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**Televisa**



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## COMPANY

# PROFILE

Grupo Televisa, S.A.B., is the largest media company in the Spanish-speaking world based on its market capitalization and a major participant in the international entertainment business. It has interests in television production and broadcasting, production of pay-television networks, international distribution of television programming, direct-to-home satellite services, cable television and telecommunication services, magazine publishing and distribution, radio production and broadcasting, professional sports and live entertainment, feature-film production and distribution, the operation of a horizontal internet portal, and gaming.

# LETTER TO SHAREHOLDERS

## Dear Shareholders:

**The year was one of many accomplishments and of important strategic decisions. In all, we concluded the year with solid operating results. Consolidated net sales increased by 8.2 percent, and operating segment income grew by 9.9 percent. The value of our content continued to grow strongly, and our Cable and Telecommunications businesses have now become Grupo Televisa's biggest source of growth.**

During 2011 Televisa produced and transmitted eight of the top-ten-rated shows on Mexican over-the-air television, allowing us to achieve our revenue guidance in our Television Broadcasting business, and an Operating Segment Income margin of 46.1 percent. This was a notable achievement given the fact that, among other events, 2010 included the transmission of the Soccer World Cup.

We put value on the quality of our ratings just as we put value on the total number of rating points. As a result, and in spite of very strong competition in broadcast, during 2011 our share of advertising revenue in this platform was close to 70 percent.

To advance our strategy to diversify the sources of revenue from our content, over the years we have assembled a comprehensive portfolio of 16 linear pay-TV channels for cable and satellite platforms. With our Pay-Television Networks business, we have built a fast growing source of network subscription revenue.



**Emilio Azcárraga Jean**  
*Chairman of the Board and Chief Executive Officer*

Our focus on consistent, high-quality content is not exclusive to our television broadcast business. The combined ratings for these 16 pay-television networks have grown every year for each of the last seven years. We are taking the steps necessary to

**The resilience of our business resulted from the consistency in the success of our content. Televisa produced and transmitted eight of the top-ten-rated shows on Mexican over-the-air television in 2011.**

keep this trend going. This business ended the year with nearly 30 million customers and an average of 5.6 networks per customer. More than half of these subscribers are located throughout Latin America, a rapidly developing region with an expanding middle class looking for quality family entertainment.

The success of our content was also evident in our second most important market, the United States. In 2011, the first year under our new programming license agreement —PLA— with Univision, royalties paid to Televisa grew by 44 percent. While the majority of the increase resulted from the new terms of the agreement, our programming continued to prove its strong appeal among the Hispanic audience in that market.

Most importantly, under the new partnership structure, our incentives and those of Univision are fully aligned. We have put in place the mechanisms necessary for close collaboration to help Univision expand its revenue base and build value. As part of this process, we have made Univision an integral part of our content-planning process to ensure that we make our productions even more relevant to the U.S. Hispanic market and to advertisers targeting this growing demographic.

With Univision's new rights to webcast our content, it has concluded a number of initiatives to more effectively reach the Hispanic population through over-the-top video platforms. Also during 2011, Univision was able to feature live online streaming of many soccer matches of significant importance to the Hispanic demographic in the United States.

For pay-television platforms, Univision announced in 2011 its plans to launch *Univision Deportes*, *Univision Tlnovelas*, and *FOROtv*, taking advantage of its new, expanded access to nearly all Televisa-produced content. Just recently, Univision signed a multiyear distribution agreement with DISH, the first agreement to encompass the new networks.

In the digital landscape, during 2011 Televisa reorganized its internal efforts with a view to expanding the variety of ways in which we reach our viewers online. We will continue to closely monitor the evolution of the entertainment industry and to explore other ways to maximize the value of our content via new platforms. A key attribute of our content franchise is our ability to monetize our content in the manner that we deem most appropriate and through any audiovisual platform that exists or that may emerge.

A few years ago we decided to focus on expanding our telecommunications business, both satellite and cable. This focus gave us a foothold in the rapidly growing telecom industry, which is worth over US\$24 billion in terms of sales and is expected to reach US\$35 billion by 2015.

Today, we control Sky, a satellite pay-TV platform, and two cable companies in Mexico, Cablevisión and Cablemás. We also have a venture with Multi-medios in TVI, a Monterrey-based cable operator. Our extensive telecommunications infrastructure is also complemented by our ownership of Bestel, an important fiber optic network in the country, and by our participation in the consortium that was awarded the rights to exploit dark fiber held by the Mexican Federal Electricity Commission.

This has proven to be an important strategic step in accelerating our growth and further diversifying our revenue sources. By year-end 2011 our distribution platforms provided video services to more than 6 million homes, including close to 4 million pay-television subscribers at Sky and more than 2 million video customers among our three cable companies.

Competition in Mexico's satellite and cable pay-television industry is stronger than ever. The past two years have shown us that Sky can protect its highly loyal premium customer base while accessing new, high-growth market segments.

While this step has required incremental investments in infrastructure, the venture is clearly paying off. Between Sky and our cable operations, during 2011 we installed an average of eight thousand new services, —whether voice, video or broadband— every single day. In the aggregate for the two platforms, and including video, voice and broadband services, we added close to 1.6 million new revenue generating units —RGUs— during the year, equivalent to a growth rate of 25 percent.

Growth in Sky in 2011 was driven by the ongoing success of its low-cost offerings. The number of Sky subscribers grew for a second consecutive year by nearly one million, ending the year with close to 4 million subscribers. Sky's margin for the year, at more than 46 percent, is a great accomplishment in light of the explosive growth in the number of lower-revenue subscribers.

Similarly, our three cable platforms performed well during 2011, increasing the combined

number of video, voice and broadband services by 19 percent to nearly 4 million. Through our cable companies, we are now a relevant telecom provider in Mexico, offering voice services to 650 thousand customers and broadband services to 1.1 million.

Our recent investments in upgrading our infrastructure are yielding important competitive advantages. Even though our cable network reaches only 25 percent of Mexican homes, our share of broadband customers is close to 10 percent; and while our share in fixed telephony service is just shy of 3 percent, it continues to grow every day.

These metrics, unthinkable a few years ago, show that good service offerings at attractive prices trump scale in the telecom industry and bring undeniable benefits to the end user.

This is only the beginning. Penetration of voice-to-video services among our cable customers remains low, at 30 percent. Similarly, at only 49 percent, penetration of broadband-to-video services is far below that of our peers in other markets. Low penetration of pay-television in Mexico and the ongoing appeal of our voice and broadband services should continue to drive growth in this business segment.

Our investments in infrastructure in the telecommunications industry have allowed us to build an extensive network. We believe that this important asset, together with our marketing platforms and our commercial relationships with more than 6 million pay-TV households, uniquely positions Televisa to benefit from the growth in the mobile industry.

Our US\$1.6 billion investment in lusacell debentures made during 2011, is a stepping stone in our wireless strategy. lusacell is one of four wireless operators in Mexico. It has a well-established brand and a reach of close to 70 percent of the country. lusacell's significant amount of spectrum, mainly in the 800MHz and the 1900MHz-bands, will become a key competitive asset as consumption of mobile broadband increases. Televisa's investment in lusacell debentures provides it with much needed capital to grow. We continue to seek regulatory approval for the conversion of our investment in debentures into common stock of lusacell.

The ongoing convergence of media and telecom will continue to present participants in these industries with challenges and opportunities. We have our eyes firmly fixed on the future and are convinced that the strategic steps we are taking today position Televisa to benefit from this convergence like no other company.

Our contributions to our audience go far beyond providing them with entertaining content and attractive video, voice and broadband services. Through Fundación Televisa, we reach their communities, and ours, in a very direct and tangible way.

Fundación Televisa, together with its partners, has helped improve the lives of more than 46,000 underserved children through health and nutrition programs and during 2011 assisted with the construction of close to 4,000 homes.

We continue to build our network of partners and, in 2011, increased the ratio of partner-to-Fundación contributions by 75 percent, to nearly 17 times, from 2010. Our ability to multiply contributions through our network, and to amplify Fundación's message through our media assets, makes Fundación a strong force for economic, social, and cultural development in Mexico.

We are proud of the solid franchise that we have built around our content business, and of the scale and profitability that our distribution and telecom operations have reached over the past few years. But most importantly, we are proud of our more than 26 thousand loyal, hard-working Televisa employees. I thank them for their ongoing commitment to our business.

We have an incredibly strong and dedicated board of directors and some of the savviest business minds working for the benefit of Grupo Televisa and its stakeholders. I am grateful for their advice and their many contributions during 2011. I also wish to thank our shareholders for their trust and confidence in Televisa. We expect to continue to earn it long into the future.



Emilio Azcárraga Jean  
*Chairman of the Board and Chief Executive Officer*

# FINANCIAL

## HIGHLIGHTS

In millions of Mexican pesos, except per-CPO amounts and shares outstanding.

		2010	2011	Var.%
Consolidated net sales	Ps.	57,857	Ps. 62,582	8.2
Operating segment income <sup>(1)</sup>		23,063	25,337	9.9
Segment margin		39.0%	39.7%	
Operating income		15,583	16,822	8.0
Margin		26.9%	26.9%	
Controlling interest net income		7,683	6,890	(10.3)
Earnings per CPO		2.75	2.45	
Shares outstanding at year-end (in millions)		325,023	330,862	
Cash and cash equivalents at year-end	Ps.	20,943	Ps. 16,276	(22.3)
Temporary investments at year-end		10,447	5,423	(48.1)
Long-term investments at year-end		3,858	3,356	(13.0)
Total debt at year-end		47,965	56,827	18.5
Net debt position at year-end		12,717	31,772	149.8

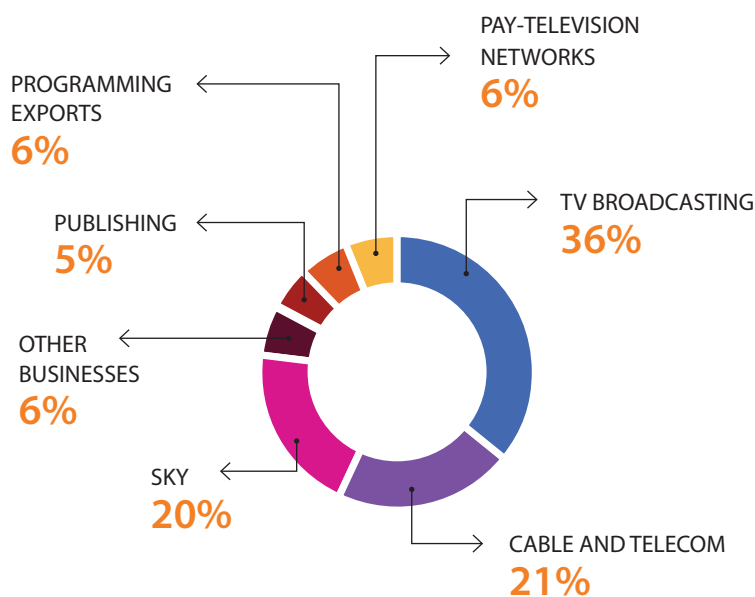
<sup>(1)</sup> Operating segment income (OSI) is defined as operating income before corporate expenses, depreciation and amortization. For a reconciliation of total operating segment income with consolidated operating income, see Note 22 to our year-end consolidated financial statements.

### New Structure of Segments

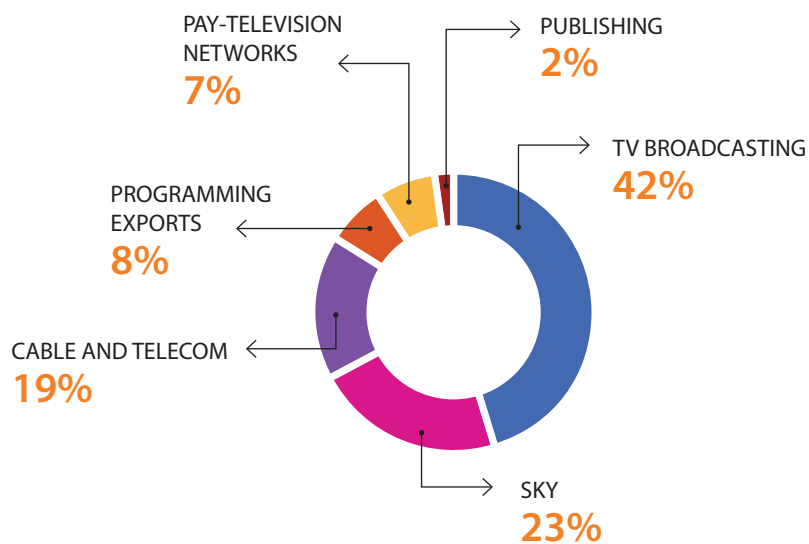
Beginning in 2012, we started to report revenue and operating segment income for our Content businesses as a single segment, named Content, and categorized our sources of content revenue as follows: a) Advertising, b) Network Subscription Revenue, and c) Licensing and Syndication. Given the cost structure of our Content business, we started reporting operating segment income as a single line item. Our Content business will encompass all sources of revenue derived from our content, including our TV Broadcasting, Pay-Television Networks, Programming Exports and online revenue. Please refer to the Management Discussion and Analysis section of this Annual Report for a pro-forma presentation of our Content segment results. Additionally, the following discussion included in this report presents our results according to past practice.



### SEGMENT NET SALES <sup>(1)</sup>



### OPERATING SEGMENT INCOME (OSI) <sup>(2)</sup>



<sup>(1)</sup> Includes intersegment revenue.

<sup>(2)</sup> Other Businesses reported a negative contribution to OSI of Ps.119 million during the year 2011.

<b>TELEVISION BROADCASTING</b>	The world's leading producer of Spanish-language television content, Televisa operates four broadcast channels—2, 4, 5, and 9—in Mexico through 258 affiliated stations throughout the country.
<b>PAY-TELEVISION NETWORKS</b>	Produces and distributes 16 pay-TV brands—15 owned and 1 represented. In the U.S., distributes its pay-TV channels through Univision.
<b>PROGRAMMING EXPORTS</b>	Exports its programs and formats to television networks around the world.  In the U.S., distributes its content through Univision under a recently renewed and extended Programming License Agreement (PLA).
<b>SKY</b>	Mexico's leading direct-to-home satellite television system; also operates in Central America and the Dominican Republic.
<b>CABLE AND TELECOM</b>	Cablevisión, Cablemás, and TVI offer video, voice, and broadband services in Mexico City, Monterrey, and several cities in Mexico.  Telecom company Bestel provides broadband and long-distance services in Mexico and the United States.
<b>PUBLISHING</b>	The leading Spanish-language magazine publisher; produced 172 titles with a circulation of approximately 132 million magazines in 2011.
<b>OTHER BUSINESSES</b>	<b>TIM.</b> Complete digital entertainment through several web portals. <b>Gaming.</b> Bingo parlors and online lottery business. <b>Soccer teams.</b> Three of Mexico's professional soccer teams.
<b>UNCONSOLIDATED BUSINESSES</b>	<b>Ocesa Entretenimiento (40%).</b> Live-entertainment company in Mexico. Organized nearly 5,000 events in Mexico in 2011. Most successful show: <i>Cirque Du Soleil OVO</i> .

# TELEVISA AT A GLANCE

Produced approximately 63 thousand hours of content in 2011 for free-to-air television.	Final episode of our telenovela <i>Teresa</i> was the highest-rated show in Mexican free-to-air Television during 2011.	Contribution to Sales: <b>36%</b>	Contribution to OSI <sup>(1)</sup> : <b>42%</b>																											
Produced approximately 16 thousand hours of content in 2011 for pay-TV channels.	<b>+29</b> million pay-TV subscribers	Contribution to Sales: <b>6%</b>	Contribution to OSI <sup>(1)</sup> : <b>7%</b>																											
The PLA, which was extended to at least 2025, drove an increase of 44% in the royalties Televisa receives, reaching US\$225 million in 2011.	<b>56</b> countries worldwide (approximate reach)	Contribution to Sales: <b>6%</b>	Contribution to OSI <sup>(1)</sup> : <b>8%</b>																											
Demographic expansion through new packages: <i>MiSky</i> and <i>VeTV</i> .	Nearly <b>one million</b> subscribers added in 2011. Subscriber base: <b>4 million</b>	Contribution to Sales: <b>20%</b>	Contribution to OSI <sup>(1)</sup> : <b>23%</b>																											
Through an attractive broadband offer, the aggregate growth of the subscriber base of the cable companies was 32%, reaching more than 1 million broadband subscribers in the country.	<b>SUBSCRIBERS</b> <table border="1"> <tr> <td>CABLEVISIÓN</td> <td>Video:</td> <td><b>727,235</b></td> </tr> <tr> <td></td> <td>Broadband:</td> <td><b>408,408</b></td> </tr> <tr> <td></td> <td>Voice:</td> <td><b>251,340</b></td> </tr> <tr> <td>CABLEMÁS</td> <td>Video:</td> <td><b>1,085,173</b></td> </tr> <tr> <td></td> <td>Broadband:</td> <td><b>466,827</b></td> </tr> <tr> <td></td> <td>Voice:</td> <td><b>266,160</b></td> </tr> <tr> <td>TVI</td> <td>Video:</td> <td><b>370,411</b></td> </tr> <tr> <td></td> <td>Broadband:</td> <td><b>191,406</b></td> </tr> <tr> <td></td> <td>Voice:</td> <td><b>132,360</b></td> </tr> </table>	CABLEVISIÓN	Video:	<b>727,235</b>		Broadband:	<b>408,408</b>		Voice:	<b>251,340</b>	CABLEMÁS	Video:	<b>1,085,173</b>		Broadband:	<b>466,827</b>		Voice:	<b>266,160</b>	TVI	Video:	<b>370,411</b>		Broadband:	<b>191,406</b>		Voice:	<b>132,360</b>	Contribution to Sales: <b>21%</b>	Contribution to OSI <sup>(1)</sup> : <b>19%</b>
CABLEVISIÓN	Video:	<b>727,235</b>																												
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TVI	Video:	<b>370,411</b>																												
	Broadband:	<b>191,406</b>																												
	Voice:	<b>132,360</b>																												
Expanded double-digit Operating Segment Income margin. Also, continued to expand the reach of its titles through digital platforms: <ul style="list-style-type: none"><li>• Cosmopolitan</li><li>• Men's Health</li><li>• National Geographic</li><li>• Seventeen</li></ul>	<b>20</b> countries reached	Contribution to Sales: <b>5%</b>	Contribution to OSI <sup>(1)</sup> : <b>2%</b>																											
<b>Azteca stadium.</b> Mexico's largest stadium. <b>Radio.</b> Network of 103 owned and affiliated radio stations.		Contribution to Sales: <b>6%</b>																												
<b>Imagina (14.5%).</b> Spanish media group whose main activities include the commercialization of sport rights including the Spanish Soccer League <i>La Liga</i> , production of television content and movies, digital production and post-production services, transmission of content via satellite, and technical and advisory services.																														

<sup>(1)</sup> Operating segment income (OSI) is defined as operating income before corporate expenses, depreciation and amortization. For a reconciliation of total operating segment income with consolidated operating income, see Note 22 to our year-end consolidated financial statements.

## OUR CONTENT BUSINESS

Key to our steady growth has been the diversification of the sources of revenue that we derive from our content. These range from advertising in broadcast television, to advertising in pay-TV, to network subscription revenue, to online revenue, to licensing, to the export of our content worldwide. As a result, we have created a distinctive content business model.



CONSISTENT  
INNOVATIVE  
COMPETITIVE  
HIGH-GROWTH  
BORDERLESS



- Our scale and reach are some of our most important differentiators. During 2011, we invested over Ps.12 billion in programming, of which a significant part was for the development of in-house productions. As a result, during 2011 we produced approximately 80 thousand hours of content.
- Our long-term partnerships provide us with unique access to high-quality content and successful formats from some of the best producers of Spanish-language programming in the world, including Univision, Telemundo, and Imagina.
- Our strategic alliances are an important complement to our in-house production and distribution efforts. An example is our recently announced partnership with Sony Pictures International to co-create productions for different European markets based on our successful formats. Similarly, our alliance with Lionsgate aims to develop Televisa formats for the U.S. market produced in English.

The success of our programming is the engine behind our Broadcast, Pay-Television Networks, Exports, and online businesses. For that same reason, beginning in 2012 we will report revenue and operating segment income from these businesses as a single segment, Content. We will classify our sources of content revenue in three categories: Advertising, Network Subscription Revenue, and Licensing and Syndication. Given the cost structure of our Content business, we will report operating segment income as a single line item.

From this perspective, during 2011 our Content revenues grew by 5%, to Ps.30.7 billion, and operating segment income grew by 4.7%. As a result, Content operating segment income margin reached 47.1% in 2011.

E N G A G I N G

The telenovela genre continues to be as successful as it was ten years ago

H I G H - Q U A L I T Y

Our production values are reflected in the growing appetite for product placement



“TV Broadcasting consistently generates excitement for viewers and value for clients”

C O N S I S T E N T

Our average audience share has been roughly 70 percent for over ten years

# TELEVISION BROADCASTING

**From telenovelas to reality shows to sports, Televisa's over-the-air programming consistently, year after year, generates excitement among audiences and delivers the demographics that our advertising clients seek. Our excellent performance is the result of the consistently high quality of the content that we produce.**

Televisa operates four broadcast channels —2, 4, 5 and 9— through an affiliate network of 258 stations throughout Mexico. Our over-the-air channels consistently enjoy an average audience share of about 70 percent, sign-on to sign-off. Channel 2, our flagship, continued to deliver high audience shares; in 2011, it averaged 30.4 percent.

In 2011, Televisa's programming, led by a new line-up of high-quality telenovelas and reality shows, drew excellent ratings and audience shares. Televisa aired 18 of the top-20-rated shows on over-the-air television in Mexico, of which 15 were produced by Televisa. Together, these shows allowed us to achieve a target audience share of 68 percent for our four networks.

Televisa continues to focus on creating innovative and entertaining programming. Our superior production capabilities including new, high-definition production technology, and our investment in the best creative talent, material, and technologies —combined with a keen sense of culture, trends and audience preferences— all contribute significantly and consistently to our success.

During 2011, our telenovelas performed particularly well. The final episode of *Triunfo del Amor* was the highest-rated show in Mexico during the second quarter, with an audience share of nearly 40 percent. *La Fuerza del Destino* was

among the top-ten-rated programs in the third quarter, generating an audience share of over 40 percent. And the final episode of Televisa's *Teresa* was the highest-rated show of the year, drawing an audience share of 53 percent.

Televisa also continues to deliver excellent performance in other formats, including reality-based programming such as *La Voz... México*, which launched in September 2011 and became the highest-rated show in Mexico during the third quarter.

We are always seeking new ways to bring clients opportunities to commercialize their offerings through our content. Examples include banners and product integration, which allow us to better monetize the content we produce.

In addition, we partner with other media companies to expand our own offerings. Examples include our 2008 agreement with Telemundo, which enables us to broadcast Telemundo's content in Mexico, and our new agreement with Univision, which went into effect January 2011 and allows Televisa to broadcast Univision's content over our on-air channels. These and other agreements complement our solid portfolio of programming with strong content from other producers. We will continue to produce and access high-quality programming that both audiences and advertisers demand.

H I G H - G R O W T H

For the past five years, revenues have grown at a compounded annual rate of approximately 22%

S P E C I A L I Z E D

A pay-television network to suit each key demographic

# PAY-TELEVISION NETWORKS

**Televisa produces and distributes a number of pay-television channels in Mexico and around the world. Our continued strong performance in this business keeps us focused on providing content that appeals to a broader variety of audience demographics and on expanding our distribution geographically.**

Televisa continues to be a top producer of original Spanish-language programming for pay-TV networks. We produced nearly 16,000 hours of content for 16 different pay-TV channels that, in 2011, reached more than 29 million subscribers with a total of 164 million revenue-generating units worldwide. In 2011, the average number of channels per subscriber increased 7.8 percent, from 5.2 in 2010 to 5.6.

Our efforts in 2011 added 2.9 million new subscribers, generating significant growth in subscription revenue and increasing advertising revenue as a percentage of segment revenue from 22.7 to 24.1 percent.

In Mexico, where demand for pay-TV content is growing rapidly, we are increasing production to expand our demographic appeal while providing advertisers greater access to increasingly well-defined audiences. For example, in September 2011 we launched *Tiin*, a network designed to reach and engage teenagers with content developed both in-house and by third parties. With the addition of *Tiin*, as well as new HD (High Definition) channels such

as *TDN-HD*, *Telehit-HD*, and *de Película*, our current portfolio of thematic pay-TV channels addresses the diverse interests of an attractive segment of the population from our advertiser's perspective.

Through agreements with other broadcasters and content providers, we have greatly increased the potential for our content to reach far larger audiences and generate additional value. Our strengthened agreement with Univision offers the opportunity to reach more people in the United States through Univision's expanded pay-TV network platforms, which include the forthcoming networks: *Univision Deportes*, *Tlnovelas* and *FOROtv*. Univision's agreement with satellite content provider DISH extends even further the distribution and monetization potential for Televisa's content in the United States.

As we grow our pay-TV portfolio, we are also successfully expanding our demographic appeal to well-defined, high-value audiences. Our success stems from our ability to identify changing trends in the media industry worldwide, and to quickly scale production to benefit from them, positioning us for continued growth.



*Expanding our distribution in a fast-growing industry*



C O M P R E H E N S I V E

Close to 16 thousand hours of content production for our 16 different pay-TV channels in 2011



C O L L A B O R A T I V E

Our partnerships strengthen our position in new markets and our presence in new platforms

S T R A T E G I C

We not only export our content; we also produce it locally, in high-growth, high-potential markets

*“Bringing high-quality content to new markets”*



B O R D E R L E S S

In 2011, more than 73 thousand hours of our programming were exported to 56 countries

# PROGRAMMING EXPORTS

**Televisa brought more than 73 thousand hours of its original programming to people in approximately 56 different countries in 2011. Through expert dubbing we brought our high-quality programs to audiences in more than 30 different languages.**

Through collaboration agreements we have had the opportunity to work with local producers abroad, and have successfully adapted our formats to engage audiences across a variety of geographies and cultures. By sharing talent and technology, we are expanding the reach of our content across both traditional and new-media platforms, strengthening our position, and sharing in new, high-growth, and high-potential advertising markets.

Our strong performance in 2011 is the result of strategic steps to generate new advertising revenue streams by exporting into new markets content already made available in Mexico. For example, to take advantage of different distribution channels, in 2011 we signed a multiyear agreement with Netflix, which provides for the digital transmission of approximately 3,000 hours of Televisa content throughout Latin America, Brazil, and the Caribbean. We will make our broadcast TV programs available through Netflix one year after they air.

Televisa's landmark deal with Univision, which went into effect in January 2011, significantly strengthened our exports business. This agreement expanded both the scope and duration of our long-term Program License Agreement (PLA) with Univision. The PLA provided for an immediate

increase in the royalty base, from 9.4 percent of television-only revenues to nearly 12 percent of all audiovisual revenue, and for an additional increase, beginning in 2018, to more than 16 percent of all audiovisual revenue.

In 2011, royalty payments from Univision to Televisa rose by 44 percent to US\$224.9 million from US\$156.1 million in 2010.

In addition, the Univision agreement allows for the distribution of Televisa-produced content in the United States through channels such as the Internet. For example, in October 2011, Univision and Hulu signed a multiyear agreement that allows for the streaming of Televisa content — some of the most popular Spanish-language shows, including telenovelas, variety and reality shows— across the Hulu and Hulu Plus platforms. As a result of this agreement, Televisa's content became available in the United States via the internet for the first time, reaching more than 50 million Spanish speakers.

These strategic actions have expanded the reach of our content in traditional and to emerging-media platforms, providing us the opportunity to participate in a vastly larger pool of promising advertising markets. We will continue to explore new ways to bring our content to audiences all over the world.

# CABLE AND TELECOM

**With a network of nearly 50 thousand miles of fiber and coaxial cable throughout the country, including 35 thousand from its cable companies, Televisa's Cable and Telecom business provides video, broadband, and voice services to millions of people throughout Mexico.**

Through three subsidiaries —Cablevisión, Cablemás, and TVI— Televisa's cable network passes 7.1 million homes. At year-end 2011, these businesses together reached more than 2.1 million video subscribers, one million broadband subscribers, and nearly 650 thousand voice subscribers.

We have grown this business by offering our customers a range of choices, from low-cost basic-single-play options to premium packages with a rich array of pay-TV, voice, and broadband alternatives. We continue to drive growth by anticipating customers' needs and providing options to meet growing demand. Televisa's investments to provide higher broadband speeds ensure that its customers will be able to enjoy all the internet has to offer.

**Cablevisión**, a fully digital provider of high-quality video, voice and broadband services, is the largest, most technologically advanced digital cable service provider in Mexico City. In 2011, the number of broadband subscribers increased by more than 109 thousand, or 36.5 percent, driven primarily by a very successful, 3-Mbps, single-play broadband offering. At Ps.149 a month, this service pushed broadband subscribers as a percentage of video subscribers to 56.2 percent in 2011 from 44.7 percent in 2010.

Our strategic investment to upgrade Cablevisión's infrastructure, begun in 2009, has brought 20-Mbps broadband to nearly every market that Cablevisión serves and allows for significant upgrades and expansions in subscriber services.

**Cablemás**, our fully-owned cable subsidiary, was the first cable company in Mexico to provide bundled triple-play services. Cablemás is now the second-largest cable operator in Mexico as measured by subscriber base.

As with Cablevisión, broadband services drove growth in 2011, bringing broadband subscribers as a percentage of video subscribers to 43 percent. In 2012, Cablemás will continue its efforts to convert to a digital network in the areas where it makes economic sense.

In addition, **TVI** —Cablevisión de Monterrey— is the leading provider of triple-play and pay-TV services in northern Mexico, and has focused its growth on digital and broadband subscribers in a highly competitive market. The northern region of Mexico has higher purchasing power and exposure to the United States than other cities in the country, which partially explains and drives the demand for broadband services and increases the potential for growth in sales of value-added services. The penetration of broadband subscribers as a percentage of video subscribers is currently 51.7 percent.

**Bestel** provides long-distance, local telephony, broadband and networking, internet access, managed and security services in Mexico primarily to business customers. Bestel's major customers are cable, global and mobile operators, government entities, and medium and large enterprises.

In 2011, utilization of Bestel's long-distance and local telephony services surpassed 3.6 billion minutes, and internet traffic surpassed 216 petabytes. Also in 2011, Bestel's performance improved significantly due to lower interconnection rates, a larger customer base and a higher component of value-added services in the revenue mix.

In 2011, the performance of Televisa's Cable and Telecom business continued to reflect the success of its efforts to reach more people with a wide range of entertaining programming and affordable bundled services.

**Cable and Telecom Subscriber Base**

	Video ('000)	Broadband ('000)	Voice ('000)	Network (miles)	Homes Passed* (millions)
Cablevisión	727	409	251	12,317	2.5
Cablemás	1,085	467	266	11,291	3.0
TVI	371	191	133	11,871	1.6
Total	2,183	1,067	650	35,479	7.1

\*Includes homes and businesses.

## D I V E R S I F I E D

Voice and broadband services have become the largest sources of revenue growth

## I N N O V A T I V E

Cablevisión is the only fully digital cable operator in Mexico



“ National cable brand, YOO, filmed an ad campaign starring Ashton Kutcher as El Chico YOO (The Cable Guy) ”

D I F F E R E N T I A T E D

Sky is recognized for its comprehensive and exclusive sports offerings

S C A L A B L E

A business model that allowed for significant expansion of its customer base

“Our sports programming helps make Sky the “must-have” television service for sports fans”



P R O F I T A B L E

In two years, Sky was able to double in size while maintaining its profitability level

SKY

**This year Sky, our direct-to-home (DTH) satellite television business, celebrated its 15th anniversary of serving and entertaining the Mexican market. With more than 290 channels (248 SD and 45 HD) featuring sports, news, entertainment, movies, music, and children's programming, Sky has grown to become Televisa's second-largest operating segment income contributor.**

Launched in 1996 in Mexico, Sky initially grew its subscriber base through a combination of premium offerings aimed at high-end and middle-market segments. In late 2007, Sky expanded beyond Mexico into Central America and the Dominican Republic. At the end of 2011, its subscriber base in this region totaled more than 159 thousand.

In 2009, Sky began adding value-added services and lower-priced packages, including MiSky and VeTV, designed to attract new market segments. Since the launch of these offerings in 2009, Sky has doubled its total subscriber base, reaching more than four million subscribers while maintaining strong profitability.

During 2011, Sky's total subscriber base grew by nearly one million, an increase of approximately 32 percent from 2010. Sky's broad-market strategy has generated growth at a compounded annual rate of 19 percent over the past 10 years.

Chief among the contributors to Sky's success is the exclusive sports content that is offered to premium subscribers. Our sports programming helps make Sky the "must-have" television service for sports fans. This year, Sky's attractive and exclusive content offerings included some of the region's most important soccer tournaments, including *Copa de Oro*, *Copa América*, the FIFA U-17 World Cup, the FIFA U-20 World Cup, and the FIFA Women's World Cup. As in years past, Sky's sports programming remains a top draw.

Sky's subscribers can watch soccer matches held in Mexico and around the world, including the main tournaments as well as exclusive content such as *La Liga* and *Copa del Rey* in Spain and The Carling Cup in England. Sky also delivers a wide range of exclusive U.S. sports programming including NFL Sunday Ticket, MLB Extra Innings, NBA Pass, NHL, and exclusive coverage of several WTA and ATP tennis tournaments.

Sky also has one of the most complete HD offerings in the DTH market, with 45 channels and exclusive content that includes popular sports events and special programs such as the Panamerican Games, Spanish Bullfighting, MLB Extra Innings and the WTA Championship.

Using advanced digital and satellite technologies, Sky is making its exciting, high-quality content available across a range of devices and platforms. For example, *Guía Sky* is a free application that allows Android, iPod Touch, iPad, and iPhone users to download detailed schedules for Sky's programming.

To continue to grow its subscriber base and compete effectively, Sky is focusing its efforts on offering relevant, entertaining, and exclusive content at attractive prices and providing the best customer service possible.

# PUBLISHING

**From health, beauty, fashion and celebrity to technology, travel, sports and science, our magazines cover a wide array of popular topics and address a variety of consumer interests. Televisa publishes 172 magazine titles under 107 different brands, reaching 20 countries throughout the world.**

In 2011, Televisa's Publishing segment expanded operating segment income margin by 100 basis points in an industry that continues to contend with ongoing challenges such as changes in reading habits and growing competition from emerging media platforms. This is because Televisa is strongly positioned to leverage content from its other platforms to develop magazine content that interests readers across the Spanish-language market.

Our programming generates interest in our publications, which, in turn, promote our on-air personalities and programming from a variety of platforms. For example, two of our popular titles, *TVyNovelas* and *Furia Musical*, draw on content that we have developed for free-to-air and pay-television. By creating, packaging, distributing, and cross-promoting our content in this way, we build on the value inherent in our content and maximize its appeal to our audiences.

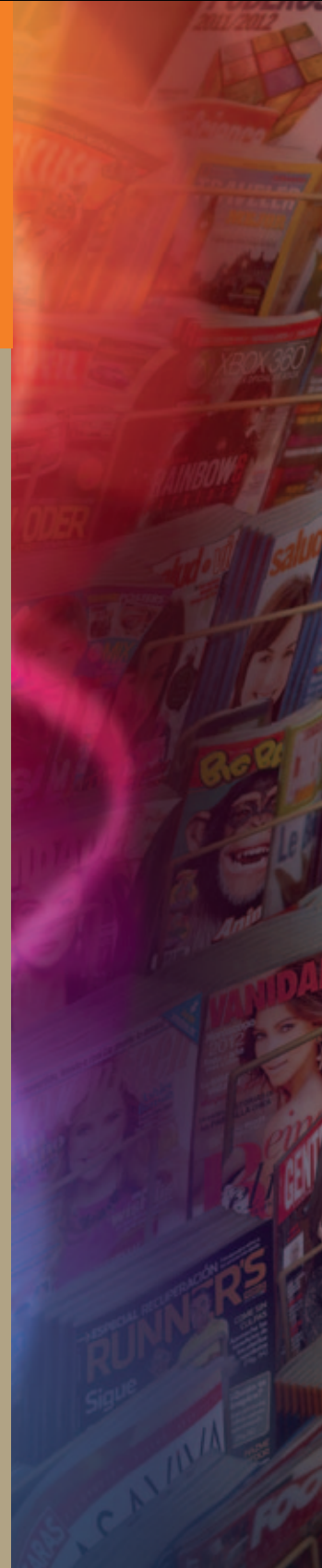
Televisa's Publishing business also enjoys licensing agreements with some of the most prestigious and popular magazine brands in the world. These include *National Geographic*, *Hearst*, *Marie Claire*, *Disney*,

*Rodale*, *G+J*, *Motorpress*, *Alpha Media*, and *Northern & Shell*. In addition, our custom publishing business produces magazines for clients in healthcare, food manufacturing, and pharmaceuticals as well as other end markets.

Televisa's Publishing business remains an important channel through which we reach our audiences while extending the reach of advertisers to theirs. We are working to expand the appeal of our titles through digital platforms, specialty marketing events, audiovisual content, and retail outlets to increase brand awareness and create opportunities to commercialize our content and our clients' offerings. For example, the launching of 10 websites for the following brands: *Caras*, *Vanidades*, *TVyNovelas*, *Cosmopolitan*, *Tú*, *Esquire*, *Men's Health*, *Muy Interesante*, *National Geographic*, and *Seventeen*; a fitness event under the Women's Health brand named *Are you Game?*; and a multidisciplinary city foot race under the Men's Health brand named *Urbanatlon*.

With a wide range of titles and content, our Publishing business continues to offer a high-value and highly targeted channel to market for advertisers. We will continue to seek innovative methods to realize the full value our publishing brands offer.

“Leveraging content across multiple channels”





A D A P T A B L E

Constantly adjusting its business model to new tastes and readership habits

R E S I L I E N T

Able to deliver solid margins despite significant challenges inherent to the evolution of the industry



# OTHER BUSINESSES

**Our Other Businesses segment includes internet, soccer, radio, feature-film distribution, gaming and publishing distribution. Some of these operations are an important complement to our core businesses while others present Televisa with relevant opportunities for further diversification in our revenue base.**

## Digital

Recognizing the vast potential in digital content and delivery, Televisa consolidated its wide-ranging digital media offerings into a single business segment in 2011. The results are compelling; Televisa's demographically and geographically diverse digital audience grew by an impressive 20 percent in 2011.

The popularity of Televisa's digital offerings is responsible for a 20% increase in monthly average unique users for a total of 13 million average unique users each month in 2011. This audience generated nearly 401 million page views each month during the year, 14% more than in 2010. Televisa's digital strategy includes content distribution available through mobile apps; in 2011, Televisa saw more than three million mobile app downloads.

Our sports-related content was by far the biggest draw. Excluding views related to the 2010 World Cup, the number of page views increased nearly 40% over the number of 2010 page views. In addition, more than two million people watched the Pan American Games through our digital portal, *Televisadeportes.com*, generating more than 40 million page views.

Web-based video traffic increased by 8 percent in 2011, with more than 160 million videos viewed during the year. Taking advantage of our ability to reach a wide variety of audience segments with

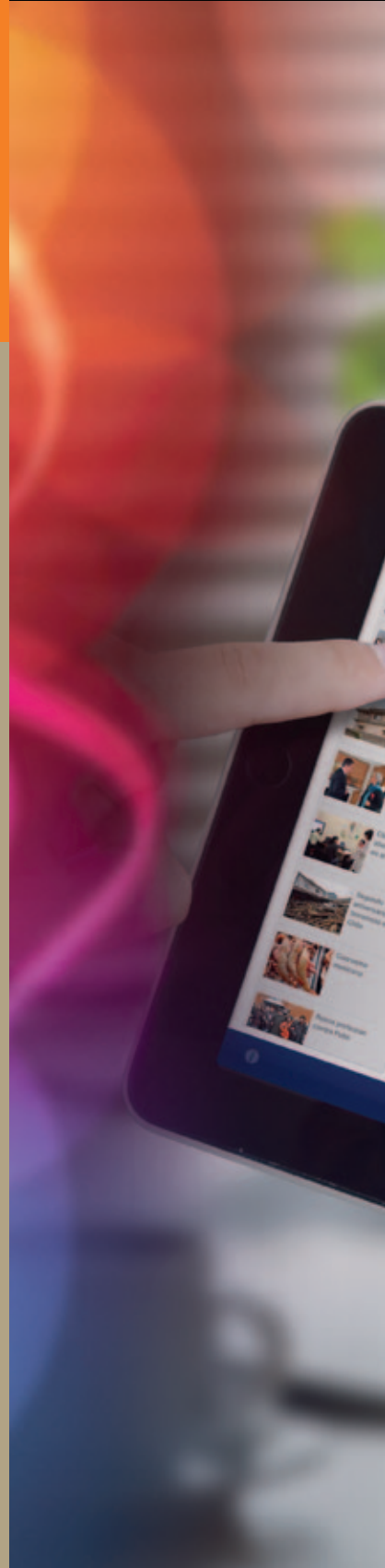
content designed specifically for each, Televisa produced alternative versions of its telenovelas for webcast with excellent results. The alternative ending for our novela *Teresa*, for example, reached more than 1.5 million viewers. This demonstrates the power of digital platforms to engage a substantially larger audience and provide a broader platform for our advertisers to reach their customers.

We also reach a broader geographic audience with our content through other digital channels. For the first time, in 2011 we were able to distribute our content to Hispanic audiences in the United States as a result of our agreement with Univision, which began offering content through Hulu pursuant to an agreement reached in October 2011. In addition, we make content from our Publishing business available through web portals serving all of Latin America.

## Radio

A leader in Spanish-language radio, Televisa broadcasts news, music, and talk programming through a network of 103 radio stations, of which 17 are owned and 86 are affiliates.

Our content includes popular shows based on the top 40 English- and Spanish-language pop music hits —*40 Principales*—; popular Mexican music —*Ke Buena*—; and political and economic news and commentary —*W Radio*—, as well as other programming that addresses a broad variety of topics.



## E X C I T I N G

Firmly focused on the evolution of new media to capture new opportunities

## C O M P L E M E N T A R Y

Soccer, radio, online are all important complements to our core operations

“These operations present relevant opportunities for further diversification in our revenue base”



In all, Televisa's entertainment and information is broadcast to more than 75 percent of Mexico's population. Our radio broadcasts, under certain conditions, might also reach markets in the southwestern United States, and four of our most popular stations —40 Principales, Ke Buena, W Radio, and Bésame— also transmit over the internet.

### Gaming

The entertainment value of lottery-, bingo- and machine-based gaming continues to grow in Mexico. Our operations now include 20 bingo parlors, each with an average of 285 bingo machines, and approximately 4,600 lottery machines located across the country.

In 2011, Televisa's gaming business developed and introduced the new *Superlotto Ganamás*, which engaged players and generated five times more winners than the previous *Superlotto*, adding excitement to and increasing the popularity of the game. Another standout example is *Ganagol*, an online sports betting game that has generated growth of 51% in the number of players since its introduction in January 2010.

We have improved our bingo-based gaming by consolidating controls and connectivity between games and suppliers onto a single platform. This new gaming platform provides not only a more entertaining gaming experience for our growing player base but also real and lasting improvements in operating controls throughout our network.

# TELEVISA AND ITS STAKEHOLDERS

As a leading media company, Televisa knows it must meet, for its part, the challenges of a changing, growing, and increasingly global society. The company consistently works to address stakeholder expectations, implement good corporate governance practices, and consider social and environmental concerns in its short-, medium-, and long-term business objectives. Televisa has implemented responsible practices that reflect its commitment to current as well as future generations while helping to ensure a successful future for the company.

## Fundación Televisa: Our Impact Continues to Grow

Fundación Televisa —Fundación— was created to act as a positive catalyst dedicated to providing a broad range of opportunities for as many people as possible.

Working diligently over the past 11 years, Fundación has helped to change and improve the lives of Mexico's people. Working together with our partners, Fundación helped to improve the nutrition and health of more than 46,000 children living in the poorest regions of the country. In 2011, Fundación also helped to build more than 3,800 homes for underserved families.

Fundación's positive effect is not only measured by the numbers of people it serves. The impact of Fundación's work is seen in the better quality of life, and stronger economic development, that results when people have greater access to opportunities in education, housing, nutrition, and health.

An example is Fundación's nationwide campaign to promote the understanding and practice of universal values. Launched in 2002 and sponsored by Televisa media channels, the program produced a book series, *Vivir los Valores*, now in its seventh edition. This program also distributes a calendar for primary school-age children that reinforces the values introduced by the book series. The calendar

is also used as a textbook in more than a half million classrooms across the country, reaching approximately 14 million school-age children and 300,000 families.

## Advancing Education and Accomplishment

The success of Fundación's model lies in its ability to draw attention to worthy programs and to help assemble significant partners to fund and deploy them. A prime example of this is *Bécalos*, an educational fellowship and scholarship program started in 2006 with the Association of Banks of Mexico. The program is funded in part through donations made via ATM machines and by grants from dozens of enterprises.

*Bécalos* confers fellowships and scholarships on students, teachers, and professionals that help to advance knowledge and skills through additional education and training. In 2011, *Bécalos* created 23,602 new fellows, bringing the total number of *Bécalos* fellows to 137,554.

In recognition of the service of army and police officers, in 2011 *Bécalos* conferred more than 3,500 scholarships to children of military, marine and federal police. Research shows that *Bécalos* scholarships to elementary school students increase by more than three times the likelihood that recipients will continue to advance their studies to high school.



C O M M I T T E E D

As a company, Televisa has supported the development of people in Mexico for more than 35 years, since 1975, when the first Televisa foundation was created

I N S P I R I N G

Fundación has been increasingly successful in encouraging partners to contribute to and participate in its projects



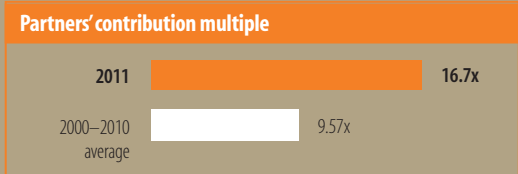
“Addressing expectations for social and environmental responsibility”

**Multiplying our Impact**

Grupo Televisa’s varied media platforms multiply the impact of Fundación by broadcasting its messages to millions throughout Mexico. In addition, Televisa contributes advertising time and space to generate awareness of health-related topics such as breast cancer and environmental issues such as water scarcity and the need for energy conservation.

Increasingly, media support provided by Televisa assists Fundación in working with major partners to accomplish its goals. These partners, which include companies, nongovernmental organizations, and the federal government, allow Fundación to combine resources and multiply the effect of its work.

In 2011, Fundación’s efforts to encourage partners to contribute to and participate in its projects were particularly effective, on average boosting every dollar of Fundación’s contribution 16.7 times. What that means is that every dollar contributed by Fundación generated US\$16.7 in contributions through the partnerships. This figure represents a 75 percent increase over the average multiple of 9.57 times seen over the last 11 years.



**Inspiring Culture**

Fundación’s focus on social matters is rooted in its longstanding support of Mexico’s diverse cultural institutions and artists. For example, in 2011 Fundación edited *The Latin American Photobook* and helped to produce the Museo Palacio de Bellas Artes’ exhibit of the work of Paul Strand, considered one of the most important photographers of the late Twentieth Century.

Fundación will continue to build on its long history of expanding opportunities for the health, well-being, and cultural development of all Mexicans.