2008
Payments to Corporación de Noticias e Información, S.A. de C.V.	$ 423,683	$ 428,560
Deferred costs relative to the issue of Stock Exchange Certificates – net	131,782	189,081
Preoperating expenses	-	132,412
Other assets, net	198,130	173,988
	$ 753,595	$ 924,041

	2009	2008
Note receivable from Pappas Telecasting Companies (refer to comment on Azteca America herein below)	$ 2,011,040	$ 2,039,352
Valuation allowance	(434,189)	-
Promissory note receivable, net	$ 1,576,851	$ 2,039,352

Corporación de Noticias e Información, S. A. de C. V. (CNI)

On December 10, 1998, the Company and its subsidiary Operadora Mexicana de Television, S. A. de C. V. (OMT) signed a Joint Venture Agreement with CNI and Televisora del Valle de Mexico, S. A. de C. V. (TVM), which established the agreements discussed below:

a The Company will directly or indirectly advise TVM and CNI to make the operation of television Channel 40 (Canal 40) more efficient over a 10-year period, or during the operating period of the concession (that TVM has), whichever is lower.

b The Company entered into an assignment of rights and obligations agreement (the "Assignment Agreement) with CNI whereby CNI, through the express consent of TVM, assigns the rights and obligations to the Company, originally set forth in favor of CNI, through a programming,

promotion, and marketing contract with TVM (whereby the programming rights and operative handling of television Channel 40 in UHF are acquired). Furthermore, the Company is bound to paying 50% of the Earnings Before Financing, Taxes, Depreciation, and Amortization (UAFIDA) every quarter. Toward that end, the obligation is established of paying 15,000 dollars as an advance over the first 3 years on account of this agreement. That amount will be changed in accordance with the results of the subsidiary that will operate the concession. As of December 31, 1999, the Company delivered the total 15,000 dollars described, which will be amortized against the UAFIDA generated in operating Channel 40 over a maximum 10-year period.

c The Company granted a loan in favor of CNI in the amount of 10,000 dollars over a ten year term, with a 3-year grace period as of the drawdown of the loan. Interest accrued will bear the highest rate paid by the Company plus 0.25 points. To secure the loan, a pledge was created applicable to 51% of the shares representative of the capital stock of TVM, held by Mr. Javier Moreno Valle Suarez. Those shares will be pledged until the loan and its related costs (surcharges and restatement) are paid in full. As of July 2000, CNI had drawn down 10,000 dollars of this loan.

d The Company, through a call option contract, will acquire up to 51% of the shares representative of the capital stock of TVM, as of the fourth year of being in effect. The purchase price of the shares will be the higher of 100,000 dollars or 10 times the UAFIDA of the last 12 months, and that amount will represent the number of shares to be acquired. The price will be changed based on the date of payment that will be given as of November 30, 2002. This agreement also sets forth the put option of the shares held by Mr. Javier Moreno Valle Suarez and Mr. Hernan Cabalceta Vara, whereby the Company is bound to buy the total shares held by these persons, under certain circumstances. The Company has the right to transfer the shares to any of its subsidiary companies.

e The Company entered into a contract with CNI for production and programming, where it is bound to include sixteen and a half hours per week of newscasts and informative programs of CNI and programs produced by third parties in the programming of Channel 40. As a consideration of the broadcasting rights through Channel 40, the Company will pay CNI 5.0 dollars for each 60-minute program in the first year or its equivalent. Effective the second year, it will pay 1.65 dollars for each point of rating.

In order to operate Channel 40 efficiently, the Company binds itself to rendering accounting, administrative, informatics, technical or any other advisory services that help TVM and CNI to improve the operation and management of the Channel.

In July 2000, CNI suspended the transmission of the Company's signal, which was an obligation set forth in the joint venture agreement. The Company's signal was suspended from that date up to December 2002, as described hereinbelow. As an answer to this and other actions, the Company has filed various lawsuits against CNI, TVM, and Mr. Moreno Valle. The Company claims damages and lost profits due to the interference of the signal (that litigation to date has been concluded) and specific performance of the agreements, based on the joint venture agreement and the call option contract, the exercise of the call option to acquire up to 51% of the capital stock of TVM.

As of July 2000, the Company made payments to CNI amounting to 26,059 dollars, with respect to the joint venture that could be recovered by the future earnings of that joint venture or, if applicable, the call option contract of the shares as discussed in paragraph d.

In December 2002, an Arbitral Court of the International Arbitral Court of the International Chamber of Commerce handed down an arbitration decision which sets forth that the joint venture agreement and call option contract signed by the Company, Mr. Moreno Valle and CNI are valid, in effect, and enforceable. The Company considers that the arbitration decision confirms the Company's right to program, market, and operate Channel 40, as set forth in the joint venture agreement, and exercise its right to acquire up to 51% of the capital stock of TVM.

In December 2002, the Company's signal was reestablished at Channel 40. After this event, the Ministry of Communications and Transportation (SCT) took exclusive control over the transmission installations and signal of Channel 40. In January 2003, CNI filed a writ of amparo (appeal for constitutional relief) and petitioned the First District Court in Administrative Matters to overturn the decision of the SCT to take exclusive control of the transmission installations and signal of Channel 40. On January 27, 2003, CNI took back control of the installations and signal referred to above. On that same day, the Company filed a writ of amparo against that decision. In March 2004, the Fourth Chamber of Civil Matters handed down a ruling which concluded that the legal action filed by the Company against Mr. Moreno Valle, which sought to enforce the pledge on 51% of the capital stock of TVM, was correct and adequate, thereby authorizing the Company to sell the pledged shares of TVM. Mr. Moreno Valle filed an indirect writ of amparo, thereby granting the suspension of the sale of pledged shares, and the writ of amparo due to matters that do not extend to the substance of the dispute. In May 2004, both parties filed an appeal for review against that decision. The appeal was decided for purposes of filing a new lawsuit whereby CNI is the defendant.

In July 2005, the Company filed a new labor-law claim with the International Court of Arbitration of the International Chamber of Commerce whereby it claims, among other things, specific performance of the Joint Venture Agreement and call option of 51% of the stock of TVM. These proceedings have concluded due to a lack of payment by the losing party. This payment was ordered by that Court as part of the legal process.

In September 2005, the Seventh Civil Court handed down a ruling whereby: a) TVM and CNI nonperformed the Assignment Contract; b) TVM and CNI were ordered to perform the Assignment Contract; and c) TVM and CNI were ordered to pay damages and harm, as well as (legal) expenses and costs. The Fourth Civil Court confirmed the ruling handed down by the court of original jurisdiction, TVM and CNI filed appeals for constitutional relief (amparos) against the rulings handed down by the fourth division in the appeal filed by the defendant, on which the final ruling was handed down by the First Civil Three-Judge Court, in the sense of confirming the judgment for the plaintiff.

On September 27, 2005, the Company moved to dismiss the resolutions adopted at the so-called General Ordinary Stockholders' Meeting of TVM held in September 2005. In October 2005, the 44th civil court judge granted a leave to proceed with the lawsuit and required the Company to furnish a surety bond in the amount of $500. Accordingly, the judge handed down a ruling to suspend the execution of the resolutions adopted at that meeting. As a result of the appeal filed by TVM, the Sixth Civil Division amended the ruling handed down by the judge in December 2005, which determined the inadmissibility of the suspended execution of the resolutions adopted at the meeting. The Company filed an appeal for constitutional relief (writ of amparo) against that ruling handed down in December 2005. The Ninth Judge of the Civil Division in the Distrito Federal (Mexico City) granted a provisional suspension of the act challenged, subject to a

surety bond in the amount of $10,000 that was furnished by the Company. At December 2005 month-end, the Company filed another surety bond in the amount of $60,000 for the final suspension to go into effect. In October 2006, the 9th District Court handed down a ruling on the appeal for constitutional relief in favor of the Company, thereby confirming the suspension of resolutions adopted at the challenged Meeting. In November 2006, TVM resorted to filing an appeal for review of that ruling, and the First Three-Judge First Circuit Civil Court confirmed the appeal for constitutional relief granted to the Company on May 4, 2007. Pursuant to that ruling handed down on January 8, 2008, the 45th Civil Court declared the resolutions adopted at the above meeting null and void. TVM and the Company filed separate appeals for constitutional relief (amparos) against this last ruling handed down by the Tenth Civil Three-Judge Court on February 25,2009, whereby an appeal for constitutional relief was denied to the Company and an appeal for constitutional relief was granted to TVM for the purpose of resolving that TVA as a pledgee does not have legal standing to file action to challenge, since the resolutions adopted at the stockholders' meeting do not affect the value of the shares. The Sixth Civil Court, in performance of the appeal for constitutional relief, through a ruling handed down on March 13, 2009, upheld the action to have the resolutions adopted by the meeting declared null and void, and that TVA does not have legal standing to action to challenge, due to the reasons discussed above. Pursuant to the ruling handed down on August 18, 2009, the Sixth Civil Division decided that TVA also lacks legal standing to file an appeal for annulment. TVA filed an appeal for constitutional relief against that ruling which that three-judge court was supposed to hear. No ruling has been handed down thereon.

On February 3, 2006, the Company filed a motion to legally dismiss the resolutions adopted at the so-called General Ordinary and Extraordinary Stockholders' Meetings of TVM held in February 2006. In that same month, the 44th civil court judge granted a leave to proceed with the lawsuit and handed down a ruling suspending the execution of the resolutions adopted at those meetings, subject to a surety bond furnished by the Company in the amount of $500. TVM has filed a new appeal (to a higher court) against the interlocutory order that granted the suspension discussed above. Accordingly, pursuant to the ruling handed down on April 24, 2006, the Court decided to amend the interlocutory order, thereby denying the suspension. Subsequently, the Company filed an indirect appeal for constitutional relief that the 3rd District Civil Court in the Distrito Federal (Mexico City) was to take cognizance of, whereby the definite suspension was granted. Pursuant to the judgment signed on May 29, 2007, the Company was granted constitutional relief whereby the suspension of the resolutions adopted at the challenged Meetings was confirmed. TVM has resorted to that ruling and the Seventh Three-Judge Civil Court confirmed the constitutional relief granted to the Company on August 15, 2007. The motion for reconsideration of the interlocutory order (post-trial motion) is in an evidentiary period.

In execution and performance of the final ruling handed down by the Seventh Civil Judge, on February 22, 2006, Canal 40 (Channel 40) again started to broadcast the programming furnished by the Company, in reliance on the contracts signed between TVM and the Company in 1998, which were restored and recognized by the person who acts as both sole director and C.E.O.

In spite of a lack of certainty, Company Management considers that it will prevail in the various disputes it has with CNI, TVM, and Mr. Moreno Valle and, therefore, no provision has been made for this matter.

Azteca América

The Company, through Azteca International Corporation (Azteca America), a company residing in the United States, launched the Azteca America Network, a new Spanish language broadcasting network in the United States. Through Azteca America, its subsidiary, the Company establishes affiliate relationships with

television broadcasting stations and television cable and satellite distributors on US markets that have a significant Hispanic audience. Furthermore, Azteca America affiliates can sign distribution contracts with other cable operators. Through the Azteca America network, the Company distributes part of its programming in the US, including soap operas, reality programs, sports, news, and other Spanish language general entertainment programming, referred to as a whole by the Company as Azteca America programming.

In 2002, the Company, Azteca America and Grupo Pappas Telecasting ("Grupo Pappas") were party to a series of lawsuits and disputes relative to certain agreements entered into between the parties. On February 13, 2003, the Company announced that a final agreement had been signed between the Company, Azteca America and Grupo Pappas to solve all existing lawsuits and disputes. As part of this agreement, Grupo Pappas issued a promissory note in favor of Azteca America in the amount of 128,000 US dollars secured, among other things, by the assets of Pappas Telecasting of Southern California ("PTSC") station in Los Angeles. However, since Grupo Pappas failed to liquidate the promissory note prior to its due date, the principal of this promissory note was increased to 129,000 dollars. The promissory note bears interest at an 11.6279% annual interest rate, initially due June 30, 2003.

Pursuant to the terms of the agreement, the parties agreed that if the promissory note was not paid prior to the initial due date, the Local Market Contract (CLM *for its Acronym in Spanish*) entered into for three years between Azteca America and PTSC. with respect to the Los Angeles station would go into effect. Furthermore, Azteca America would have the option to purchase all the assets of the Los Angeles station at a purchase price amounting to 250,000 dollars, effective January 1, 2006, subject to the pertinent regulatory limitations and obtaining all the necessary regulatory approvals. Since the promissory note was not paid on or prior to June 30, 2003, the Local Market Contract and purchase option went into effect. On July 1, 2006, the Company advised Grupo Pappas of its intention not to exercise the option to buy the Los Angeles Station, and the parties further agreed on July 1, 2008 as the new due date of the promissory note.

On December 27, 2007, the Company and Grupo Pappas agreed to increase the amount of the promissory note by 25,000 US dollars. Consequently, the total amount of the promissory note amounts to 154,000 US dollars as of December 31, 2007. Moreover, December 31, 2012 was agreed upon as the new due date of the promissory note. This agreement sets forth a new call option of 100% of the capital of Pappas Telecasting of Southern California, LLC, provided that they comply with all the pertinent regulations and purchase option terms. The acquisition value amounts to 11,025 US dollars.

In accordance with the option contract entered into between Azteca America, Dennis J. Davis (DD), LeBon G. Abercrombie (LA), Pappas and Harry J. Pappas (HP) on December 27, 2007, Azteca America exercised the option to purchase the shares of PTSC ("PTSC Option") on December 30, 2009.

For purposes of the exercise of the Option PTSC, Azteca America formed SCTV, Inc. (SCTV). The stockholders of SCTV are Azteca America and DD.

As a consideration for its equity in SCTV, DD will contribute its equity in PTSC to SCTV. In turn, Azteca America and DD will enter into an option contract whereby Azteca America will have an option to buy the DD's equity in SCTV in the amount of 5,000 US dollars (the "DD Option"). Azteca America will make monthly payments to DD over a 12 year period that will be applied to the Option price of DD. Azteca America will have the right to assign DD's Option to a third party of US nationality in order to comply with the rules of the United States Federal Communications Commission (FCC) with regard to foreign

investments. LA will assign its equity in PTSC to SCTV, in exchange for a promissory note in the amount of 5,500 US dollars. SCTV will make quarterly payments to LA over a 5 year period that will be applicable to the value of the promissory note. In accordance with the PTSC Option Contract, Azteca America will obtain the equity of HP and Pappas Telecasting Companies ("PTC") in PTSC, and Azteca America will contribute that equity to SCTV in order for SCTV to have 100% of the shares of PTSC.

The date to enforce the PTSC's promissory note in favor of Azteca America in the amount of 154,000 US dollars would be extended up to 2022.

The duration of the CLM between PTSC and Azteca America would be extended up to 2022.

The closing of the transaction described above will be subject to complying with the transfer process of PTSC's stock in favor of Azteca America and obtaining the approval of the FCC. As soon as approval is obtained from the FCC, the respective contracts will be signed and the stock transfer will be formalized. As of today, the review process with the FCC is in the pipeline.

Azteca America retains all the advertising revenues generated by the programming provided to the station. Azteca America made an annual payment to Grupo Pappas for the CLM in the amount of 15,000 US dollars. Effective July 1, 2006, in accordance with the amended CLM, the annual rent of the station amounted to 24,500 US dollars. Finally, effective December 27, 2007, the annual rent will amount to 17,907 US dollars, which have been offset dollar for dollar by interest generated by the promissory note. Azteca America and Grupo Pappas have agreed on certain amendments to the Los Angeles, San Francisco, Houston, and Reno station affiliation agreements.

In addition to the agreements entered into between Azteca America and the affiliates of the Pappas Group, as of December 31, 2009 and 2008, Azteca America has entered into various affiliation contracts with other television companies that cover approximately 69 and 67 markets, respectively, where approximately 94% of the Hispanic population of the United States is located.

In accordance with the affiliation contracts with other television companies, Azteca America has granted exclusive licenses to stations to broadcast the programming of Azteca America on their respective markets. The term of these contracts is between 2 and 10 years, and they are automatically renewed for additional terms ranging from 2 to 10 years. Azteca America receives 50% of the time available for marketing in exchange for its programming.

In the years ended December 31, 2009 and 2008, net advertising sales generated through Azteca America amounted to $796,339 and $532,075, respectively. The Company estimated the amount of $1,576,851, based on the ability to generate future cash flows of this transaction as of December 31, 2009, which is why a valuation allowance has been created.

11 Labor obligations:

Payments to employees and workers, who no longer render their services, as provided for in the Federal Labor Law and the union labor agreement in effect, are recorded as shown below:

Benefits upon termination-

Legal indemnification payable upon termination of the employment relationship set forth in the Federal Labor Law, which includes seniority bonuses prior to the date of retirement, is recognized as a cost in the

years of service of personnel. Toward that end, a provision has been created that covers actuarial present value of benefit obligations, which was determined in accordance with the actuarial calculations performed with amounts as of December 31, 2009 and 2008.

Benefits upon retirement for seniority bonuses and pensions-

Retirement benefits and seniority bonuses payable to employees that have completed fifteen or more years of service, as provided for in the Federal Labor Law, are recognized as a cost during the years of service of personnel. Toward that end, there is a provision that covers the actuarial present value of benefit obligation, which was determined in accordance with actuarial calculations with amounts as of December 31, 2009 and 2008.

As of December 31, 2009, actuarial studies show the information presented below:

	Termination benefits	Retirement benefits
Vested benefit obligation (VBO)	$ 36,520	$ 88,827
Unrecognized prior service for nonvested benefits	(13,407)	(24,642)
Unrecognized actuarial gains or losses	-	9,855
Projected net liability recognized in the balance sheet	$ 23,113	$ 74,040
Current labor service cost	$ 9,503	$ 9,049
Financial cost	2,776	6,755
Actuarial gain or loss, net	(5,397)	(1,356)
Prior labor service cost	4,972	9,084
Net cost of the period	$ 11,854	$ 23,532
Actuarial hypotheses used in absolute terms		
Discount Rate	8%	8%
Expected rate of salary increase	5.90%	5.90%

As of December 31, 2008, actuarial studies show the information presented below:

	Termination benefits	Retirement benefits
Vested benefit obligation (VBO)	$ 38,127	$ 85,321
Unrecognized actuarial gains	(19,887)	(25,857)
Projected net liability recognized in the balance sheet	$ 18,240	$ 59,464
Current labor service cost	$ 11,349	$ 8,302
Financial cost	2,951	5,890
Actuarial gain or loss, net	(25,097)	(211)
Prior labor service cost	5,940	20,137
Effect of any reduction or early liquidation that does not qualify as a restructuring or discontinued operation		
Net cost of the period	10,364	1,303
	$ 5,507	$ 35,421

Actuarial hypotheses used in absolute terms		
Discount Rate	8%	8%
Expected rate of salary increase	5.90%	5.90%

The net projected liability forms part of the balance of the account of other payables and accrued expenses in the accompanying balance sheet.

Benefits upon termination
The unamortized balance of prior service of the transition liability and amendments of plan will be amortized on a straight-line basis over 5 years, since the average remaining labor life exceeds five years. The amortization of fiscal 2009 will amount to $4,972, and form part of the net cost of the period.

As of January 1, 2008, the additional liability and its intangible asset offsetting entries amounting to $12,684 have been eliminated. The unamortized actuarial gain at that date amounting to $4,452 was recognized in income of 2008, and forms part of other income.

Benefits upon retirement for seniority bonuses and pensions
The unamortized balance of prior service of the initial transition asset will be amortized on a straight-line basis over five years, since the average remaining years of service exceed five years. The amortization of fiscal 2009 will amount to $9,084, and form part of the net cost of the period.

As of January 1, 2008, the additional liability and its intangible asset offsetting entries amounting to $32,343 have been eliminated. The unamortized actuarial gain at that date amounting to $425 was recognized in income of 2008, and forms part of other income.

12 Related parties balances and transactions:

The Company has receivable balances from and payable balances to and carried out transactions with related parties as described below.

	2009	2008
Accounts receivable:		
Azteca Holdings, S.A. de C.V. (Holding Company)	$ 419,563	$ 76,493
Fórum Per Terra, S.A. de C.V. and subsidiaries	65,558	65,499
Grupo Elektra, S.A. de C.V. and subsidiaries	48,040	57,109
Atlético Morelia, S.A. de C.V.	27,277	21,265
Grupo Iusacell, S.A.B. de C.V. and subsidiaries	18,529	118,189
Comunicaciones Avanzadas, S.A. de C.V.	2,029	2,029
Others	11,441	7,328
	$ 592,437	$ 347,912
Accounts payable:		
Arrendadora Internacional Azteca, S.A. de C.V.	$ 132,384	$ 126,390
Globo Re, S.A.	58,768	-
	$ 191,152	$ 126,390

The most significant related party transactions carried out are described below:

Advertising income-

Income from advertising broadcasted contracted with related parties amounted to $343,016 and $393,927 for the years ended December 31, 2009 and 2008, respectively.

Advertising contracts

Grupo Elektra (Affiliated Company):

During 2009 and 2008, the Company and Grupo Elektra entered into annual advertising contracts. Pursuant to the terms of these contracts, TV Azteca agreed to put advertising spaces of Grupo Elektra on the air, at preferential air time rates selected by Grupo Elektra for every commercial advertisement. The rights under the terms of these contracts cannot be assigned by Elektra to third parties. As of December 31, 2009 and 2008, revenues from Grupo Elektra amounted to $271,611 and $257,787, respectively.

Universidad CNCI, S.A.B. de C.V. (CNCI), (Affiliated Company):

Advertising is sold through annual contracts in conditions similar to those of unrelated advertisers. As of December 31, 2009 and 2008, income from CNCI amounted to $7,058 and $6,774 respectively.

Iusacell (Affiliated Company):

The Company and Iusacell entered into annual advertising contracts in 2009 and 2008. The contracts generally have an annual duration, and they are signed in conditions similar to those of unrelated customers. As of December 31, 2009 and 2008, income from Iusacell amounted to $59,794 and $99,844, respectively.

Banco Azteca (Affiliated Company):

The Company and Banco Azteca have entered into various advertising contracts to promote the products and services of Banco Azteca on channels 7 and 13 of open television, which generally have an annual duration and are signed in conditions similar to those of unrelated customers. As of December 31, 2009 and 2008, revenues from these contracts amounted to $4,553 and $29,522 respectively.

In addition, the Company has entered into financing agreements with Banco Azteca, which are described in note 13 below.

Service income 01900

The Company and Teleactivos, S. A. de C. V. (Teleactivos), an affiliated company, offer services of controlling and identifying telephone calls through the 01 900 service of television viewers who participate in the contests conducted by the Company. Under the terms of the contracts for that service, the Company receives 30% of this operation and Teleactivos receives the remaining 70%. As of December 31, 2009 and 2008, net revenues derived from this contract amounted to $11,164 and $4,602, respectively.

Interest earned

During the years ended December 31, 2009 and 2008, the Company granted short-term loans to related parties. In the years then ended, interest earned pursuant to these loans amounted to $11,343 and $ 13,062 respectively.

Income from leasing property

In May 1998, the Company entered into a property lease agreement with Operadora Unefon (Unefon), an affiliated company, whereby the Company is the lessor and Unefon is the lessee. That agreement has a 10 year duration, mandatory for both parties, starting in June 1998. The agreement may be renewed by Unefon on one consecutive occasion for the same period, through a notification of at least 180 days prior to its expiration. On September 1, 2008, both parties signed an amending contract to this contract, which amends the amount of the rent. Under the terms of this amended contract, monthly rent as of that date amounts to $1,353, payable in advance every month plus an additional amount of $335 for maintenance. The rest of the terms of the original contract were not amended. As of December 31, 2009 and 2008, the income from leasing set forth in this agreement amounted to $16,345 and $16,533, respectively.

Transmission rights contracts

The Company has entered into contracts with Atletico Morelia, a subsidiary company, whereby Atletico Morelia assigns the broadcasting rights of the soccer games of the Morelia Monarcas team. For the years ended December 31, 2009 and 2008, the fees paid under these contracts amount to $53,235 and $23,529, respectively.

Leased equipment under operating leases -

The Company has entered into true leasing agreements with an option to purchase with Arrendadora Internacional Azteca, S. A. de C. V. (AIA), an affiliated company. The Company is the lessee and AIA is the lessor. To date exhibits have been signed for leasing transportation equipment and computer equipment. Those agreements will be in effect over the terms set forth in each one of the exhibits of the equipment leased, which are generally from 3 to 4 years. The terms computed in those exhibits will be binding for both parties, except in the event that the lessor should terminate those agreements early if any of the assumptions set forth in the agreements should occur. At the end of the duration of every exhibit, the Company may choose to acquire the assets under lease agreements, extend the term or return the leased assets, with a notification of at least 90 calendar days prior to its expiration. The monthly rent under the terms of the agreement is fixed, in conformity with each one of the exhibits.

Pursuant to the characteristics of the lease agreements discussed above and in conformity with currently enacted standards, they may be capitalized. For the years ended December 31, 2009 and 2008, the assets acquired under these agreements amounted to $5,689 and $47,383 respectively. As of December 31, 2009, the amount of the committed rents that form part of the net balance of $132,384 and $126,390, respectively, payable to AIA, amount to $108,331 and $136,397, of which $64,409 and $92,923, as well as $43,922 and $43,474, respectively, will be covered in the short and long-term.

Sales of real property

For the year ended December 31, 2009, the Company sold real property to Banco Azteca and Elektra del Milenio, S. A. de C. V. in the amount of $14,381 and $14,381, respectively.

For the year ended December 31, 2008, the Company did not sell real property to related parties.

Donations

In the years ended December 31, 2009 and 2008, the Company delivered donations to Fundacion TV Azteca, A. C., a related party, in the amounts of $123,923 and $102,154, respectively. This related party is authorized by the tax authorities to receive donations and issue the respective supporting documentation (receipts).

Recovery of other receivables from related parties

The Company periodically evaluates the recoverability of other receivables from related parties; when it is determined that these accounts which not derived from operation, are not recoverable they are charged to other expenses. As of December 31, 2009, it has not been necessary to create an allowance for this item.

For the year ended December 31, 2009, the considerations of the main related party transactions carried out are similar to those that would have been collected from or paid to the Company's independent parties. Moreover, they are in the process of preparing the pertinent analyses to confirm the considerations paid to or collected from related parties are similar to those that would have been agreed upon with independent parties.

13 Bank loans, Trust Certificates, and Loans from ATC:

As of December 31, 2009 and 2008, bank loans, trust certificates, and loans from American Tower Corporation (ATC) are summarized as follows:

	2009	2008
Short-term bank loans	$ 1,607,261	$ 1,983,619
Long-term trust certificates	6,000,000	6,059,800
Long-term line of credit with ATC	1,563,803	1,621,236
Total short and long-term loans	$ 9,171,064	$ 9,664,655

Short-term bank loans:

Credit line with Banco Inbursa-
During 2009, the Company made various drawdowns of this credit, in addition to renewing promissory notes contracted in the amount of $564,000 and $1,043,261, respectively in 2008. The due date is less than one year and those promissory notes bear ordinary interest at the Equilibrium Interbank Interest Rate (EIIR) at 28 days plus 4 percentage points, due every month, as well as a single promissory note in the

amount of 8,279 US dollars, which bears ordinary interest at a 10.25% annual fixed rate, payable at the due date thereof.

In February and March 2009, the Company liquidated the debt contracted with Banco Azteca in the amounts of $102,700 and $804,041, respectively, during 2009 and 2008.

Long-term trust certificates

During the third quarter of 2006, the Company established a structural Trust Stock Exchange Certificates (2006 Certificates) on the Company's collection rights with Banco Invex, S.A. Institución de Banca Multiple , Invex Grupo Financiero as Trustee in an amount up to $6 billion pesos (nominal).

a) First 2006 tranche

On November 16, 2006, the Company realized the first tranche of 2006 Certificates up to the amount of $4 billion pesos (nominal), in reliance on the 2006 Certificate program. The effectiveness of the Certificates is 5,114 days, equivalent to approximately 14 years, counted as of the issuance date. The certificates will be redeemed every month starting on December 2011, by paying those instruments. Moreover, accrued interest will be liquidated every month.

b) Second 2006 tranche

On December 11, 2006, the Company realized the second tranche of 2006 Certificates through the Trustee up to the amount of $2 billion pesos (nominal), in reliance on the 2006 Certificate program. The effectiveness of the Certificates is 5,089 days, equivalent to approximately 14 years, counted as of the issue date. The certificates will be redeemed every month starting on December 2011, by paying those instruments. Moreover, accrued interest will be liquidated every month.

In accordance with this trust certificate program, the amounts generated on the assigned collection rights for the year should be deposited in the account of the Trust Issuer to make the payment on principal and interest of those certificates. As of December 31, 2009 and 2008, restricted cash applicable to this program amounts to $330,370 and $368,779, respectively.

Loans from ATC

On February 11, 2000, the Company entered into a long-term loan agreement up to 119,800 US dollars with a Mexican company, subsidiary of ATC ("ATC Long-Term Loan"). The loan is comprised of 91,752 US dollars with no guarantee, and 28,000 US dollars for working capital, secured by certain real property owned by the Company. In June 2003, the Company and the Mexican Subsidiary ATC amended the original agreement. Pursuant to the terms of the amended agreement, the annual interest rate of each of the loans is 13.109%. The Company's payment obligations pursuant to the ATC Long-Term Loan are secured by three of the main subsidiaries of the Company. The initial maturity of the 91,752 US dollar loan, pursuant to the ATC Long-Term Loan is February 11, 2020, which can be extended while the contract of the overall tower project (which is described herein below) remains in effect. The maturity of the 28,000 US dollars is on February 11, 2069.

As of December 31, 2008 and 2007, the balance of the ATC Long-Term Loan amounts to 119,752 US dollars.

In February 2000, the Company, together with Television Azteca, S. A. de C. V., a subsidiary company, signed an overall tower project contract with a Mexican subsidiary company of ATC for duration of 70 years, for renting space not used by the Company in its operations up to 190 broadcasting towers of the Company. As a consideration of the payment of 1,500 dollars as an annual rent, and for the loan made to the Company in the amount of 119,752 US dollars, pursuant to the ATC Long-Term Loan, the Company granted ATC the right to market and lease the unused space in the Company's broadcasting towers to third parties, as well as to the Company's affiliated companies, and guaranteed the collection of all the relative revenues for account of ATC. The Company has the title deeds of the towers and is responsible for its operation and maintenance. The SCT approved this contract on February 10, 2000. After the expiration of the 20 initial years of the ATC Long-Term Loan, the Company has the right to purchase the total or a portion of the revenues and assets relative to marketing the rights at any time from ATC at fair market value, with the proportionate amount of the remaining principal of the ATC Long-Term Loan.

Commercial Europaper Program:
In May 1999, TV Azteca entered into a Commercial Europaper Program (ECP) in the amount of $75 million US dollars with ABN-AMRO Bank, N.Y., as the arranger and main operator. The ECP Program was increased in the amount of $130 million US dollars in July 1999, and Geronimo Capital Markets was established as the operator. The promissory notes issued in accordance with the ECP Program will be issued with a discount and will not accrue interest. There is no commitment to purchase promissory notes to be issued in accordance with the ECP Program, and the promissory notes issued in accordance therewith may not have a due date that exceeds 365 days. The ECP Program will permit TV Azteca to issue and have unpaid balances up to $130 million US dollars in promissory notes at any date. At the. date of issuance of the external auditors' opinion, the Company has not issued promissory notes in accordance with the ECP Program.

MTN Program:
On June 1, 2005, TV Azteca established the Medium Term Notes Program (MTN) in the amount of $200 million US dollars with Geronimo Capital Markets Ltd. as the arranger and main operator. The MTN Program permits TV Azteca to issue and have unpaid balances up to $200 million US dollars in promissory notes at any date. There is no commitment to purchase promissory notes to be issued in accordance with the MTN Program, and they can have a duration from one to seven years at the time when the promissory note is issued. At the. date of issuance of the external auditors' opinion, the Company has not issued securitiess in accordance with the MTN Program.

14 Foreign currency position:

As of December 31, 2009 and 2008, and February 25, 2010, (date of issuance of the accompanying financial statements) the US dollar exchange rates were $ 13.0587, $13.5383 and $12.8584 respectively.

As of December 31, 2009 and 2008, the Company had US dollar denominated monetary assets and liabilities as shown below:

	2009	2008
Assets	191,109	378,847
Liabilities	(152,796)	(164,588)
Excess of assets over liabilities	38,313	214,259

As of December 31, 2009 and 2008, the Company had not contracted hedging instruments against foreign exchange risks. As of February 25, 2010, the unaudited foreign currency position is similar to the position as of December 31, 2009.

15 Stockholders' equity:

a Capital stock

The Company's capital stock is comprised of Series "A" shares, Series "D-A" shares, and Series "D-L" shares. Holders of Series "A" shares have voting rights at the Company's General Shareholders' Meetings. Holders of Series "D-A-" and "D-L" have voting rights only in limited circumstances, and have a preferential dividend right. The rights of all holders of all series of capital stock are identical, except for the limitations with respect to Series "A" and "D-A" shares held by persons other than eligible Mexican holders. Series "A" shares cannot be exchanged for any other type of securities of the Company. Series "D-A" shares may be exchanged for Series "A" shares on the tenth anniversary of their original issue, and will have the same characteristics of current Series "A" shares outstanding. Series "D- L" shares may be exchanged for Series "L" shares on the tenth anniversary of their original issue. Series "L" shares, which will be exchanged for Series "D-L" shares, will grant voting rights to their holders, only in limited circumstances.

The tenth anniversary for the exchange or swap of Series "D-A" and "D-L" shares for Series "A" and "L" shares, respectively, was completed in August 2007. However, on April 30, 2007, at the General Extraordinary Stockholders' Meeting, the stockholders resolved to extend the term referred to above to 20 years, as of their issuance date. Consequently, the date for the exchange or swap of stock will be in August 2017. This extension was authorized by the NBSC on November 9, 2007, subject to meeting all the pertinent requirements.

Authorized, issued, and paid-in capital stock of the Company as of December 31, 2009 is summarized as follows:

	Authorized shares (thousands)	**Shares paid (thousands)**		**Total**
Series "A"	5,408,078	4,568,652	$	395,961
Series "D-A"	2,703,878	2,098,769		182,561
Series "D-L"	2,703,878	2,098,769		182,561
	10,815,834	8,766,190	$	761,083

As of December 31, 2009, the Company's shares are listed on the following securities exchanges:

Characteristics of the securities	Country listed in	Ticker symbol	Stock Exchange
Certificates of common participation (CPOs), each one represents one A Share, one D-A Share, and one D-L Share	Mexico	TVAZTCA	Mexican Stock Exchange
10 CPO Units	Spain	XTZA	Latin American Securities Market

b Stockholders' resolutions

Resolutions adopted on the year ended December 31, 2009
At the Annual Ordinary Stockholders' Meeting held on April 29, 2009, the consolidated financial statements as of December 31, 2008 were approved. Moreover, a unit preferential dividend was declared for Series D-A shares and Series D-L shares. That dividend accounts for a total amount of $15,553, which was paid on May 28, 2009.

Resolutions adopted in the year ended December 31, 2008
At the Annual Ordinary and Extraordinary Stockholders' Meeting held on April 25, 2008, the consolidated financial statements as of December 31, 2007 were approved. Moreover, a unit preferential dividend was declared for Series D-A shares and Series D-L shares. That dividend accounts for a total amount of $15,965, which was paid on May 28, 2008.

Resolutions adopted in the year ended December 31, 2007
At the General Extraordinary Stockholders' Meeting held on September 27, 2007, a cash reimbursement was approved proportionately on the shareholdings of every stockholder up to the amount of $761,325 ($750,000 at par value). This reimbursement implied a fixed minimum capital reduction of the Company in the amount of $61,743 ($60,825 at par value). The total of this reimbursement payable is presented in the consolidated balance sheet as of December 31, 2007, in the caption of accounts payable and accrued expenses. As December 31, 2009, the unpaid balance of such repayment amounts to $ 400,659, and is presented in the consolidated balance sheet under the heading of accounts payable and accrued expenses.

c Stock repurchase

During the year ended December 31, 2009, the Company decreased its capital stock in the amount of $6,266 for the repurchase of 84,347 thousand shares. Shares were repurchased in the amount of $154,886. The value thereof was charged to capital stock, and the difference was charged to the reserve for stock repurchases.

As of December 31, 2009, the Company increased its capital stock in the amount of $7,508, pursuant to the sale of 101,043 thousand treasury shares, which had a selling value of $208,240. Capital stock was credited at original value, and the difference was restored to the reserve for stock repurchases.

During the year ended December 31, 2008, the Company decreased its capital stock in the amount of $31,667 for the repurchase of 426,194 thousand shares. Shares were repurchased in the amount of $929,782. The original value thereof was charged to capital stock, and the difference was charged to the reserve for stock repurchases.

As of December 31, 2008, the Company increased its capital stock in the amount of $15,190, pursuant to the sale of 204,445 thousand treasury shares, which had a selling value of $412,907. Capital stock was credited at original value, and the difference was restored to the reserve for stock repurchases.

d Legal Reserve

Net income for the year is subject to the legal provision which requires that 5% of such income be appropriated to a legal reserve until that reserve equals 20% of the capital stock. As of December 31, 2009, the balance of the legal reserve accounts for 22% of capital stock. The balance of the legal reserve may not be distributed to the stockholders during the existence of the Company, except as stock dividends.

e Distribution of earnings

Net taxable income account (CUFIN):
As of December 31, 2009, the restated balance of the net taxable income account (CUFIN) amounts to $1,910,214. No income tax will be due on earnings that may be distributed to stockholders up to that amount. Any amount paid in excess of the balance of the net taxable income account should be multiplied by the 1.4286 factor and subject to a 30% final tax rate, and it may be taken as a tax credit against income tax of the year, as well as the two subsequent years. This balance may be restated up to the date earnings are distributed by using the NCPI.

During 2009 and 2008, the Company declared annual preferential dividends in the amount of $15,553 and $15,965, respectively. Those dividends paid are tax free, since they are paid out of the CUFIN.

Individuals should accumulate dividends or earnings received into their other income. Individuals may credit the Income Tax paid by the company that paid dividends or earnings against the tax determined in their annual tax return, provided that they consider the amount of Income Tax paid by that company on the dividend or earning received as cumulative income, in addition to the dividends.

f Capital reductions

As of December 31, 2009, the restated balance of the “restated contributed capital account” amounts to $4,324,046. Any reimbursement to the stockholders that exceeds the foregoing amount should be treated as a distributed earning for tax purposes.

g Employee stock option plan (ESOP)

Effective the fourth quarter of 1997, the Company adopted an employee stock option plan (ESOP) that was granted to employees who render their services to the Company and its subsidiaries, whereby options were granted to all employees contracted as of December 31, 1996. Prices set fluctuated from 0.29 dollars to 0.39

dollars per CPO, with a higher number of options for executive level employees, as well as the most creative actors, presenters, and creative personnel.

The option plan authorized contemplates 240 million CPOs, which have been executed and fully exercised as of December 31, 2009.

16 Additional compensations granted to key directors:

During the year ended December 31, 2009 and 2008, the Company did not make additional payments to Directors for items other than the results of its operation.

17 Income tax:

Effective the year ended December 31, 2000, the Company consolidates with its controlled companies for tax purposes.

In the year ended December 31, 2009, the Company obtained taxable income in the amount of $1,872,286.

The Companies that are not consolidated for tax purposes were subject to taxes on earnings amounting to $5,858.

18 Corporate flat tax (IETU):

The Corporate Flat Tax (IETU – *for its acronym in Spanish*) of the period will be calculated by applying a 17.5% rate (a transition provision determined the IETU rate to be 16.5% for 2008, 17% for 2009, and 17.5% for 2010 and thereon) to income determined based on cash flows, as a results of reducing authorized deductions from total revenue received for qualifying activities. The resulting amount may be reduced by IETU credits as provided for in currently enacted legislation.

IETU credits are amounts that can be reduced from the IETU itself, which include, among other things, IETU loss carry forwards, credits on salaries, social security contributions, and deductions of some assets such as inventories and fixed assets, during the transition period as a result of the effectiveness of the IETU.

The IETU is a tax that co-exists with Income Tax; therefore, it will be subject to the following:

a If the IETU exceeds Income Tax of the same period, the Company will pay IETU. Pursuant to the foregoing, the Company will reduce Income Tax paid in the same period from the IETU of the period.

b If the IETU is less that Income Tax of the same period, the company will not pay IETU in the period.

c If the IETU base is negative due to deductions that exceed taxable income, there will be no IETU payable. In addition, the amount of that base multiplied by the IETU rate results in an IETU credit that can be offset against Income Tax of the same period or, if applicable, against the IETU of subsequent periods.

During the year ended December 31, 2009, the Company was subject to IETU in the amount of $171,546, which was lower than income tax for the year. Consequently, Income Tax was considered as the final tax.

Further, some subsidiary Companies paid IETU in the amount of $27,882.

On February 11, 2008, the Company filed an appeal for constitutional applications with the proper authorities against the IETU Law. On October 22, 2008, the proper authorities, through a ruling, decided to deny the company the appeal for constitutional relief and protection of Federal Justice against that ruling. The Company filed an appeal for review which is in the process of being reviewed at the date of the external auditors' opinion.

19 Recognition of the effects of the Fiscal Reform in Taxes on earnings:

The executive order that amends, aggregates and repeals various tax provisions was published on December 7, 2009, and it went into effect on January 1, 2010.

The 2010 Fiscal Reform amends the tax consolidation scheme to set forth that the payment of Income Tax related to the benefits of tax consolidation gained effective 1999 should be paid in partial payments during the sixth to the tenth year, subsequent to the year in which those benefits were used.

The benefits of prior year consolidation are derived from:

- Tax losses used in tax consolidation.
- Losses on sales of shares not yet deducted individually by the entity that incurred them.
- Special consolidation items derived from transactions carried out between companies that consolidate.
- Dividends paid by the subsidiaries that consolidate that were not paid out of the CUFIN balance distributed effective 1999.

This provision should be applied to the benefits accumulated from the tax consolidations from 1999 to 2004 for the first time in 2010. The payment of the pertinent tax is required to be paid from 2010 up to 2015. As a consequence of the above, INIF 18 considers that the liabilities derived from the benefits of consolidation gained should be recognized in the consolidated financial statements of an economic entity from 1999 up to 2009. Benefits from prior year consolidation for dividends paid by subsidiaries that consolidate that were not paid out of the CUFIN balance should be applied to retained earnings of 2009.

The Company has made estimated calculations of the Income Tax liability generated by the benefits of consolidation, and a net Income Tax liability was determined in the amount of $248,560.

Reconciliation of deferred Income tax assets and liabilities

	Balances prior to 2010 Tax Reform		Balances subsequent to 2010 Tax Reform	
Assets	$	3,378,333	$	3,378,333
Liabilities		3,378,333		3,626,893
Net effect	$	-	$	(248,560)

20 Deferred income tax:

As of December 31, 2009 and 2008, the asset on the accrued deferred Income Tax effect is summarized as follows:

		2009		2008
Excess of book over tax value of assets and liabilities, net	$	3,060,869	$	650,581
Less - Tax loss carryforwards		388,275		858,644
		3,449,144		1,509,225
Income tax rate		30%		28%
Deferred income tax asset	$	1,034,743	$	422,583
Add – Effect from decrease in rate		7,880		-
Less - Valuation allowance		(366,027)		(163,688)
2010 Tax reform		(248,560)		-
Deferred income tax asset	$	428,036	$	258,895

This deferred Income Tax asset is due basically to accumulated tax loss carryforwards, the net effect of advances from advertisers, performance rights, and the excess of tax over book value of property and equipment and the concession. Due to the uncertainty that part of the total of this deferred asset may not be recovered in its entirety, the Company has assumed a conservative position and has decided to create a valuation allowance of the deferred Income Tax asset, as shown in the above chart.

As of January 1 and December 31, 2009, there are not temporary items that generate deferred Employee Profit Sharing, in accordance with the guidelines of Financial Reporting Standard D-3, effective January 1, 2008.

As of December 31, 2009 and 2008, the line item of tax on earnings is summarized as follows:

		2009		2008
Income tax due	$	530,098	$	396,539
Deferred income tax		(417,701)		258,896
Deferred corporate flat tax		27,882		20,839
Taxes on earnings	$	140,279	$	676,274

21 Tax loss carryforwards for Income Tax purposes:

For income tax purposes, tax loss carryforwards can be offset in the following ten fiscal years against taxable income related to income tax. Those tax loss carryforwards may be restated by using the NCPI, as of the first month of the second half of the fiscal year in which the loss was incurred and up to the last month of the first half of the fiscal year in which the tax loss carryforward is realized.

The tax loss carryforwards of the controlled Companies obtained before being incorporated into the tax consolidated regime with TV Azteca as the holding company can be reduced from consolidated taxable income for the year, up to the amount of the taxable income obtained in the same controlled company involved.

As of December 31, 2009, the tax loss carryforwards that some controlled Companies have, restated at that date and obtained prior to being incorporated into the tax consolidation regime, are summarized as shown below:

Year incurred	Restated amount		Year of expiration
2000	$	20,687	2010
2001		140,300	2011
2002		135,517	2012
2003		25,295	2013
2004		66,476	2014
	$	388,275	

22 Assets tax:

Effective January 1, 2008, the assets tax was abrogated.

During 2007, the Company filed an appeal for constitutional relief with the authorities with competent jurisdiction, against the amendments to the Asset Tax Law discussed above. At the date of the external auditors' report, this litigation continues in process. Company's Management estimates that the result of this litigation will not have adverse effects thereon.

23 Other expenses, net:

This caption is summarized as shown below:

	2009		2008	
Legal advisory services (lawsuit expenses)	$	98,030	$	97,503
Equity in earnings of subsidiary and associated companies		(13,677)		(12,868)
Donations		172,901		225,754
Write-off of other receivables		165,348		160,629
Amortization of disbursements in Project 40 preoperating stages		208,823		233,911
Reserve for impairment of assets		434,189		-
Other		156,698		162,002
	$	1,222,312	$	866,931

24 Commitments:

a Leases

The Company rents the use of satellite transponders. The total rent expense of these satellites amounted to $75,013 and $81,608, included in operating costs and expenses for the years ended December 31, 2009 and 2008, respectively. Expenses include a fixed monthly payment and others based on the use thereof. The lease agreement has a one year mandatory duration, automatically and successively renewable for identical periods up to June 21, 2011.

b Performance rights

The Company has entered into license agreements with its performance rights suppliers for the long-term acquisition of materials of programs when such programs are available for their first broadcast. As of December 31, 2009, the commitments for the acquisition of materials amount to $20,000 and 36,308 US dollars, with due dates in 2010 and 2014, respectively.

25 Contingencies:

a Servicio Hi-TV-

On May 25, 2009, the Ministry of Communications and Transportation (SCT) notified TV Azteca of the beginning of an administrative proceeding, since the service denominated Hi-Tv (understanding Hi-Tv as new programming options by using part of the capacity of channels for the transmission of Land Digital Television (hereinafter Hi-Tv)), is supposedly a telecommunications service, which is rendered without having the pertinent concession, permit or authorization, in conformity with the provisions of the Federal Telecommunications Law.

On February 23, 2010, the resolution issued by the SCT was notified in the sense of considering the Hi-Tv service as a telecommunications services different from broadcasting. Rendering that service would require a telecommunications concession. Various sanctions and a penalty were imposed on TV Azteca.

TV Azteca will file an appeal for constitutional relief against that resolution, whereby TV Azteca will ask to have the effects, consequences and/or execution of the resolution issued by the SCT suspended.

By virtue of the resolution issued by the Federal Telecommunications Commission (COFETEL) dated December 14, 2009, in the sense of considering Hi-Tv as a broadcasting service, to date the Management of TV Azteca considers that there is a likelihood of having a favorable resolution issued whereby no sanction would be imposed and the viability of the business would not be at risk.

b Federal Electoral Institute (IFE)

The Executive Order whereby the Federal Code of Electoral Institutions and Procedures (COFIPE), amended in 2007, was published in the Official Daily Gazette in January 2008.

The Company filed a series of appeals for constitutional relief against various provisions of that Code, for considering that it affected its legal jurisdiction by violating a series of individual guarantees, as well as imposing additional charges on the Company which it has maintained and operated as a radio and television licensee.

Subsequently, the IFE filed five special punishable special proceedings against the Company for presumed nonperformances in the transmission of various promotional spots of political parties and Electoral Authorities that amount to a total of $65,200. These fines were confirmed by the Federal Electoral Court.

On the other hand, the IFE has imposed two sanctions on the Company in punishable special proceedings that amount to a total of $8,000, for considering that they violated various provisions of the COFIPE by

telecasting spots advertised in political magazines on television and for considering that those spots contained political propaganda. These fines were confirmed by the Federal Electoral Court.

Further, the IFE imposed a sanction in the amount of $22,000 for considering that the COFIPE was being violated for not telecasting promotion of political parties and electoral authorities in the restricted television systems of SKY and Cablevision. This fine was challenged in an appeal for constitutional relief filed with the 15th Administrative District Court in Mexico City. This suit was dismissed by the Judge.

To date the Company has not been required to pay the fines and sanctions discussed. However, the Company will exercise all legal actions that it has to clear the way to defend its rights against those sanctions.

Due to the nature of the matters that have been discussed, it is not possible to anticipate the final outcome. Company Management estimates that they do not represent an adverse economic effect for the company with the legal elements and means of defense that the Company has for bringing action, hence no provision has been made for these items.

Finally, the Company has filed seventeen appeals for constitutional relief that question the constitutionality of various acts issued by various authorities of the Federal Electoral Institute that violate the company's constitutional guarantees. These proceedings are currently in process.

The appeals for constitutional relief referred to above do not lead to any economic application for the company.

c National Banking and Securities Commission

On January 25, 2005, the National Banking and Securities Commission (NBSC) required the Company to represent, what is appropriate on its own behalf for purposes its constitutional right to due process of law, in connection with the public disclosures made with respect to the transactions carried out between Unefon, Nortel, and Codisco in 2003. On February 8, 2005, the Company filed its answer, and on April 28, 2005, the NBSC notified the Company, Mr. Ricardo B. Salinas, chairman of the board of directors, and Mr. Pablo Padilla Longoria, member of the board, of the economic penalties imposed for presumptive violations of the Securities Market Law, pursuant to the transactions carried out between Unefon, Nortel, and Codisco in 2003. The equivalent aggregate amount of the penalties approximates 2,300 US dollars. Of that amount, the NBSC intends to assess the equivalent approximating 50 US dollars on the Company. On July 19, 2005, the NBSC confirmed those penalties. On October 3, 2005, for the first time in the process, TV Azteca, Messrs. Ricardo B. Salinas, and Pedro Padilla filed an administrative-law appeal with an authority other than the NBSC (Federal Tax and Administrative Court). The proceedings are currently in process. To date, Company Management cannot determine the possible contingencies or liabilities that this proceeding could entail for the Company.

d Corporación de Noticias e Información

As described in note 10, the Company has filed various lawsuits against CNI, TVM and Mr. Moreno Valle. In spite of a lack of certainty, Company's Management considers that it will prevail in the various disputes it has with CNI, TVM and Mr. Moreno Valle and, therefore, no provision has been made for this matter.

e Other litigations and lawsuits

The Company and its subsidiaries are parties to various legal actions and lawsuits during the normal course of their operations. As of December 31, 2009, these legal actions and lawsuits involve an amount of $1,280,520. The Companies' Management and their legal advisors consider that none of these legal actions against the Companies, whether on an individual or consolidated basis, will have any significant adverse impact on their businesses or financial position. Consequently, they have not created any provision for these purposes.

26 Events subsequent to the date of the financial statements:

A subsidiary of TV Azteca is participating in a radio spectrum bidding process on the 1.7 MHz band.

27 Changes in Financial Reporting Standards, effective January 1, 2010:

As of February 25, 2010, date of the independent auditors' opinion, the CINIF has issued new Financial Reporting Standards (FRS) and Interpretations of Financial Reporting Standards (IFRS).

The main changes and characteristics of the new Financial Reporting Standards that will apply to the Company or its subsidiaries, effective January 1, 2009, are the following:

- NIF C-1 "Cash and cash equivalents" (Effective January 1, 2010)

This NIF requires that Cash and cash equivalents be presented together. Previously, these items were presented separately. For trading cash investments (formerly temporary cash investments), it is considered that such investments should be trading securities, for example, with maturity up to three months as of their date of acquisition. The following terms are defined: cost of acquisition, cash equivalents, cash and cash equivalents, restricted cash, trading cash investments, net realization value, par value, and fair value. The new presentation and disclosure set forth by this NIF will be recognized retrospectively.

- NIF B-5 "Financial Information by Segment" (Effective January 1, 2011)

The main changes set forth in NIF B-5 in connection with Bulletin B-5 repealed are the following:

a) information to be disclosed – NIF B-5 has a managerial approach, since disclosures of segment information that requires entities to refer to information that is regularly used internally by the governing body in decision-making of the enterprise's operation for evaluation of the performance of operating segments. Further, it requires the overall enterprise's information that refers to products or services, its geographic areas, and its main customers and suppliers. Repealed Bulletin B-5, though it already worked with a managerial approach, required that information to be disclosed refer to segments identified based on products or services (economic segments), geographic areas, and in homogenous groups of customers of an entity. It further required that such information be segregated into primary and secondary information;

b) business risks – In the process of identifying operating segments, NIF B-5 does not require that business areas of the enterprise be subject to distinct risks between one and another in order to be able to qualify as operating segments. Bulletin B-5 did establish this requirement;

c) segments in a preoperating stage – In accordance with NIF B-5, the business areas in a preoperating stage can be categorized as operating segments. By the same token, Bulletin B-5 requires that operating segments generate revenues;

d) disclosure of financial results – NIF B-5 requires that the amounts of revenues and interest expenses be disclosed by segments and separately, as well as the other components of the Financial Information Disclosures (RIF). Net interest income is permitted to be disclosed in determined situations. Bulletin B-5 did not require this information to be disclosed, unless segment activities were fundamentally financial;

e) disclosure of liabilities – NIF B-5 requires that the amounts of liabilities included in the usual operating segment information be disclosed that are regularly used by the governing body in decision-making of the enterprise's operations. Bulletin B-5 did not establish this requirement specifically, but rather left it to the management's criterion.

The effectiveness of this NIF will generate accounting disclosure changes that will be recognized retrospectively, unless considered impractical to do so. To substantiate the foregoing, disclosures contained in prior period financial information presented comparatively with that of the current period, including interim financial information, will be restructured based on identified segments in accordance with the criteria of that NIF.

- NIF B-9 "Interim Financial Information" (Effective January 1, 2011)

Based on NIF B-9, interim financial information should contain the following comparative financial statements for every interim period as a minimum: a) a condensed statement of financial position; b) a condensed statement of income or operations or, if applicable, statement of activities; c) if applicable, a condensed statement of changes in stockholders' equity; d) a condensed statement of cash flows; and e) notes to the financial statements with selected disclosures. By the same token, Bulletin B-9 did not require that the statement of changes in stockholders' equity be presented. Instead, it suggested that statement of changes in financial position be presented without it being a requirement. In connection with not-for-profit purposes, the presentation of the statement of activities was not required expressly.

NIF B-9 sets for the that the financial information presented at the end of an interim period should be compared with the information at the end of an equivalent interim period of the immediately foregoing year, except in the case of the statement of financial position, which is also required to be compared with a statement of financial position at the year-end date of the immediately foregoing year. Bulletin B-9 required that interim financial information be presented comparatively, among other things, by permitting the following modalities to be adopted: a) the interim period in course and accumulated, comparative with the same periods of the prior annual period; b) the comparative interim period in course with the immediately foregoing period; or c) the comparative interim period in course with those accumulated of the current period.

The changes in the presentation of interim financial information that will be generated at the effective date of this NIF will be accounting changes recognized retrospectively.

Unaudited Consolidated Balance Sheets

As of March 31, 2011 and 2010
(Stated in thousands of Mexican pesos)

	2011	2010	Change Ps.	Change %
Assets				
Current				
Cash and cash equivalents	**$ 5,658,413**	$ 4,289,151	$ 1,369,262	32%
Accounts receivables	**6,929,255**	5,091,189	1,838,066	36%
Related parties	**299,053**	324,436	(25,383)	-8%
Performance rights	**1,614,488**	1,927,746	(313,258)	-16%
Inventories	**206,207**	314,094	(107,887)	-34%
Total current assets	**14,707,416**	11,946,616	2,760,800	23%
Non-current				
Note receivable from Southern California TV LLC (before Pappas Telecasting Companies)	**1,866,615**	1,505,040	361,575	24%
Performance rights	**1,122,645**	1,075,793	46,852	4%
Property and equipment, net	**3,030,399**	2,996,139	34,260	1%
Television Concessions, net	**4,756,211**	4,648,456	107,755	2%
Other assets	**681,001**	880,382	(199,381)	-23%
Investments in stock	**476,028**	658,207	(182,179)	-28%
Goodwill, net	**19,397**	159,062	(139,665)	-88%
Deferred income tax	**4,428,888**	4,058,112	370,776	9%
Total assets	**$ 31,088,600**	$ 27,927,807	$ 3,160,793	11%
Liabilities				
Short-term				
Bank loans	**$ 1,915,636**	$ 1,602,335	$ 313,301	20%
Performance rights	**198,957**	160,765	38,192	24%
Accounts payable and accrued expenses.	**2,142,011**	2,275,850	(133,839)	-6%
Related parties	**83,703**	154,641	(70,938)	-46%
Total short-term liabilities	**4,340,307**	4,193,591	146,716	3%
Long-term:				
Stock exchange certificates	**5,777,784**	6,000,000	(222,216)	-4%
Loans from American Tower Corporation -ATC	**1,433,166**	1,492,587	(59,421)	-4%
Bank loans	**124,843**	5,000	119,843	100%
Advances from advertisers	**7,747,513**	6,572,487	1,175,026	18%
Deferred income tax	**3,549,837**	3,378,000	171,837	5%
Total long-term liabilities	**18,633,143**	17,448,074	1,185,069	7%
Stockholders' equity				
Controlling interest				
Capital stock	**768,893**	780,446	(11,553)	-1%
Premium on stock issued	**148,651**	148,651	-	0%
Legal reserve	**169,571**	169,571	-	0%
Reserve for stock repurchases	**1,454,333**	1,508,200	(53,867)	-4%
Retained earnings	**5,785,234**	3,765,656	2,019,578	54%
Cumulative translation effect	**(311,798)**	(89,901)	(221,897)	247%
Controlling interest	**8,014,884**	6,282,623	1,732,261	28%
Non-controlling interest	**100,266**	3,519	96,747	100%
Total stockholders' equity	**8,115,150**	6,286,142	1,829,008	29%
Total liabilities and stockholders' equity	**$ 31,088,600**	$ 27,927,807	$ 3,160,793	11%

Unaudited Consolidated statements of income

For the periods from January 1 to March 31, 2011 and 2010
(Stated in thousands of Mexican pesos)

	2011	2010	Change Ps.	Change %
Net sales	**$ 2,326,915**	$ 2,221,332	$ 105,583	5%
Cost of programming, production, and broadcasting	**1,267,545**	1,190,788	76,757	6%
Selling and administrative expenses	**282,011**	269,174	12,837	5%
Total costs and expenses	**1,549,556**	1,459,962	89,594	6%
Operating income before depreciation and amortization	**777,359**	761,370	15,989	2%
Depreciation and amortization	**123,652**	129,078	(5,426)	-4%
Operating income	**653,707**	632,292	21,415	3%
Other expenses, net	**(106,160)**	(113,672)	7,512	-7%
Comprehensive gain or loss on financing:				
Interest paid	**(195,055)**	(210,789)	15,734	-7%
Other financial expenses	**(23,933)**	(26,077)	2,144	-8%
Interest earned	**36,490**	24,721	11,769	48%
Exchange gain, net	**20,167**	31,643	(11,476)	-36%
	(162,331)	(180,502)	18,171	-10%
Income before taxes on earnings	**385,216**	338,118	47,098	14%
Taxes on earnings	**(223,268)**	(205,903)	(17,365)	8%
Net income for the year	**$ 161,948**	$ 132,215	$ 29,733	22%
Income attributable to non-controlling interest	**$ 197**	$ 266	$ (69)	-26%
Income applicable to holding company equity	**161,751**	131,949	29,802	23%
	$ 161,948	$ 132,215	$ 29,733	22%

Unaudited Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2010 and 2009 and the periods from January 1 to March 31, 2011 and 2010
(Stated in thousands of Mexican pesos)

	Number of shares paid (thousands)	Capital stock	Premium on stock issued	Legal reserve	Reserve for stock repurchases	Retained earnings	Cumulative translation effect	Controlling interest	Non-controlling interest	Total
Balances as of December 31, 2009	8,766,191	$ 761,083	$ 3,901	$ 169,571	$ 1,581,380	$ 3,633,707	$ (23,337)	$ 6,126,305	$ 3,253	$ 6,129,558
Net income for the first Quarter	-	-	-	-	-	131,949	-	131,949	266	132,215
Cumulative translation effect	-	-	-	-	-	-	(66,564)	(66,564)	-	(66,564)
Comprehensive income	-	-	-	-	-	131,949	(66,564)	65,385	266	65,651
Sale of treasury stock	7,740	574	-	-	17,126	-	-	17,700	-	17,700
Stock repurchase	(39,539)	(2,937)	-	-	(90,306)	-	-	(93,243)	-	(93,243)
Stock options exercised	292,404	21,726	144,750	-	-	-	-	166,476	-	166,476
Balances as of March 31, 2010	9,026,796	780,446	148,651	169,571	1,508,200	3,765,656	(89,901)	6,282,623	3,519	6,286,142
Net income for the year	-	-	-	-	-	2,185,473	-	2,185,473	604	2,186,077
2010 Tax Reform (Deferred Income Tax)	-	-	-	-	-	-	-	-	-	-
Cumulative translation effect	-	-	-	-	-	-	(146,266)	(146,266)	-	(146,266)
Comprehensive income	-	-	-	-	-	2,185,473	(146,266)	2,039,207	604	2,039,811
Preferred dividends paid						(15,590)	-	(15,590)	-	(15,590)
Capital repayments	-	(9,944)	-	-	-	(312,056)	-	(322,000)	-	(322,000)
Sale of treasury stock	7,200	535	-	-	19,128	-	-	19,663	-	19,663
Stock repurchase	(33,300)	(2,451)	-	-	(83,500)	-	-	(85,951)	-	(85,951)
Non-controlling interest	-	-	-	-	-	-	-	-	95,946	95,946
Balances as of December 31, 2010	9,000,696	768,586	148,651	169,571	1,443,828	5,623,483	(236,167)	7,917,952	100,069	8,018,021
Net income for the First Quarter	**-**	**-**	**-**	**-**	**-**	**161,751**	**-**	**161,751**	**197**	**161,948**
Cumulative translation effect	**-**	**-**	**-**	**-**	**-**	**-**	**(75,631)**	**(75,631)**	**-**	**(75,631)**
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**161,751**	**(75,631)**	**86,120**	**197**	**86,317**
Sale of treasury stock	**7,200**	**527**	**-**	**-**	**18,912**	**-**	**-**	**19,439**	**-**	**19,439**
Stock repurchase	**(3,001)**	**(220)**	**-**	**-**	**(8,407)**	**-**	**-**	**(8,627)**	**-**	**(8,627)**
Balances as of March 31, 2011	**9,004,895**	**$ 768,893**	**$ 148,651**	**$ 169,571**	**$ 1,454,333**	**$ 5,785,234**	**$ (311,798)**	**$ 8,014,884**	**$ 100,266**	**$ 8,115,150**

Unaudited Consolidated statements of cash flows

For the periods from January 1 to March 31, 2011 and 2010
(Stated in thousands of Mexican pesos)

	2011	2010
Operating activities:		
Income before taxes on earnings	$ **385,216**	$ 338,118
Related parties with investing activities:		
Depreciation and amortization	**123,652**	129,078
Equity in unconsolidated subsidiaries and associates	**17,781**	(10,073)
Provisions and estimates	**95,189**	101,557
Loss on sale of property, furniture and equipment	**11,125**	11,524
Net unrealized foreign exchange gain	**14,667**	(47)
Goodwill		
Related parties with financing activities:		
Interest payable	**195,055**	210,789
	842,685	780,946
Accounts receivable	**(2,057,961)**	(514,445)
Related parties	**(176,210)**	231,490
Inventories	**(35,836)**	(8,907)
Performance rights	**(392,829)**	(1,045,691)
Accounts payable and accrued expenses.	**102,078**	(85,117)
Advances from advertisers	**3,346,867**	1,967,670
Taxes on earnings	**(432,611)**	(555,684)
Other assets	**(125,148)**	(63,874)
Net cash flows from operating activities	**1,071,035**	706,388
Investing activities:		
Acquisitions of property, furniture and equipment	**(73,154)**	(134,300)
Proceeds from sale of property, furniture and equipment	**45,652**	16,637
Net cash flows from investing activities	**(27,502)**	(117,663)
Financing activities:		
Bank borrowings	**-**	5,000
Bank loans paid, net	**(158,154)**	-
Interest paid	**(164,548)**	(181,568)
Cumulative translation effect	**(75,631)**	(66,564)
Stock repurchases	**(8,627)**	(93,243)
Sale of treasury stock	**19,439**	17,700
Stock options exercised	**-**	133,182
Net cash flows from financing activities	**(387,521)**	(185,493)
Increase in cash and cash equivalents	**656,012**	403,232
Cash and cash equivalents at beginning of year	**5,002,401**	3,885,919
Cash and cash equivalents at end of year	$ **5,658,413**	$ 4,289,151

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